

## **Chapter 25**

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**International Cooperation**  
**Official Development Assistance**



## Official Development Assistance

25.1 Official development assistance (ODA) comprises transfers by official agencies of resources — either in cash or in the form of commodities or services — to developing countries or territories, or to multilateral development institutions. Transfers only qualify for inclusion in estimates of ODA if they are directed towards the promotion of the economic development and welfare of developing countries<sup>193</sup>.

25.2 Irish Aid is the division within the Department of Foreign Affairs set up to administer the Government of Ireland's programme of ODA.

25.3 Most Irish ODA expenditure is accounted for under Vote 29: International Co-operation. In 2009, this represented 79% of the total. The rest of the expenditure is made up mainly of Ireland's contribution to the EU development co-operation budget, payments to international bodies by the Department of Finance and the Department of Agriculture, Fisheries and Food (accounted for on their respective votes) and payments by the Revenue Commissioners in respect of the Tax Deductibility Scheme for donations to relevant charities.

### Chapter Focus

This chapter has been compiled to present the full expenditure on ODA in one statement. It also considers the systems in place for evaluation of elements of the ODA programme.

### Overall Expenditure

25.4 Irish ODA totalled €118 million in 2009, down from €121 million in 2008. This represented a decrease of €3 million or 2.5%.

25.5 A breakdown of how Irish ODA funding was applied is presented in Figure 126. This distinguishes between

- **Bilateral assistance** — undertaken by a donor country directly with a developing country, and delivered through the developing country's government or through non-governmental organisations (NGOs), including missionary societies. Bilateral assistance also includes development transactions such as interest subsidies, spending on promotion of development awareness and debt reorganisation.
- **Multilateral assistance** — involving contributions to international agencies, institutions or organisations that pool contributions from member countries and apply them for development purposes.

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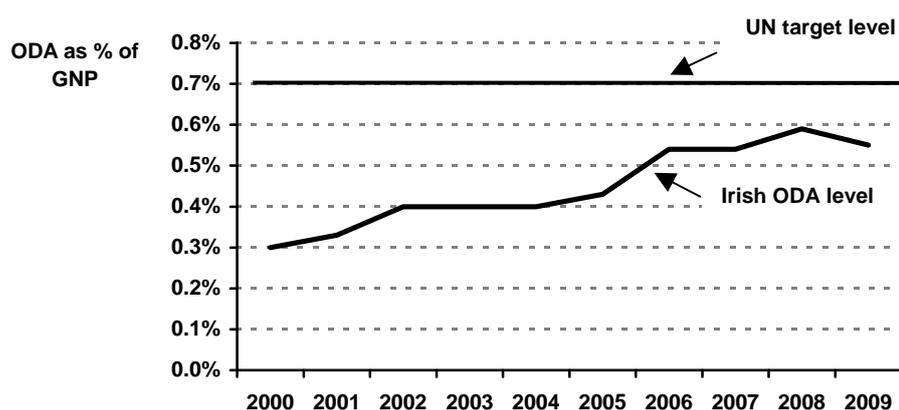
See OECD Development Assistance Committee factsheet, *Is it ODA?* (May 2007) for an explanation of the criteria that are applied in estimation and recording of ODA. Loans may be included in estimates of ODA if they involve interest rates below market levels, and involve a grant element worth at least 25%.

**Figure 126 Official Development Assistance, by Type, 2007 to 2009**

	2007	2008	2009
	€m	€m	€m
Bilateral Assistance	576.0	614.8	454.9
Multilateral Assistance	264.8	270.7	231.1
Administration Costs (Vote 29)	30.1	35.1	32.2
<b>Total Gross Expenditure</b>	<b>870.9</b>	<b>920.6</b>	<b>718.2</b>

25.6 The decrease in expenditure affected bilateral assistance programmes most — the decline in expenditure on those programmes was 26%, compared to a 15% decrease in multilateral aid expenditure, and an 8% drop in administration costs.

25.7 The United Nations has set a target for developed countries to contribute official development assistance equivalent to 0.7% of their Gross National Product (GNP) each year<sup>194</sup>. As Figure 127 indicates, Ireland's ODA increased from 0.3% of GNP in 2000 to 0.59% in 2008, before falling back to 0.55% in 2009.

**Figure 127 Irish Official Development Aid as a Percentage of GNP, 2000 to 2009**

Source: Department of Foreign Affairs

25.8 Only five donor countries exceeded the UN target in 2009: Sweden (1.12%), Norway (1.06%), Luxembourg (1.01%), Denmark (0.88%) and the Netherlands (0.82%). Luxembourg reached the target level in 2000, and has continued to meet the target since then. The other four countries have consistently met the target since the 1970s.

25.9 Ireland's ODA contribution was seventh highest among OECD countries, jointly with Finland's<sup>195</sup>. The Government has extended the time period for achieving the 0.7% target level from 2012 to 2015, bringing Ireland in line with the EU commitment.

<sup>194</sup> UN General Assembly Resolution 2626 (XXV), 24 October 1970.

<sup>195</sup> OECD, Net Official Development Assistance in 2009, April 2010.

## Bilateral Development Assistance

25.10 Almost two-thirds (63%) of Irish ODA is provided through bilateral cooperation programmes. Figure 128 presents a breakdown of bilateral transfers.

**Figure 128 Bilateral Official Development Assistance, by Type, 2007 to 2009**

	2007 €m	2008 €m	2009 €m
<b>Vote 29 International co-operation expenditure</b>			
Assistance to programme countries	185.0	218.6	195.0
Assistance to other countries	29.4	38.2	24.5
Civil Society Support, including co-financing with NGOs	117.6	134.2	107.6
Global Health and education initiatives	96.5	67.6	21.2
Emergency and humanitarian assistance	120.8	108.4	67.7
Other programmes	17.8	39.5	31.8
<b>Bilateral ODA by other government agencies</b>	8.9	8.3	7.2
<b>Total bilateral ODA</b>	<b>576.0</b>	<b>614.8</b>	<b>454.9</b>

### *Assistance to Target Countries*

25.11 A total of €195 million was spent on partner country assistance programmes in 2009. These programmes are strategic partnerships with the governments of selected countries to support poverty reduction and development on a long-term basis. The countries supported by Ireland under such programmes are Ethiopia, Lesotho, Malawi, Mozambique, Tanzania, Timor Leste, Uganda, Vietnam and Zambia. Development assistance is managed by the Irish embassies in each country, and is provided through support to the partner governments' national development plans and budgets, as well as through civil society organisations, NGOs and other organisations involved in development in these countries.

25.12 Assistance totalling €24.5 million was also provided in 2009 for selected other countries. A programme is supported in South Africa, supervised by the Irish embassy there. A recovery programme is in place in Sierra Leone and Liberia, delivered mainly through UN specialised agencies and NGOs, and supervised from an office in Sierra Leone. Support was also provided for a programme in the Palestinian administered areas, and for a HIV/AIDS programme in Zimbabwe that is delivered predominantly through NGOs. Assistance was also provided for a partnership programme for certain countries of Eastern Europe and Central Asia. That programme was discontinued in 2010.

### *Civil Society Support*

25.13 The Civil Society budget includes various schemes designed to provide NGOs, missionary groups and other civil society partners with funding for development interventions. Expenditure in this area fell by 20% in 2009. The principal channels of expenditure are

- The **Multi-Annual Programme Scheme** — this provides multi-annual predictable funding to five NGOs based on their strategic plans. The five NGOs are Concern, Trócaire, Christian Aid, Goal and Self Help Africa. Funding through the Scheme is based on the recipient organisation having in place a strategic planning and monitoring framework and a commitment to continuous improvement in line with best international practice.

- The **Civil Society Fund** — this provides multi-annual project funding across a range of social and economic sectors. In 2009, approximately 100 NGOs were funded under this scheme.
- **Misean Cara** (formerly the Irish Missionary Resource Service) — this body is a management agent for missionaries, which sub-grants to 87 missionary organisations and provides additional capacity building and oversight of their development interventions.
- The **In-Country Micro Projects Scheme** — under this scheme, nine Irish embassies and one consulate have budgets to directly support small-scale development projects. The scheme operates in developing countries where Ireland has diplomatic accreditation, but where there is no Irish Aid programme.
- **Information Centre and Volunteer-Related Programme** — The centre's purpose is to provide information on the work of Irish Aid, and to provide an information service to individuals who wish to work as overseas development volunteers.

### **Global Health and Education Assistance**

25.14 There was a reduction of two thirds in the expenditure under the global health and education initiatives category, which provides support to a number of global partners in the health and education sector. These are mainly targeted at HIV/AIDS prevention and care and the provision of basic education in less developed countries. Funds for those initiatives are provided through global partners specialized in the sectors of health and education.

### **Emergency and Humanitarian Assistance**

25.15 Emergency and humanitarian assistance is provided during and in the aftermath of emergency situations that arise as a result of natural disasters or humanitarian crises, with the aim of saving lives, alleviating suffering and maintaining human dignity. The funding may be provided to governments dealing with humanitarian crises, through NGOs that are in position to respond quickly to such crises, or through international organisations such as the UN and the International Red Cross. The total expenditure on emergency and humanitarian assistance in 2009 was €67.7 million, as shown in Figure 129. This represents a reduction of 38% relative to the 2008 provision.

**Figure 129 Emergency and Humanitarian Assistance, 2007 to 2009**

	2007	2008	2009
	€m	€m	€m
Emergency Assistance	90.0	87.0	56.0
Rapid Response Initiative	5.0	4.5	4.5
Emergency Preparedness and Post Recovery <sup>a</sup>	25.8	16.9	7.2
<b>Total Emergency and Humanitarian Assistance</b>	<b>120.8</b>	<b>108.4</b>	<b>67.7</b>

Note:

- a In addition, funding was provided through the special programme for post-conflict recovery in Sierra Leone and Liberia referred to earlier.

25.16 In order to facilitate rapid response to emergencies, over €23 million was contributed in 2009 (down from €34 million in 2008) to pooled funding arrangements including the UN's Central Emergency Response Fund. A further €7.2 million was channelled through the Red Cross. UN organisations received €7.9 million of which the World Food Programme received the largest

share (€4.6 million). The NGO sector was provided with €12.7 million, of which €10.9 million was provided to Irish-based organisations.

## Multilateral Development Assistance

25.17 Around 32% of Irish ODA is provided through general contributions to the cost of development work undertaken by a range of international multilateral organisations. Figure 130 presents a breakdown of the organisations funded.

**Figure 130 Multilateral Official Development Assistance, by Organisation, 2007 to 2009**

	2007 €m	2008 €m	2009 €m
United Nations, including Voluntary Contributions to UN Agencies	111.9	102.1	60.1
European Community Agencies and Initiatives			
EU Budget for Development Co-operation	82.0	85.3	95.1
European Development Fund	15.3	22.0	22.0
World Bank and other Multilateral Institutions	46.4	53.6	32.8
Co-financing with Multilateral Agencies	9.2	7.7	21.3
<b>Total Multilateral ODA</b>	<b>264.8</b>	<b>270.7</b>	<b>231.1</b>

25.18 Multilateral co-operation funding is directed mainly to the following areas:

- **UN Agencies** – The UN plays a role in addressing poverty globally and in helping deliver on agreed international objectives and the Millennium Development Goals. Ireland provides a proportion of its ODA to UN funds and programmes, mainly as core funding for their operations and activities, but also in support of reform measures and specific programmes including democracy building and electoral reform, education and training, assistance to refugees, protection of human rights, combating HIV and AIDS, developing health systems and environmental protection.
- **EU Development Cooperation** – The European Union (including the contributions of its member states) is the largest provider of development assistance at a global level and influences development agendas at international level.
- The **World Bank** and regional development banks are significant aid delivery channels and important agents in policy and reform issues at country level. Ireland, through the Department of Finance, is a significant contributor to the International Development Association and has recently joined the Asian Development Bank. It engages with the banks on debt, aid effectiveness and development financing policy, as well as on specific issues related to Irish Aid programme countries.
- **Co-financing with multilateral agencies** includes support for agricultural research to help the poor through the Consultative Group on International Agricultural Research and the Global Crop Diversity Fund. The development of entrepreneurship and small-scale business is supported through the International Labour Organisation.

## **Monitoring and Evaluation of ODA Expenditure**

25.19 The Department of Foreign Affairs operates an Evaluation and Audit Unit, the main aim of which is to provide assurance that development co-operation funds are being used for the purposes intended and that value for money is achieved. The Unit's operations are overseen by the Department's Audit Committee.

25.20 The work of the Evaluation and Audit Unit includes provision of assistance to other units within Irish Aid in managing audits, and in developing a result-based approach in the formulation of country strategies, with objectives stated in terms capable of being monitored and evaluated. A rolling plan for both evaluation and audit was introduced in 2006, as well as an annual operational work plan which is approved by the Secretary General and agreed by the Audit Committee

25.21 The Unit carries out some audit and evaluation work itself, and also commissions audit and consultancy firms to carry out work on its behalf. It also relies on work carried out within programme countries by the respective national audit institutions. Irish Aid is placing an increased emphasis on working closely with national audit institutions in partner countries with a view to improving financial management and accountability, as well as strengthening internal audit capacity at programme country level.

### ***Evaluations Completed in 2009***

25.22 Three formal evaluations of aid programmes were completed in 2009. These related to

- the country assistance programme for Uganda
- support for Sierra Leone and
- support for Liberia.

The main conclusions and recommendations of the evaluations are summarised in Annex A.

25.23 All the evaluations are submitted to the Senior Management Group and to the Department's Audit committee and give rise to formal responses. The evaluations are published and are available on the Irish Aid website.

25.24 Evaluations of aid expenditure are also carried out as part of the Government's programme of value for money and policy reviews. These evaluations examine the value for money of spending programmes across a range of Departments, in terms of rationale for the spending, efficiency of delivery, effectiveness, impact achieved, and continued relevance of the expenditure.

25.25 In 2009, a major review of Irish Aid's expenditure on HIV and AIDS support was conducted as part of this programme. The main conclusions and recommendations of the review are also summarised in Annex B.

### ***Peer Review of Irish ODA***

25.26 The OECD's Development Assistance Committee is a committee of member states that have agreed to secure an expansion of the aggregate volume of resources made available to developing countries, and to improve the effectiveness of the application of those resources. The Committee conducts peer reviews of the individual development co-operation efforts of its members, about once every five years. Ireland's policies and programmes were reviewed in 2009, with generally positive findings. The main findings of the review were

- Ireland is a leader in making aid more effective. Its programme is well concentrated on a limited number of very poor African countries. It is a practical and flexible donor and its attention to local priorities is appreciated by its developing country partners.
- Ireland's approach to Irish NGOs and multilateral partners is strategic and targeted and it provides humanitarian assistance in accordance with internationally agreed principles.
- Irish Aid is a strong, cutting-edge, development co-operation programme, fully integrated into the Department of Foreign Affairs. However, the move of the Irish Aid headquarters from Dublin to Limerick poses challenges. It will take some time before the long-term impact on the aid programme can be assessed, and the Committee urges careful monitoring of this.
- While Ireland is focussing on achieving results it should enhance its efforts to measure the impacts of its aid programme.

## **Conclusion**

Between 2004 and 2008, Ireland made steady progress in moving towards the UN target for developed countries to contribute ODA of 0.7% of GNP or more. Having reached a level of 0.59% of GNP in 2008, a significant reduction in the level of allocation in 2009 resulted in Irish ODA dropping back to 0.55% of GNP.

Irish Aid has in place processes and resources to carry out formal evaluations of the effectiveness and ongoing relevance of its assistance programmes, and these feed in to its strategic planning. A peer review of Ireland's official assistance programme concluded that Ireland is a leader internationally in ensuring that development co-operation is effective, and is clearly focused on achieving results through its efforts. It recommended that Irish Aid's measurement of the impact of the aid programme should be enhanced.



## **Annex A Aid Evaluations Completed in 2009 – Main Conclusions and Recommendations**

### ***Country Strategy for Uganda***

Uganda has been Ireland's largest recipient of development assistance since 2000. Under the country strategy for Uganda 2007-2009, Irish Aid has committed €18 million through a mix of delivery methods and sectors, including education (€4 million), Poverty Action Fund (€30 million), governance (€24 million), HIV/AIDS (€16 million), health (€6 million) and other projects (€1 million).

The review of the country strategy found that, in the last two decades, Uganda had moved from being a failing state to one of Africa's fastest growing economies. Economic growth averaged 7.5% a year between 2002 and 2007 and the pattern of sustained growth over 20 years had contributed to a reduction in income poverty.

The report found that Irish Aid's country strategy paper 2007-2009 was well aligned with the Government of Uganda's policies and addressed Uganda's strategic priorities on poverty reduction as articulated through the third phase of the Poverty Eradication Action Plan. While this plan had been regarded as a success, its relevance had reduced as Uganda's growth has progressed.

The report found that Irish Aid recognised the need to improve the focus of its portfolio and did so by withdrawing from support in the health and agriculture sectors. The move out of health support had been made after careful assessment established that the sector was well funded from other donors. Education remained as Irish Aid's major sector in funding terms. All the programmes that Irish Aid chose to support in the area of governance, including public sector reforms, decentralisation, public finance management, and justice, law and order, were found to be relevant.

The report's recommendations for consideration in deciding a future strategy for Irish Aid's involvement in the provision of aid in Uganda included the following.

- Reduce further the range of interventions within the two focus areas of human development and governance, and ensure a better prioritisation in terms of sectors, sub-sectors and programmes, as well as appropriate exit strategies where disengagement is planned.
- Irish Aid's priorities should be on addressing chronic poverty and inequality, improving quality in education in target geographical regions, improving governance, and mainstreaming gender and HIV/AIDS.
- Adoption of a more effective approach to general and sector budget support to include analysis of fiduciary risk, scrutiny over local governments' ability to absorb conditional grants, and focus on results in priority sectors.
- Structure the Country Strategy Paper objectives and supporting pillars to help improve monitoring and evaluation, aiming for a clearer logic between sub programmes' objectives, programme outcomes and overall goals.
- In education, streamline different initiatives and only fund agencies — such as the Education Service Commission, the National Examinations Board, National Curriculum Development Centre and Education Standards Board — for specific activities, while encouraging the Ministry of Education to take over their funding through the sector budget support.
- In public sector reform, Irish Aid should consider focusing on financial reforms rather than other such areas as public service reform.
- On gender, Irish Aid should earmark a specific budget in the programme to support gender initiatives. There is also a need to involve the Ministry of Gender, Labour and Social Development in gender mainstreaming.

## ***Support to Liberia 2006-2009***

This review provided Irish Aid with an assessment of its support to Liberia during the period 2006-2009. The review assessed the performance and achievements of the programme over the period, and aimed to inform strategic decision making in the formulation of Irish Aid programmes from 2010 to 2012.

The evaluation's overall assessment of the context for Irish Aid's involvement is that six years after the end of war, Liberia remains fragile and poor. Over the period of the strategy, Irish Aid had contributed €25.7 million to the country. This was divided between peace building (€3 million), health (€16 million), water and sanitation (€2 million), infrastructure (€2 million), emergency assistance (€2.1 million) and other projects (€0.6 million).

The review found that Irish Aid's support to Liberia during 2006-2009 had been highly relevant to the development needs of the population and the priorities of the government of Liberia. Their focus on basic service delivery in the sectors of health, water and sanitation, as well as its work in security and infrastructure were very relevant to the needs of the people of Liberia.

The report stated that Irish Aid supported activities in Liberia had been well aligned with Irish Aid corporate policies as set out in sectoral, thematic and humanitarian policies, and in the Irish Government's White Paper principles on human development, security, gender equality and a commitment to deepening Irish Aid's engagement with fragile states.

The overall assessment of the review was that the overarching strategic goal of Irish Aid's Interim Strategy 2008-2009 for Liberia was achieved. Irish Aid's implicit goal of contributing towards poverty reduction through emergency, recovery and rehabilitation activity had also been achieved. Further, Irish Aid had managed to develop strong and effective partnerships with government and other development partners and had effectively promoted harmonisation.

The review found that aid in support of institutional strengthening of government and service delivery, was delivered in a variety of ways - pooled funds, INGO consortia and NGO projects. The report found that this mix of delivery methods used was efficient and appropriate. However, the report stated that to be more in line with the principles of engagement with fragile states, Irish Aid should consider taking greater managed risks by directly providing funds through government systems to achieve higher efficiency gains.

The report recommended the following areas for consideration in deciding a future strategy for Irish Aid's involvement in the provision of aid in Liberia

- in the short to medium term to maintain a non-resident mission in Liberia
- continue to engage in the health sector, and for this area to remain as the priority in Liberia
- continue to engage in peace building as the number two priority
- review and support efforts within its current sectors of activity which address hunger and food insecurity
- discontinue involvement in the infrastructure sector and the World Bank managed fund when the current phase of commitment ends
- in the longer term, consider channelling more aid directly through government systems.

## **Support to Sierra Leone 2006-2008**

This evaluation assessed Irish Aid's strategy for support in Sierra Leone in the period 2006-2008 in terms of performance and achievements to date.

Sierra Leone is in the process of recovering from civil war, which ended in 2002. Over the period of the strategy, Irish Aid contributed just over €1 million to the country. This has been divided between peace building (€0.2 million), health (€8.8 million) and food security (€2.1 million).

The evaluation report concluded that Irish Aid's support was relevant to Sierra Leone's development needs both in terms of its design and implementation. Irish Aid's focus on health, food security and peace building initiatives were found to be relevant areas of support, aimed at addressing the needs of the poorest and most marginalized people in the country.

The evaluation found that the objective of Irish Aid's Interim Strategy for Sierra Leone has been achieved – that is, Irish Aid had contributed 'towards peace consolidation and poverty reduction in line with the objectives of the Government of Sierra Leone's Poverty Reduction Strategy Paper.' It also states that Irish Aid's programme had established genuine and effective partnerships, demonstrated a strong commitment to donor harmonisation, and well integrated political and development functions. On that basis, the evaluation concluded that the support stood out as a very good development programme.

While not delivering aid directly through government systems, the evaluation found that the mix of delivery methods used was efficient. They were well aligned to government policies and plans, and work in ways that are compatible with the country's governance systems.

The report recommended the following areas for consideration by Irish Aid in designing a new strategy for Sierra Leone

- continue to focus efforts on health, food security and peace building objectives
- in the longer term, take the necessary steps to move towards delivering aid more directly through government systems
- continue to provide predictable funding – which is considered best practice of working in a fragile state – to the Sierra Leone programme
- put in place enhanced systems for information management, monitoring, reporting, audit, documentation and dissemination
- continue to robustly apply the fragile states principles<sup>196</sup>, be innovative and flexible in its programming design and maintain a willingness to adjust rapidly to changing circumstances.

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***The Principles for Good International Engagement in Fragile States and Situations*** – often referred to as the Fragile States Principles – provide a set of guidelines to improve involvement of the international community in situations of conflict and fragility. They were approved in 2007 by the Organisation for Economic Co-operation and Development (OECD) and are listed at [www.oecd.org/fsprinciples](http://www.oecd.org/fsprinciples)

## **Annex B Review of Irish Aid's HIV and AIDS Related Expenditure**

The review examined expenditure over the period 2000-2007, and specifically related to

- the overall quality of Irish Aid's HIV and AIDS response
- the management of Irish Aid's HIV and AIDS expenditure in line with its overall strategy
- the effectiveness, efficiency, relevance, impact/contribution and sustainability of Irish Aid's response to the global HIV and AIDS pandemic.

In the period covered by the review, a total of €340 million in aid expenditure was specifically dedicated to HIV and AIDS interventions.

Irish Aid's response to HIV and AIDS is delivered at global, regional and national levels via a range of delivery methods and organisations. These supports include initiatives in a number of countries in Sub-Saharan Africa, funding for NGOs, and multilateral cooperation, such as UNAIDS and the Global Fund to fight AIDS, Tuberculosis and Malaria. In addition, Irish Aid manages a regional HIV and AIDS programme in Southern and Eastern Africa, and supports UNICEF's HIV and AIDS programmes in Eastern Europe and in Ghana.

The review found that the Irish Aid response to the HIV and AIDS pandemic was a justified and valid application of public funds, and that it was characterised by a high degree of relevance and coherence.

Irish Aid channelled a significant proportion (more than 41%) of its funding for HIV and AIDS through multilateral and global agencies which had the capacity to use large amounts of funding effectively. However, the report noted a shortcoming with regard to the use of the OECD-DAC code for the reporting of HIV and AIDS expenditures in Irish Aid's financial information management system. The code can include other types of expenditure, with the possibility that expenditure could be inconsistently classified, and the spend on HIV and AIDS initiatives overstated.

The report found that Irish Aid's decision-making over the period of this review had been evidence-based and informed by strong analytical work often commissioned directly by Irish Aid. They adopted a harmonised approach to monitoring and evaluation using existing performance measurement frameworks, and had also been proactive in conducting studies and research.

The report recommended the following areas for consideration in deciding a future strategy for Irish Aid's involvement in support of HIV and AIDS — Irish Aid should

- examine how the existing HIV and AIDS programme can be adapted to ensure that the programme is effectively managed by its current staff complement, while reducing the dependency on external consultants
- continue to develop performance measurement frameworks with special reference to core policy objectives
- examine how its financial management information system can more efficiently track its HIV and AIDS funding.
- increase its efforts to promote aid effectiveness with its global and national partners in the context of its HIV and AIDS programme.