



Performance audit report

Promoting sustainable development



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TRANSLATION OF PERFORMANCE AUDIT REPORT 14/2019

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PHOTOS: CHAPTERS 1, 2 AND 5 GETTYIMAGES

CHAPTER 3 FINNISH POLICE

CHAPTER 4 FINAVIA CORPORATION

Performance audit report of the National Audit Office

Reg. no. 284/54/2018

The National Audit Office of Finland has conducted an audit of the promotion of sustainable development, which was included in its audit plan. The audit has been carried out in accordance with the performance audit guidelines issued by the National Audit Office.

On the basis of the audit, the National Audit Office has issued an audit report, which will be submitted to the Prime Minister's Office, Ministry for Foreign Affairs, Ministry of Justice, Ministry of the Interior, Ministry of Defence, Ministry of Finance, Ministry of Education and Culture, Ministry of Agriculture and Forestry, Ministry of Transport and Communications, Ministry of Economic Affairs and Employment, Ministry of Social Affairs and Health and Ministry of the Environment. Copies of the report will also be submitted to the Audit Committee of Parliament and the Government Financial Controller's Function for information.

Before the issuing of the audit report, all ministries were provided with an opportunity to ensure that there are no factual errors in the report and give their views on the opinions expressed by the National Audit Office in the document.

In the audit follow-up, the National Audit Office will examine which actions have been taken on the basis of the opinions presented in the audit report. The follow-up will take place in 2021.

Helsinki 7 October 2019

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Conclusions and recommendations of the National Audit Office

The purpose of this audit was to assess how the Finnish Government has promoted sustainable development. The aim is to support the Government's work to promote sustainable development by providing information on how the Government has planned, steered, monitored and assessed the promotion of sustainable development. The results and impacts of the Government's work are not assessed in the audit.

There are references to sustainable development in the budget proposal, but it has not steered economic planning

The costs incurred by central government as a result of the actions set out in the Government report on sustainable development or its other economic impacts were not examined in the preparation of the report. Moreover, the costs arising from the actions or their economic impacts are not presented in the report itself. Giving proper consideration to the costs arising from the actions and their wider economic effects in the preparatory stage would make it easier to implement the actions and to incorporate the economic dimension of sustainable development into the process. Considering the costs arising from the actions is also a prerequisite for successful financial management.

The absence of cost information is partially explained by the fact that the report is largely based on the policies set out in the Government Programme. For this reason, the report does not present any new actions the costs of which should have been estimated for instance for budgetary planning. Even though the actions are not new, their costs could have been determined and detailed in the report. Secondly, the emphasis in the preparation of the report was on updating the operating practices to comply with sustainable development. It is more difficult to assess the costs or economic impacts of changes in operating practices than those of content-related focus areas.

Economic data on the promotion of sustainable development was contained in the General Strategy and Outlook and in the Budget Statement of the budget proposals for 2018 and 2019. In fact, sustainable development is a key policy area in the budget proposal for 2019, and other policy areas are not detailed there in the same manner.

At the same time, however, presenting information about sustainable development has not been a factor steering the budget drafting process: details of the appropriations, subsidies and taxes impacting sustainable development have been collected during the final stages of the drafting process and added to the budget proposal. The fact that such details are only given in the focus area "A carbon-neutral and resource-wise Finland" makes the information less relevant. There are no details of appropriations, subsidies or taxes in connection with the focus area "A non-discriminating, equal and competent Finland".

Ministries attach greater importance to sustainable development

Ministries now attach greater importance to sustainable development, and in a number of ministries, sustainable development has been made into a basis for strategy or a strategic objective. The ministries have identified and specified functions that help to implement the sustainable

development goals of the United Nations. The ministries have also strengthened internal coordination networks for sustainable development, the task of which is to draw the attention of ministries' departments and units to sustainable development. There are, however, substantial differences between ministries concerning the status of the coordinators and coordination networks.

Even though the ministries have become better at identifying what should be done to promote sustainable development, they have not analysed the ecological, economic or social sustainability of their policy contents. Furthermore, the policy principles of sustainable development, such as global responsibility and long-term action, have not been analysed. In fact, incorporating sustainable development into the ministries' work has mostly been a matter of adopting sustainable development objectives (usually some of the 17 goals set by the United Nations) as the ministries' own objectives. There is still no clear or coordinated connection between sustainable development and the content of policy preparation in individual ministries.

The sustainable development goals set by the United Nations are the objectives identified by most ministries, and they are also used as a benchmark for the ministries' own activities. The ministries have not been steered by the national objectives for sustainable development, and the Government report has also played a limited role in this respect. The report has, however, supported the ministries in their work to promote sustainable development and helped to legitimise it and provided the Government with an instrument for a dialogue with Parliament.

Ministries have implemented most of the actions set out in the report to enhance policy coherence

The Government report lists a total of 36 actions aimed at ensuring that more consideration is given to sustainable development in political decision-making and administrative practices. The ministries had implemented 72% of them, in part or in full, while 28% had been left unimplemented, in part or in full.

Some of the unimplemented actions are of such nature that implementing them would have required economically important policy-decisions and policy decisions involving important matters of principle from the Government in the middle of its term. Moreover, the contents of some of the actions or the division of responsibilities may have remained unclear.

The good results of the assessment can be explained by the fact that the report contains actions that were already in the process of being implemented or on which the implementation decisions had already been made.

The monitoring and assessment system is comprehensive but only vaguely connected to policy preparation

A comprehensive system to monitor and assess sustainable development and to report on it has been established in Finland under the auspices of the Prime Minister's Office. Two indicator systems have been created to monitor sustainable development, the promotion of sustainable development has been assessed by internal and external evaluators, and the assessment results have been reported openly. There is still only a weak connection between the information and the policy preparation processes, which poses challenges in the monitoring, assessment and reporting work.

Finland produces information on about half of the global indicators determined by the United Nations so that more information is provided on the indicators that are the most relevant to global reporting than on the less important ones.

Finland has a comprehensive system for monitoring and reviewing its national objectives. However, the ten areas being monitored are extensive, and the indicators used cover only specific issues. In the evaluations of the indicators, attention has been drawn to the inadequate coverage of the indicator data. Based on the evaluations, two annual reports on the state of sustainable development have also been compiled. It is difficult to get an overall picture of the system for monitoring and reviewing national objectives and reporting on them because the areas monitored are not the same as the objectives.

The Finnish Government has reported to Parliament on sustainable development in the Government's annual reports for 2017 and 2018 and in the appendices to them. The report for 2018 provides a concise description of the state of sustainable development and the actions that the Government has taken to promote sustainable development. It is difficult to get an overall picture of the actions because the texts are not structured in the same manner as the Government report on sustainable development. The monitoring of the actions set out in the report and reporting on them have been at a general level: they have been largely carried out as part of the monitoring of the Government action plan.

Recommendations of the National Audit Office

1. The Prime Minister's Office and the other ministries should review and present the costs incurred by central government as a result of the actions promoting sustainable development and their broader economic impacts in the drafting of sustainable development policies and in the decision documents.
2. If the aim is for policy contents to be more firmly steered by sustainable development, the ministries should analyse more systematically whether their activities comply with sustainable development.
3. If the aim is to use policies as more effective tools in the implementation of sustainable development, the Government should steer the process more firmly than what is laid out in the 2017 report on sustainable development.
4. The Government should clarify the role of the national objectives and the objectives set out in the Government report as factors steering the activities.
5. The Prime Minister's Office should enhance the reviewing of the Government actions for promoting sustainable development and reporting on them in the Government annual report.

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1 Scope of the audit

The United Nations Agenda for Sustainable Development (2030 Agenda) was adopted in 2015. The agenda is politically binding on all countries of the world, and its aim is to make the world more ecologically, economically and socially sustainable. In Finland, a national interpretation of the global agenda was formulated in spring 2016 when the Finnish National Commission on Sustainable Development presented Society's Commitment to Sustainable Development ("The Finland we want by 2050"). In February 2017, the Finnish Government presented its own plan to promote sustainable development by submitting to Parliament the report "Sustainable Development in Finland – Long-term, Coherent and Inclusive Action" (VNS 1/2017 vp). The report submitted by the Government of Prime Minister Sipilä sets out the Government actions and focus areas promoting sustainable development and forms the basis for this audit.

The purpose of this audit is to support the Government in its work to promote sustainable development by reviewing the actions through which the Government has prepared, coordinated, steered and monitored the promotion of sustainable development. The content-related results and impacts of the work to promote sustainable development are not examined in the audit. They can only be assessed when actions set out in the Government report to promote sustainable development have been carried out during a longer period and there is information available on the results.

The assumption in the audit has been that better results can be achieved in the promotion of sustainable development when

- the plans are based on reliable economic impact assessments
- the ministries' work to promote sustainable development is properly coordinated
- the decisions made by the Government have been implemented
- the work to promote sustainable development can be monitored systematically and assessed on the basis of reliable information.

When actions to promote sustainable development are taken, it should be kept mind that there are sustainable development objectives on three levels: The United Nations has set global goals for all countries of the world, the Finnish National Commission on Sustainable Development has set objectives for the Finnish society, and the Government report presents the focus areas for central government operations.

The National Audit Office has decided that it will start monitoring and auditing the efforts to promote sustainable development on a long-term basis. This means that the National Audit Office will pay special attention to how successfully the Finnish Government is promoting sustainable development. The decision is based on the importance of sustainable development for the environment, the economy and the human wellbeing. The decision is also based on the strategy adopted by INTOSAI (the International Organization of Supreme Audit Institutions), in which sustainable development is a focus area, and the request made by INTOSAI urging all audit institutions to observe sustainable development in their audit work.



2 When the report was prepared, was any consideration given to the costs incurred by central government?

The costs incurred by central government as a result of the actions listed in the report or other economic impacts were not considered in the preparation of the Government report on sustainable development. However, financial information on the promotion of sustainable development is presented in the budget proposals for 2018 and 2019 and in the budget review of the Ministry of Finance, but detailed information is only given of the second focus area. In accordance with a position adopted by Parliament, the Government has examined whether it could introduce phenomenon-based budgeting. In the budget proposal for 2019, information on sustainable development is presented in accordance with an identified phenomenon-based budgeting model.

2.1 The costs arising from the actions are not discussed in the Government report

It was examined in the audit whether the costs arising from the promotion of sustainable development had been assessed and detailed as part of the preparation of the report on sustainable development.¹ The following principle was used as the criterion for the question: the costs of policy measures should be determined in the preparation of reports and detailed in the preparatory documents to enable appropriate and well-grounded decision-making.

According to the documents produced during the coordination group meetings and other documents describing the drafting of the report, the costs incurred by central government as a result of the actions or their other economic impacts were not assessed in the preparation of the report. No estimates of these matters are presented in the report itself either.

The absence of cost information may have been prompted by at least the following factors. Firstly, the emphasis in the drafting of the report was on identifying focus areas suitable for Finland and on the definition of practices and principles promoting sustainable development. Secondly, the contents of the actions were largely determined by the policies set out in the Government Programme. For this reason, the report does not present any new actions the costs of which should have been estimated for instance for budgetary planning. It is clear that even though the actions were not new, their costs could have been determined and detailed in the report.

The actions presented in the report were not new

It is not clear from the report how the costs of the actions have been determined

The report has two focus areas: “A carbon-neutral and resource-wise Finland” and “A non-discriminating, equal and competent Finland”. A total of 23 actions or sets of actions are presented under the focus areas.

There is no information in the report on the costs arising from the actions or the sets of actions. Thus, it is not clear from the report how much funding the Government has decided to allocate to the promotion of sustainable development.

The report was prepared and submitted in the middle of the Government term. According to the officials interviewed for the audit, only actions which were included in the Government Programme or on which decisions had already been made elsewhere could be included in the report. For this perspective, it is understandable that the cost impacts of the focus areas were not examined: the matters had already been decided elsewhere, and the report mainly compiled the actions that would be implemented in any case, especially on the basis of the Government Programme. In fact, it is stated in the report that the actions will be prepared and implemented “within the administrative branches, as part of standard operational planning and implementation within the framework of the General Government Fiscal Plan”.

The report was based on the Government Programme

The purpose of the report is to change administrative practices

The absence of cost information and information on economic impacts in the report and the preparatory documents is partially explained by the fact that the main aim in the drafting process was to establish new principles to implement the 2030 Agenda. It is more difficult to estimate the costs or economic impacts arising from the practices implementing these principles than those arising from content-related focus areas.

The preparation of the report took about one year, and it was adopted by the Government on its plenary session on 2 February 2017. A coordination secretariat was established in the Prime Minister’s Office in January 2016, and the preparation of the 2030 Agenda implementation plan was officially launched at the meeting of the coordination network in February 2016. However, no decision had been made at this stage on how the implementation plan would be published, and it was not confirmed until in early 2017 that it would be published in the form of a report to Parliament.

The preparation for the implementation plan took place in 2016 on a broad front: it involved central government actors, representatives of the Finnish National Commission on Sustainable Development, third-sector actors and researchers. At the first meeting of the sustainable development coordination network in February 2016, the following five key actions were presented, and the drafting of the plan started on their basis:

The report was prepared on a broad front

1. compilation of the activities under way in individual administrative branches to promote and support the implementation of the 2030 Agenda
2. TEAS review of Finland’s ability to implement the 2030 Agenda
3. Government Report on Development Policy
4. start of the work on national indicators
5. updating of Finland’s sustainable development policy (Society’s Commitment to Sustainable Development).

At the same time (during spring and summer 2016) an unofficial working group led by the coordination secretariat prepared operating models for the national implementation of the 2030 Agenda. The working group comprised

members of the Finnish National Commission on Sustainable Development, the Development Policy Committee and the coordination network.² It was emphasised in the working group's proposal that the implementation of the 2030 Agenda hinges not only on the goals but also on the operating models and the principles guiding them (i.e. the way in which the Agenda is put into practice): "the implementation principles that are intended as fairly permanent have been adopted as the key factors guiding the process".

The working group proposed that the operating model for implementation should be guided by ten principles, and based on these principles, it highlighted the need to develop operating models for the sustainable development policy. The most important development needs were as follows: long-term action (the activities should extend over several Government terms), policy coherence (the objectives are connected to each other), and ownership and commitment (state as an enabler, networks and communications). The working group also developed six approaches for tackling the challenges, including "shared visions and objectives", "strategic and gradual implementation" and "integrating sustainable development into key policy and administrative processes". In other words, individual actions or the costs arising from their implementation were not discussed in the working group's document. The guiding principle in the document was that individual actions may change but the operating principles will remain the same.

A number of cost-related proposals were presented in the document. These included preparing criteria for the focus areas and gradual implementation so that cost-effectiveness would be one of the criteria. Objectives that can be achieved quickly and at low cost are also highlighted in the document: actions that can produce results quickly and in a cost-effective manner should be identified.

It is also clear from the report itself that both the achievement of the goals and the way in which the work is carried out are essential to the implementation of the 2030 Agenda. In the report, the Government raises "two key focus areas and three cross-cutting policy principles" to the top of its implementation agenda. The focus areas are "A carbon-neutral and resource-wise Finland" and "A non-discriminating, equal and competent Finland". The policy principles are roughly the same as those contained in the working group proposal described above: long-term action and transformation, policy coherence and global partnership, and ownership and participation. In other words, the purpose of the policy principles is to change or reform the operating practices of public administration.

Long-term action, policy coherence and ownership are important principles guiding the implementation of the report

2.2 Only the appropriations of one focus area of the report are described in the budget proposal

Consideration of sustainable development in the budget proposal is still at its initial stages. Appropriations for sustainable development actions have been included in the budget proposals for 2018 and 2019.

Sustainable development is highlighted in the General Strategy and Outlook of the budget proposal

Sustainable development was first mentioned in a budget context in the budget proposal for 2018, which contained texts on sustainable development. They were added to the rationale of the main titles at the request of Finance Minister Petteri Orpo. Orpo made the request in the final stages of the budget drafting process, which means that the ministries did not have much time to provide the information. In the budget proposal (HE 106/2017 vp), sustainable development was discussed under a subheading in the rationale of each main title in one or two paragraphs.

In the preparation of the budget proposal for 2019, sustainable development was already considered at the early stages of the drafting process. The Ministry of Finance prepared the matter in cooperation with the other ministries between autumn 2017 and spring 2018, and the results of the work were considered in the budget-drafting process in two ways. Firstly, a quantitative analysis of the appropriations, harmful subsidies and taxes relevant to sustainable development and included in the focus area “A carbon-neutral and resource-wise Finland” was added to the General Strategy and Outlook.³ Secondly, administrative branches were obliged to describe in the Budget Statement, as part of the rationale of the main titles, how the actions set out in the Government report on sustainable development are carried out in the administrative branch in question and to specify which of the appropriations are connected to the implementation of the objectives set out in the report and any changes in the appropriations.⁴

The purpose of the budget proposal is to provide Parliament with information so that it can decide on the level of central government expenditure, the manner in which revenues are collected and the allocation of the appropriations. When considering the budget proposal, Parliament does not decide how much state funds are appropriated for the promotion of sustainable development as sustainable development can be seen as part of all central government activities. However, the budget proposal contains detailed background information and rationale on the level and allocation of central government expenditure. The presentation of sustainable development information in the budget proposal can also be assessed from this perspective.

As its name suggests, the purpose of the General Strategy and Outlook is to describe the general framework of the budget drafting process and provide justification for the fiscal policy pursued by the Government. The frameworks used in the drafting of the Budget include the overall state of the national economy, the economic outlook, and the state of general government and central government finances (including the off-budget activities). A separate main chapter is devoted to sustainable development in the General Strategy and Outlook of the budget proposal for 2019. This is the only main chapter that in terms of its factual contents is not directly connected to central government finances. Other chapters describe the fiscal policy framework guiding the Budget, overall state of central government finances, revenue estimates, appropriations, or the administrative development directly connected to the Budget. It can be concluded that, from this perspective, sustainable development is extensively discussed as a policy area in the budget proposal.

Sustainable development is described in the budget proposals for 2018 and 2019

Sustainable development is a key policy area in the budget proposals

The information contained in the General Strategy and Outlook is in line with the objectives set by the Ministry of Finance

No clear targets or criteria have been set for presenting information on sustainable development in the budget proposal. However, targets were specified by a representative of the Ministry of Finance when the ministries prepared for presenting information on sustainable development in the budget proposal. The following are some of the issues listed in the proposal by the Ministry of Finance representative:

- The main focus is on the impacts of the Budget on sustainable development, rather than on sustainable development as a separately monitored entity.
- The key appropriations supporting the achievement of the objectives are identified in the focus area “A carbon-neutral and resource-wise Finland” with the help of the ministries.
- There is also information on taxes, changes in tax criteria and tax expenditures.
- The focus in the proposal is on changes between 2018 and 2019.
- Harmful appropriations are presented in the form of qualitative texts.

All the targets listed above are met in the General Strategy and Outlook of the budget proposal for 2019. The ways of promoting sustainable development are described in the General Strategy and Outlook from the budget perspective. The link between the budget proposal and sustainable development is described in the General Strategy and Outlook from three perspectives:

1. appropriations promoting the achievement of the objectives set out for the focus area “A carbon-neutral and resource-wise Finland” and changes in them
2. taxes promoting the achievement of the objectives set out for the focus area and changes in them
3. environmentally harmful subsidies related to appropriations and tax criteria.

Secondly, the ministries have identified the appropriations relevant to the focus area “A carbon-neutral and resource-wise Finland”, and the most important of them are contained in the budget proposal. In addition to the description of the appropriations, the table also lists seven key actions set out in the report and the related appropriations allocated for the budget year in question and for the preceding budget year.

Thirdly, the budget proposal presents, in a concise manner, details of taxes and changes in tax criteria that can be considered relevant to the objectives set out for the focus area “A carbon-neutral and resource-wise Finland”.

Fourthly, the focus in the proposal is on the change taking place between 2018 and 2019: the budget proposal gives a general picture of how the appropriations allocated to the focus area would change year on year.

Fifthly, environmentally harmful subsidies are described in the text. The text is based on the four reports produced in Finland in the preceding years, in which the OECD tool for determining harmful subsidies has been used. Tax expenditures connected to energy taxation, compensation for indirect costs arising from emissions trading and certain agricultural subsidies are defined as environmentally harmful. In the interviews conducted for the audit, representatives of one ministry criticised the definition of environmentally harmful subsidies. However, the selection can be justified on the grounds that the analysis was carried out using a tool provided by an external actor.

There is no information in the General Strategy and Outlook on the appropriations relevant to the second focus area

As stated before, only the appropriations allocated to one of the report focus areas (“A carbon-neutral and resource-wise Finland”) are presented in the budget proposal. There is no information on the appropriations, taxes or subsidies related to the second focus area (“A non-discriminating, equal and competent Finland”) in the budget proposal. Thus, the budget proposal is imbalanced in this respect.

Officials participating in budget preparations in 11 ministries were interviewed for the audit. They were asked whether the link between sustainable development and the budget proposal could be strengthened by also giving details of the appropriations related to the second focus area. All ministries agreed that it is difficult to present appropriations related to non-discrimination, equality and competence. The most common reason given was that non-discrimination and equality issues, in particular, are relevant to a wide range of central government activities, which means that appropriations allocated to them cannot easily be separated from other spending (such as operating expenditure). The interviewees also stated that promoting non-discrimination, equality and competence should be clearly defined: it may refer to the funding of the education system as a whole or progressive income taxation, while on the other hand it may also refer to specific appropriations allocated to the promotion of equality. They also noted that details of the income distribution impacts of the budget proposal are already contained in the Appendix to the budget proposal. One of the interviewees suggested that the General Strategy and Outlook should mainly describe the changes in the appropriations that are particularly relevant to the focus area.

It would be possible to describe the allocation of funding for the promotion of non-discrimination and equality

Administrative branches present their own actions in the rationale of the main titles, but it is difficult to get an overall picture of the document

In the rationale of the administrative branches’ main titles, the ministries were expected to describe how the actions set out in the Government report on sustainable development are being implemented in their administrative branches and which of the appropriations are relevant to the implementation of the objectives set out in the report as well as to detail any changes in the appropriations. The aim was for all main titles to have clear and uniform descriptions of the implementation of sustainable development.

The aim was partially met: the ministries describe the actions they have taken, but the descriptions are not uniform and do not give a clear overall picture of the implementation of sustainable development.

Under all main titles, the ministries describe a range of different actions that they are taking to implement the Government report. There are direct references to the focus area “A carbon-neutral and resource-wise Finland” in the texts of seven ministries. Likewise, seven ministries make references to the focus area “A non-discriminating, equal and competent Finland”. One ministry makes references to the policy principles of the report instead of mentioning the focus areas.

It is not clear from the texts how comprehensively the 23 actions listed under the focus areas will be carried out and whether any of actions allocated to an administrative branch will remain unimplemented. There are references to a large number of the actions (though not to all of them). As the texts are short and free-form, they cannot be expected to cover the lists of actions contained in the report.

No clear overall picture of the use of the appropriations or changes in them is given. The texts include some information on the appropriations relevant to the implementation of the objectives set out in the report and changes in them. The most detailed accounts of the use of the appropriations are given by the Ministry for Foreign Affairs and the Ministry of Agriculture and Forestry. Four ministries do not give any details of the amount of appropriations (revenues).

In the feedback given by the Ministry of Social Affairs and Health on the draft audit report, it is highlighted that information on such issues as sustainable development should be presented under a single heading in the budget proposal so that the readers could get an overall picture of the situation. In the ministry’s view, the party producing the compilation, such as the Ministry of Finance, could also make the text more balanced and give additional instructions to those actors that may have submitted inadequate reports.

Information on sustainable development is also provided in the Ministry of Finance budget review

Information on sustainable development is also provided in the budget review (2019) of the Ministry of Finance.⁵ The budget review is an online publication which is issued by the Ministry of Finance and which discusses central government finances and budget issues on a more general level than the budget proposal itself.

Sustainable development plays an important role in the budget review: in addition to the introduction and summary, the review consists of four chapters, one of which is devoted to sustainable development. The other main chapters discuss the outlook for the Finnish economy, the Government’s economic policy and the budget proposal itself. The same number of pages is devoted to sustainable development as to the economic outlook and the Government’s economic policy put together.

The budget review discusses the appropriations promoting the objectives of the focus area “A carbon-neutral and resource-wise Finland” in more detail than the budget proposal. The appropriations are presented in the tables by action so that for seven of the actions, the appropriations are specified by item, whereas in the budget proposal, the appropriations are only given as a single sum.

The ministries report on their actions to promote sustainable development in different ways

The budget review supplements the description of sustainable development in the budget proposal

The working group identified five phenomenon-based budgeting models

In June 2018, the Ministry of Finance appointed a working group to examine different aspects of phenomenon-based budgeting. The working group submitted its report in January 2019.¹⁰ The conclusion of the working group was that in the phenomenon-based approach, an issue (phenomenon) is comprehensively examined and this comprehensive approach can take different forms. A phenomenon-based examination is a broader issue than phenomenon-based budgeting, on which the working group's mandate was focused.

In its report, the working group identified five models to implement phenomenon-based budgeting.

In the first model, information on the phenomenon is collected for the Budget. Information on the appropriations and taxes related to the phenomenon is presented in the budget proposal under a single heading. This principle is in accordance with the information presented in the budget proposal for 2019. In the working group's view, the benefits of the model depend on whether objectives that can be monitored and reported on have been set for the phenomenon.

The second model is based on the appointment of a phenomenon minister. The phenomenon minister would be assigned responsibility for the issues concerning the phenomenon in question. There would be no need to change the budget structure, but the phenomenon minister would be responsible for the items under different main titles that are specified to be part of the phenomenon and the minister's responsibilities.

The third model is based on key project funding in which a phenomenon can be appropriated additional funding. The Government of Prime Minister Sipilä applied this model by allocating additional appropriations for key projects. The purpose of the key projects was to promote broad-based reforms in accordance with the priorities set by the Government. Most of them were cross-sectoral in nature.

In the fourth model, the appropriations related to a phenomenon would be placed under a single item in a larger-than-usual package. If there is a need to divide the appropriation into more specific spending packages, 'at-most' appropriations should be added to the item decision (= the maximum sum that can be spent on a specific purpose under the item should be specified). The ultimate responsibility for the item would lie with a certain ministry because ministries cannot share responsibility for an item.

In the fifth model, there would be a phenomenon ministry in which the Budget and administrative structures would be changed in accordance with the phenomenon. In this model, the matters related to a phenomenon and preparing them would be the responsibility of a single ministry, which means that the competencies between ministries (and thus also the budget structure) would have to be changed.

The detailed information on sustainable development appropriations contained in the budget review is a good example of how in-depth information can be published in connection with the budget proposal so that the information is easily accessible in the data network. This can also help to slow down the growth in the size of the budget proposal itself. For example, the Government proposal for the 2019 Budget (HE 123/2018 vp) had 1,008 pages.

In the budget proposal for 2019, sustainable development issues are presented in accordance with a phenomenon-based budget model

Parliament discussed the Government report on sustainable development in spring 2017. The Committee for the Future prepared a report on the document (TuVM 1/2017 vp), and Parliament replied to the Government in a communication in September 2017 (EK 27/2017 vp). In its response, Parliament called for the Government to develop phenomenon-based budgeting, for example. Parliament stated that the phenomenon-based budgeting included in the policy principles of the report can be tested in such extensive and multifaceted themes as sustainable urban development and transport as well as wellbeing investments.

In the rationale of its report, the Committee for the Future commented on phenomenon-based budgeting⁶ by stating that a more detailed review of the phenomenon-based budgeting contained in the policy principles of the Government report might provide a solution to the challenge arising from the horizontal nature of sustainable development. Phenomenon-based budgeting is also discussed in three opinions issued by the Committee for the Future and one opinion issued by the Finance Committee.⁷ The issue has also been discussed in Sitra's report.⁸

In June 2018, the Ministry of Finance appointed a working group tasked with examining ways to implement phenomenon-based budgeting, their impacts on the Budget and the organisation of public administration, as well as potential phenomena. The working group presented five models for phenomenon-based budgeting in its report submitted in January 2019 (see the fact box).⁹

In one of the models, information on one phenomenon is compiled in the budget proposal (including information on the appropriations and taxes relevant to the phenomenon). The information can also be supplemented by providing estimates of such issues as the impacts of the phenomenon on income distribution and the impacts of budget decisions on specific groups. According to the working group, the benefits of the model depend on whether objectives that can be monitored and reported on have been set for the phenomenon.

In the working group's view, the model makes it easier to produce an overview of the phenomenon and to change priorities within the phenomenon. Another advantage of the model is flexibility because it does not require changes to the budget structure or power relationships in public administration. One problem with the model is, however, that the responsibility for the phenomenon is shared and has not been assigned to any single actor. Another problem is that the Budget may only have a limited steering impact if the information is merely compiled in connection with the submitting of the budget proposal.

The information on sustainable development contained in the budget proposal for 2019 is one way of applying phenomenon-based budgeting

The information in the budget proposal for 2019 on the amount of the appropriations, subsidies and harmful subsidies allocated to the focus area “A carbon-neutral and resource-wise Finland” is in accordance with this phenomenon-based budgeting model proposed by the working group. It can be said that, in this sense, the Government has taken significant steps towards phenomenon-based budgeting. It is also noteworthy that sustainable development is included as a separate chapter in the General Strategy and Outlook and rationale of the main titles in the budget proposal as well as in the budget review. Other information contained in the General Strategy and Outlook and the budget review is directly connected to central government finances and fiscal policy. This alone highlights the role of sustainable development as a metapolicy, a particularly important policy area.

However, at the same time it should be noted that the budget proposal currently only contains information on the appropriations and subsidies allocated to one of the focus areas set out in the Government report. The interviews carried out in the audit suggest that it is considerably more difficult to present appropriations related to equality, non-discrimination and competence. It also seems that sustainable development has not yet been a criterion for determining the amount of the appropriations as the main aim has been to compile details of appropriations relevant to sustainable development in the budget proposal. It is clear that based on this information, the Government or Parliament can, to a significant extent, reallocate the appropriations. However, in practice, such changes are mostly made on the basis of the Government Programme and the General Government Fiscal Plan.

The officials taking part in budget preparations in individual ministries and interviewed for the audit were also asked about the likelihood of phenomenon-based budgeting. The interviewees highlighted the challenging nature of the phenomenon-based approach: it is difficult to determine the boundaries of phenomena, there may be overlaps between the appropriations related to different phenomena, and changing the phenomena may significantly interfere with economic planning and monitoring as well as accounting. At the same time, however, the interviewees emphasised that practical problems should not be an obstacle to developing phenomenon-based budgeting if the Government and Parliament want to proceed with the model. It was not discussed in the audit to what extent the problems concerning the existing structure and presentation of the Budget could be eliminated through phenomenon-based budgeting and how the phenomenon-based budgeting should be implemented.



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3 Has the Government developed its activities in accordance with the policy principles set out in the report?

Ministries have implemented most of the actions that are listed in the policy principles chapter of the Government report on sustainable development. However, some of the actions have only been partially implemented due to vague policy descriptions or because the responsibilities for the implementation have not been determined. The good results of the assessment can be explained by the fact that the report contains actions that were already in the process of being implemented or on which implementation decisions had already been made.

3.1 The ministries have implemented most of the actions set out in the report

The way in which individual ministries have implemented the actions contained in the third chapter of the report on sustainable development is reviewed in this chapter. The third chapter lists a total of 36 different actions, which, when implemented, would ensure that political decision-making and the activities of public administration would be more in line with the policy principles, which in turn would promote sustainable development. Policy principles are operating procedures guiding political decision-making and public administration, which in the Government report are considered prerequisites for sustainable development. According to the report, long-term action and transformation, policy coherence and global partnership as well as ownership and participation are such policy principles.

The degree of implementation was assessed on the basis of four categories: fully implemented, implemented for the most part, partially implemented and not implemented. 'Implemented for the most part' means that at least about half of an action content has been implemented in relation to the requirements set out in the report. 'Partially implemented' means that even though the ministries have taken measures to implement an action, less than half of what is required in the report has been achieved.

The assessment was carried out on the basis of documents, inquiries sent by email to ministry officials, and interviews with ministry representatives. Documents relevant to the action themes were used, and most of them were publications made available online by ministries. Inquiries by email were sent, especially if the publicly available material did not contain enough information. Source critique has been applied in the assessment: the views of the agencies and public officials have been critically assessed, and the auditors have produced their own estimates of the implementation of the actions on their basis.

The assessment results are presented in Table 1. The conclusion was that 72% of the actions were fully implemented or implemented for the most part. A total of 25% were partially implemented and one action had not been implemented at all.

The ministries have fully implemented 44% of the actions listed in the report

Table 1: Implementation of the actions promoting the policy principles

	Number	Percentage
Fully implemented	16	44
Implemented for the most part	10	28
Partially implemented	9	25
Not implemented	1	3
Total	36	100

The actions implemented by the ministries were very different in terms of their nature, scale and importance. For example, it can be noted that

- the monitoring indicators for sustainable development have been drawn up with consideration to vulnerable groups
- the Government’s annual report has each year contained information on the implementation of the 2030 Agenda
- the Prime Minister’s Office has arranged an annual “Sustainable Development Now and in the Future” event, which is open to public
- Finland has been more actively involved in the work of the European Sustainable Development Network (ESDN).
- By engaging in development cooperation, Finland has supported developing countries, and the least developed countries in particular, in their efforts to take part in international trade and to benefit from it.
- Finland has actively contributed to the promotion of health security in global networks, such as the Global Health Security Agenda and the JEE Alliance, which supports the building of health security capacity in different countries.
- VTT Technical Research Centre of Finland Ltd has shifted its focus towards the challenges arising from sustainable development in such areas as climate, health and security.
- More than 100 Finnish municipalities have joined Society’s Commitment to Sustainable Development (including Helsinki and Espoo, the country’s two largest municipalities).

Some of the actions remain unimplemented

One of the 36 actions remains unimplemented and nine actions have been only partially implemented.

The level of development cooperation funding has not been increased. According to the report, Finland should raise the level of development cooperation funding to 0.7% of its GDP. However, during the term of Prime Minister Sipilä’s Government, less funding was appropriated for the purpose than during the previous parliamentary term. It is estimated that in 2019 development cooperation funding will be 0.41% of GDP. In 2017 and 2018, the figure was 0.41% and 0.38%, respectively.

Development cooperation resources have not been increased as required in the report

The purpose of many of the partially implemented actions was to integrate principles of sustainable development into existing programmes, steering and processes. Examples of partially implemented actions are given below.

According to the report, sustainable development should be considered in performance management. As described in Chapter 4.2 of this audit, the concept of sustainable development is mentioned in the performance management of a small number of government agencies. However, sustainable development goals do not have any significant impact on performance management.

According to the report, sustainable development should be considered in the updating of the Security Strategy for Society, as applicable. However, the Security Strategy for Society (2 November 2017) does not discuss preparedness or security from the perspective of ecological sustainability.

According to the report, law-drafting should be improved so that the effects of the laws being drafted on economic, social and ecological sustainability should be more thoroughly assessed. However, there have not been any noticeable changes in the law-drafting process in this respect.

3.2 The fact that many of the actions had already been initiated, facilitated the implementation

In particular, the implementation of the actions was facilitated by the fact that the report listed many such actions that had already been launched or the implementation of which had already been approved by the Government or within the ministries responsible for them. In fact, some of the actions can be considered as statutory basic tasks of the ministries involved. Many of the actions were also included in Prime Minister Sipilä's Government Programme. The interviews with ministry officials reinforced this view: many of the public officials said that they had themselves prepared some of the measures for the Government Programme.

It is understandable that a report drafted during a Government term rarely contains new important policy measures as this would require new Government policies and (in many cases) additional resources. It can, however, be problematic if the report gives citizens and Parliament the impression that the Government has substantially changed its approach by implementing the actions contained in the report.

The societal impact of the report may arise from other factors than a thorough implementation of the actions set out in it. The impact of the document was enhanced by the fact that it was submitted as a report to Parliament, which discussed its contents and monitors progress in it. The impact of the report also arises from the fact that it made ministry officials and ordinary citizens aware of the importance of the issue. As a result, public officials are now also able to consider sustainable development in issues other than the actions set out in the report.

The report includes actions that are already under way

Implementation of the actions contained in the report was facilitated by the fact that some of the 36 actions were fairly small and required only modest resources. These include the section on sustainable development added to the induction training of Government employees or the holding of seminars and other events on sustainable development.

Some of the actions
are of small scale

3.3 Implementation of the actions has been hampered by the vagueness of the report and the lack of clear responsibilities

Many of the actions that have not been fully implemented would have required economically important policy decisions and new policy decisions involving important matters of principle in the middle of the Government term.

In fact, many of these actions are so ambitious that implementing them would have been difficult during the remaining two years of the Government term. The report was published in May 2017, and this assessment was produced in June 2019. However, the short time span has not been considered a mitigating factor in the assessment as the auditors have reviewed the progress so far achieved in the implementation of the actions.

Successful implementation of the actions has also been hampered by the fact that many of the actions are vaguely described in the report and can be interpreted in several ways or the objectives expected to be achieved with them remain unclear. For example, the report contains such vague verb forms as “will be promoted”, “will be developed”, “attention will be paid” or “will be clarified”.

Many of the actions are only
vaguely described in the report

It is not stated in the report, which ministries are responsible for implementing the actions. Some of the actions are of such nature that all ministries should be responsible for implementing them. In their case, too, implementation would be easier if a specific ministry were assigned responsibility for coordinating the implementation process.



4 How have ministries taken sustainable development into account in their own activities?

The ministries have identified the link between their own administrative branches and sustainable development objectives. A small number of ministries have produced more detailed descriptions of the links between their own activities and sustainable development. The ministries have not produced any analyses of how their activities comply with the different dimensions of sustainable development. A small number of ministries have incorporated sustainable development in their strategies. Sustainable development is only a minor consideration in performance management. The Government report has only had a limited guidance impact on the ministries' activities, but it has played a more important overall role as a decision supporting the promotion of sustainable development.

4.1 The ministries have identified the link between their own activities and sustainable development

The sustainable development objectives Finland is working to achieve are on three levels: The 17 goals and 169 targets set by the UN for sustainable development constitute the first level. They provide a comprehensive listing of the matters in which all countries of the world, other organisations and individuals must act so that life on Earth would be environmentally sustainable and sustainable for humans. The second level is Society's Commitment to Sustainable Development, prepared by the Finnish National Commission on Sustainable Development, and the eight objectives set out in it, which present the long-term target for Finnish society. The third level is the Government report on sustainable development, which presents the areas in which sustainable development objectives are promoted through central government action.

In the interviews conducted in the ministries, the interviewees were well aware of the link between sustainable development, their own administrative branches and areas of responsibility. All ministries presented a large number of broad policy areas in which the ministry's administrative branch and tasks are clearly connected with the promotion of sustainable development. Examples of these are given in Table 2. It is noteworthy that most of the interviewees linked the sustainable development objectives with the ministries' permanent tasks. This does not mean, however, that the sustainable development objectives would cause ministries to act differently than they would have otherwise done.

There were differences between the ministries in the way in which the link between their activities and sustainable development had been examined and how it is presented. A small number of ministries had strived to examine the link in more detail.

The ministries linked sustainable development with their permanent tasks

Table 2: Tasks and sectors that the ministries identified as connected with sustainable development

Ministry for Foreign Affairs	<p>Foreign and security policy, crisis management: promoting peace and stability globally and in the neighbouring areas</p> <p>Development policy and development cooperation: eradicating poverty and inequality, implementing fundamental rights, combating climate change</p> <p>Cooperation in the Arctic region and neighbouring areas: promoting security and stability, environmental protection</p> <p>Trade policy: consideration of the principles of sustainable development, working life rights and environmental issues in trade agreements</p>
Ministry of Justice	<p>Fundamental and human rights policy: implementing the fundamental rights, promoting non-discrimination, linguistic rights</p> <p>Promoting democracy: maintaining and developing institutions supporting democracy, more effective participation and advocacy work</p> <p>Legal protection: smoothly functioning legal system (especially the courts)</p>
Ministry of the Interior	<p>The Finnish police, the Finnish Border Guard, the emergency response centres: ensuring safety and security and promoting them in a non-discriminatory manner, preventing marginalisation</p> <p>Immigration policy: managing immigration and sustainable migration</p>
Ministry of Defence	<p>Defence policy and military national defence: promoting stability and security</p> <p>Total national defence: enhancing crisis resilience of the Finnish society</p> <p>Crisis management: enhancing security on a global basis</p>
Ministry of Finance	<p>Fiscal policy: sustainability of general government finances and ensuring the functioning of the public sector, which form the basis for all activities complying with sustainable development</p> <p>Taxation: energy taxation as an environmental policy tool, progressive income taxation helps to promote equality</p> <p>Steering of central government activities: energy efficiency of state real estate services, central government procurement, promoting e-services</p>
Ministry of Education and Culture	<p>Education and training policy: enhancing skills and expertise, equality in skills and expertise; integrating sustainable development into the curricula for early childhood education and care, the national core curriculum for basic education and the national core curriculum for vocational qualifications</p> <p>Education and science policy: innovations, creating new skills and knowledge and, consequently, providing a basis for sustainable choices; assessing the sustainability of existing solutions</p> <p>Arts, cultural and sports policy: preserving cultural heritage and passing it down to future generations, sustainable consumption of culture, taking the environment into account in sports and cultural events and in the construction of sports facilities</p>
Ministry of Agriculture and Forestry	<p>Food and agriculture: producing food in an ecologically, economically and socially sustainable manner</p> <p>Forests: using forests in an economically and ecologically sustainable manner</p> <p>Rural areas: balanced regional structure, developing rural regions, rural development programme</p> <p>Water issues: water supply, water management, floods, dams, water economy</p> <p>Climate change: coordinating the National Climate Change Adaptation Plan, Arctic bioeconomy issues</p>
Ministry of Transport and Communications	<p>Transport policy: traffic emissions, transport energy reform, supporting public transport, promoting walking and cycling</p> <p>Communications and digitalisation in general: making digital services available to all, accessibility</p>
Ministry of Economic Affairs and Employment	<p>Business policy in general: sustainable growth - aiming at socially, ecologically and economically sustainable growth</p> <p>Energy policy: electricity and gas market legislation and activities in the sector, coordinating the preparation and implementation of the Government's energy and climate policy</p> <p>Innovation policy: research and creating new innovations</p> <p>Labour market policy: employing persons with partial work capacity</p> <p>Regional policy, urban policy: balanced regional development, infrastructure projects</p>
Ministry of Social Affairs and Health	<p>Livelihood, health and social services: ensuring the livelihood, wellbeing and basic services of all people, eliminating inequality</p> <p>Wellbeing, health: promoting healthy nutrition</p> <p>Equality: promoting equality</p> <p>Insurance issues: pension reform, ensuring the sustainability of general government finances (social security economy)</p> <p>Working life: employing persons with partial work capacity, reducing inequality</p>
Ministry of the Environment	<p>Climate policy</p> <p>Environmental protection and nature conservation: sustainable use of natural resources, circular economy, promoting the good state of the environment</p> <p>Built-up environment: good near environment and living environment, relationship between nature and built-up environment</p> <p>Housing: sustainable urban development, social housing construction, reasonably priced housing</p>

For example, in autumn 2018, the Ministry of the Interior launched a road map project in which it was examined how sustainable development relates to the ministry's administrative branch and how sustainable development can be observed in the work of its administrative branch. The purpose of the project was to highlight issues that could be incorporated into the ministry's group strategy at a later stage.

In late winter 2019, the Ministry of Agriculture and Forestry prepared a position paper, which lists those of the 17 UN goals that are at the core of the ministry's work (six goals), the goals in the implementation of which the ministry is closely involved (five goals) and the goals that are indirectly impacted by the ministry's activities (six goals).

In early 2019, the Ministry of Justice prepared a proposal for a ministry-internal sustainable development network. The draft memorandum also described those of the UN 2030 Agenda goals that are at the core of the Ministry of Justice's activities. According to the draft memorandum, the aim of the network is to increase awareness and understanding of sustainable development in the justice sector and to help key actors to identify concrete sustainable development objectives and promote their implementation. It was stated in the memorandum that the tasks of the network include the promotion of the sustainable development objectives related to the justice sector and to increase awareness of the role of sustainable development in the justice sector.

In the three examples described above, the ministries had analysed their own activities in relation to the 17 goals set by the United Nations. It is noteworthy that the ministries did not base their analyses on the eight national objectives prepared by the Finnish National Commission on Sustainable Development and that these objectives did not have any clear link with the ministries' activities. The Government report also had a very limited steering impact on the ministries' activities (see Chapter 4.3). This is important because, even though the UN resolution is globally relevant, its implementation is based on the preparation of national objectives and policies.¹¹ From this perspective, ministries should analyse their activities in relation to the national objectives and focus areas rather than on the basis of the global goals set by the UN. In the feedback the Prime Minister's Office submitted on the draft audit report, it was pointed out that the international goals and indicators serve as a benchmark for individual countries, and thereby the activities are in any case compared against the international goals. This being the case, it would be particularly appropriate that the ministries should analyse their own activities in relation to both the national and the global goals.

Ministries used the UN goals as benchmarks more often than the national objectives

4.2 Sustainable development is reflected in the strategies of some ministries

The Government report emphasises the role of policy coherence in the promotion of sustainable development. This means that the impacts of decisions on sustainable development should be considered in all policy areas and that, in the preparatory process, equal attention should be paid to the ecological, social and economic dimension of sustainable development. According to the report, comprehensive implementation of the 2030 Agenda

and the promotion of sustainable development “require the systematic integration of sustainable development goals with key political and administrative processes such as the Government Programme, legislation, budgeting, performance management, and human resources management”.

The ministries are attaching greater importance to sustainable development. This is reflected in an increasing number of internal networks and consideration of sustainable development in the ministries’ strategies. Sustainable development has not yet had any significant impact on performance management, but the ministries have made operational commitments in order to promote sustainable development. However, the increasing number of internal networks, commitments or references in strategies does yet not mean that sustainable development is more comprehensively integrated into policy measures.

The ministries have strengthened their internal sustainable development networks

The audit examined how the ministries are trying to establish and disseminate operating practices promoting sustainable development in their departments or integrating them into their processes. Five ministries had created or were in the process of creating a network or a working group to promote sustainable development. The purpose of the networks was to provide departments and units with information on the promotion of sustainable development. In addition to these five ministries, the Ministry of the Interior is also, according to its opinion on the draft report, planning to establish a coordination group for sustainable development in autumn 2019.

No ministry-internal sustainable development networks or working groups had been established in five other ministries. However, three of them had taken other measures to ensure that the promotion of sustainable development is taken into account in their processes. For example, ways to promote sustainable development had been jointly examined with the top ministry officials, and the ministries had well-established internal cooperation patterns and practices for promoting sustainable development. In the remaining three ministries, a public official had been designated to represent the ministry in the Government coordination network, and, as the ministry representative, the public official also relayed information between the coordination network and the ministry. However, the ministries had not established more extensive internal networks or working groups for coordination or the promotion of sustainable development, and the promotion of sustainable development had not been examined as a separate issue.

The absence of a well-established coordination structure is problematic from the perspective of promoting sustainable development because it means that awareness of sustainable development is not systematically disseminated to all departments and units. It is noteworthy that the ministries with less extensive coordination structures nevertheless emphasised that they, too, promoted sustainable development in many ways as part of their core activities.

Half of all ministries have an internal network to promote sustainable development

There are references to sustainable development in the ministries' strategies

There were explicit references to sustainable development in the strategy documents of five ministries. Promoting sustainable development is one of the six priorities in the strategy of the Ministry for Foreign Affairs, adopted in 2018: "The Foreign Service will promote implementation of the 2030 Agenda and will work to mitigate climate change". In the strategy of the Ministry of Education and Culture, adopted in spring 2019, sustainable development is listed as one of the seven promises: "We increase our international impact and commit to sustainable development". In the strategy of the Ministry of Social Affairs and Health, adopted in 2017, sustainable development is presented as a vision of the ministry and its administrative branch: "Our vision is to create a cohesive society and sustainable wellbeing. This means that wellbeing must be socially, ecologically and economically sustainable". In the Agenda for Sustainable Growth, which was published in 2018 and serves as the strategy document of the Ministry of Economic Affairs and Employment, it is stated that "the Ministry of Economic Affairs and Employment will integrate sustainable development into its policy planning and management system" and that "the Agenda for Sustainable Growth will steer the implementation of sustainable development in the Ministry of Economic Affairs and Employment Group and promote commitment to sustainable development in the administrative branch". The strategy of the Ministry of Agriculture and Forestry, adopted in 2019, presents those sustainable development goals of the UN which the ministry promotes as part of its activities.

Sustainable development themes may be incorporated into the strategies of the other ministries even though the term itself is not used. For example, the basic task of the Ministry of Justice is to ensure the rule of law, and its societal impact targets include equal participatory rights and a high degree of legal protection. The implementation of sustainable development is an overarching theme in the strategy of the Ministry of the Environment. The three objectives are: good environment and diverse nature, carbon-neutral circular economy society, and sustainable urban development. In its opinion on the draft audit report, the Ministry of the Environment states that its strategy commits all ministry departments, performance areas and the environmental administration to the goals set out in the sustainable development agenda. The strategic impact targets are set out in the ministry's annual performance agreement and the performance targets appended to it.

Sustainable development has already been mentioned in ministries' strategies previously, and for this reason, references to it are not an indication of how sustainable development objectives or reports have influenced the strategies.¹² Furthermore, references to sustainable development in the strategies are not an indication of the future role of sustainable development in the contents of policy measures. The ministries' strategies are intended as documents providing the ministries and their administrative branches with long-term guidance in their statutory activities, and therefore it can

Sustainable development plays a prominent role in the ministries' strategies

It is too early to assess the role of sustainable development as a factor steering the activities

be assumed that the ministries and their administrative branches will give more consideration to sustainable development in the future.

At the same time, however, the Government sets its priorities on the basis of the Government Programme, and the ministries' own strategies play only a secondary role in relation to the Government Programme. The steering impact of the strategies may also be weakened by the fact that most strategies are extremely concise and present sustainable development as a general foundation for the activities. This may mean that the ministries do not necessarily analyse the implementation of sustainable development as a multidimensional phenomenon, but sustainable development is generally considered to be included in the day-to-day tasks of public administration (as described in Chapter 4.1).

In its opinion on the draft audit report, the Ministry of Social Affairs and Health states that, due to the nature of the ministry's administrative branch, sustainable development perspectives were already part of the strategic planning and target-setting in the ministry before the adoption of the sustainable development goals of the United Nations. Thus, there are also differences between the ministries as regards how they have previously taken the sustainable development objectives into account. According to the ministry, the continuum of promoting sustainable development should therefore be considered when the ministries' internal networks, structures and strategy trends are examined.

In its opinion, the Ministry of Social Affairs and Health also points out that sustainable development should be seen as a framework for examining the links between different policy areas and as a system spanning administrative boundaries in order for the examination to create concrete added value. If sustainable development is examined separately, the risk is that functions are stated to comply with sustainable development without actually analysing the interdependencies between the different functions.

Sustainable development was only a minor consideration in performance management

According to one of the actions listed in the Government report, "the implementation of the 2030 Agenda and a broad perspective on sustainable development will be included in the performance management of government branches" and "attention will be paid to sustainable development objectives in the performance targets and performance management of ministries, and the agencies and organisations under their purview".

In the 11 ministries included in the audit, sustainable development was infrequently mentioned; occasional references to it could be found in performance management documents. For example, the performance agreement template of the Ministry of Agriculture and Forestry for the period 2019-2023 contains a separate subchapter, in which the units subject to steering must themselves define how their activities support the sustainable development goals of the United Nations.

There are several reasons for the absence of clear references to sustainable development in performance agreements. Firstly, as already described above, sustainable development was already considered to be incorporated into the activities of most administrative branches and thus there was no need to mention it separately. An example of this is the Ministry

of the Environment's performance management, in which the generation of environmental information supporting sustainable development can be considered the sole task of the Finnish Environment Institute, or the promotion of sustainable social housing construction can be considered the main task of the Housing Finance and Development Centre of Finland.

Secondly, the Government Programme had a substantial impact on the performance agreements for 2018 and 2019 reviewed in the audit. At the beginning of the performance agreements, there are references to targets derived from the Government Programme or its key projects, and sustainable development as such has not been included as a key project in the Government Programme, unless the 'Bioeconomy and clean solutions' is considered to be one.

Thirdly, performance management is also guided by the strategies of the administrative branches, and sustainable development has been included as a separate item in several strategies adopted in recent years. The matter will probably also come up as a key theme in performance agreements in the coming years.

Performance agreements are steered by the Government Programme and the ministries' own strategies

Most ministries have made operational commitments

Operational commitments are one of the steering instruments helping to promote sustainable development. By making operational commitments, organisations can contribute to the implementation of the society's commitment to sustainable development in a way they consider suitable. The operational commitments have a time span of several years. The commitments are made and reports on them submitted in the online service for sustainable development (commitment2050.fi).

A total of nine ministries made operational commitments between 2015 and 2018. The extent of the commitments and their concrete content varied: some of the commitments were extensive and based on principles, while others were more concise and of concrete nature. The main purpose of the extensive commitments made by ministries was to express commitment to sustainable development in future strategies and steering documents. In other words, these commitments were intended to speed up decisions promoting sustainable development or the implementation of decisions already made.

For example, the Ministry of Education and Culture, one of the organisations making an extensive commitment, pledged to consider the objectives set out in Society's Commitment to Sustainable Development in its strategies and in the steering of its agencies. The Ministry of Economic Affairs and Employment pledged to draw up an agenda for sustainable development so that it can integrate sustainable development into its policy planning process and management system. The Ministry of Transport and Communications pledged to promote walking and cycling by implementing measures set out in the Government resolution and programme to promote walking and cycling and to coordinate a two-year marketing campaign to put the programme in practice. The joint commitment of the defence administration adopted in 2015 contained five extensive measures that were part of the implementation of an already-adopted sustainable development programme. According to an interview, the purpose of the commitment was to ensure that the sustainable development programme adopted by

Most of the ministries have made operational commitments

the defence administration in 2010 could be updated. In 2015, the Ministry for Foreign Affairs made three commitments, and in one of them, it invited all Finnish diplomatic missions to make their own commitments. By early 2019, a total of six diplomatic missions had made their own commitments.

Three ministries had not made operational commitments. The Ministry of Social Affairs and Health has, however, played an active role in the launching of the operational commitments because the actual eight commitments were prepared by the National Nutrition Council. The purpose of the commitment, which has eight different content areas, is to provide the food industry and other food industry actors with a voluntary model to promote nutritional policy. An organisation making the commitment pledges among other things to increase the use of vegetables, cut the use of salt and sugar in food and reduce the largest portions and packages of products containing sugar, fats and salt.

Thus, the commitments have been one way to promote sustainable development. However, the commitments have not necessarily had any substantial impact on the ministries' own activities: the ministries' strategies are more important as sustainable development instruments than the operational commitments. However, by making commitments, ministries may have encouraged their stakeholders to promote sustainable development on a voluntary basis. This has been done by the Ministry of Social Affairs and Health (by encouraging food sector actors to make commitments), by the Ministry of Defence (defence materiel industry), the Ministry of Agriculture and Forestry (water sector actors) and the Ministry of the Environment (trade sector).

The ministries have joined Society's Commitment to Sustainable Development with their stakeholders

4.3 The Government report has provided only limited operational guidance for the ministries

The report submitted by the Government in 2017, in the middle of its term, served as the Government's own action plan, which "presents Government's plans regarding the implementation of the global 2030 Agenda for Sustainable Development in Finland" and the way in which the Government implements the 2030 Agenda in its own activities.¹³

According to the interviews conducted in the ministries, there are two reasons why the Government report has only played a minor role as a document steering the activities. Firstly, the report does not contain any new policy measures, and it is largely based on the Government Programme and its key projects (which would have been carried out anyway). This is also stated in the report: "Two key focus areas and three cross-cutting policy principles have been raised to the top of the Government's implementation agenda. Tangible actions are presented that support the implementation of the Government Programme in all of these respects and in line with the sustainable development work already done within all administrative branches".

Secondly, there are already more effective instruments (in the field of climate and energy policy, in particular) steering the policy areas listed in the report, especially carbon-neutral and resource-wise activities. Work

towards similar objectives has already been going on for years.

However, according to the officials interviewed for the audit, the report had served other roles. The report was seen as a document supporting and legitimising the work of the ministries' coordinators: it has been easier to promote sustainable development in ministries and administrative branches when the actors involved have been able to rely on a Government-approved report. The report was referred to, for example, as backbone and background support. For example, sustainable development coordinators working in ministries have been able to use the report as a justification for their proposals for internal networks.

According to the interviewees, the report has also provided a framework for the consideration and implementation of sustainable development. The report compiled the key areas of sustainable development and the key actions promoting the focus areas set out in the report even though none of the actions were new. Compiling the key actions into a single document may also be particularly important when sustainable development issues are communicated to the media, citizens or the international community.

The report was also seen as an important tool in the dialogue between the Government and Parliament. The fact that the report had been submitted to Parliament for consideration provided Parliament with an opportunity to discuss the matter and guide the Government in the promotion of sustainable development. The Committee for the Future discussed the document in its report published in June 2017 (TuVM 1/2017 vp, VNS 1/2017 vp) and in an open hearing on 30 May 2018. In March 2019, four parliamentary committees held a joint open meeting to discuss an assessment of the state of Finland's sustainable development policy as well as the change paths (YmVP 118/2018 vp).

The report has facilitated the promotion of sustainable development in the ministries



5 Are there adequate monitoring, assessment and reporting procedures for sustainable development?

The system for monitoring and reviewing the national objectives for sustainable development is comprehensive and extensive, and the state of sustainable development has been reported on an online platform. The implementation of the Government report has been monitored at general level, but few reviews have been produced and it has been reported on incoherently in the Government's annual report. The complexity of the monitoring system is a challenge because the national objectives and the indicator baskets are not compatible. Statistics Finland has developed a reporting platform for the global indicators of the United Nations, and Finland is able to provide information for about half of all global indicators. Finland submitted a national review to the United Nations in 2016 and plans to submit a second review in 2020.

5.1 Finland provides information for about half of all UN indicators

The UN resolution on sustainable development also sets out the principles for monitoring and review. According to the principles, monitoring should be carried out at national, regional and global level, and the monitoring and review should be voluntary and state-driven. For global-level monitoring, there are global indicators, which are set by the UN Statistical Commission. The information for the indicators is, however, provided at national level. In fact, global monitoring of the 17 goals and 169 targets set out in the 2030 Agenda is only possible if individual countries, Finland included, provide enough information for the indicators.

The UN system of global indicators currently contains 232 indicators, and Finland supplies information for about half of them. However, more information is provided for indicators important to global reporting than for less important indicators. According to the interviews carried out for the audit, in international comparisons, Finland supplies a fair amount of information and is at the same level with comparable countries. Finland submitted a voluntary national review on sustainable development to the UN in 2016 and plans to submit a second review in summer 2020.

Global monitoring requires that countries produce information on a national basis

Statistics Finland compiled global indicators during 2018

The global indicator system of the United Nations contains 232 indicators,¹⁴ which are divided into three groups (Tier I, II and III). Tier I comprises 101 indicators (44% of the total) which are conceptually clear, for which there are an internationally established methodology and standards and which cover a specific percentage of countries and population. The 91 indicators in Tier II (39% of the total) are also conceptually clear, and an

internationally established methodology and standards are available for them, but information for them is not provided regularly. Tier III comprises 34 indicators (15% of the total), for which no internationally established methodology or standards are yet available. There are also six indicators grouped under more than one Tier. International reporting by the United Nations is mainly based on the indicators in Tier I and certain indicators in Tier II.¹⁵

Statistics Finland and the Prime Minister's Office launched a joint development project in 2018 to determine for which global indicators information is produced in Finland and by whom, to collect data and its metadata for the UN indicators, and to build a national reporting platform for the information. No new statistics were created in the project, but the focus was on the review of existing statistics and information. A total of 16 authorities were identified as information providers.¹⁶

After the conclusion of the project, the indicators were published in February 2019 on the Statistics Finland reporting platform for the UN sustainable development indicators. A total of 405 indicators are listed on the platform. They include all of the UN indicators and 161 additional indicators on which more detailed information is provided. Information is available for the period after 1990, but there are indicators on which no information is available. According to a search made in May 2019, 120 of the (232) UN indicators gave no values for the period 2010-2018.

In order to ensure that the indicator information can be used internationally, it is essential that information is produced for the indicators of the first two Tiers (on which the UN reporting is primarily based). In these Tiers, Finland was able to supply information for 53% of all indicators so that the indicators of Tier I accounted for a substantially larger part (68%) of the total (Table 3). Some of the indicators in Tier I and II for which Finland does not currently provide any information are significantly less relevant to Finland. Examples of such Tier I indicators include "2.2.1 Prevalence of stunting among children under 5 years of age, %" and "2.2.2 Prevalence of malnutrition among children under 5 years of age, %". Similar examples in Tier II include "Number of deaths, missing persons and directly affected persons attributed to disasters per 100,000 population" and "Proportion of population living in households with access to basic services, %".

According to the interviews with Statistics Finland officials, in international comparisons, Finland supplies a fair amount of information and is at the same level with the other Nordic countries, the Netherlands and Canada. The officials added that some countries have reported that they provide information for almost 100% of all indicators but in such cases there are doubts about the reliability of the statistics used as a basis for the information. When the comprehensiveness of the information supplied by Finland is considered, it should be noted that Finland has not created new statistics or information collection methods, and the indicator information is based on existing data.

Statistics Finland published its sustainable development indicator database in February 2019, and thus it is still too early to say anything definite about its use. According to the interviewees, international indicator data is mainly intended for international organisations, which use the information in compilations and comparisons. The data is used by such organisations

Statistics Finland has published the national data on global indicators

No new information has been collected for global indicators

as the United Nations (which examines sustainable development globally and by country group), the OECD (which produces country comparisons in collaboration with the Bertelsmann Foundation) and the EU (which uses the sustainable development indicators as part of its own indicator bank). Finland's national indicators are not contained in the Statistics Finland database, and the database is not connected to the system for monitoring the national objectives.

Statistics Finland is in the process of improving the data collection for the UN indicators. In April 2019, Statistics Finland set up a cooperation group for the UN sustainable development indicators, inviting members from five key organisations producing and using indicator data. The task of the working group is to manage and coordinate the network of information providers and to participate in the development of information provision and updating and in the improvement of the reporting platform.

Table 3: The UN indicators grouped according to whether Finland currently collects data for them

Tier	Information is collected	No information is collected	Total
Tier I	69	32	101
Tier II	33	58	91
Tier III	7	27	34
Belongs to more than one Tier	3	3	6
Total	112	120	232

Finland submitted its first voluntary national review to the UN in 2016

Sustainable development issues are reported in a variety of ways in global scale. The Sustainable Development Goals progress report is prepared each year for the High-Level Political Forum. The report is based on the global indicators, and it is drafted under the auspices of the UN Secretary-General. The Global Sustainable Development Report, which is based on scientific research and analysis, is prepared for the same forum every four years. The next report will be produced in 2019. The report is prepared by a group of experts, and the 15 individuals drafting the 2019 report also include a professor working at the Finnish Environment Institute.

In addition to these documents, yearly reports discussing different sustainable development themes and voluntary national reviews are also prepared. A total of 184 national reviews were produced between 2016 and 2019 or submitted to the UN system for publication in 2019 and 2020. A total of 157 countries have submitted reviews, and 26 of them have submitted at least two reviews.

Finland submitted a voluntary national review in 2016, being one of the first countries to do so. As the review was produced only about six months after the adoption of the 2030 Agenda final document and before the issue of Finland's own report, the focus in the Finnish national review was on the organisational arrangements and procedures that Finland was applying at the time to implement the 2030 Agenda. Finland is planning to submit its second national review in summer 2020.

Most countries have submitted reports to the UN in the form of voluntary national reviews

5.2 The system for monitoring and reviewing the national objectives is comprehensive but somewhat obscure

National-level monitoring of sustainable development is based on Society's Commitment to Sustainable Development ("The Finland we want by 2050") and the eight objectives set out in the commitment. The commitment is a national instrument encouraging all actors in the Finnish society to implement the UN Agenda. The content of the 17 United Nations goals relevant to Finland is incorporated into the eight objectives set out in the commitment. Finland introduced Society's Commitment to Sustainable Development in 2013, which was before the adoption of the 2030 Agenda resolution by the United Nations. Society's Commitment to Sustainable Development was updated in 2016 to make it comply with the 2030 Agenda. Thus, the purpose of the Society's Commitment is to serve as the Finnish interpretation of the 2030 Agenda.

Finland has a fairly comprehensive system for monitoring and reviewing its national objectives

Under the auspices of the General Secretariat on Sustainable Development, a monitoring and review system has been prepared for monitoring the implementation of the commitments. The monitoring is based on 44 indicators selected by a network of experts and grouped into ten indicator baskets. Based on this monitoring information, experts produce reviews, which are published on the sustainable development website and which readers are encouraged to discuss on the website. Based on the reviews and the discussions, the state of sustainable development in Finland was also reviewed by a citizens' panel at the end of 2018/beginning of 2019. More than 500 Finns took part in the work of the panel. The reviews have been compiled into a report, which was published in spring 2019. In addition to the above, the Finnish National Commission on Sustainable Development has arranged extensive seminars between 2017 and 2019, where the state of sustainable development has been discussed and where the assessments referred to above have been used as seminar documents.

The monitoring and review system can be considered comprehensive and adequate. The extent of the monitored area and the complexity of the system have caused problems in the monitoring and review process, which is partly due to the fact that the national objectives are separate from the indicator baskets. Another problem is that there is still no clear connection between the monitoring and review system and the policy processes creating contents for operating policies.

The seminar assessing the state of sustainable development has been held each year

It is difficult to outline the link between the objectives and the indicator baskets

As already stated, the monitoring of the national objectives is based on ten baskets containing a total of 44 indicators. The indicators and the baskets have been determined in a sustainable development monitoring network, in which ministries, research institutes, interest organisations and non-governmental organisations are represented.

The ten indicator baskets do not correspond to the eight national sustainable development objectives, but the indicators contained in each basket produce information for the monitoring of more than one objective. For example, the indicator basket “Social inequality” has four indicators, one which is the Gini coefficient, measuring income differences. At the same time, the Gini coefficient is relevant to four sustainable development objectives: “Equal prospects for well-being”, “A participatory society for citizens”, “Sustainable employment” and “Sustainable society and local communities”.

Correspondingly, one objective is linked to several baskets and indicators. For example, the objective “Lifestyles respectful of the carrying capacity of nature” is linked to 17 different indicators in four different baskets. As the objectives do not directly correspond to the indicator baskets and the indicators in the baskets may be relevant to several different objectives, it is difficult to outline the link between the objectives, the indicators and the reviews.

In its feedback on the draft of the audit report, the Prime Minister’s Office points out that the differences between the objectives and the indicator baskets arise from the fact that the baskets are based on such societal phenomena that are important to society at large and the changes of which impact several global and national objectives. For example, decisions on housing and urban structure have a significant impact on the operational prerequisites of public transport and thus also on the objectives concerning climate, biodiversity, urban development and resource-wise approach.

Ten indicator baskets and 44 indicators have been created for the monitoring of the eight objectives

Evaluations on two levels have been produced on the basis of the indicators

Evaluations on two levels are produced on the basis of the monitoring information arising from the indicators. Firstly, a short review (on average six pages) has been written on each of the ten indicator baskets, and the reviews have been published on the website of the Finnish National Commission on Sustainable Development. The situation of the indicator basket is discussed in these reviews on the basis of the indicator values and, if necessary, other information.

The aim of the General Secretariat on Sustainable Development was that a review on each of the ten baskets of the monitoring system would be written each year and that the reviews related to different baskets would be published roughly on a monthly basis between autumn and spring. The reviews are published on the sustainable development website, where they can also be discussed. The annual updating of the reviews has not worked quite as planned because by now (May 2019) one review has been written on each basket: a review on the first basket was published in November 2017 and on the last basket in January 2019. The reviews have been written by public officials working in ministries and research institutes. The reviews are published on the sustainable development website, where they can also be discussed and commented on. In fact, at the time of the audit, comments on each review had already been submitted even though the discussion had not been particularly lively.

Assessments have been written of all monitored areas, and they have also been published

The second level on which the sustainable development objectives are assessed is the report “State of Sustainable Development”. The latest version of the report was published in spring 2019.¹⁷ The report is largely founded on the reviews written on the basis of the indicator baskets, but the views about the state of sustainable development and trends in it expressed by external evaluators and the citizens’ panel are also quoted in the 2019 report. An external, Government-commissioned evaluation of the promotion of sustainable development (POLKU2030) was published in winter 2019. The citizens’ panel comprises 500 Finnish experts that have been asked to give their assessment of the current state of sustainable development and changes in it on the basis of the indicator information.

A seminar titled “Sustainable Development Now and in the Future” has also been held in three successive years (in May 2017, 2018 and 2019) to assess the state of sustainable development. Thematic discussions on the state of sustainable development have been arranged at the events, which have been attended by representatives of public administration and stakeholders as well as politicians. The aim has been to present the core messages on the progress on sustainable development at the seminars. In 2018, the seminar was held as an open meeting of the Committee for the Future.¹⁸

An external evaluation of the promotion of sustainable development has been commissioned

Evaluation of the national implementation in 2019 is listed as one of the monitoring and review actions in the Government report. According to the action “A comprehensive and independent assessment of Finland’s sustainable development policy and the national implementation of the 2030 Agenda will be conducted every four years, starting in 2019”. This action was carried out as a Government TEAS project: the POLKU evaluation was launched in 2018, and the results were published in March 2019.¹⁹

Different aspects of sustainable development were examined in the document, but the focus was on the following three issues:

- The state of sustainable development in Finland
- Key objectives and means of Finland’s sustainable development policy and how they have been implemented
- Consideration of sustainable development in the foreign policy of all administrative branches in Finland

One of the main observations made in the evaluation was that even though Finland has a number of different national objectives and action plans taking us in the right direction, there is still no overall view on the promotion of sustainable development, and a more ambitious approach is needed. At the same time, the sustainable development policy has managed to make sustainable development a broadly accepted objective in society. Sustainable development should be incorporated more comprehensively and effectively into the key decision-making processes, such as the Government Programme, budget preparations and the ministries’ management systems. With regard to foreign policy, the evaluation concluded that the promotion of sustainable development foreign policy is still too much the responsibility

The Government has commissioned an external evaluation of the results of the sustainable development policy

of the Ministry for Foreign Affairs, and the impacts concerning sustainable development outside Finland should be more comprehensively examined across ministerial boundaries.

Monitoring information is not directly connected to the processes of policy preparation

The organisation of the monitoring of sustainable development and the role of the monitoring information in policy preparation was discussed in the interviews carried out as part of the audit. The absence of a link between the monitoring and review information on sustainable development and policy planning was highlighted in the interviews as a challenge concerning the monitoring and review information.

The areas to be monitored are extensive, and ministries monitor and review them significantly more extensively and thoroughly than what would be possible under the sustainable development monitoring system. For example, the indicator basket “Social exclusion and inclusivity” has five indicators, one of which describes the voting rate and the other the trend in Finland by the Corruption Perceptions index. The Democracy Unit of the Ministry of Justice uses or is in the process of developing indicator or monitoring systems allowing the ministry to monitor developments in its sector significantly more thoroughly than what would be possible with the commitment monitoring tool. These include the democracy indicators describing the state of democracy, which have been under development for the past 15 years; the linguistic right indicators, which were determined at the end of 2018; the corruption indicators, which are now under preparation in a TEAS project; and the fundamental rights barometer research project, the purpose of which is to produce a fundamental rights barometer and thus enhance the collection of information on equality and discrimination in Finland.

The monitoring information available can therefore be criticised on the grounds that it is not necessarily relevant to the planning of the policy content. For example, democracy, climate or energy policy are more closely monitored with other tools, and there is only a weak link between the instruments for monitoring the sustainable development objectives and the planning of these policies. At the same time, the interviewees pointed out that general information on the state of sustainable development is important to Parliament and the Government, which consider broad issues and make broad policy decisions. Such monitoring and review information is therefore relevant because the information can be used to identify the most serious problems and deficiencies in sustainable development, and this information can be used in the setting of wide-ranging policy priorities.

The ministries monitor their own policy areas more closely than sustainable development

5.3 The activities of the Government should be monitored and reviewed more thoroughly

The promotion of sustainable development as well as the monitoring and review of the implementation of the 2030 Agenda and the related reporting are based on the international and national indicators described above. Indicator information is assessed and interpreted at the Finnish National Commission on Sustainable Development, the monitoring network and elsewhere in the Government. The key reporting instruments at national level are the Government's annual report, the publication "State of Sustainable Development" and the texts for interpreting the indicators it is based on, and regular external evaluations. Finland also reports on its progress to the United Nations every three or four years. The monitoring, review and reporting system can be described as extensive and multifaceted.

The Government report has been monitored on general level

The Government report and the actions presented under its focus areas have been one of the key areas monitored in the process. The report serves as the Government plan on what action is taken by Government actors to promote sustainable development. The 2017 Government report presented 23 extensive actions or sets of actions to achieve improvements in two focus areas. A total of 36 additional actions are also presented with the aim to change central government operating practices so that they give more consideration to sustainable development. It is proposed in the report that these actions should span several Government terms.²⁰ (Actions aimed at changing the operating practices are described in more detail in Chapter 3).

Actions listed in the report have been monitored as part of the monitoring of the Government action plan. The sets of actions described in the Government report have been connected to the Government action plan, and the implementation of the action plan has been monitored using the table in the Government-internal information network. The reporting on the actions, which is part of the monitoring of the action plan, is concise, of general nature and in accordance with the key phases. The General Secretariat on Sustainable Development in the Prime Minister's Office also kept an internal monitoring table on the actions set out in the report. Progress on the report was also regularly discussed at the coordination network meetings. The Government has not produced any detailed analyses of the content-related progress of the actions.

The Government report has been monitored as part of the monitoring of the Government action plan

Actions implemented by the Government have been reported in the Government annual report²¹

The Government's annual report is the most important instrument for reporting on the implementation of the Government's sustainable development report.²² Sustainable development has been reported on as a separate item in the Government's annual report twice: in the annual reports for 2017 and 2018, which were issued in spring 2018 and 2019, respectively.

In the Government's annual report for 2018, sustainable development is covered in two ways: the annual report discusses the state of sustainable development and the actions taken by the Government to promote sustainable development. This approach can be considered appropriate in the sense that the Government reports to Parliament on the targeted state and its own activities. The problem is that forming an overall view on the state of sustainable development and the actions is difficult because the descriptions are presented in 13 different sections: the state of sustainable development is reported in the annual report, and the actions taken by ministries in the performance descriptions of 12 ministries. Forming an overall picture is also hampered by the fact that the texts produced by the ministries are not structured in accordance with the Government report.

In the annual report, the state of sustainable development is examined using three perspectives and information bases: based on the monitoring indicators, based on international evaluations and based on the assessments of the citizens' panel. On the basis of the report, it is difficult to form an overall view of the progress achieved in the focus areas. This is largely because sustainable development is an extremely broad and multifaceted issue, and it is impossible to describe the state of sustainable development in just a few sentences. Monitoring of the progress in sustainable development is further impeded by the fact that no clear objectives are set for each focus area against which progress could be reported.

Government actions are reported on in the performance descriptions of all ministries, which describe how the ministries view the link between their own activities and sustainable development, and what they have done to promote sustainable development. However, elements of the 23 sets of actions that the Government has committed to implementing in its report can be identified in the descriptions of the individual ministries. Thus, the reporting is sufficient in this respect. However, it is not clear from the annual report how successfully each of the actions has been implemented because the reporting is not based on the actions set out in the Government report.

The descriptions can also be assessed by examining whether they are in line with the actions presented in the rationale of the main titles of the budget proposal for 2018 (under the heading "Sustainable development"). In the instructions the Prime Minister's Office sent to individual ministries on writing the annual report, it was emphasised that the focus in the reporting should be on the implementation of the actions contained in the budget proposal. In the budget proposal, it was possible to identify a total of 54 actions promoting sustainable development, of which 43 were mentioned in the performance reports of individual ministries. Thus, the reporting was not exhaustive. Neither document provides a detailed description of these actions. Some of the actions can be interpreted as referring to extensive programmes, while others concern specific concrete actions. Enhancing the reporting in this respect would, however, also require the clarification of the contents of the budget proposal. It should be noted that the sustainable development section was incorporated in the 2018 budget proposal at the final stage of drafting, so the drafting process of the section was brief.

Sustainable development is discussed under several headings in the Government annual report

Some of the actions set out in the Government report remain unreported

Government has reported on the implementation of the parliamentary opinions in its annual report

The Government has provided Parliament with adequate information on the implementation of the opinions issued by Parliament. Parliament issued a ten-part opinion on the implementation of sustainable development in its response to the Government report in September 2017 (EK 27/2017 vp – VNS 1/2017 vp). The opinions are based on the report of the Committee for the Future (TuVM 1/2017 vp.). The Government has reported on its actions based on the opinions on two occasions: in the appendices to the Government annual reports for 2017 and 2018.

In the appendix to its annual report for 2017, the Government devoted about five pages to the actions to implement the ten-part parliamentary opinion. The Committee for the Future stated in its opinion on the Government annual report (TuVL 2/2018 vp K 11/2018 vp.) that it supports the actions presented by the Government in its annual report but that the committee can only discuss the withdrawal of resolutions after Parliament has reviewed the second part of the Government report on the future, to be submitted to Parliament in autumn 2018, and the second report on sustainable development, to be submitted to Parliament during the 2019-2023 parliamentary term.

In other words, Parliament did not withdraw its opinion on the implementation of sustainable development when discussing the Government annual report for 2017. For this reason, the Government reported on the actions based on the opinion again, in the Government annual report for 2018. At the time of the carrying out of the audit, the Committee for the Future had not yet discussed this report or decided on the withdrawal or retaining of the opinion. The adequacy of the Government reporting was assessed in the audit by comparing it against the contents of the parliamentary opinion. The ten-part opinion issued by Parliament includes 21 different issues, and in its annual report for 2018, the Government reported on 18 of them. The reporting on three issues was vague or missing: The way in which the Government has linked the focus areas of the action plan implementation to all stages of the Government term The way in which the Government has promoted the requirement to incorporate the promotion of the 2030 Agenda goals into all public purchases, and an assessment of progress in this field The way in which the Government plans to ensure that Finland's development cooperation funding will be raised to 0.7% of GDP as set out by the UN and the EU in their goals.

The Committee for the Future included a ten-point opinion in its report on the Government report on sustainable development

Appendix: Audit methods

This appendix describes how the findings presented in the audit were reached and what limitations relate to the findings.

Audit objective and use of the audit findings

The purpose of the audit is to support the Government in the promotion of sustainable development as referred to in the UN goals and the national objectives by assessing the actions taken by the Government to prepare, steer, monitor and evaluate activities in the field of sustainable development. The auditors examined whether the components of the sustainable development administrative model are workable and how they can be improved. The results or impacts of the actions to promote sustainable development were not assessed in the audit.

The audit findings can be used by the Prime Minister's Office (in the development of sustainable development steering instruments), individual ministries (in their work to give better consideration to sustainable development in policy preparation) and by the actors responsible for the monitoring, assessment and reporting system (in their work to improve the system).

Audited entities

The focus in the audit was on the parts of the administrative system promoting sustainable development: on the assessment and presentation of economic impacts, implementation of the actions promoting policy coherence, consideration of sustainable development in individual ministries, and the monitoring and assessment of sustainable development and the related reporting. The focus in the audit was on the Prime Minister's Office, which coordinates the promotion of sustainable development, and the ministries whose activities provide the main thrust for sustainable development. The material on global indicators supplied by Statistics Finland was also used in the audit.

Opinions on the draft audit report were requested from all ministries. The feedback contained in the opinions was taken into account in the preparation of the final audit report. The opinions and the abstract based on them can be viewed on the website of the National Audit Office.

Audit questions, criteria, material and methods

The audit was targeted at four parts of the model for steering and administering sustainable development. The audit issues, criteria and evidence are listed in the table. Before the audit, the Prime Minister's Office was given an opportunity to give its views on the audit design. Only minor changes were made to the audit design on the basis of the consultation.

Audit issues and sub-issues

1. Has the Government taken into account the costs incurred by central government as a result of the promotion of sustainable development?
 - Have the costs arising from the promotion of sustainable development been presented in the report and estimated during the preparation of the report?
 - Are the costs incurred by central government as a result of sustainable development clearly specified in the Budget?

2. Has the Government developed its activities in accordance with the policy principles set out in the report?
 - What measures has the Government taken to implement the actions?
 - Have the actions been implemented as scheduled and in the planned scope?
 - Which factors have impeded the implementation of the actions or prevented it altogether?

3. Have the ministries acted efficiently when considering sustainable development in their own activities?
 - How are the ministries' own activities connected to sustainable development?
 - How have the ministries incorporated sustainable development into their own processes?
 - What are the tasks and status of the coordinator?
 - Have the ministries established procedures to take sustainable development into account in policy preparation?

Audit criteria, materials and methods

Criteria: The costs that arise from the promotion of sustainable development and that are essential to ensure that the most cost-effective actions can be selected have been assessed, considered and presented in the planning and preparatory process. In the budget proposal, the administrative branches have, under their main titles, provided a realistic estimate of the costs arising from the promotion of sustainable development. **Source of the criteria:** The criterion of economy can be derived from the State Budget Act and the general principles governing the activities of public administration. The content of the Budget must be clear and easy to understand.

Materials: Government report on sustainable development (VNS 1/2017 vp), the Budget, preparatory documents for the Government report and the Budget.

Analysis methods: Analysis of the document contents and comparisons against the requirements.

Criterion: Government report on sustainable development (VNS 1/2017 vp), implementation of the actions listed under policy principles in planned scope.

Materials: Material describing the implementation of the actions promoting the policy principles set out in the report. Documents, written inquiries, interviews.

Analysis methods: analysis of the contents of the actions, comparison against the picture of the implementation based on the material, classification of the degree of implementation, quantitative description of the implementation.

Criterion: Successful application of policy coherence: action by the ministries ensuring regular sustainable development procedures in different forms of planning and decision-making.

Materials: the ministries' documents (strategy, performance management, operational and financial planning, reporting), interviews with the ministries' coordination officials, interviews with ministry officials taking part in different processes.

Analysis methods: Descriptions of the ministries' activities, comparison of the operating practices.

4. Does the Government have adequate mechanisms for monitoring and assessing sustainable development and for reporting on it?
- Has the Government established an adequate monitoring mechanism for the international and national sustainable development objectives and for the objectives, actions and operating principles the Government has adopted for central government?
 - Has the Government established an adequate system for monitoring the implementation of the parliamentary opinions?
 - Has the Government assessed its success in the promotion of sustainable development at international and national level?
 - Has the Government produced adequate reports on the promotion of sustainable development internationally and nationally?

Criteria: Adequate monitoring and assessment, and the reports produced.

Materials: The global indicators supplied by Statistics Finland, materials for monitoring the national objectives, interviews with officials carrying out the monitoring, the Government's annual report and other evaluation reports.

Analysis methods: Qualitative comparisons between the objectives and monitoring materials, quantitative description of the scope of the indicators, analysis of the parliamentary opinions, comparing the monitoring methods against the opinion contents, comparing the report contents against the objectives set.

Audit process

The audit started after the completion of the preliminary review on 30 October 2018 and ended with the publication of the audit report on 10 October 2019. A total of 66 interviews with one or two persons were carried out in the audit, and a total of 79 persons were interviewed in them. Interviews were conducted in all ministries (except for the Prime Minister's Office) between January and April 2019. During the preliminary review, three representatives of the Prime Minister's Office and one representative of Statistics Finland were also interviewed. Information for the audit was also collected from public documents, in telephone interviews with ministry representatives and by making email inquiries to ministries. Information was collected throughout the audit process, until the end of June 2019. The draft audit report was submitted to ministries for comments on 16 July 2019, and the last comments were received on 29 August 2019.

Auditors

The audit was carried out by Director for Performance Audit Lassi Perkinen and Principal Performance Auditor Auri Pakarinen. The audit was supervised by Director for Performance Audit Anna-Liisa Pasanen.

Limitations and reservations concerning the audit findings

The audit was system-oriented. The audit questions concerned administrative procedures used by the Government in its work to promote activities complying with sustainable development. The audit did not assess the content-related results or impacts of the work to promote sustainable development or the success of the sustainable development actions implemented in different policy sectors.

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- 10 Ibid.
- 11 Resolution adopted by the General Assembly on 25 September 2015, paragraph 55 (italics added): “The Sustainable Development Goals and targets are integrated and indivisible, global in nature and universally applicable, taking into account different national realities, capacities and levels of development and respecting national policies and priorities. Targets are defined as aspirational and global, with each Government setting its own national targets guided by the global level of ambition but taking into account national circumstances. Each Government will also decide how these aspirational and global targets should be incorporated into national planning processes, policies and strategies.”
- 12 For example, the strategy adopted by the Ministry of Social Affairs and Health in 2010 is titled “Socially sustainable Finland”. It is stated at the beginning of the strategy that “Sustainable development involves economic, social and ecological sustainability” and this is followed by a description of a socially sustainable society.
- 13 VNS 1/2017 vp. Government Report on the implementation of the 2030 Agenda for Sustainable Development, page 5.
- 14 The number of indicators may change each year as they are updated. There were a total of 232 indicators in spring 2019. The number of indicators is also put at 244. This is because nine indicators are used in two or three goals.
- 15 IAEG-SDGs, Tier classification. <https://unstats.un.org/sdgs/iaeg-sdgs/tier-classification/>. Retrieved 20 May 2019.
- 16 <http://www.stat.fi/tietotrendit/blogit/2019/suomen-globaalit-kestavan-kehityksen-yk-indikaattorit-on-julkaistu/> Retrieved 20.5.2019. Suomen kestävän kehityksen YK-indikaattorit julkaistu – Suomi pärjää vertailuissa hyvin (The UN sustainable development indicators for Finland published – Finland does well in the comparisons) Article on Statistics Finland website dated 15 February 2019
- 17 Towards the Finland we want by 2050 – the state of sustainable development. The state of sustainable development in 2019 in light of indicators and comparative studies. Prime Minister’s Office 2019.
- 18 Pöytäkirja TuVP 28/2018 vp. Open hearing held by the Committee for the Future. Finlandia Hall, Wednesday, 30 May 2018 at 9.00-11.00.
- 19 POLKU2030 – An Evaluation of Finland’s Sustainable Development Policy. Publication series of the Government’s analysis, assessment and research activities 23/2019.
- 20 “Prime Minister Sipilä’s Government proposes that these principles [‘long-term action and transformation’, ‘policy coherence and global partnership’ and ‘ownership and participation’] extend beyond government terms.” VNS 1/2017 vp, p. 38.
- 21 The information presented in this subchapter is based on a NAOF audit on the performance information contained in the Government’s annual report. The audit also assessed reporting on sustainable development. The audit was reported in May 2019 as part of the National Audit Office’s separate report to Parliament (K 13/2019 vp: Separate report to Parliament on the audit of the final central government accounts for 2018 and the Government’s annual report, Chapter 4)
- 22 See for example, VNS 1/2017 vp, Chapter 4.



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