

Minute of the Minister for Finance
on the Committee of Public Accounts – Interim Report
on Irish Aid

1. The Minister for Finance has examined the Committee's Interim Report on Irish Aid and has taken account of its conclusions. In relation to the Committee's recommendations, his response is as follows:
2. **Aid Channelled through recipient Government Departments**

Recommendation No. 1

That the impact of the proposal to decentralise funding to school level, in order to minimise administrative costs, be assessed to determine its effectiveness and where necessary that such a system of channelling aid be used as a model across the spectrum of spending.

The Minister for Finance is advised by the Department of Foreign Affairs that this recommendation is accepted and that Irish Aid works with partner governments and other donors to ensure that money is used as efficiently and effectively as possible in reaching the intended beneficiary. He is informed that as part of the discussions on sector programmes, including education and school programmes, as well as governance and decentralisation, Irish Aid takes the opportunity to review with governments and other donors the most effective mechanism for transfer of funds to the local level. He is also informed that tracking studies are used to measure the accountability of the flow of funds, and the findings from these studies feed back into the policy process and – if appropriate - can be used as a model across the spectrum of spending. Finally, he is advised that the results of more effective aid delivery are already being seen with more children at school than ever before and a slow but steady improvement in standards.

Recommendation No. 2

That a benchmark be established on the amount of aid that can be diverted to meet administrative costs.

The Minister for Finance is advised by the Department of Foreign Affairs that this recommendation is accepted and that Irish Aid, along with other donors, takes part in annual reviews of partner government programmes during which issues such as administrative costs and other expenditure are examined. He is informed that donors also participate in the budget discussions through the annual budget process and that this provides the opportunity to review sectoral and other allocations and, through quarterly meetings with Ministries of Finance, to review expenditure. He is advised that partner governments themselves absorb a percentage of administration costs of funding their public services, and that for example, the salaries of school teachers and health workers are paid largely by partner governments.

The Department of Foreign Affairs advises that similar reviews take place with civil society organisations supported by Irish Aid and that benchmarks are usually agreed at these reviews on the allocations of expenditures.

The Minister is informed that the Department of Foreign Affairs will continue to monitor the costs of administration to ensure that they are maintained at as low a level as possible as shown by best practice internationally.

Recommendation No. 3

That steps be taken to ensure that the time lag between the time aid is approved and the time that it is allocated at project/local level be minimised as it is impacting on the effectiveness of the expenditure on aid.

The Minister for Finance is advised by the Department of Foreign Affairs that this recommendation is accepted and that Irish Aid is strongly committed to supporting initiatives which will remove bottlenecks to service delivery and to ensure that aid is delivered as effectively as possible. He is informed that a major emphasis is on demand led capacity development initiatives which strengthen planning and management capacity of partners, jointly supported and coordinated with other donors.

3. Audit and Evaluation

Recommendation No. 4

That the management review now being undertaken address the issue of the number of qualified auditors required in the context of an increased budget for Irish Aid.

The Minister for Finance is advised by the Department of Foreign Affairs that this recommendation is accepted and that staffing levels, skills mix and competencies across Irish Aid, including in the audit and evaluation area, are being examined and addressed in light of the report of the consultants on the management and structural review of the programme in order to identify those required to deliver a multi-faceted and high quality programme.

4. Risk Analysis

Recommendation No. 5

That NGO's and missionaries be granted a formal role in risk analysis.

The Minister for Finance is advised by the Department of Foreign Affairs that granting NGOs and missionaries a formal role in risk analysis is not considered appropriate but that while the main partner in a bilateral aid programme is the recipient government, Irish Aid does hold detailed consultations with civil society, including Irish NGOs and missionaries, as part of the process of developing Country Strategy Papers in the partner countries and that this includes discussion in relation to issues of risk analysis.

Recommendation No. 6

That the management review of capacity in Irish Aid takes account of loss of experience and corporate memory loss arising from the decentralisation of Irish Aid staff to Limerick

The Minister for Finance is advised by the Department of Foreign Affairs that this recommendation is accepted and that the management and structural review of Irish Aid is considering staffing levels, skills mix and competencies across the organisation, taking account of decentralisation. He is informed that throughout the decentralisation process, Irish Aid has placed the utmost importance on the retention of corporate memory and the provision of adequate training and induction for new staff. He is also advised that, in order to guard against a very rapid turnover of staff in the months immediately preceding decentralisation, the Department of Foreign Affairs has phased the process of bringing in staff from other Departments and Offices who have applied for decentralisation to Limerick, so that they will have sufficient training prior to decentralisation.

5. Capacity to manage programmes

Recommendation No. 7

That human capacity issues such as lack of skills to deliver projects, be addressed, where possible, through co-operative ventures with Irish bodies such as the third level education sector and state bodies.

The Minister for Finance is advised by the Department of Foreign Affairs that this recommendation is accepted and that human capacity issues are given careful consideration in the design and implementation of the Irish Aid programme and in terms of support to non-governmental organisations.

He is informed that initiatives in this area include the five year Programme of Strategic Cooperation between Irish Aid and higher education and research institutes launched last year and a training programme for development workers which is run by the D-talk consortium on behalf of Irish Aid.

He is also advised that capacity building in developing countries is also facilitated through the Irish Aid Fellowship Programme and through in-country training programmes and that the Irish Aid Programme is currently being re-structured to ensure that its impact on institutional capacity building is maximised.

The Minister is also informed that a sub-group on skills sets has been established within the Inter-Departmental Committee on Development to identify how skills and expertise across the public service, including state bodies, might be harnessed for the benefit of the Irish Aid programme. He is advised that an audit of existing skills and technical cooperation and potential gaps has been completed and that this will be presented to the Inter-Departmental Committee on Development in January 2009 and published thereafter.

6. Support for Irish NGO's and Missionaries

Recommendation No. 8

That, given the history of Irish involvement in helping developing nations which long predates the formal aid programme, Irish Aid continues, through MAPS and through the Irish Missionary Resource Service, to fund NGO's and missionaries working abroad.

The allocation of available resources is a policy matter for consideration by the Minister for Foreign Affairs in the first instance.

The Minister for Finance is advised by the Department of Foreign Affairs that the Irish non-governmental sector is a key partner for the Irish Aid programme. He is informed that Ireland spends a larger portion of its aid programme than most donors on NGOs, missionaries and civil society. In 2008, this expenditure is expected to exceed €200m, of which approximately €150m will go to Irish NGOs and missionaries. This funding is the largest in the programme's history.

Recommendation No. 9

Irish Aid should, at recipient country level, give a formal role to NGOs and missionaries in planning aid programmes.

The Minister for Finance is advised by the Department of Foreign Affairs that giving NGOs and missionaries a formal role in planning aid programmes at recipient country level is not considered appropriate but that, while the main partner in a bilateral aid programme is the recipient government, Irish Aid holds detailed consultations with civil society, including Irish NGOs and missionaries, as part of the process of developing Country Strategy Papers in the partner countries.

Recommendation No. 10

Irish Aid should adopt a formal advocacy role in assisting NGO's and missionaries in their interaction with Governments.

A decision to adopt a formal advocacy role is a policy matter for consideration by the Minister for Foreign Affairs in the first instance.

The Minister for Finance is advised by the Department of Foreign Affairs that Irish Aid is fully committed to supporting an enabling environment for civil society to operate at recipient country level. The Minister is also advised that along with other donors, Irish Aid regularly makes representations to partner governments to ensure that civil society organisations, including NGOs and missionaries, can engage in legitimate policy dialogue and advocacy with government as well as monitoring their work and holding them to account.

7. Programme Effectiveness

Recommendation No. 11

That, where bottlenecks impact on the delivery of services are identified, a strong line be taken by Irish Aid with Governments in order that such problems are addressed.

The Minister for Finance is advised by the Department of Foreign Affairs that this recommendation is accepted and that Irish Aid is strongly committed to acting to remove bottlenecks to service delivery. He is also advised that, in addition to supporting initiatives which strengthen the planning and management capacity of partner governments, Irish Aid, through its officials based in partner countries, engages directly with partner country governments to ensure that any bottlenecks are speedily and effectively removed.

Recommendation No. 12

That there be an ongoing review of national development plans so as to ensure that all Irish Aid is targeted to achieve the highest possible return.

The Minister for Finance is advised by the Department of Foreign Affairs that this recommendation is accepted and that Irish Aid is a supporter of, and advocate for, the development of coordinated, government led programmes that support national development plans and are implemented through government structures. He is advised that, to that end, Irish Aid engages in an ongoing policy dialogue with all partner countries, including in relation to their national development plans, to ensure that all assistance is targeted so as to achieve the most effective impact. He is also informed that Irish Aid is also guided by national development plans in the drawing up of its country strategy papers in order to ensure that its support is targeted at those areas which have been identified locally as ones most likely to impact on poverty and that, in addition, analyses of the economic and social context in which it is operating inform the work of the aid programme.

8. Long term strategy for Irish Aid

Recommendation No. 13

That there be an ongoing debate in Ireland on Irish Aid so that the Irish public are fully aware of the return that is being achieved through expenditure on Irish Aid.

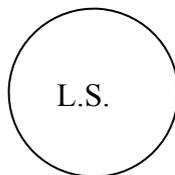
The Minister for Finance is advised by the Department of Foreign Affairs that this recommendation is accepted and that Irish Aid will continue to maximise opportunities to raise awareness of the aims, principles and achievements of the Irish Aid programme.

Recommendation No. 14

That more research be undertaken into the way aid can be effectively delivered so that aid delivery processes are subject to ongoing evaluation and where necessary, subject to ongoing change.

The Minister for Finance is advised by the Department of Foreign Affairs that this recommendation is accepted.

Given under the Official Seal of
the Minister for Finance on this
the day of December,
2008



David Doyle
Secretary General
Department of Finance