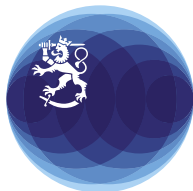


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Results Based Management (RBM) in Finland's Development Policy

Managing for Sustainable Development
Results - Guiding Document

Ministry for Foreign
Affairs of Finland

Publications of the Ministry for Foreign Affairs 2023:16

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Abstract

The Ministry for Foreign Affairs of Finland does not define what school of thought or Results Based Management approach its partners who receive development cooperation funding from the Ministry should utilize. However, it requires a results culture that supports the effectiveness of development policy and enables monitoring and evaluation for the Ministry for Foreign Affairs. This Results Based Management (RBM) in Finland's Development Policy – Managing for Sustainable Development Results - Guiding Document provides an overview of basic definitions, objectives and principles of RBM in Finnish development policy. It is an updated version of the previous guidance document from 2015 and reflects reforms such as the adoption of OECD/DAC Guiding Principles on Managing for Sustainable Development Results. It also outlines the Theory of Change approach, which Finland has started using in its development cooperation programming and related monitoring, and includes a description of how development cooperation risk management contributes to effective result management. This Guiding Document clarifies the roles of several other key elements of Finland's development policy, such as human rights based approach, vis-à-vis RBM. It is applied by the Ministry for Foreign Affairs of Finland at the corporate level and used in the planning, monitoring and implementation of all development cooperation modalities and interventions.

Keywords

development policy, results-based management, risk management, effectiveness, development cooperation, results

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Tulosohjaus Suomen kehityspolitiikassa – yleisohje kestäviin kehitystuloksiin ohjaamiseksi

Ulkoministeriön julkaisuja 2023:16

Julkaisija Ulkoministeriö

Yhteisötekijä Ulkoministeriö

Kieli englanti

Sivumäärä

39

Tiivistelmä

Ulkoministeriö ei määrittele, minkälaista tulosperustaista lähestymistapaa sen kehitysyhteistyörahoitusta saavien kumppaneiden tulisi käyttää. Sen sijaan ministeriö edellyttää tuloskulttuuria, joka tukee kehityspolitiikan vaikuttavuutta ja mahdollistaa tehokkaan seurannan ja arvioinnin. Tulosohjaus Suomen kehityspolitiikassa – yleisohje kestäviin kehitystuloksiin ohjaamiseksi – yleisohje avaa tulosohjaamisen perusmääritelmiä, tavoitteita ja periaatteita Suomen kehityspolitiikassa. Kyseessä on päivitetty versio edellisestä vuonna 2015 julkaistusta yleisohjeesta. Yleisohje sisältää muun muassa kuvauksia uudistuksista, kuten OECD/DAC:n kestävä kehityksen tulosohjausta koskevat periaatteet sekä avaa niiden tulkintaa Suomen kehityspolitiikassa. Yleisohjeessa kuvataan muutosteorialähestymistapa, jota Suomi on alkanut soveltaa kehitysyhteistyönsä ohjelmoinnissa ja siihen liittyvässä seurannassa. Lisäksi ohjeessa kuvataan, miten kehitysyhteistyön riskienhallinta edistää vaikuttavaa tulosohjausta. Yleisohje selvittää useiden muiden Suomen kehityspolitiikan keskeisten periaatteiden, kuten ihmisoikeusperustaisen lähestymistavan, roolia tulosohjauksessa. Ulkoministeriö soveltaa ohjetta organisaatiotasolla ja sitä käytetään kaikkien kehitysyhteistyön muotojen ja interventioiden suunnittelussa, seurannassa ja toteutuksessa.

Asiasanat

kehityspolitiikka, tulosohjaus, riskienhallinta, vaikuttavuus, kehitysyhteistyö, tulokset

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Resultatstyrningen inom Finlands utvecklingspolitik - allmänna anvisningar på beständiga utvecklingsresultaten

Utrikesministeriets publikationer 2023:16**Utgivare** Utrikesministeriet**Utarbetad av** Utrikesministeriet**Språk** engelska**Sidantal**

39

Referat

Utrikesministeriet bestämmer inte vilka principer de partner som får stöd från ministeriet för utvecklingssamarbete ska inta eller vilket resultatstyrningssystem de ska tillämpa.

Det krävs dock en resultatkultur som bidrar till en effektiv utvecklingspolitik och som gör en effektiv övervakning och utvärdering möjlig för utrikesministeriet. Det styrande dokumentet för resultatstyrning i Finlands utvecklingspolitik (Results Based Management (RBM) in Finland's Development Policy – Managing for Sustainable Development Results – Guiding Document) ger en översikt över de grundläggande definitionerna, målen och principerna för resultatstyrningen i Finlands utvecklingspolitik. I dokumentet som är en uppdaterad version av det tidigare dokumentet från 2015 beaktas senare reformer såsom antagandet av OECD/DAC:s vägledande principer för resultatstyrning inom hållbarhet. Ytterligare drar det upp riktlinjer för den förändringsteori som Finland börjat tillämpa inom utvecklingssamarbetet och övervakningen av denna verksamhet. Det innehåller också en beskrivning av hur riskhanteringen inom utvecklingssamarbetet bidrar till en effektiv resultatstyrning.

Det klargör rollerna för flera andra centrala element i Finlands utvecklingspolitik, till exempel rättighetsperspektivet, visavi resultatstyrningen. Det styrande dokumentet som tillämpas på koncernnivå används vid planering, övervakning och genomförande av alla former av utvecklingssamarbete och åtgärder.

Nyckelord utvecklingspolitik, resultatstyrning, riskhantering, effektivitet, utvecklingssamarbete, resultaten

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Contents

1	Background	7
2	Purpose	9
3	PART I: Results Based Management aims for better results – Concepts	11
3.1	Results Based Management in Development Cooperation.....	11
3.2	Results in Development Cooperation.....	13
4	PART II: Finland’s approach	16
4.1	Finland bases its development policy RBM on OECD/DAC Guiding Principles for MfSDR	16
4.1.1	Principle 1: Support sustainable development results and desired change.....	16
4.1.2	Principle 2: Adapt to context	17
4.1.3	Principle 3: Enhance country ownership, mutual accountability and transparency	17
4.1.4	Principle 4: Maximise the use of results information for learning and decision-making.....	18
4.1.5	Principle 5: Foster a culture of results and learning.....	18
4.1.6	Principle 6: Develop result systems that are manageable and reliable.....	19
4.1.7	Set clear results targets at all levels.....	20
4.2	Other principles/guidance as key elements of Finland’s RBM.....	20
4.2.1	Quality assurance	20
4.2.2	Human rights based approach (HRBA) to development	22
4.2.3	Monitoring and evaluation	24
4.2.4	Risk management.....	26
5	PART III: Results Based Management in Practice – Tools and Practices	28
5.1	A Theory of Change (TOC)	28
5.2	Assumptions.....	31
5.3	Indicators	32
5.4	A Results Framework.....	36
5.5	Explicit effort on adaptive management to address complexity, uncertainty and fragility.....	38

1 Background

Results based management (RBM) in development cooperation has been at the core of the international development policy since the *Paris Declaration on Aid Effectiveness* (2005), where managing for results was agreed as one of the key elements of effective development cooperation. By focusing on results as well as on ensuring ownership, harmonisation, alignment and mutual accountability, development partners committed to improving the sustainable effectiveness of aid. While the agenda has evolved several times and varied in importance since Paris, the key elements and the commitment remain. The latest international understanding on result focus is from 2019 when the OECD Development Assistance Committee (DAC) adopted *Guiding Principles on Managing for Sustainable Development Results*.

As a strong supporter of the aid effectiveness and development effectiveness agenda, Finland has taken an explicit and proactive reform approach to develop its RBM since the 2012. With two Action Plans (2012–2014 and 2016–2018) and strategic evaluations and management responses (2011 and 2015), the reforms have led to the establishment of a first generation of project and policy channel RBM practices, a Guiding Document and a development policy level RBM system.

A clear threshold was achieved in 2018. For the first time, it was possible to present a comprehensive Results Report of Finland's Development Cooperation¹ to the Parliament, which was based on reliable data and information on inputs and aggregated results across countries and aid modalities per development policy priority area. Additionally, the report included conclusions based on their analysis. The results reform was later integrated into the *development cooperation management reform*², with a clear focus on strategic leadership at the corporate level. Finland's development policy programming aims to

1 The latest results report (2022) can be found here: <https://um.fi/web/kehityspolitiikan-tulosraportti-2022/frontpage>

2 Kehitysyhteistyön toimintatapauudistus, KETTU

be informed by results knowledge, understood as data, information and experience combined. This has also been in line with the most recent relevant Strategic Evaluation on Knowledge Management (2019).³

3 https://um.fi/development-cooperation-evaluation-reports-comprehensive-evaluations/-/asset_publisher/nBPgGHSLrA13/content/evaluointi-tietojohdamisesta-miten-opimme-johdamme-ja-teemme-paatoksia-suomen-kehityspolitiikassa-ja-yhteistyossa-/384998

2 Purpose

This Guiding Document is an outcome of the reform efforts since the 2015 Guidance note. **The purpose of this document is to update the basic definitions, objectives and principles of RBM to reflect the adopted reforms as well as the OECD/DAC *Guiding Principles on Managing for Sustainable Development Results*⁴.** The Guiding Document clarifies the Ministry for Foreign Affairs of Finland's (MFA) approach in relation to some challenges that have been observed in recent evaluations, such as adaptive management in fragile contexts⁵. The Guiding Document provides a common framework and guidance for measures to further strengthen management for results in Finland's development cooperation.

The purpose is also to outline the Theory of Change (ToC) approach, which MFA has started using in its development cooperation programming and related monitoring. The Guiding Document includes **a description of how development cooperation risk management contributes to effective result management**. It also clarifies the role of several other key elements of Finland's development policy, such as human rights based approach, vis-à-vis RBM.

This Guidance Document takes effect immediately upon its publication. It is applied in the planning, monitoring and implementation of all new aid interventions, development cooperation modalities and at corporate level by the MFA. More specific guidance and tools are provided in various MFA manuals and tools.

The MFA does not define what school of thought or RBM approach its partners should utilize. However, it requires a result culture that supports the effectiveness of development policy and enables effective monitoring and evaluation for the MFA. The specific requirements for each cooperation modality are defined separately in the guiding documents relevant for those modalities.

4 <https://www.oecd.org/dac/results-development/docs/mfsdr-guiding-principles.pdf>

5 https://um.fi/publications/-/asset_publisher/TVOLgBmLyZvu/content/evaluointiraportti-ulkoministeri-c3-b6n-maaohjelmien-soveltuvuus-hauraismaissa-ja-konfliktiymp-c3-a4rist-c3-b6iss-c3-a4-teht-c3-a4v-c3-a4-c3-a4n-ke/384998

The Guiding Document is divided into three parts. The first part clarifies the key concepts for RBM in development cooperation, the second part focuses on Finland's approach by highlighting the importance of the OECD/DAC Guiding Principles on Managing for Sustainable Development Results as well as key elements of RBM for Finland, linking it to other key elements of its development policy. The third part introduces some useful tools and approaches that are used in RBM by the MFA.

3 PART I: Results Based Management aims for better results – Concepts

3.1 Results Based Management in Development Cooperation

The RBM concept is often used as a name for an organizational management approach, common in public sector organizations, by which is usually meant that all actors in the organization should ensure that their processes, products and services contribute to the achievement of the agreed result objectives and targets.

The Finnish government manages its administration through RBM.⁶ This is coordinated through the Ministry of Finance, which emphasizes that the role of RBM is to ensure a balance between available resources (Inputs) and achievable results while developing the quality and economic efficiency of the services provided. RBM is seen as a mechanism to ensure the political objectives of the government are implemented through set objectives and budgets and constant dialogue between the leadership and the administrative staff.

This is also true in development cooperation and policy, a public policy field of the Finnish government. Ensuring that the right amount of resources (money, staff, activities) are allocated for the policy objectives in a high quality and efficient manner, is a key element in development policy management. However, **in Finland's development policy RBM, emphasis is put on effectiveness**⁷. As development policy aims to achieve intended changes that translate into long term positive impacts, RBM supports knowledge-based decisions to maximize the contribution to the intended change. This entails result and effectiveness knowledge in strategic decision-making, including concerning resources, the approaches or practices utilized and the partnerships selected.

6 <https://vm.fi/ohjausjarjestelmat>

7 Effectiveness as in OECD/DAC evaluation criteria: The extent to which the intervention achieved, or is expected to achieve, its objectives, and its results, including any differential results across groups. <https://www.oecd.org/dac/evaluation/dacriteriaforevaluatingdevelopmentassistance.htm>

Internationally, managing and focusing on results in development policy has been described as follows: ***“Managing for results means managing and implementing aid in a way that focuses on the desired results and uses information to improve decision making.”***⁸ **Results are seen at various levels; most often as outputs, outcomes and impact.**⁹

A key focus is that actors in development organizations

- know the expected contribution to the desired change,
- use information, evidence and knowledge on achieved results.

The information, evidence and knowledge is collected and created through monitoring and evaluation, dialogue and analysis. The purpose is to inform decision making during and after the implementation for the design, resourcing and delivery of programs and activities or development policy and organisation. To support learning of staff, the organization and the partners is as important as to facilitate accountability and communication.

Results Based Management in Finland’s development policy is seen as an overall concept that involves **shifting management approach away from focusing on inputs, activities and processes to focusing more on the desired results and impacts.**

Results Based Management in development cooperation is simultaneously:

- An organizational management approach, based on a set of principles;
- An approach utilizing results based tools for planning, monitoring and evaluating the performance of development projects and programs.

There are various ways to implement results based management in development policy, also various schools of thought, concepts and practices. Management for results, Management for sustainable development results, Adaptive management, Outcome Mapping or e.g. Doing Development Differently are all simultaneously used by various development actors.

Management for results currently reflects some of the earlier approaches of many development actors – quantitative results, aggregation and attribution for accountability or communication purposes etc. while *Management for Sustainable Development Results*

8 The Paris Declaration on Aid Effectiveness, 2015

9 Glossary of Key terms in Evaluation and Results Based Management”. OECD/DAC, 2010. Note, this is under revision.

(MfSDR) is the current overall concept, adopted by the OECD/DAC (see separate chapter in Part II of this document). The MfSDR approach can be seen as a reaction to criticism on some of the (earlier) MfR/RBM approaches. It encompasses some elements of such schools of thought that are clearly alternatives to or reforms of the previous RBM approaches, such as the ones introduced below.

Adaptive management is generally understood especially crucial in complex and fragile contexts, where an important share of development policy is implemented these days. As an RBM school of thought, it highlights the need to modify and direct implementation throughout an intervention in frequently alternating situations. This is done on the basis of knowledge created on results, assumptions or risks. Adaptive management approach emphasizes and accepts the uncertainties in any planning from the outset. “Theories of change”, “assumptions”, “political economic analyses”, monitoring, evaluation and learning plans to capture learning along the programme are all tools that highlight and acknowledge this uncertainty.

Outcome mapping is oriented especially towards social transformation. As a management approach it highlights the interrelation of actors in social systems and provides a set of participatory tools to define the change process. It understands results always as a contribution. It also highlights qualitative information through benchmarks (rather than quantitative indicators/measurements) and monitoring of actions of identified boundary partners.

Doing Development Differently aims most clearly at countering an existing/the previous RBM culture in development policy. It highlights adaptability, flexibility, trust towards partners and in some interpretations brings attention back to inputs, as it is often used by international development actors that emphasise their role as supporting and financing their partners, who manage for results themselves.

3.2 Results in Development Cooperation

In general, a result is something that arises as a consequence. UNDP defines results as “*changes in a state or a condition that derive from a cause-and-effect relationship*”¹⁰. It is important to note that changes can be intended and unintended as well as positive or negative. In development cooperation and policy the aim is to achieve **intended**

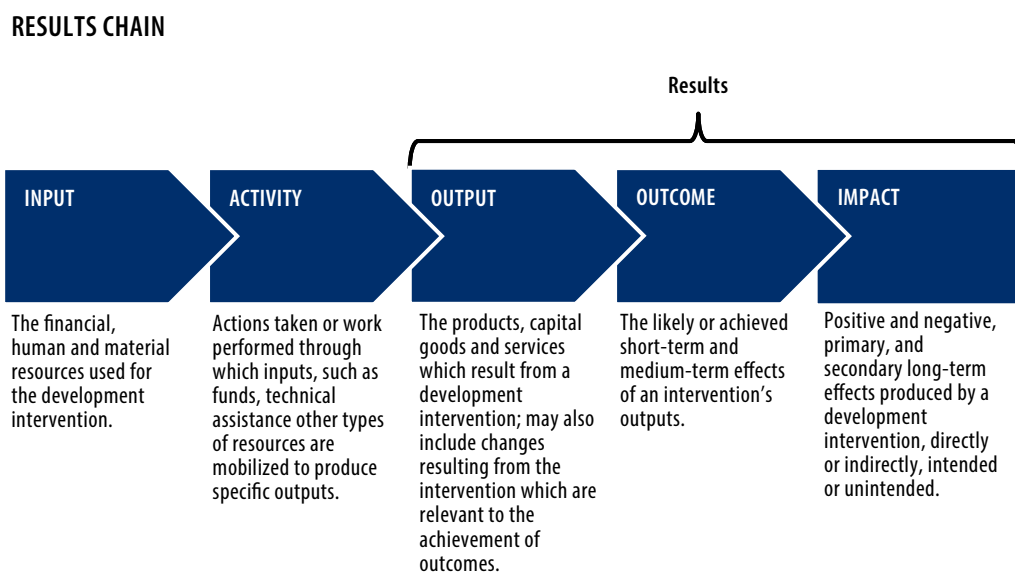
10 United Nations Development Group RBM Handbook, 2011.

changes that ultimately translate into long term positive impacts related to reduction of poverty and inequality or in improvements in people’s lives and their rights – and not cause harm or any unintended negative effects in the short or long term.

Results can be direct outputs resulting from the inputs, or outcomes and impacts to which the inputs and their outputs contribute. The OECD/DAC defines **outputs, outcomes and impact as three different levels of results**.¹¹ Often results are divided into more and more detailed levels, for instance, intermediate outcomes.

The intention of RBM is to focus on outcome results especially from the perspective of seeking to strengthen their contribution to the desired impact.

Figure 1. Results chain. Source: Ministry for Foreign Affairs of Finland



A challenge in defining the result levels is a tendency to articulate too “high” result expectations, too big “leaps” between the levels with too little emphasis on the realistic possibilities to manage the chain. Another challenge with this result chain approach is the linearity of the results, which in many sectors, contexts or change objectives is far from

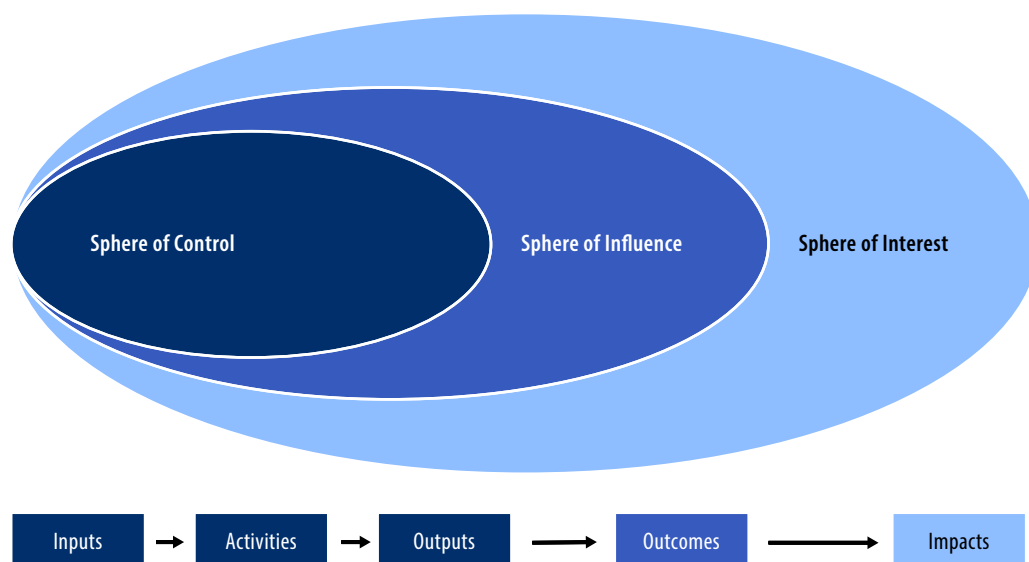
11 Glossary of Key terms in Evaluation and Results Based Management”. OECD/DAC, 2010. Note, this is under revision.

the reality. To address these challenges, more adaptive approaches have been established. They use a variety of tools. For instance, a theory of change (see below) acknowledges more clearly that other matters should occur for this linearity to take place.

In any case, the three layered understanding of results is useful. **Outputs** are results that are directly linked and attributable to the development actor's actions, e.g. the project. These are understood to be in the *sphere of control* of the development actor(s) concerned. The **outcomes**, however, are – in addition to the direct effects of the project – also a consequence of factors beyond the control of the development actor(s), i.e. the outputs contribute to an outcome. They are, in the *sphere of influence*.

The same is even more so in the case of **impacts**. Impacts are also a consequence of many other factors than those that the development actors can directly control or even influence, although they are the intended, desired change, the ultimate objective of the development actor(s), and thus in *the sphere of interest*. Those factors that are external to a project and may have an effect on the output – outcome – impact linkages need to be taken into consideration when setting results objectives and targets as well as during implementation. In a theory of change, they are named as *assumptions* or *risks*.

Figure 2. Spheres of control, influence and interest. Source: Ministry for Foreign Affairs of Finland



4 PART II: Finland's approach

4.1 Finland bases its development policy RBM on OECD/DAC Guiding Principles for MfSDR

Finland's development policy endorses the OECD/DAC *Guiding Principles on Managing for Sustainable Development Results* (2019)¹². They serve as a reference point to all DAC members and development actors more widely. It is expected, that through applying these principles, development actors contribute better to sustainable development results and collaborative approaches. Applying the principles should lead to more harmonized results systems and ease the burden on partners to provide result data and information. They are particularly useful when developing or updating result based approaches fit for the Agenda 2030.

4.1.1 Principle 1: Support sustainable development results and desired change

MfSDR approaches should maximize the impact of efforts towards achieving social, economic and environmentally sustainable development that leaves no one behind. Key elements of this principle include focus on sustainable development outcomes, seeing Agenda 2030 as a whole (SDGs and the Leave no-one Behind -principle (LNOB) and linked with the Paris Agreement on Climate Change), utilizing SDG aligned indicators as well as supporting coherent, cross-sectoral, cross-disciplinary approaches in line with the integrated nature of the SDGs.

For the MFA, this principle means understanding the systemic nature of results. It entails ensuring interlinkages between the theories of change of the priority areas of Finland's development policy¹³, linking its human rights based development policy objectives with the SDG targets, monitoring with SDG aligned indicators and disaggregating result data by sex, age and disability, to ensure the implementation of the LNOB principle of Agenda 2030.

12 <https://www.oecd.org/publications/managing-for-sustainable-development-results-44a288bc-en.htm>

13 <https://um.fi/goals-and-principles-of-finland-s-development-policy>

4.1.2 Principle 2: Adapt to context

MfSDR systems, methods and approaches should be flexible to allow tailoring for different operational contexts, modalities of engagement and types of partnerships. A key element of this principle is recognition of context specificity and rapidly evolving situations. Other key elements are the balance between compliance with internal requirements and local relevance, focus on long term outcomes with flexibility to adjust and possibly iterative methodologies in very complex situations. Flexibility does not mean vagueness, however, as the principle emphasizes documentation to monitor progress and facilitate learning.

For the MFA, this principle means a culture where context analysis is done systematically using a variety of methods, risk analysis is updated regularly and scenarios are drawn to support policy decisions. Aggregate indicators are not mandatory and result frameworks are based on the needs to manage the project/programme for results. Adaptations in approaches or actions during implementation can be made if deemed necessary. Thus, the MFA considers project/programme plans as based on the existing understanding of the context and how change could take place through MFA's contribution. Collective analysis of factors behind effectiveness needs to be continuous and acceptance or even expectance of adjustment including revisiting the theory of change is prominent. (See below a separate chapter on this in Part III).

4.1.3 Principle 3: Enhance country ownership, mutual accountability and transparency

MfSDR approaches should foster development effectiveness by strengthening and using partner countries' systems for strategic planning, monitoring and statistics, and promoting participatory approaches to enhance ownership, mutual accountability and transparency. A key element of this principle is aligning indicators at partner country level to results frameworks of the partner, prioritizing national indicators that are aligned with the SDGs. It entails also harmonizing and sharing result frameworks, use of and support to country statistical systems, broad involvement and mutual learning to ensure broad-based participation, as well as understanding each parties' contribution to the common outcomes and shared risks.

For the MFA, this principle means basing cooperation and expected results on partners' development priorities whenever possible, or partnering and engaging with different stakeholders (including governments at national and sub-national levels, civil society, private sector and academia). It is also an encouragement to seek ways to harmonise result frameworks even better among development partners, to support capacity and use of country systems even more broadly as well as to analyse and manage for results collectively – with local partners, stakeholders and international development actors – in settings where this is currently not the case.

4.1.4 Principle 4: Maximise the use of results information for learning and decision-making

While responding to communication and accountability needs, results information should be systematically used for learning and decision-making in order to improve delivery and enhance impact. Key elements are understanding results information as both qualitative and quantitative information (data and evidence) from monitoring and evaluations and that learning and decision-making take place at every level, from project to corporate levels.

For the MFA, this principle means deliberate processes on annual basis at project, programme, priority area, aid modality and corporate level, where result knowledge is brought together, analysed, debated and learned from as well as used for decision-making to adjust and direct for better results (outcomes and impacts).

4.1.5 Principle 5: Foster a culture of results and learning

A culture of results should be promoted and sustained through consistent leadership, and supported by appropriate guidance, tools and capacity building as well as proper incentives. Key elements include leadership communicating the purpose of results and using result information in management decisions, appropriate guidance, tools and resources to support the effective implementation of the results approach, capacity development of both providers' and partners' systems and enough space for experimentation in support of innovation, analysis and peer learning.

For the MFA, this principle means continuous efforts by the leadership and others, to strengthen and keep up a culture that supports the realization of a result focus that supports experimentation and acknowledges complexity, risks and assumptions and emphasizes sharing of information and data among relevant stakeholders. Space and time for collective analysis of factors behind (in-)effectiveness is ensured in the annual and electoral cycles. The capacity to manage for results and to learn from good practice as much as from challenges is gradually developed in-house and with partners.

4.1.6 Principle 6: Develop result systems that are manageable and reliable

While providing credible results information that can be used by all partners, results frameworks, measurement and reporting systems need to be suitable to each organization's needs and capacities. Key elements include a balance between simplicity and utility, ensuring a clear purpose for any data that is collected, supporting communication between partners and minimizing the reporting burden, appropriate feedback loops to ensure evidence is being used, as well as appropriate information systems. The key is to keep the result system fit-for-purpose, user friendly and lean.

For the MFA, this principle means a clear understanding that *voluntary, SDG aligned* aggregate indicators with an IT-based collecting system are for accountability purposes at corporate level and that management and learning loops at each cooperation modality and programme level are for-purpose. Finland supports the idea of Agenda 2030 as a collective result framework as well as joint/collective/cooperative result monitoring and learning at country level.

The OECD/DAC Results community has discussed challenges and good practices for each principle and works to support DAC members to implement them.¹⁴

14 See OECD/DAC on good practice documents: <https://www.oecd.org/development-cooperation-learning>

Additionally an important principle – taken from the 2015 guiding principles for RBM in Finland’s development cooperation¹⁵, is still valid:

4.1.7 Set clear results targets at all levels

It is important to set out specific results targets. A target often means a numeric expected result at various times during the implementation of the project/programme, but it can also be a way to monitor progress in a more qualitative manner. Targets support monitoring of and management towards the total expected results. A project, or another aid intervention, needs to include results strategies and frameworks outlining the intervention logic, including its assumptions and risks.

4.2 Other principles/guidance as key elements of Finland’s RBM

4.2.1 Quality assurance

The MFA has defined ten quality criteria for development cooperation. They are the basis for centralized quality assurance and decentralized quality management across the development policy management of the MFA. Assessing quality is not a straightforward task. Quality criteria provide a gateway to more in-depth analysis and the best quality assurance can be achieved when multiple criteria are cross-fertilised. For example, effectiveness is assessed in connection with the administrative model of the project and the clarity of objectives.

The Quality Assurance system (QA) of the MFA seeks to ensure the compatibility of projects and programmes with Finland’s development policy and its requirements for quality assurance. A QA group assesses the basic assumptions made and solutions chosen when planning an intervention, ensuring that the result based targets of the intervention are appropriate (relevance), sustainable (sustainability) and that they can be reached (effectiveness). It also assesses the cost effectiveness of the project’s activities and

15 Base results targets on national priorities and ownership, Collect reliable result information, Use result information for learning and managing, as well as accountability, Promote and support a mature result oriented culture

outcomes (efficiency). Project documents must include a framework / theory of change for results-based management that includes expected outputs, outcomes and impacts and the means for measuring progress.

All new projects and programmes must also answer an MFA checklist of questions on how they contribute to gender equality, non-discrimination with an emphasis on disability inclusion, climate resilience, low emission development and protection of the environment with an emphasis on safeguarding biodiversity¹⁶. The requirements are same for all partners.

Finland's ten quality criteria are based on and directly interlinked with international RBM and development effectiveness principles.

16 <https://um.fi/documents/35732/0/Guideline+for+the+Cross-Cutting+Objectives+in+the+Finnish+Development+Policy+and+Cooperation.pdf/e9e8a940-a382-c3d5-3c5f-dc8e7455576b?t=1618230452564>

The Quality Criteria of Finland's Development Policy

1. Administrative and legal minimum criteria of the MFA of Finland
2. Broad ownership
3. Relevance
4. Coherence
5. Effectiveness
6. Efficiency
7. Impact
8. Sustainability
9. Transparency and mutual accountability
10. Economic and institutional feasibility

Their application is defined prior to decision-making and during implementation per main cooperation modality in the so called quality matrices.

4.2.2 Human rights based approach (HRBA) to development

Finland's foreign and security policy, including its development policy, is human rights based. The aim of a human rights based approach to development is to strengthen and further the realization of human rights in terms of expected development results. In addition, the HRBA puts the focus on how we are doing development (the process of development).

HRBA is, thus, to be seen as a framework that helps to define the actual result objectives, i.e. its content (the 'what'), and the process through which the results are achieved ('the how'). RBM, in turn, is an organizational management approach and process that helps to reach desired results, improve their effectiveness, report and learn from them. The MFA considers the HRBA and the RBM complementary and compatible.

A human rights assessment – conducted either independently or as a reinforcing part of a broader context analysis – identifies root causes of human rights and development challenges and systemic patterns of discrimination, helps to define who has rights and who has duties with regard to the root causes identified, and points the gaps or

challenges in right-holders' or duty-bearers' capacities. The findings of the human rights assessment guide concrete output, outcome and impact objectives, and should link to the international and regional human rights normative framework.

The HRBA can be seen as constituting a broad framework for the Theory of Change (TOC). The top of the TOC, as identified by the UN Common Understanding on HRBA¹⁷, is then the *"realization of human rights as laid down in the Universal Declaration of Human Rights and other international human rights instruments"*. In other words, the overall impact should focus on the needed changes in the realization of human rights or in the quality of life and should place the human being (i.e. the rights-holder) at the centre of development.

In setting the expected results or targets, the rights- and sector-specific quality criteria (such as accessibility, acceptability, availability, affordability and quality) elaborated by international and regional human rights mechanisms as well as recommendations to a specific country by the human rights mechanisms are useful.¹⁸ Additionally, as the 2030 Agenda for Sustainable Development strongly reflects human rights principles and standards (most SDGs are directly linked to relevant human rights provisions), progress in the SDGs can in many cases serve as a proxy for the realization of related human rights.¹⁹

It is good to notice, that outcomes can be advocacy or policy influencing/dialogue-related. This may be the case in institutional, structural, legislative or behavioural changes related to politically sensitive or difficult topics. It should also be noted that, a result can be defined also as the prevention of the deterioration of compliance with international human rights standards.

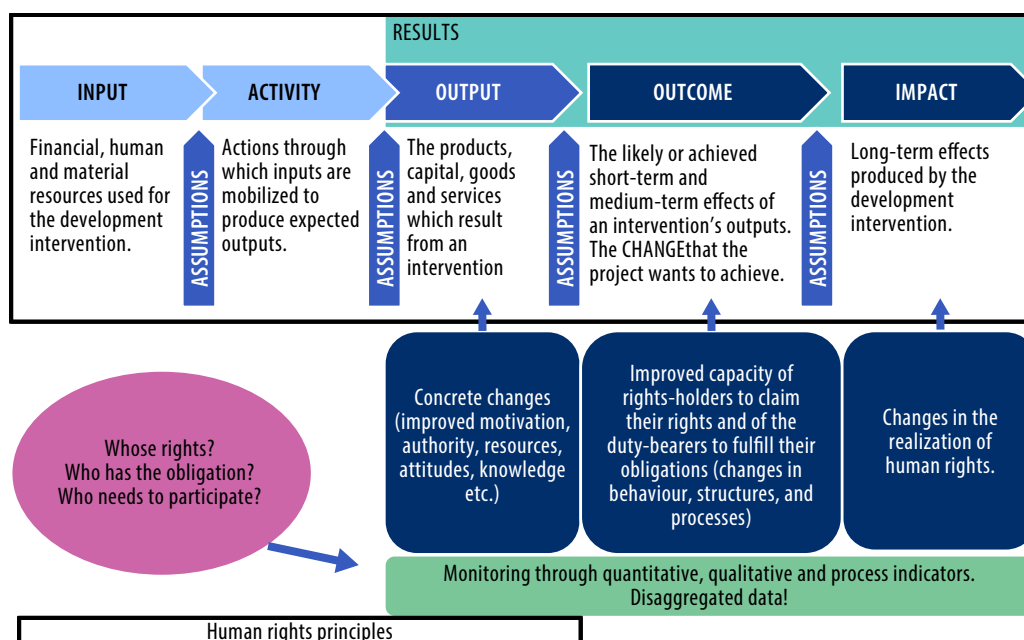
In sum, the HRBA can support the creation of a good result framework for RBM and vice versa – having a human rights based result framework supports the implementation of a human rights based development policy.

17 <https://unsdg.un.org/resources/human-rights-based-approach-development-cooperation-towards-common-understanding-among-un>

18 It has to be noted, however, that this kind of quality criteria is in most cases is only applicable in relation to economic, social and cultural (ESC) rights and has to be interpreted specifically for each human right. The definition of "adequacy" for the right to, for instance, adequate food or the right to adequate housing has to be based on more detailed standards elaborated by the international and regional human rights mechanisms.

19 <https://www.humanrights.dk/tools/sdg-human-rights-data-explorer>

Figure 3. Integration of HRBA in a results chain



4.2.3 Monitoring and evaluation

For the MFA, it is important that programmes and partners agree on a mechanism and create space for analysing the acquired result data, reflect the effectiveness vis-à-vis the baseline and targets, assess the information vis-à-vis assumptions and risks, and agree on changes that are considered necessary for achieving the expected outcomes and impacts.

A project should therefore include a monitoring system that produces information on progress towards results targets and on the final results. Evaluations periodically provide independent information on the achievement of intended and unintended results. The monitoring system, i.e. ways in which results and other information will be collected, as well as the evaluation(s) that are planned to take place should be described in monitoring, evaluation and learning (MEL) plans for interventions.

Adjusting the management on the basis of the information should take place regularly and it should be documented. This should include consideration and analysis of the data and information, tacit knowledge of staff and partners, review of the TOC, risk management tools and need for further information, and finally decisions whether elements of the TOC or the implementation require adjustments and how.

Analysis, monitoring and management responses above the project level, such as Finland's country programmes, multilateral cooperation as a whole, CSO or private sector support and other instruments, take place on an annual or biannual basis. There are processes to discuss the findings and decide on changes identified and to document the learning. Syntheses of these reports and management responses (if relevant) support the broader understanding on effectiveness – whether and how the result objectives at outcome level have been or can be achieved in the particular cooperation modality.

At comprehensive development policy level, the synthesis analyses are based on pools of reports and management responses of a particular cooperation modality/policy channel. These allow the identification of the main trends regarding effectiveness as well as the needs to develop or adjust work in the future.²⁰

Evaluation is an essential part of results based management and steering towards results. It produces one type of evidence used for management, namely independent and impartial information on the merit and worth of interventions or policies. It typically examines progress made or any results and impacts achieved, effectiveness and efficiency of interventions as well as their relevance, coherence and sustainability.²¹

Evaluation is an essential step in the RBM cycle. Evaluations are a critical management tool for pursuing better results, and a quality assurance tool during the RBM process cycle. Evaluation often takes place during mid-term and/or at the end of a project/programme phase. Evaluations have three functions: 1) project/programme improvement, 2) accountability and 3) organizational learning. In addition, evaluations serve evidence-informed advocacy and policy dialogue activities.

Evaluation is an external, triangulated and methodologically sound impartial and independent assessment conducted by evaluation experts. Evaluations also draw on the results based management system of the organization including information and evidence on TOCs, result frameworks, results monitoring and reporting and management information systems. The MFA commissions both centralised (strategic) and decentralised (project) evaluations.

20 See KETTU guidance on strategic management

21 For the OECD DAC evaluation criteria and their application see: <https://www.oecd.org/publications/applying-evaluation-criteria-thoughtfully-543e84ed-en.htm>

Evaluation and result management are complementary yet distinct functions. They both support learning and management for attaining the best possible results and effectiveness. Results based management draws on many sources of results information and evidence, evaluations being one of them.

4.2.4 Risk management

A risk is an uncertainty about a development result. It may disrupt the result chain and thus the contribution from outputs to outcomes to expected impact. **Risk management is therefore an integral part of Finland's RBM.**

It enables systematic identification, assessment, and management of factors that may threaten the achievement of Finland's Development Policy goals. Risk management is embedded into the regular planning, management, and operational processes, guided by the MFA's risk management policy 2020²². Specific instructions steer risk management in particular risk areas, including information and cyber security, personnel risks, and development cooperation.

Risk management is a mandatory function. The annual activity report on operations of a state agency must include an assessment of the appropriateness and adequacy of the internal control and the risk management.²³ Furthermore, state agencies are recommended to apply international standards²⁴ and the Government's risk management framework²⁵.

22 Ulkoministeriön riskienhallintapolitiikka 09.10.2020

23 State Budget Decree 1243/1992

24 ISO31000

25 <https://vm.fi/documents/10623/21717469/suositus+valtioniinnon+riskienhallintapolitiikkamallista.pdf/9a4ca10d-74db-f747-63ec-4668556b2aef/suositus+valtioniinnon+riskienhallintapolitiikkamallista.pdf?t=1585910689000>

The Development Cooperation Risk Management Policy 2021²⁶ defines the purpose, principles, responsibilities, and operating model for risk management and applies to all operations the MFA is responsible for. It fulfils the mandatory function of risk management and aligns with international commitments and best practices for development cooperation²⁷.

The operating model for risk management applies to the entire life cycle of development cooperation. At the strategic level, the MFA will decide which risks are acceptable and how risk management is organized. Strategic directions will steer the selection of appropriate implementation channels and the choice of partners. All MFA units will identify the most significant internal and external risks during the operational planning stage and consider mitigation measures. The risk assessment will contribute to the risk management plans, which are mandatory for all financing decisions. During the implementation, risk monitoring and reporting are an integral part of adaptive result management.

At the planning stage, risks and assumptions are considered and identified in the TOC of the project/programme, while in the monitoring stage, the realization or increased probability of these or new, unidentified risks may lead to the need to adapt the TOC itself, or any element of the project/programme.

Projects and programmes must monitor and report risks on a regular basis, and, if necessary, revise the risk analysis and management plans. Reporting on materialized risks and near misses contribute to annual reporting and continuous learning and improvement of risk management practices for development cooperation.

26 Kehitysyhteistyön riskienhallintapolitiikka 8.6.2021. Further guidance: <https://um.fi/development-cooperation-risk-management-policy>

27 OECD etc. For example <https://www.oecd.org/corruption/anti-bribery/Recommendation-Development-Cooperation-Corruption.pdf>

5 PART III: Results Based Management in Practice – Tools and Practices

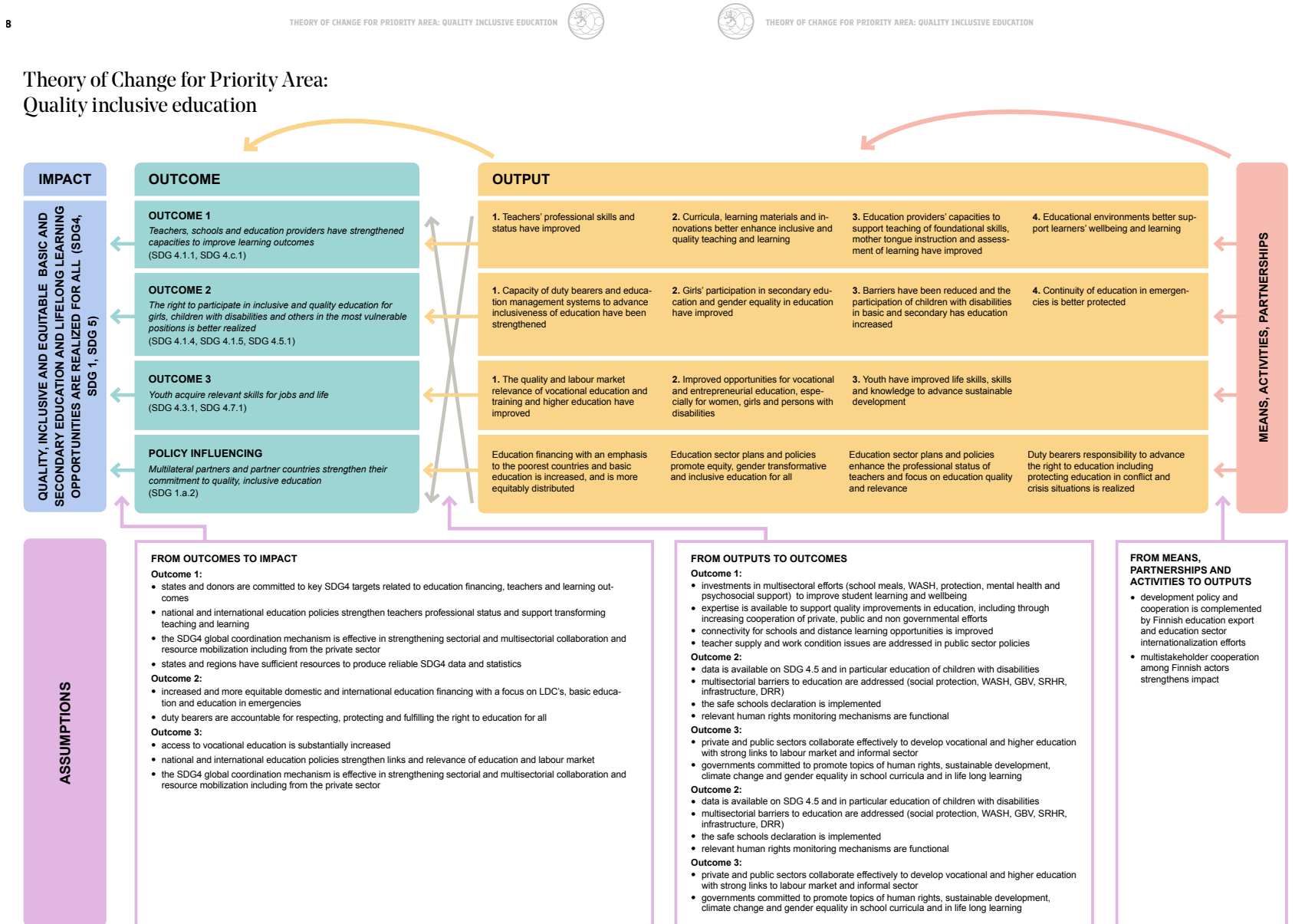
5.1 A Theory of Change (TOC)

TOC is a *theory* in the sense that it represents the **best available hypothesis on how change happens, and how we assume we contribute to these changes**. We recognize that these ideas need to be regularly tested and refined so that we can increasingly develop a more plausible and realistic theory.

TOC is a *conceptual model* that **articulates the linkages between policy/strategy goals, impacts and outcomes – and other results – that support the expected change**. It emphasizes the **underlying assumptions** that we consider as necessary pre-conditions for change. A TOC is useful tool for development policy and cooperation as it recognizes that change is complex, systemic and non-linear.

It **shifts the emphasis** from heavy planning and compliance in implementation, **to constant monitoring and revisiting of the chosen pathway**, and as such is in line with adaptive management and learning approach of results based management. A TOC is typically presented as **a graphic supported by a narrative** detailing the contextual conditions and underlying assumptions about how the change is supposed to take place (see below).

Figure 4. Sample of a Theory of Change



Importantly, TOC is a flexible, iterative and participatory **process and a tool** for

1. critical reflection as part of **strategic planning**,
2. **communicating** the intended contribution,
3. reflecting results, assumptions and risks vis-à-vis the theory and therefore the adopted strategy, as part of **monitoring, evaluation and learning** plan, and
4. reflecting the underlying causal assumptions, the strategy and the theory as part of **learning**.

Note: While the TOC is similar to the Logical Framework or Result Chain (see above) in terms of describing the logical steps for achieving our intended results, a **TOC pays more attention to causalities and assumptions** within the results chains, and it allows for critical assessment and adjustments to the theory. It also captures systemic and non-linear relationships better as it is **not necessarily fixed to the three layers of results**.

An analysis of causal assumptions and the TOC should help **reflect the extent to which the development results are realistic**. They should also help to select the actions that are considered to deliver the best results.

The process of developing and reviewing a theory of change guides teams in thinking through the underlying causes and factors of development challenges and how they influence each other. The TOC should be developed based on a **comprehensive context analysis**. This can be supported by a **Political Economic Analysis** (PEA) or, a **conflict/fragility analysis**, where relevant. In addition, as per MFA guidance, a **human rights assessment**, including an **assessment covering the cross-cutting objectives**, should always be done in the context of planning to ensure the application of HRBA and the cross-cutting objectives of MFA Finland. **System analyses or scenarios** may support the development of a TOC.

The process of making TOCs related assumptions may reveal gaps in evidence and knowledge for understanding of the context, validating assumptions or understanding and mitigating related risks. It may be useful to develop a **Monitoring, Evaluation and Learning Plan** (MEL plan) that supports the management of the knowledge needs throughout the implementation and result management. A MEL plan is a tool for the team to think strategically and plan what kind of evidence and monitoring and evaluation activities are needed²⁸.

28 Cf. Guidance note on monitoring, evaluation and learning plans, MFA, 2022

5.2 Assumptions

Assumptions make visible our understanding about the relationship between the expected changes / results. They are an important element in a TOC and facilitate reviewing the validity of the theory. Assumptions include conditions that need to be in place for the change to happen.

Assumptions at different levels of the TOC are different in their nature. Assumptions between outcomes and impact often relate to direct benefits or improved wellbeing, assumptions between outputs and outcomes often relate to changes at the institutional level (changes in enabling environment and in capacity and behaviour of organizations).

Many of the causality and implementation-related assumptions depend on **our understanding** of the capabilities, motivation and opportunities affecting the behaviour of our counterparts and partners, which might be ill-informed. Therefore, it is advisable that **consultations and discussions with counterpart organizations**, local and international stakeholders or at the least with main implementing partners take place. Additionally, system analysis or scenario setting may be useful tools to identify the relevant assumptions.

Reviewing the validity of the assumptions throughout the implementation is an important element in results based management that is based on a TOC. Usually, this should take place at least annually, linked to assessing the annual report.

Different types of assumptions

Causality assumptions. Key assumptions concerning the linkages between events and conditions necessary for the causal link to work. If X changes, will Z really happen? Under which conditions? Are our assumptions about causality valid for all stakeholders, including women, persons with disabilities or other persons or groups in disadvantaged situations? What evidence do we have about causality or do we need more evidence in form of analyses, studies?

Implementation-related assumptions. Assumptions concerning implementation including needed financial and human resources and partnerships. What factors might hinder achieving the planned changes?

What is the capacity of the implementing partners to enable outputs and the causal linkages at different levels? Under what conditions does capacity-building lead to changed behaviour?

Assumptions concerning external influences and factors. Assumptions about the events and conditions unrelated to the interventions that could facilitate or hinder the expected change. What are we taking for granted? What are the complementary inputs from governments, other development partner actors, beneficiaries?

In addition, assumptions should include interlinkages, causal relations or mutually reinforcing effects between different parts of the theory. E.g. if one part/pathway is related to changing laws, and the other related to building the capacity of law enforcement agencies, there is likely a host of issues connecting the two pathways, related to e.g. the effectiveness of capacity building interventions.

For some assumptions, it may be unlikely that they happen, and these will be classified as **at-risk assumptions**. The identified at-risk assumptions will be further analysed as **part of risk analysis, and related mitigation measures** will be factored in the risk management tools.

5.3 Indicators

Indicators are the mechanism with which progress towards the desired change can be monitored. They give an “indication” whether this is the case. Indicators are thus not equal to measurement tools.

Indicators can be **quantitative or qualitative**. A quantitative indicator is represented by a number, measures of quantity, percentage or a ratio. In contrast, a qualitative indicator measures quality and is often based on perception and opinion.

Examples of quantitative indicators:

- # jobs supported or created

Examples of qualitative indicators:

- level of satisfaction with a school
- perception of level of corruption

It is also common to use **proxy or process indicators**. Proxy indicators are used when results cannot be measured directly, for example when trying to monitor gender equality, an increase in the share of girls starting secondary education may be a good indicator. Process indicators measure the performance of processes, which are connected to the objective. In many corporate result frameworks, **Key Performance Indicators (KPIs)** are set, to support management of the organisation as a whole. For example, share of gender equality supportive programmes approved.

A baseline is the level of the indicator at the beginning of the project or program and the **target** is the level of the indicator that one hopes to achieve at the end of the project or program. Targets are also often set for each year to support monitoring of the progress towards the end target.

In Finland's development policy, projects and programmes define such indicators that best suit the monitoring of the expected results of the programme. The indicators are selected to monitor and manage for the expected outcome and impact results, with the best available data and monitoring systems. The result framework and the capacity to manage on the basis of results are reviewed as part of the quality assurance of each programme.

Aggregation of result data is used when wanting to demonstrate the contribution to the achievement of a certain expected result across several programmes, and is facilitated by the use of the same indicators. Counting results together provides a bigger picture of results in one development goal/objective and is thus useful for accountability and communication.

Finland has created aggregate indicator lists, based on its priority area TOCs. The lists are aligned with the SDG indicators as much as possible. It is expected that projects and programmes supported by Finland consider utilising these indicators, if suitable for their context and expected results. However, their use by Finland's partners is not mandatory. Finland aggregates results at the ministry level on the basis of these indicators for accountability and communication purposes – based on those programmes that have utilised them.

Disaggregation of results is an important element in a RBM of a human rights based development policy. Differentiating the result data by different groupings allows for more detailed analysis of the progress, in addition to the total result. Disaggregation is considered a useful way to ensure monitoring of the Leave No-One Behind principle in practice. In Finland's aggregate indicator lists, all person level indicators include disaggregation **by sex, age and disability**²⁹. This allows for monitoring of Finland's cross-cutting objectives of gender equality and non-discrimination with an emphasis on disability inclusion. In addition, disaggregation by other factors, characteristics or grounds of discrimination can be helpful in order to grasp potential differences or disadvantages in the enjoyment of rights by a certain segment of a population and to identify multiple and intersecting forms of discrimination that an intervention should consider and aim to address. For instance, disaggregating by rural/urban or by ethnicity may be useful to highlight the differences in progress towards the expected result.

It is expected that partners consider carefully, when setting indicators, what disaggregation would be the most relevant and how results divided to at least these three categories could be monitored. It is important, that in result frameworks, each indicator definition and monitoring plan include the expected disaggregation. It is important to implement this in a manner that does not do harm.

For Finland, basing its approach on LNOB or HRBA, it is also important to consider if the best indicator is **targeted** to the group left behind (for instance *proportion of women undergone genital mutilation*), **general, with disaggregation** (e.g. *number of jobs created, disaggregated by sex*) **or** whether it specifically **compares** the situation compared to the whole population (e.g. *Growth rate of income per capita among the bottom 40 % of the population and the total population*).

Finland prefers indicators that are **SMART and human rights based**. This means that whenever useful, indicators should be Specific, Measurable, Attainable, Relevant and Time-bound, while they do not necessarily need to be easily delivered in a short time

29 By sex: woman, man, other. By age: <15, 15–65, >65. By disability: according to methodology developed by the Washington Group on Disability Statistics.

frame, or easily quantifiable.³⁰ RBM or indicators should not lead to shying away from such key transformational changes that human rights based development cooperation should be aiming for or would likely prioritise.³¹

The aim is not to identify an extensive list of indicators. Rather, the primary interest is in identifying a few relevant features that could relate to an improvement in the realization and the enjoyment of the human rights, which the intervention aims to address. Alternatively, it may be in assessing the efforts being made by the duty bearer in meeting its human rights obligations.³²

In any case, **the use of indicators should be planned**, so that it is clear what the baseline is, what is the source of the data/information, who collects it and with what intervals. This is an important element in setting indicators as well as planning for the result based management of the programme.

Finland supports SDG alignment in indicator selection, while recognising the challenges in with SDG indicators at development cooperation project and programme level. It also considers **harmonisation of indicators** among development partners useful, to facilitate the focus and capacity to collect data for a more limited number of indicators by the local partners.

30 Note, that the United Nations Office of the High Commissioner for Human Rights (OHCHR) has developed a conceptual framework for human rights indicators, which includes so called structural, process or outcome indicators. This may be a useful reference for developing qualitative indicators. However, the structure and logic may need revising to fit a project/programme level monitoring framework. <https://www.ohchr.org/en/issues/indicators/pages/hrindicatorsindex.aspx>

31 P.22 https://hr.un.org/sites/hr.un.org/files/Human%20Rights%20%26%20Result-Based%20Management%20Approach%20to%20UN%20Development%20at%20the%20Country%20Level_0.pdf

32 The demand for specific indicators is reflected in the human rights normative framework. Some quantitative indicators are explicitly mentioned in the human rights treaties, and their type and role are further specified in general comments and recommendations adopted by the treaty bodies. For instance, article 10 of the Convention on the Elimination of All Forms of Discrimination against Women, on the right to education, requires for the reduction of “female student dropout rates”. In the International Covenant on Economic, Social and Cultural Rights, article 12 states that to achieve the full realization of the right of everyone to the enjoyment of the highest attainable standard of physical and mental health, the steps to be taken by the States parties shall include those necessary for the provision for the reduction of the stillbirth rate and of infant mortality.

The selection of indicators should be considered also as a part of supporting country system strengthening and inclusive ownership. Result information should be based on national or local data systems, if possible and relevant. **Not all relevant result information is data**, however, **nor it can or should be collected from public sources** – and thus result coordination and dialogue with various stakeholders and various development partners (state or non-state) can be an important manner to monitor progress.

5.4 A Results Framework

A results framework brings together, often in a matrix form, the causal result logic and the monitoring system of the achievement of the expected results. The form and methodology with which the expected results are defined or presented in a matrix may vary, but the result framework (most often) includes

- Expected results at various levels (often output-outcome-impact)
- Indicators (qualitative or quantitative) for each expected result, often with indication on how the result data should be disaggregated
- A baseline for each expected result
- Targets for certain time sequences (often annual)

A results framework is **a planning and management tool**. Finland uses results frameworks at country programme and project levels. They are often practical matrices, tools that allow filling in data during the implementation, allowing for managers and overview of the progress achieved.

Figure 5. A result framework in Finland's country programming.

IMPACT 1:	INDICATORS (Maximum 3 per Impact)	2020	2021		2022		2023	
		Baseline	target	achieved	target	achieved	target	achieved
Sufficient human capital								
OUTCOME	INDICATORS (Maximum 3 per outcome)	2020 baseline	2021		2022		2023	
Improved quality of the general education system								
OUTPUT	INDICATORS (Maximum 3 per output)	2020 baseline	2021		2022		2023	
Improved teaching and learning conditions								
OUTPUT	INDICATORS (Maximum 3 per output)	2020 baseline	2021		2022		2023	
Strengthened institutions at different levels of the system								

Result frameworks are often also set for organisations at corporate level. Corporate Result Frameworks (CRF) or Scorecards are used by many multilateral partners of Finland, including the EU. CRFs are a management tool for corporate management level. They are often structured to include indicators for:

- Tier 1 – Impact level results or change that takes place at global or developing country level;
- Tier 2 – Outcome and output level results or change that are clearly contributed by/attribution to the actor concerned; and
- Tier 3 (and sometimes 4) – Performance of the organization.

Finland does not have a ministry level result framework for its development policy. However, an MFA internal matrix for strategic, knowledge-based leadership has been adopted. This includes information on results and organizational performance, with agreed sources of verification and some targets (for performance). The matrix is used for the annual strategic resource and action leadership process³³.

While desired results and Finland's TOC are set at holistic and priority area level to clarify its expected contribution to the Agenda 2030, aggregate indicators exist only for demonstrating a collection of aggregable results to the parliament and the public every four years. Finland does not create baselines nor set targets (e.g. how many people are expected to receive services through Finland's overall support) at ministry level.

5.5 Explicit effort on adaptive management to address complexity, uncertainty and fragility

Finland emphasises the direction and learning function of its RBM in all of its development cooperation. **Adapting is thus always a part and parcel of RBM.**

In situations of complexity, uncertainty and/or fragility, MFA makes an explicit effort to use *adaptive management*. It is important to acknowledge the fact that it is uncertain how the expected outcomes and impact are best reached in these particular situations. Accepting the uncertainty of reaching the expected impact is also embedded in this decision: taking a risk of engagement is considered a smaller risk than not engaging.

An explicit adaptive management approach emphasizes testing, innovating or experimenting as well as learning along the way. Accountability is placed on contributions to the outcome and/or impact as well as on learning.

Finland uses explicit adaptive management **tools or practices** such as scenario, system or fragility analyses for

- understanding the complex and volatile/fragile local context, its political economy,
- the results of the work so far, risks and the factors behind effectiveness are used.

³³ These processes are described in more detail as part of the strategic leadership tools for development policy at KETTU as well as in the MFA annual planning (TTS) manual.

Finland also places explicit **time, capacity and resources** to analyse – together with partners and relevant stakeholders – what this should mean for the work ahead as well as **authority** to make directional management decisions. The focus of it is to improve the probabilities of reaching the expected outcomes – until the next management round. This is done **more frequently** than in “regular” cases.

Explicit adaptive management should be **transparent and accountable** for the results, the adjustments made and the reasons/learning behind them. They should be documented. Finland uses tools to document both the adapted elements and the learning based on this. This practice also supports the evaluability of the outcomes and impacts, and thus learning for future programmes in similar contexts.



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