

Comprehensive Review of Expenditure
Department of Foreign Affairs and Trade
Submission

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Chapter 1: Introduction

1.1 Functions

The Department of Foreign Affairs and Trade fulfils a diverse range of policy, promotional, programme management, public service and administrative functions through its Headquarters staff and network of 76 diplomatic and consular missions abroad. Its focus is mainly outside the State where it operates in a complex and changing international environment liable to sudden transformation by unexpected events constantly shaped by factors beyond national government control.

The Department:

- Provides **policy advice** and support to the Minister for Foreign Affairs and the Government on all aspects of foreign policy, including international political, EU, development and legal issues and on all matters relating to Northern Ireland, North-South cooperation on the island of Ireland and enhancing Ireland's relationship with Britain.
- Administers a number of **programmes**, including a Development Cooperation programme of over €500m per annum. Smaller programmes include Irish emigrant support, the International Fund for Ireland, the anti-sectarian and reconciliation funds.
- Plays a key role, through its Missions abroad, in **promoting Ireland's economic and trading interests, cultural profile and reputation internationally**. This role has been enhanced by the recent Government decision transferring certain trade promotion functions to the Department.
- delivers **passport services** to some 600,000 customers a year.
- Provides **consular assistance** to the increasing number of Irish citizens travelling, living and working overseas.
- Develops and implements Government policy towards **Irish communities** abroad with a view to helping the most vulnerable Irish emigrants and harnessing the important support the wider Irish Diaspora can offer in assisting economic recovery and restoring Ireland's international reputation.
- **represents and advances Ireland's interests and values abroad**, multilaterally through international organisations (including the EU and the UN) and bilaterally with other States.

All of these functions are delivered directly by the Department which has no State Agencies under its aegis.

The Department does not operate any public capital investment programmes. There is a small administrative capital provision which is mainly directed towards ICT and accommodation provision.

1.2 Programme for Government

The Programme for Government assigns a frontline role to the diplomatic network in the task of rebuilding the State's international reputation and projecting the Government's new approach to promoting and marketing Ireland as a country to do business in. A Conference was held at the beginning of June to brief all Heads of Mission, as specifically envisaged in the Programme.

The Programme reiterates the commitment to deepen cooperation on the island of Ireland, implementing the Good Friday Agreement and harnessing its full potential. It reaffirms the Government's commitment to the 0.7% of GDP target for Overseas Development Aid and its aim to achieve it by 2015.

In accordance with a commitment in the Programme, the Department has taken on an increased role in trade promotion and discussions have been initiated with the Department of Justice and Equality on the proposal to transfer the Passport Service to that Department.

1.3 Resources

Resource allocation is kept under ongoing review in the light of evolving and emerging requirements, which frequently require short-term adjustments. Examples include the temporary internal redeployment of staff to the organisation and management of the recent Royal and Presidential visits; and the Crisis Response Centre, where staff from all across the Department can be mobilised within a few hours to reinforce the consular service in providing support to Irish citizens affected by significant events or incidents abroad. The core Passport Office Staff is augmented annually by temporary staff to meet the seasonal peak in demand for services.

Budget

The 2011 Administrative Budget (Vote 28, Foreign Affairs) for the general activities of the Department is €150.004m. A total of €66m is allocated to programmes funded under Vote 28. Over 70% of this is earmarked for mandatory contributions to international

organisations, mainly the UN. The main discretionary programmes are Irish Emigrant Support (€12.883m) and the North-South Cooperation funds (€3m) which provide grants to organisations involved in reconciliation work on a cross-border and cross-community basis.

The total Official Development Assistance (ODA) allocation for 2011 is an estimated €659m, equating to 0.52% of GNP. Of this, €524m will be managed by the Department of Foreign Affairs and Trade under Vote 29 (International Cooperation). The programme is strongly focused on assistance to the poorest countries in sub-Saharan Africa. Priority activities include measures to counter food insecurity and eradicate hunger, along with investment in education, health, the fight against HIV/Aids, good governance and promotion of gender equality.

Staff

The Department currently has 1,485 staff, of whom 865 (58%) are deployed in Ireland and 620 (42%) at Missions, comprising 320 HQ staff serving abroad and some 300 locally-recruited employees.

Staff at Headquarters are mostly assigned to the Passport and Consular Services (39%); Corporate Services, including Finance, HR, ICT and Accommodation Services for the Department's operations at home and abroad (18%); and Development Cooperation Division (16%). The main policy Divisions – Political, EU and Anglo-Irish – collectively account for about 15%. The remaining units – Irish Abroad Unit, Legal Division, Press Section, Protocol Division and Trade and Promotion Division consist of fewer than 20 staff each.

The State's external presence is modest compared with those of countries of similar size and international profile and ambition. Staffing of individual Irish Missions is also generally leaner. Well over half operate with two or fewer diplomatic officers; only nine have more than three. The fabric is further stretched as diplomatic and economic relations are conducted with a further 104 countries through non-resident accreditations. In summary, Ireland's global interests are serviced with many fewer offices and staff than our comparators.

1.4 Ongoing Reform

The Department has moved quickly to adapt to the changed resource environment. Overall **Administrative** costs have been scaled back by 18% (€33m) over the past three years. Non-payroll outgoings are 29% below 2008 levels.

The allocation to Vote 29 has fallen by 32% (€245m) from its peak in 2008.

Overall, the reductions borne by the Department have been disproportionately large relative to the overall adjustments in public spending. Its share of total voted allocations has declined by over 26%, from 1.89% in 2008 to 1.39% this year.

Administrative measures taken include the consolidation of functions; streamlining of business processes; internal redeployment as necessary to core tasks and key priorities; reduction of the modest staffing levels of a number of Missions and the piloting of one-diplomat offices with reduced infrastructural supports in certain locations where this model may be viable; a number of posts, including at Head of Mission level, have been downgraded.

The Department's major programmes and services to the public have been the subject of independent reviews over the past three years. The assessments have been generally positive. Recommendations for improvements are being implemented to the extent practicable.

An overall survey of the Department in the context of the Public Service Organisational Review Programme (ORP) is nearing completion.

1.5 Outlook

The aforementioned cut-backs have been absorbed while maintaining the full range and geographic reach of Departmental services. The limits of this approach are being reached. While the search for further efficiencies continues on an ongoing basis, the reforms already accomplished considerably narrow the scope for further economies.

The staffing reduction recommended by the Special Group on Public Service Numbers and Expenditure Programmes (65 posts) has already been exceeded. Actual staff numbers are already more than a hundred below pre-moratorium levels. External reviews have found that staffing levels are significantly below requirements for effective service delivery and programme management in the Passport Service and Irish Aid¹, which together account for the majority of Headquarters personnel.

The capacity no longer exists to meet these shortfalls within existing staff ceilings as other areas are either at, or below, minimum operating requirements for their present responsibilities. Critical staffing and skills shortages have emerged in the ICT Unit, which is 35% down on its modest pre-moratorium complement. Allied to cuts in the capital budget, this is constraining efforts to build on the considerable efficiencies leveraged through the roll-out of the Department's global communications network and further develop

¹ Irish Aid is administered by the Development Cooperation Division of the Department of Foreign Affairs.

technological applications to improve public service delivery. The independent Audit Committee has formally registered concerns about the Department's inability to replace professional accounting staff.

The position will become more acute later in the year as the Department is required to shed a further 47 posts by end-2011 with obvious negative consequences for risk management. The Department's ECF target for end-2014, 1412, represents a total reduction of 178 posts, or 11 %, on March 2009 pre-moratorium levels, when allowance is made for the reconfiguration of Departmental responsibilities effected to date.

This occurs as demands on the Department are actually increasing and poses a major challenge for the Department in its efforts to continue to deliver the full spectrum of its functions and protect the frontline services it provides to Irish citizens and businesses overseas.

The number of Irish citizens travelling abroad, including to more remote and challenging destinations, has increased dramatically - there were more than 6.5 million visits overseas last year. This is reflected in a surge in Passport applications which are up 10% year-on-year and at record levels, and in a growing and more complex consular caseload. Additionally, the Department has had to deal with five major international crisis situations affecting significant numbers of Irish citizens already this year – Egypt, Japan, New Zealand, Libya and Bahrain.

The Department faces a number of major international responsibilities within the time horizon of the present expenditure review, including

- Ireland's Chairmanship for 2012 of the 56-member **Organisation for Security and Cooperation in Europe** (OSCE), which promotes democratic development and conflict resolution notably in the Southern Caucasus and Western Balkans.
- The 2013 **EU Presidency**. Additional staffing provision has been made but the extra budgetary allocation remains appreciably below anticipated requirements.

Ireland is also a candidate for membership of the **UN Human Rights Council** for the 2012-15 term.

Additional temporary staffing has been sanctioned for the EU Presidency but the OSCE Chairmanship, which will require a dedicated team of 33 officers, will have to be largely serviced within reducing resources.

An estimated extra €9m will be required for OSCE Chairmanship-related costs plus advance infrastructural investment capital for the EU Presidency next year when the Department's administrative budget allocation is projected to decline by a further €8m, leaving an opening shortfall of the order of €25m.

1.6 Context for Review

The activities of the Department, its spending programmes and delivery structures are reviewed in **Chapter 2**.

Chapter 3 looks at the Missions network.

Chapter 4 deals with the Department's capital budget which has been reduced by 70% to €4m since 2009. It is now below the required level for ICT renewal and development and necessary premises maintenance abroad.

Chapter 5 identifies the available options for expenditure reductions and assesses their potential impact. As, for the reasons outlined above, the Department is currently operating near full capacity and in certain key areas, according to external assessment, is already at risk of becoming seriously over-stretched, these would necessarily entail reductions in the scale, range and reach of the services it provides.

Chapter 2: Current Expenditure Review

This chapter contains a brief overview of how the Department's budget is structured followed by a detailed review of the Department's activities and programmes. It first deals with our development cooperation programme, given its budget size and its importance to the Department's policy focus.

Other policy areas, which do not have significant programme budgets but which are crucially important in advancing Ireland's foreign policy agenda are then reviewed. A summary preview of Ireland's Presidency of the EU in 2013 is also included.

The third segment focuses on services to the public (such as the passport service and consular support).

.1 Budget Structure and scope

The budget of the Department of Foreign Affairs and Trade comprises two Votes:

- Vote 28 which funds the operation of the Department, Ireland's contributions to International Organisations (such as UN, OECD, WTO and UN Peace-keeping operations) and a number of minor programmes.
- Vote 29 which funds Ireland's official development assistance (ODA) programme. This includes a small administrative budget directly related to the provision of the aid programme.

There are no capital investment programmes in the Department. There is a small administrative capital provision which is directed towards ICT and accommodation provision as well as official vehicles.

All funds spent under Vote 29 and some small elements of Vote 28 are counted towards Ireland's overall ODA contribution as measured by the OECD Development Aid Committee.

The Department is headquartered in Dublin and in addition to its missions abroad, the division managing overseas aid is decentralised to Limerick. The Passport Service also operates offices in Balbriggan and Cork.

2.2 Official Development Assistance (ODA)

Background and Context

The Official Development Assistance (ODA) programme was established in 1974. Approximately 80% of total aid funding is managed by the Department with some 20% provided by other Departments. The aid programme has grown from £1.5 million in the first year to a peak of over €920 million (Irish Aid - €769 million) in 2008. The revised estimate for 2011 is €659 million (Irish Aid- €524 million) a reduction of approximately 26% in ODA and 32% in Irish Aid.

Expenditure on ODA is linked to a percentage of GNP. The UN target is to spend 0.7% of GNP on ODA. For EU Member States this is translated into a target of 0.51% by 2010 and 0.7% by 2015. Ireland has achieved the 2010 target and the projected outturn for 2011 is 0.52%

Ireland has made a number of commitments to reach the UN 0.7% target. The first commitment was to reach the target by 2007. This did not prove possible. At the United Nations in September 2005, the then Taoiseach committed Ireland to reaching the target by 2012. At the time, it was projected that this would see expenditure of well over €1.bn on ODA by 2012. The reality is that in 2011, it is projected that expenditure will be less than half of that, at €659m (€524m from Vote 29). Expenditure is now falling back towards 2005 levels.

Adjustments since 2008

Total ODA has been reduced by approximately 26% since 2008 and ODA managed by the Department of Foreign Affairs and Trade has fallen by 32%. The reductions in the Department's development aid expenditures have amounted to some €245 million. Among the adjustments made were major cuts of 50% and above to UN organisations such as UNICEF and UNHCR. These have adversely affected their emergency and development operations.

Lesser reductions of up to 20% were applied to core Irish Aid programmes in partner countries in Africa and to Non Governmental Organisations, resulting in decreases in existing activities and the abandoning of plans for additional programmes. As far as possible the programme has endeavoured to lengthen programme life cycles and apply reductions to longer term development activities rather than immediate life saving and emergency interventions. However, the emergency and recovery budget has had to be reduced, by just over 40%, limiting the number of emergencies to which Ireland can respond.

The following table tracks Ireland's ODA as a percentage of GNP over the past five years.

Year	GNP	Vote 29 Allocation	Other ODA Allocation	Total ODA	ODA / GNP %
2011	127,900²	524.03	135.00	659.03	0.52%
2010	128,207	521.74	154.28	676.02	0.53%
2009	132,233	571.84	150.37	722.20	0.55%
2008	154,673	768.74	151.93	920.66	0.59%
2007	163,413	725.75	145.12	870.87	0.53%
2006	154,087	595.41	218.56	813.96	0.53%

Efficiencies, Evaluation and value for money

The questions around ODA efficiencies and value for money do not only turn on quantity of inputs but also on quality of outputs and outcomes.

The programmes operated by Irish Aid are subject to a rigorous and professional evaluation process. The Department's professionally-staffed Evaluation and Audit Unit carries out evaluations that are of strategic importance across the programme. Programme Evaluations are carried out on a continuous basis to ensure absolute value for money in terms of impact and outcomes, and to ensure that any possible efficiencies are identified and applied.

It is recognised within the Department that good evaluation is a core element of efficient and effective management. It provides an essential means of generating evidence of programme performance and of measuring the results and outcomes of the programme. Evaluation is critical for decision making and for improvements in performance, leading to increased effectiveness of the aid programme and value for money spent.

External independent evaluations, such as the OECD peer review and others, have consistently indicated that Ireland's aid programme provides enormous value for money in terms of what it aims to achieve with the resources available. The OECD has described the aid programme as "cutting edge" and an international leader in making aid more effective.

² Based on Department of Finance estimates

Current Policy Context

The Programme for Government states a commitment to the 0.7% target, and to seeking to achieve it by 2015. The interim EU target of 0.51% for 2010 was achieved by Ireland. In current circumstances, the reality is it will prove extremely difficult, if not impossible, to reach the 0.7% target by 2015.

The reductions of 32% already implemented in the aid programme have been applied to minimise structural and long lasting damage to an aid programme which has earned for Ireland an enviable international reputation, which has not been substantially damaged in the current economic and financial crisis. This reputation stands to Ireland in the developing world, but also beyond. President Obama's strong public endorsement of the aid programme during his visit is just one example of a coincidence of national interest and the aid programme.

The aid programme is at a crossroads. It has absorbed large scale reductions, in both financial and human resource terms. It is at a maximum in terms of the delivery of a quality product efficiently and effectively as independently verified. Potentially, a €20 million reduction on the initial 2011 Estimates allocation (€534m), could be absorbed, but not entirely without difficulty.

Reductions beyond the above have been modelled through the system. Larger reductions would require changes in the structure of the programme, with consequent long term reputational damage. There would be serious implications in the areas of humanitarian response, HIV/AIDS therapy, basic education and social protection which would adversely affect the lives of millions. In short, significant further cuts to the aid programme would seriously undermine the effectiveness of Ireland's work with poor countries and communities, and the international reputation which has taken almost 40 years to build.

It is important that any examination of the possibility of putting the aid programme on hold through large scale budgetary reductions be undertaken in full political knowledge of the serious implications for Ireland's stated foreign policy objectives, Ireland's international reputation and our role and influence in international bodies. It is no exaggeration to state that the aid programme has enabled Ireland to "punch above our weight" internationally, but that this could not be sustained with a further significant round of reductions to the aid budget.

2.3. Supporting Ireland's Foreign Policy

Apart from development cooperation, the main policy areas of the Department of Foreign Affairs and Trade do not entail significant programme spending. In total, the programmes

managed by **EU Division, Political Division, Anglo-Irish Division and Trade and Promotion Division and Legal Division** involve expenditure amounting to little over €5m.

Nevertheless, the Department provides administrative resources at home and abroad to support their respective policy objectives. The inputs being made through the mission network are addressed from a structural perspective in **Chapter 3**. In this section, a policy perspective is presented concluding with the overall impact of diminished resources and an outline of the Department's approach to the administration of the EU Presidency.

2.3.1 European Union

Description and Rationale

The Department is charged with advancing strategically Ireland's interests in and through the EU by engaging strongly in all areas of national importance. Particularly since the current Government's arrival in office, the Department has included within its activity the process of restoring and enhancing Ireland's engagement with EU partners and institutions.

Key clients of the Department in terms of its output – in briefing, advice and attendance at and support in meetings – are the Tánaiste, the Minister of State for European Affairs and the Taoiseach. The Department also works closely with all government departments on sectoral policies and has a specific role to play on issues that span more than one Department.

Irish Missions in European Union Member States and crucially the Permanent Representation to the EU in Brussels act as very important interface with other member States and the institutions of the EU. The Department develops and coordinates the policy lines and instructions for use in contacts with decision-makers and key figures of influence in the other EU Member States and beyond. This aspect has become particularly intensive in the context of the steps to respond to the Euro crisis, to move beyond it to a more stable situation with an enhanced system of economic governance, and to look to the Irish position within this as a country under an EU/IMF Programme of assistance.

The Department also leads on preparation of the policy side of the 2013 Irish Presidency of the Council of Ministers. With that undertaking just 18 months away, and in the knowledge that any successful Presidency rests on good planning sufficiently in advance, this component of the Department's activity is becoming more prominent and demanding.

Evaluation

Specific formal evaluations, reviews or value-for-money studies have not been carried out recently. However, the Management Advisory Committee's own in-depth survey of the Department's functioning earlier this year has acknowledged positively the performance and output of the EU Division.

In light of:

- The already extensive, yet still increasing, influence of policies and activities at EU level on the national legislative, political and administrative scene;
- The policy approach already decided on of consistent participation in and maximum utilisation of all EU meetings and of enhanced bilateral engagement with partners and institutions;
- The increased demands linked to the economic and financial crisis in the EU;
- The additional tasks represented by the 2013 Presidency and the negotiation of the next Multi-annual Financial Framework;

the value and centrality of the EU function in this Department is beyond question. It is also clear that the existing staffing situation is considerably less than optimal.

Any diminution in staff currently assigned to the above areas of work would directly lead to:

- weakened coordination of Ireland's approach to the broad EU agenda and particularly within the General Affairs Council and the European Council;
- impaired capacity to collate and analyse inputs received from the Permanent Representation and missions in the EU;
- a negative effect on the quality of Ireland's engagement with the EU and
- poorer outcomes for Ireland from EU-level negotiations.

The resource issues around Ireland's Presidency of the EU (Jan 2013) as well as Chairmanship of the OSCE (2012) are outlined at 2.3.6 below.

2.3.2 Pursuing Ireland's Foreign Policy

Description and Rationale

The Department has responsibility for advising on, and managing, the foreign policy of the State across a very wide range of areas. This includes our bilateral relations with other States as well as the responsibilities which Ireland automatically acquires as a member of the European Union, the UN, the OSCE, the Council of Europe and many other international organizations.

Of particular importance are the responsibilities imposed by the EU's Common Foreign and Security Policy (CFSP) and its Common Security and Defence Policy (CSDP). Both of these policies are steadily expanding in terms of reach and complexity. Ireland is required to participate fully in the intensive negotiations under each heading; this involves participation in some 160-170 Working Group meetings each year on CFSP/CSDP issues in Brussels.

In addition, there are particular policy areas in which Ireland has built up recognized expertise and profile over the years. Examples include the Middle East peace process, disarmament and non-proliferation policy and human rights policy. Restoration of our international reputation will include (a) making a credible contribution across the full range of CFSP and CSDP negotiations; and (b) maintaining, and where possible raising, the high profile Ireland has developed in particular areas.

The cultivation of close relations with key partner countries across the globe and the maintenance of Ireland's strong international profile in areas such as peacekeeping, disarmament and human rights contribute directly to the Government's objective of rebuilding Ireland's reputation abroad and promoting the country's economic recovery. The Programme for Government makes clear the Government's determination to:

“restore Ireland's standing as a respected and influential member of the European Union and as part of the wider international community”.

The work of the Department ensures that Ireland maintains, and avails of every opportunity to enhance, the positive image which the State has traditionally enjoyed at the international level.

Active engagement with our EU partners across the full range of policy areas covered by the CFSP and CSDP is more important than ever if Ireland is to overcome doubts sparked in many countries by our crisis and to reassure prospective business partners, investors and tourists.

It is also very important that Ireland shows that it is willing to take on major international responsibilities, such as the chairmanship of the OSCE in 2012 or our EU Presidency in 2013. Playing an active role on the world stage in such capacities reassures international opinion that Ireland is “open for business” and also has an important impact in terms of earning the goodwill of major countries which are of key economic relevance to us.

Evaluation

The nature of this work makes it extremely difficult to measure or quantify outputs achieved for the investment made. However, at one level, the persistent promotion of Irish interests by the Department and Irish diplomats participating in the negotiation of EU

positions on major foreign policy challenges of the day (e.g. the Middle East peace process or the current North African crises) means that developments which could be detrimental to the State's interests are averted and actions are agreed which are not merely politically congenial for Ireland but could, indeed, open up economic opportunities for the country. At another, there are numerous examples of broader negotiations (such as the global ban on cluster munitions or our chairmanship of a subsidiary body at last year's NPT Review Conference which made key progress on the issue of nuclear weapons in the Middle East) where an intensive deployment of effort and resources by Ireland, often over a longer period, has helped to deliver a major new agreement of benefit to the international community.

The modesty of the resources deployed to meet these objectives cannot be overstated. Progress is a factor of both quality and quantity and it is clear that Ireland is light in terms of quantity. Ireland compares poorly with the resources available to the equivalent parts of Foreign Ministries in similar-sized EU member States. Finland, for example, has roughly 100 people handling the workload covered by Political Division's 54 staff; Denmark, though the structures of its Foreign Ministry differ somewhat from ours, has an estimated 180-190 people handling this workload.

The available resources are diminishing while at the same time the workload has been increasing, due to the continuous expansion of the CFSP and CSDP. In addition, there are three major challenges ahead for the Department: the OSCE chairmanship in 2012 (with a preliminary role arising for Ireland this year as part of the OSCE's "Troika"); the campaign for election to the UN Human Rights Council (2012); and the 2013 EU Presidency.

- The OSCE chairmanship creates certain requirements in terms of additional staffing (at the Mission to the OSCE in Vienna and in Political Division) and budget (mainly the cost of a Ministerial summit to be held in Dublin in December 2012, along with operating expenditure for the Mission and the HQ team and a number of other costs).
- The campaign for election to the Human Rights Council (election in mid-2012) involves relatively modest outlay. If Ireland is elected, some reinforcement of staffing at the Mission to the UN in Geneva for the period 2012-15 will be necessary.
- Assessment of the likely impact of the EU Presidency in 2013 is still evolving (see Chapter 2.3.6 below).

2.3.3 Northern Ireland and Anglo-Irish Relations

Description and Rationale

The Department works to promote the full implementation of the Good Friday Agreement by supporting the effective operation of its institutions, strengthening North/South cooperation and working for lasting reconciliation.

The Programme for Government reiterates the commitment to:

- deepen cooperation and reconciliation on the island of Ireland;
- implement the Good Friday Agreement and harness its full potential;
- work for greater economic co-operation to accelerate the process of recovery and creation of jobs on this island.

The Government has a responsibility to the people of Northern Ireland (an increasing number of which – from both traditions – are choosing to exercise their citizenship rights) and to the development of the island, North and South. These circumstances underpin the need for continued visible, wide ranging and sustained engagement on NI matters.

The overall programme priority is ensuring the full implementation of the agreements and the Institutions – the Assembly and Executive, North South Ministerial Council (NSMC) and British Irish Council (BIC) – and the promotion of lasting reconciliation.

The development of North/South relations, including through the NSMC and North South Implementation Bodies, contributes to the development of the all-island economy as well as providing practical, economic benefits to both parts of the island. The Department has a particular role in coordinating Government-wide efforts and in promoting progress on all-island aspects of the National Development Plan and Programme for Government.

Evaluation

The reduced level of violence in Northern Ireland, more stable political institutions and the excellent state of relations between Ireland and the UK are the result of decades-long engagement in this area.

The recent visit of Queen Elizabeth II to Dublin marked a new chapter in relations between Ireland and the UK, and underlined the progress of the peace process in Northern Ireland. The dissolution of the previous Northern Ireland Assembly marked the longest continuous period of power-sharing since the Good Friday Agreement. The results of elections to the new Assembly are indicative of the support of the people of Northern Ireland for the cooperation shown within the previous Executive.

The uniquely close relationship of Ireland and the US – built on cooperation through the peace process - was visible in the recent visit of President Barack Obama to Ireland. The affection displayed on both sides was an indicator of the emotional connection many in the US feel with Ireland. The Department works to enhance political relations with the US and to maintain these relationships for the benefit of Ireland economically and politically.

2.3.4 Trade and Promotion

Description and Rationale

The Programme for Government places an important emphasis on trade. It states:

Ireland's economic recovery must be export-led. We will take a number of actions to achieve the maximum growth in exports, including the long-term development of new markets.

In pursuing this objective, certain trade promotion functions were transferred on 1 June 2011 from the Department of Jobs, Enterprise and Innovation to the re-titled Department of Foreign Affairs and Trade. The transfer gives this Department an enhanced role in trade promotion.

However, the Department with its mission network has always played a key role in promoting Ireland's economic and trading interests, cultural profile and reputation internationally. It does so by:

- working with private sector representative organisations and with companies and individuals seeking advice and assistance both at home and abroad;
- promoting Irish companies in overseas markets;
- directly supporting Irish companies in overcoming administrative and regulatory barriers;
- ensuring a strong economic component to inward and outward high level visits;
- developing the trade promotion impact of St Patricks Day;
- working with the State Agencies to ensure a cohesive message about the fundamentals of the Irish economy is conveyed internationally;
- placing articles on the Irish economy in key opinion-forming business newspapers such as the *Wall Street Journal*, the *Financial Times*, *El Pais*, *Les Echos* and the *Frankfurter Allgemeine Zeitung*;
- providing seed funding to a number of projects in emerging markets with a strong local impact and/or multiplier effect;
- providing support for a wide variety of cultural initiatives, raising awareness of Ireland and our culture abroad, particularly in our key economic and trading partners;
- bringing international agreements with an economic dimension to Government for approval on behalf of other Government Departments

market plans to bring greater coherence and coordination to their activities.

The enhanced role for the Department in relation to trade promotion gives the Department the following additional responsibilities:

- establishing and managing the Export Trade Council, chaired by the Tánaiste, to strengthen cooperation and coordination across all key departments and agencies involved in the promotion and development of trade and exports;
- convening, chairing and managing Ireland's Joint Economic Commissions with China, South Korea, Saudi Arabia, Russia and Libya (latter on hold);

- a key role in implementing aspects of the Trading and Investing in a Smart Economy Strategy
- managing and coordinating Enterprise Ireland trade missions led by the Tánaiste and the Minister of State for Trade and Development. In addition the Department will have a Service Level Agreement with Enterprise Ireland, covering co-operation at both HQ and field level abroad, to reflect its enhanced role in trade promotion.

Evaluation

As with the other policy areas, the Department's success at trade promotion and developing Ireland's reputation and cultural profile is difficult to measure with precision. There are certainly many examples of where intervention by an embassy or consulate has helped secure contracts or investments. However it is not always possible to see direct cause and effect and in most cases the winning of a contract or securing of an investment is the culmination of the efforts of many people and agencies.

Many Irish firms confirm that the direct intervention by Irish diplomats with overseas administrations has been crucial in securing access to decision-makers or in ensuring fair treatment by regulators. This happens too frequently and too consistently to be incidental. It is an important part of each mission's work and a significant component in the success of Ireland's trade performance and success in attracting FDI.

The Trade and Promotion Division of the Department acts as the interface between the Embassy network and Government Departments, State Agencies and the private sector at home. Both the State Agencies at CEO level and representatives of a range of Irish exporting businesses and representative bodies confirmed again at the recent Ambassadors' Conference that they value the Embassy network as a platform for supporting export-led growth, tourism and inward investment and as a support to individual firms.

The "opening doors" role of the Embassy network is even more crucial in the case of emerging markets, where Governments often still play a major role in the economy and the State Enterprise Agencies rely to an additional extent on the access which Embassies can secure. With the enhanced role of the Department in promoting trade, it can be expected that greater coherence and coordination can be achieved in the continued pursuit of economic opportunities.

2.3.5 Impact of Reduced Resources

The most important element in achieving success in these policy-led areas is having an adequate number of qualified, experienced and motivated staff in place, operating in a coordinated fashion from headquarters and through Ireland's bilateral and multilateral diplomatic network.

The ongoing moratorium on staff recruitment and promotion has meant that this resource is being slowly degraded with fewer people being paid less to do more. This is common throughout the service and is not sustainable.

Total staffing in the principal relevant HQ divisions is small as can be seen below:

Policy Area	2011 Staff
EU Division	27
Political Division	54
Trade and Promotion Division	17
Anglo-Irish Division	30

The staffing in relevant support Divisions and, as is explained further below, our missions abroad is also very limited. The impact of a continuing reduction of staff resources will be a diminution of quality and a *de facto* prioritisation of effort. Put simply, despite its best efforts, the Department will not be able to fully represent our position in relation to all our policy objectives. Opportunities will be missed, events will be allowed to occur by default, international agreements will not reflect Ireland's position and our international profile will slip.

Whether this situation is allowed develop is an important choice that needs to be faced as part of this Review.

The Department is not in a position to say that it proposes to reduce or end our involvement in particular aspects of foreign policy and will continue to stretch resources as thinly as possible and to achieve the maximum return from their deployment. However, this will be done in the knowledge that continued reduction in staffing will inevitably result in a diminished capacity to represent the interests of the State.

In terms of programmed financial resources, the amounts involved are relatively minor and have not increased in recent years.

The table below shows the 2011 allocation to various programmes in these areas:

Policy Area	€000
EU Division	250
Political Division	418
Trade and Promotion Division	1309
Anglo-Irish Division	3195
Total	5172

This spending has been examined in detail and the options and impacts of a potential 30% reduction are set out below:

Option	30% Saving €'000	Impact
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Reduce Trade Fund	120	A 30% cut in the fund would see a reduction in the number of projects funded and have a corresponding adverse effect on efforts to raise Ireland's profile in key Asian markets
Reduce Cultural Fund	250	A 30% cut would essentially mean ending funding of one of three key activities: the Irish Cultural Centre in Paris; the Fulbright Scholarships or embassy cultural initiatives, which are an important element in Ireland's public diplomacy.
Reduce Reconciliation Fund	900	A 30% cut would impact in a disproportionately negative manner on the Government's stated commitment to support reconciliation in accordance with the Agreements. It may also undermine Government's arguments for sustained EU and US funding for reconciliation activities. If agreed, a re-prioritisation of the Funds' objectives and possibly its geographic focus would be required.
Drop Asia Europe Forum (ASEF) contribution	30	A 30% cut in Ireland's voluntary contribution of €100,000, which is not recommended, would need to be carefully managed to avoid possible reputational damage in key Asian markets.
Reduce funding of Atlantic Corridor	75	A 30% cut would make the running of the organisation unsustainable
Reduce CFSP Funding	125	A 30% cut would inhibit the Department's ability to support valuable projects which promote Irish foreign policy priorities and enhance Ireland's profile within those areas and more generally

Reduce support for EU information	75	A 30% cut in support to the European Movement Ireland would damage the organisation at a time when a revitalisation of its effort is under way and when its contribution to informed debate on EU issues is particularly valuable
Total	1575	

Taken together, a reduction in funding of 30% would yield savings of €1.5m but would severely damage the achievement of Ireland’s foreign policy objectives. In other circumstances a persuasive case could be made for increasing these allocations by 30% or more.

2.3.6 International leadership responsibilities

Ireland’s Presidency in 2013 and the Chairmanship in Office of the OSCE in 2012 offer opportunities to advance our foreign policy goals and also to enhance our reputation in important international fora.

Successful management of these events will demand significant effort across the whole of government. Importantly, from the point of view of the current review, it will also require financial resources to meet the obligations that go with the offices.

OSCE Chairmanship

The OSCE Chairmanship will require a dedicated team of 33 officers, which is being largely serviced within reducing resources.

In addition, the Chairmanship carries an estimated cost of €9m, including those associated with the hosting of a Ministerial-level meeting of the 56-member OSCE scheduled for November/December 2012, for which no budgetary provision has been made.

Ireland’s EU Presidency 2013

When Ireland last held the EU Presidency in 2004, direct expenditure amounted to €93 million.

Discussions are underway with OPW and with all Departments concerning steps to be taken to minimise the cost of the 2013 Presidency. However, present indications are that it would be unwise in the extreme to expect that Ireland will be able to avoid expenditure in excess of €70m.

This funding will be needed in 2012 and 2013 (with some minor expenditure this year).

The key cost elements are those associated with hosting events; security and information/communication costs.

Current thinking would see the calendar of events in Ireland being reduced as much as possible with a target of 200 (2004 saw 354 such events). In tandem with this, it is being proposed that all events take place in Dublin Castle and that the practise of Ministers hosting meetings in their constituencies be discontinued.

It is also proposed to standardise the arrangements for meetings as much as possible and to procure necessary services (such as catering and transport) centrally.

Achieving this outcome will demand an enhanced level of cooperation between Departments/Offices and a high degree of discipline at all levels to comply with whatever approach is agreed.

Additional temporary staffing has been sanctioned for the EU Presidency but is not accompanied by the requisite payroll provision.

The Lisbon Treaty has expanded the powers of the European Parliament, bringing more areas within the codecision procedure and strengthening the Parliament's say in the conclusion of international agreements. The wide scope now of codecision means that all formations of the Council can now find themselves involved with the EP in the advancing of legislation. That is a marked change over what was the case in 2004.

The EP for its part has been making the most of the new Treaty provisions, and is generally quite assertive in relations with the Council.

This has implications for the rotating Presidency whose representatives - whether at official or political level- take on the task of representing the Council in the various steps of the codecision procedure with the Parliament. To discharge the function successfully requires groundwork and a good lead-in, developing relations with the rapporteurs, committee chairs etc on the EP side. A measure - crude as it may be - of a Presidency's success has been the number of pieces of legislation completed. More substantively, the completion of major legislative packages (the EEAS for example, or in the area of economic governance) redounds considerably to a Presidency's credit.

The recent Belgian and Hungarian Presidencies put large-scale effort into working with the EP in their terms; Denmark plans the same. Planning and provisioning for the Irish Presidency has to have regard for this pattern.

In addition to the co-decision-related work, the Presidency also requires significant presence by Presidency Ministers and officials in both plenary and committee debates and the answering of parliamentary questions. Also, the High Representative under task-sharing

arrangements may require on occasion the Presidency Foreign Minister to represent her in EP deliberations.

2.4 Services to the Public

From headquarters and through its mission network – bilateral embassies, representation in multilateral organisations and through its consular network, the Department delivers a number of important services to the public. These are described below under three main headings:

- Description and Rationale,
- Evaluation
- Impact of Reduced resources

As will be seen in the Chapter 3, the network of missions, which represents a significant administrative cost, is a vitally important tool in providing these services.

The major programme areas are:

- *Services and Programmes for the Irish Abroad*
 - *Emigrant Support Programme*
 - *Global Irish Economic Forum/Network*
 - *Certificate of Irish Heritage*
- *Passport Service*
- *Consular Support Services*

2.4.1 Services and Programmes for the Irish Abroad

The Department is responsible for developing and implementing Government policy towards Irish communities abroad and the wider Irish Diaspora. This includes:

- managing the Emigrant Support Programme grant scheme (€12.88m in 2011);
- developing relations with and addressing issues of concern to Irish communities abroad (including the undocumented Irish in the US);
- managing the Global Irish Economic Forum and its follow up (in 2009 and 2011) and the Global Irish Network;
- overseeing the implementation and management of the new Certificate of Irish Heritage scheme.

2.4.1.1 Emigrant Support Programme

Description and Rationale:

The Government is committed to assisting and supporting vulnerable Irish emigrants and Irish communities abroad. This position has been emphasised on numerous occasions by the Taoiseach and the Tánaiste since the formation of the new Government.

The grants provided under the Emigrant Support Programme are the most significant practical demonstration of this commitment and make a substantive difference to the quality of life experienced by thousands of Irish emigrants.

These include:

- grants to voluntary sector organisations to support the delivery of frontline welfare, information and advisory services to vulnerable Irish emigrants, returning emigrants and Irish citizens considering emigration;
- grants to community and heritage projects which strengthen links between Irish communities overseas and home and enable the Irish abroad to express and promote their cultural identity;
- grants to strategic capital projects, helping to secure the long term future of Irish community organisations abroad;
- targeted funding of Diaspora strategy initiatives, including those that have arisen in the context of the Global Irish Economic Forum.

The Report of the Task Force on Policy Regarding Emigrants (2002) recommended that the Government significantly increase the level of funding available for emigrant services worldwide, building from a suggested €18 million in 2003 to €34 million by 2005.

This commitment was formalised in the Programme for Government 2007, which set a target of increasing emigrant services funding to €34 million by 2012. The table below summarises the actual outturn under the Emigrant Support Programme since 2006.

€ 000	2006	2007	2008	2009	2010	2011 ³
Outturn	11,826	14,162	15,183	15,132	11,933	12,883

While falling well short of the recommended amounts, this funding has made a substantive difference to the lives of Irish communities overseas (particularly in Britain and the United States), reducing homelessness, tackling social isolation and enabling Irish emigrants to access their local statutory entitlements.

The grants awarded for capital projects have also helped ensure that Irish communities have an infrastructure in place to enable them to remain vibrant and coherent assets for Ireland in the years ahead.

Evaluation

³ Allocation

In 2007, a Value for Money and Policy Review of the programme was conducted by Goodbody Economic Consultants. This review found that the systems implemented to administer and monitor the Emigrant Support Programme (ESP) had worked well, but that a more structured and comprehensive system of monitoring and evaluation should be put in place to ensure its continued success. As a result of this report, a number of improvements have been introduced to the system of administering the programme.

In 2009, the Department's Audit and Evaluation Unit conducted a number of visits to ESP funded organisations in Britain and the US and made positive overall findings on the programme's operation in these areas.

Impact of Reduced Resources

A 10% reduction for next year on the amount provided in 2011 would reduce the ESP to €11.6million. Such a reduction would lead to a cut in funding for a number of heritage and cultural projects. It would also reduce significantly our capacity to fund large scale or flagship capital projects for Irish communities abroad.

There might be some (probably limited) negative media and political reaction to a decision to cut funding by 10% for emigrants at a time of increased emigration. However, a 10% reduction could be managed in a way that did not impact to a significant extent on the services provided to our most vulnerable emigrants or frontline organisations.

A reduction of 30% on the 2011 allocation would reduce the budget to €9.01million.

A cut of this level would have serious consequences for recipient organisations, for their Irish emigrant clients and for the Government's reputation among the Diaspora. The specific consequences would include:

- funding would have to be cut to a large number of organisations, including those providing assistance to the elderly and other vulnerable Irish communities;
- dozens of employees of Irish organisations in Ireland, Britain and the US would be let go;
- the use of the programme to support Irish business networks, heritage projects and important capital projects would be severely curtailed;
- an important objective of the ESP is to maintain the sense of Irish heritage among newer as well as second generation Irish emigrants. A significant reduction would lose the capacity to support this interest;
- given the increase in emigration, the Government would be accused of neglecting emigrants at a time when assistance was needed more than in recent years;
- the priority attached by the Government to working with our Diaspora (particularly in the aftermath of this year's Global Irish Economic Forum) would appear hollow if a cut of the magnitude of 30% were to be imposed.

2.4.1.2 Global Irish Economic Forum/Network

Description and Rationale:

The Government has stressed the important role that the Diaspora can play in assisting with Ireland's economic recovery; in the restoration Ireland's international reputation; and as an important source of soft power around the world, including in new and emerging markets. The value placed by the Government on this resource is demonstrated by the early decision to convene a second Global Irish Economic Forum in October 2011.

The Global Irish Economic Forum and the Global Irish Network have led to the implementation of a significant number of initiatives across a range of economic and cultural sectors. An equally significant outcome was the new level of recognition it generated in Ireland of the enormous resource that is the global Irish and the manner in which the Irish at home and abroad can work together to deliver lasting practical achievements.

The costs associated with the 2009 Forum (€320,000) were met from within the existing resources of the Emigrant Support Programme. A similar arrangement is in place for the 2011 Forum.

Evaluation:

The Forum and network are still relatively new. The report of the 2009 Global Irish Economic Forum contained a detailed list of specific recommendations and medium term objectives. The progress achieved in implementing these proposals was outlined in detail in six month and twelve month reports published in March and October 2010 respectively. A comprehensive update on the outputs achieved is expected to be included in the C&AG annual report due for publication in September.

Impact of Reduced Resources

The scale of funding required to implement and develop the network is so modest that any significant reduction would render it unviable and the choice is therefore between maintaining it in its present form and discontinuing the initiative.

2.4.1.3 Certificate of Irish Heritage

Description and Rationale

The establishment of the Certificate of Irish Heritage scheme is a cost neutral initiative designed to recognise the importance of the strong connection to Ireland that so many

individuals abroad feel, but who do not qualify for citizenship. It will be operated by FEXCO under license from the Department of Foreign Affairs and Trade. FEXCO will not be paid to operate the scheme and a revenue sharing agreement is due to be concluded at the end of its first year of operation (September 2012).

Impact of Reduced Resources

As the scheme has yet to become operational, it is not possible to assess its impact or the level of demand for the product. However, given the cost-neutral basis of its establishment, it is proposed to proceed with its launch in September. The agreement with the service-provider provides for regular review, which will include the demand on the Department's (non-financial) resources

2.4.2 Passport Service

Description and Rationale

The Passport Service processes approximately 600,000 passport applications per annum. Approximately 80% of all applications are received from citizens resident in the State with the remaining 20% relating to citizens resident in Northern Ireland and overseas. Passports are processed in four main passport offices, Molesworth Street, Balbriggan, Cork and London.

Recent high profile international incidents relating to the fraudulent use of Irish passports highlight the necessity to remain vigilant in maintaining State ownership of this process.

Evaluation

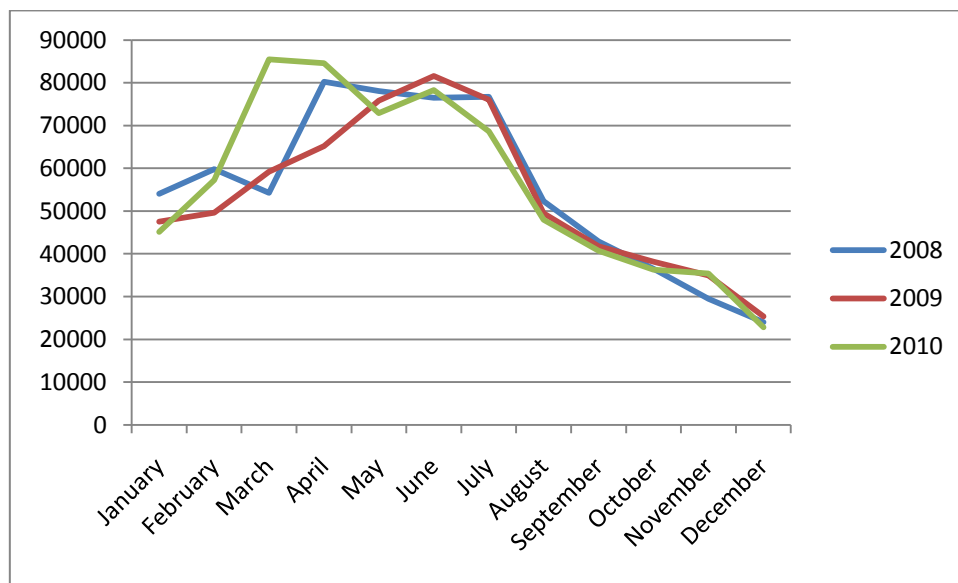
The Passport Service was the subject of a Value for Money Review in December 2007. The Review made 15 recommendations for change. As a result, a series of reforms have been introduced:

- The waiver of Passport Fees for the Over 65s has been discontinued
- A price incentive to use the Passport Express service and not use the public counter services has been introduced.
- The operation of the Passport Office London has changed significantly with all application checking work now repatriated to the Dublin offices.
- The Passport Service avails of the centrally agreed shared service credit card payment arrangement.

There has also been significant investment in the technology necessary to produce passport booklets with the internationally-required level of security. The existing equipment is coming towards its end-of-life and will fall to be replaced in 2012.

At an operational level, there continues to be significant difficulty in matching supply and demand. Despite strenuous efforts and considerable application of extra resources, the passport service does not have the available capacity to respond quickly to surges in demand. Surges vary in scale and especially timing from year to year cause severe pressure within the service and generate public dissatisfaction.

The graph below shows the pattern of passport demand for the past three years. While the peak demand always arises in late-spring/early summer, it can be seen the precise peaks varies from year to year.



Put simply, the response lags demand because there is not headroom within the permanent staff numbers to cater for the annual surge and it has not been possible to deploy temporary staff in good time to match the unpredictable pattern of demand.

The programme for Government includes the following proposal:

“Consideration will be given to transferring the passport service from the Department of Foreign Affairs to the Department of Justice to operate as an Independent Executive Agency under the aegis of that Department.”

Preliminary discussions are underway between the two Departments at present. If implemented, the change would have a significant impact on the dynamic of this Department and also offer the opportunity for further changes within the service as it would move closer to the wider identity-management functions of the state. Regardless of how this proposal unfolds, there are a number of reforms that are possible:

- Introduce a facility to allow adults renew their passport online.

- Franchise out the process whereby applicants have their applications witnessed and checked for completeness.
- The same approach can extend to scanning and sending electronic versions of applications to the Passport Service.

For each of these, up-front seed funding would be necessary to make the system changes to provide for these new arrangements.

However, in all of these proposals, the overriding requirement to protect the integrity of the application process and the Irish passport booklet is paramount.

Impact of Reduced Resources

The most recent cash statement indicates that Passport Service costs exceeded revenue by €2.76m in 2010. For 2011, restructured fees and the onset of fees for the over-65 age category from April may help bridge the funding gap. However, if it were intended to make the Passport Service self-financing (including the funding of its own capital investment), then either a further increase in fees would be required and/or a reduced level of service would have to be put in place with longer processing and production times and a significantly reduced public counter facility. The reform proposals outlined above may, however, offset this in the medium-term.

2.4.3 Consular Support Services

Description and Rationale

The Department provides a comprehensive and ongoing consular support service for Irish citizens abroad. This includes normal administrative services such as registering foreign births and issuing passports etc. However, significant staff resources (if not direct expenditure) are devoted to providing emergency assistance to Irish citizens. This can be on an individual basis in responding to incidents of illness, crime or death or as has become more frequent in recent years, large-scale emergency events.

In all cases it is the priority of the Department, whether dealing with cases at Headquarters, through an embassy or consulate or with the assistance of the network of honorary consuls to respond to genuine needs quickly, efficiently and compassionately.

The amount of expenditure allocated to this service (€79,000) is modest and would not be rewarding to be the focus of review.

Evaluation

Over the last decade, the number of Irish citizens travelling abroad has increased dramatically - there were over 6.5 million visits abroad by Irish residents last year. As the

number of Irish citizens travelling and living abroad continues to rise, so also does the need for consular assistance and support.

In 2010 the Department dealt with the deaths of over 210 Irish people abroad and provided effective assistance in over 1330 other difficult and sometimes tragic situations such as repatriation, hospitalisation, victims of crime and detention, including 301 arrests.

In terms of large-scale crises, 2011 has already seen major incidents in Tunisia, Egypt, Libya, Japan, New Zealand (Christchurch), Yemen and Bahrain. All of these involved considerable out of office hours work and in most cases the Department's Crisis centre has been activated with volunteer staff deployed to work long hours in stressful situations.

It is difficult to evaluate the performance of the consular service but at the fundamental level of outcomes, the operations to evacuate Irish citizens from difficult situations in the Middle East were achieved without loss of life or serious injury.

Impact of Reduced Resources

With this service the reduction of resources would mean fewer staff being available to respond to consular emergencies. At one level this is already occurring as the scaling back of staffing levels in Missions overseas has meant that there are fewer people available to respond to regular individual emergencies that occur and a form of consular triage is effectively taking place. This is by definition quite subjective.

In terms of larger-scale crises and more serious individual emergencies, it is not considered that it would be open to the Department, either at home or abroad, to provide less than a full response. If fewer people are available, this response will not be sustainable and there will be inevitably be breakdowns in the quality of service provided.

Chapter 3: Mission Network

3.1 Background and Context

Ireland's resident diplomatic and consular network has grown gradually from a very small base in response to identified needs and opportunities. Over the years, all Mission openings have been the subject of specific decisions taken by successive Governments based on carefully considered criteria. Factors driving the development of the network in recent years were the need to ensure full representation in EU partner countries, to underpin the development aid programme and to exploit new economic opportunities.

The network now consists of 76 missions - 58 bilateral Embassies, seven multilateral Missions, eight Consulates General and three other offices. The Department of Foreign Affairs and Trade also services the Joint British-Irish Secretariat in Belfast and the Joint Secretariat of the North-South Ministerial Council in Armagh.

In the context of the foreign policy tasks with which the Department is charged by the Government, the State's external presence is modest compared with those of countries of similar size and international profile and ambition. States which we regard as our peers – including Austria, Denmark, Finland, Norway and Sweden - have networks in the range of 97-120 offices.

It is also notable that the staffing of Irish Missions is much leaner than those of comparable countries. Well over half have two or fewer diplomatic officers (seven operate with only one). Only nine Missions have more than three.

The cost-effectiveness of Ireland's external representation is further enhanced by the use of non-resident accreditations to conduct diplomatic and economic relations with a further 104 countries, supported by a network of 92 Honorary Consuls to help service citizen and business needs in locations where we do not have career offices. This extends the reach of the network but also stretches the fabric further given the very large geographic extent of the areas covered.

A number of small bilateral Embassies also function as Representations to International Organisations (such as the Embassy in Rome which is accredited to the Food and Agriculture Organisation and the World Food Programme; in Vienna to the International Atomic Energy Agency; the Comprehensive Test Ban Treaty Organisation; and the UN Offices in that city; and The Hague which is accredited to the Organisation for the Prohibition of Chemical Weapons and the international legal organisations in the city.

In summary, our global interests are serviced with significantly fewer offices and staff than our comparators.

Missions are inspected periodically under the Department's Inspection Programme, which is accepted by the Comptroller and Auditor General's Office as a substitute for their own inspections. The aim is to ensure that the resources and facilities allocated to Missions abroad match their responsibilities. Options for the downgrading or suppression of posts identified on inspections have been implemented and the value for money represented by office and residential premises is also a clear focus of these visits.

3.2 Rationale

The general role and function of Missions is to promote Ireland's interests abroad and a positive image of the country at the international level. They are the external offices of the State, advancing Government policies and participating in the work of international organisations.

Missions fall into four main categories, with some degree of overlap

- Missions within the European Union.
- Other representations to multilateral organisations
- Development Missions
- Bilateral Missions outside the EU

Diplomatic and consular missions perform a range of representational, promotional, citizen service, programme management and reporting functions. They:

- act as the conduit for deepening Ireland's relations with host governments and advancing our international priorities and objectives
- promote Ireland's economic interests abroad, working with others in the public and private sectors, to expand trade and tourism and attract inward investment
- report on political, economic, commercial, legal and, as appropriate European Union developments of relevance to Irish interests and priorities
- oversee the implementation of programmes in developing countries funded by Irish Aid
- provide assistance to Irish citizens abroad, maintain contact with Irish communities, seek to harness the resource which the Irish diaspora offers in assisting economic recovery and restoring Ireland's international reputation
- promote Irish culture and disseminate information on Ireland.

Missions have been assigned a frontline role in the pursuit of the key Government priorities of repairing Ireland's reputation both in the European Union and the wider international community and promoting Irish economic interests overseas, in line with the transfer of trade promotion functions to the Department. In accordance with a specific commitment in the Programme for Government, a Conference was convened in early June by the Tánaiste, and also addressed by the Taoiseach, to brief all Heads of Mission on the Government's approach.

It is critical that the network has the capacity to deliver on the responsibilities conferred on it by the Government. The scale and deployment of the network is kept under ongoing review and it has again been re-examined in that perspective.

3.3 Review

These surveys have not revealed any cost-free candidates for closure. Indeed, locations have been identified where Ireland is under-represented and others where a diplomatic presence would serve the national interest.

An Embassy was opened in Abu Dhabi in 2009 and a Consulate in Atlanta last year to facilitate the development of potentially important growth markets for exports and inward investment. These Missions were resourced by redeployment of staff and budgets within the substantially reduced allocations available to the Department. Other locations were considered but not pursued due to resource constraints. It was found necessary to close the Consulate General in Cardiff, opened as part of the structures supporting the Northern Ireland peace process.

Resident Embassies are the primary channel for conducting bilateral relations, as well as a symbol of their status. Any closures considered necessary for budgetary reasons have the potential for negative political repercussions which would need to be anticipated and managed carefully, as would any domestic debate around them. Ireland has only ever closed three Embassies – Baghdad, Beirut and Nairobi.

The Consulates are in locations which are home to substantial and influential communities of Irish origin or centres of important economic interest to Ireland.

Apart from the political downside, the economies attendant on closure should not be exaggerated. Thirty-four Missions, half the non-development network, cost less than €500,000 each to operate last year. The cash and staff savings, in each case, would be relatively modest. They would be partially offset

- in the short-term by exit charges - including those associated with severance payments to locally-recruited staff made redundant and termination of premises leases, which would vary according to location - and

- on an on-going basis thereafter, by the costs of the alternative arrangements that would need to be put in place to conduct bilateral relations with the States concerned, and in some cases the non-resident accreditations they currently carry, as well as providing services to Irish economic interests and citizens in the locations affected.

Accordingly, the Department has sought alternative ways of achieving economies in its operations, at home and abroad, while maintaining the geographic reach of the network. As well as the piloting of one-diplomat offices in seven locations where this model was considered to be potentially viable, the modest staffing levels in a dozen other Missions have been reduced and 22 posts abroad have been down-graded, among them eleven at Head of Mission level. Also factored into 2011 budgetary arithmetic are economies on staff and premises costs, of the order of €500,000, accruing from the repatriation of certain passport processing and production functions from London to Dublin.

European Union Member States

With enlargement to 27 Member States, a significant proportion of our bilateral resources are deployed in Europe. The EU institutions and the EU Member State have an influence over EU legislation affecting the lives of Irish citizens. This fact, together with the centrality of the European union to national economic policy development and foreign and security policy cooperation requires that our profile and engagement with Union institutions and partners is sustained and developed.

The Permanent Representation to the European Union is not generously resourced relative to the importance of its role as the formal channel for engagement with the European Union. Missions in other Member States also provide platforms for the necessary work on rebuilding Ireland's reputation within the Union and as conduits and negotiators across a range of Government interests, viz financial, agricultural, environmental etc. Advancement of Irish interests and the effective performance of the EU Presidency function will require the constructive cooperation and political goodwill of all partners. All EU Member States have a say on decisions that directly impact on Ireland and our economy; non-members, however influential otherwise, do not. When the Lisbon majority rules come into force, the number of countries as well as weighted population, will count in the voting system.

Steps have been taken to make our representation more cost-effective. Missions in five EU capitals now operate with one diplomat and with reduced infrastructural supports. The modest staffing levels of a number of others have also been cut.

Other Multilateral Missions

The Missions to the United Nations (New York and Geneva), the Organisation for Security and Cooperation in Europe (OSCE), Partnership for Peace and the Council of Europe are vehicles for the pursuit of Ireland's longstanding commitment to values-based multilateralism in relation to peace, security, disarmament, development, human rights and the rule of law.

The work of the Organisation for Economic Cooperation and Development (OECD) and of the United Nations Educational, Scientific and Cultural Organisation (UNESCO) falls almost entirely outside the remit of the Department of Foreign Affairs and Trade. However, the Mission to the two organisations is co-located with the Embassy in Paris and, even if it were to be folded back formally into the Embassy, the same minimal human and financial resources would need to be committed to the work.

Development Missions

Development Missions are responsible for necessary on-the-ground frontline management of the substantial development cooperation programmes operated in Irish Aid partner countries.

Bilateral Missions outside the EU

With very few exceptions, Ireland's network of Embassies outside the EU has developed slowly in response to perceived economic opportunities. The limited expansion in this category over the past two decades has focused mainly on priority emerging markets. These include Asia and the Gulf Region, where a State presence is often critical in securing access to opportunities for Irish business interests and where the establishment of Missions has been followed by substantial and growing economic exchanges. Bilateral Missions, together with the Honorary Consular network, play a vital role in looking after the wide range of consular needs of the increasing number of Irish citizens travelling and living abroad.

3.4 Conclusion

The Government has charged Missions with important frontline roles relating to its core priorities of restoring Ireland's international reputation and promoting national economic interests. It is essential that the network is adequately equipped to deliver on the tasks that have been conferred on it. Closing missions and withdrawing the State presence would be difficult to reconcile with this approach and would risk giving a mixed message, at home and abroad.

A review of the diplomatic and consular network confirms that it is very modest, by comparable international standards, both in the number of offices and the staff assigned

to them. Its current deployment reflects the interests and needs of the State. Indeed, in other circumstances, an objective case could be made that the national economic interest would benefit from a diplomatic presence in a number of additional locations. Pro-active measures have been taken to maximise the cost-effectiveness of our external representation and there is little scope for further cost savings within the parameters of the present network configuration.

Nevertheless, if fiscal circumstances dictate, the maintenance of a two small bilateral Missions, which do not currently yield an economic return, could be reviewed. Closure of both would yield combined full year savings of about €500,000 once exit costs, mainly severance payments to local staff being made redundant, estimated at about €100,000, had been discharged.

Chapter 4 Capital Provision

The capital allocation to the Department has been eviscerated in recent years and stands at just €4m for 2011. In the four years to 2010, the total outturn on Capital investment was €68m. The allocation in the four years to 2014 is just €19m – a reduction of 72%.

This is insufficient to meet the ongoing cost of essential maintenance of the investment made in embassy properties or in the ICT network.

The pattern of funding has been as follows:

Year	2007	2008	2009	2010	Total
Out-turn (€m)	30	17	13	8	68
Year	2011	2012	2013	2014	Total
Allocation (€m)	4	6	6	3	19

4.1 Property

The Department holds 36 properties which have been acquired on behalf of the State. These premises are situated in locations where the Government considers it necessary that Ireland should be represented and where there is a clear economic advantage to owning, rather than renting, accommodation. As a general criterion, purchase has been considered only where the price represents less than 15 years annual rental.

The Department last purchased a property in 2008 and investment in the maintenance and modernisation of existing properties is carried out in response to emerging needs.

The most recent full professional valuation was carried out in 2005. It reported a total value of €117m. Given property market trends in the meantime, there may in some cases be a considerable divergence between these estimates and their current market value. A significant proportion of the estimated value was accounted for by a handful of properties which provide prestigious promotional platforms in locations of priority economic and/or political interest to the State.

The property portfolio is actively managed. Disposals occur from time to time in accordance with changing needs and circumstances. The former office premises of the Permanent Representation to the EU in Brussels and the Embassy in The Hague were both sold last year.

The portfolio is kept under continuing review and further reconfiguration will be considered where a business rationale exists.

Any sales that might occur for wider budgetary reasons would leave the Department with the additional cost of providing replacement accommodation, which presumably would be rented, adding to the annual cost of running the mission network.

The consequence of the shortage of capital is that the refurbishments necessary to maintain the value of these properties are unavoidably being routinely deferred. The total amount of capital available for this purpose in 2011 is €2.2m.

Given the budgetary situation, consideration might be given to introducing an arrangement whereby a portion of any capital raised from the disposal of properties would be made available to the Department for investment in its remaining premises and in its ICT network. In addition, adequate provision would need to be made for suitable rented accommodation for the missions in question.

4.2 ICT

Considerable efficiencies have already been leveraged through ICT applications.

The Department's Global Wide Area Network is one of the largest international networks based out of Ireland and is a highly secure service. It supports more than 2,000 users across all offices of the Department including approximately 90 national and international sites. Further savings are being achieved through the use of video-conferencing which is improving efficiency and reducing the amount of travel being undertaken.

The current estimated value of the Department's ICT infrastructure assets is of the order of €13m - €15m encompassing all offices, HQ and Missions. This does not include leased services such as the global voice and data network. Nor does it include the Passport Service System which is the Department's single largest system and has required approximately €45m+ capital and current investment since its inception in 2002. Access to on-going capital is essential to protect the investments already made and to maintain the current level of services robustly and securely.

The paucity of capital funding represents a serious constraint on investments that would further enhance the cost-effectiveness of the Department's operations and expand online access to services for the public.

Chapter 5 Options and Conclusions

The rationale for each of the Department's activities has been rigorously re-examined in the preparation of this expenditure report. It is concluded that these remain necessary and valid. It is not considered that any of the current areas of work can be discontinued.

The Department's major programmes and services to the public have been the subject of independent reviews over the past three years. The assessments have been generally positive. Recommendations for improvements are being implemented to the extent practicable.

The Department's contribution to the fiscal consolidation effort to date has been above the average across the public sector. In realigning the Aid expenditures to remain within the new realities since 2008, it has endeavoured as far as possible to protect "core business", in particular development cooperation with Ireland's Programme Countries and funding to civil society and non-governmental organisations. Programmes, such as those supporting newly-joined EU member-states, have been terminated.

Elsewhere, substantial administrative economies have been achieved while maintaining the full range and geographic reach of the other programmes the Department operates and the various policy, promotional and citizen services it provides. The limits of this approach are being reached. Significant reductions have been absorbed and this necessarily reduces the headroom for further economies. The search for efficiencies continues, including in the context of implementation of the Croke Park Agreement. However, the scope for further gains is marginal and any dividend would, at most, help the Department to maintain service within the reduced budgetary and staffing allocations already imposed and would not generate fresh savings.

The implications of additional cuts, over and above those already made, have been assessed and set out in detail in the earlier chapters. There are no significant savings that can be identified that will not have clear and direct impacts on the Department's ability to meet the objectives set for it. Indeed, there is a definite opening shortfall in the projected provision for the next two years.

Recent external reviews have found that staffing levels are already significantly below requirements to sustain adequate service delivery, in the case of the Passport Service, or fiscal and audit oversight and programme management in the case of Irish Aid. Taken together these areas account for the majority of the Department's Headquarters staff.

The capacity no longer exists to address these shortfalls by redeployment within reducing staff ceilings as other areas are generally slimly resourced and are themselves at or below minimum operating requirements for their present responsibilities. The position will

become more acute later this year as the Department is required to shed an additional 47 posts by end-2011.

Increasing responsibilities

Expectations of the Department, moreover, are increasing.

The Programme for Government assigns a number of priority tasks to the Department, including support for the drive to rebuild Ireland's international reputation and advance our economic interests abroad, a responsibility which has been enhanced by the recent transfer of trade promotion functions. The Department also has a central role in supporting the Government's objectives of boosting the level of Ireland's engagement in the European Union and deepening cooperation on the island of Ireland. The resources available to these respective areas are slender and have unavoidably been reduced in recent years.

Public demand for passport and consular services continues to rise appreciably. The Department also faces a number of major international responsibilities within the time horizon of the present expenditure review, including the OSCE Chairmanship next year and the 2013 EU Presidency.

The extra demands of the Presidency have been partly recognised by a temporary increase in the Department's Employment Control Framework targets for 2012 – to allow for the necessary advance familiarisation of staff with the work of the Committees which they will be called upon to service – and 2013. However, this has not been matched by an increase in the Department's administrative budget which is already fully stretched this year and is projected to fall by a further €8m in 2012. When account is taken of OSCE Chairmanship requirements, estimated at €9m next year, and for which no additional budgetary provision has been made, and the need for renewal of ICT infrastructure and other Presidency-related expenditure, the opening shortfall is of the order of €25m, before pay costs of the allowed extra staff (+/- €3m) are considered.

A well-run EU Presidency can be an important element in showing evidence of renewed engagement with the Union and attracting support for the Government's economic plans. Similarly, Ireland's strong international profile in areas such as conflict prevention and resolution, peace-keeping, disarmament and human rights has contributed directly to the positive image the State has traditionally enjoyed at international level and can play an important role in its restoration. Conversely, inadequate provision for the conduct of these tasks incurs the risk of compounding the reputational damage already suffered and clouding any positive perception of the progress the Government is making on the path towards economic recovery.

Options for savings

Programmes

Irish Aid

Notwithstanding the cutbacks already applied, the Irish Aid Programme accounts for 96.3% of the discretionary programme expenditure managed by the Department. The allocation is currently set at the level deemed necessary to contribute, together with ODA spending by other Departments, to satisfaction of the interim EU development assistance target of 0.51% of GNP.

It might be possible to absorb a reduction of €10 million on the Revised Estimates provision (€524m) – i.e. €20 million less than the original allocation for 2011 – without serious change to the structure of the Irish Aid programme. Depending on the evolution of GNP, the prospect of continuing to meet the minimum EU target of 0.51% would remain. As the scenarios modelled in the report indicate, any further significant reduction beyond that level would mean that certain development activities would have to be terminated or substantially scaled back with direct human consequences. They would also effectively foreclose on any possibility of reaching the 0.7% target by 2015, which was reaffirmed in the Programme for Government. There are no efficiencies that could be implemented without a substantial effect on service delivery.

Other Programmes

There are only two spending programmes of any scale funded from Vote 28 – North-South Cooperation and Irish Emigrant support - both of which also reflect important political priorities.

It might be possible to sustain a 10% cut in funding in each case without seriously undermining either programme.

North-South Cooperation

However, any deeper cuts in the relatively small reconciliation and anti-sectarian funds (€3m) would impact in a disproportionately negative manner on the Government's stated commitment to full implementation of the Good Friday Agreement and the St. Andrews Agreement and would save very little money.

Irish Emigrant Support

The Emigrant Support Programme currently has a budget of €12.883m. A 10% reduction could be managed in a way that did not impact to a significant extent on the services provided to our most vulnerable emigrants or frontline organisations. A €3m reduction (to

€10m) would have a very serious impact on delivery of the programme. While basic core welfare services could be protected, a cut on this scale would have significant consequences for recipient organisations and community networks on which we rely to support the elderly and other vulnerable Irish groups.

Missions Network

The network of Irish diplomatic and consular missions abroad has grown gradually from a very small base in response to identified needs and opportunities. Over the years, all Mission openings have been the subject of specific decisions taken by successive Governments based on carefully considered criteria. In the context of the foreign policy tasks with which this Department is charged by the Government, the size of the network, 76 Missions overseas, and the staffing of individual offices, remains well below that of countries with comparable international interests and ambition.

Many Missions cost less than €500,000 per annum to run and some much less than that. Most are small and the slender staffing levels of a number of them have been reduced over the past two years. Well over half now have two or fewer diplomatic officers; only nine have more than three. One-diplomat offices with reduced infrastructural supports have been piloted in certain locations, numbering seven in all, where this model is considered potentially viable. A number of posts, including several at Head of Mission level, have been downgraded. Also factored into the 2011 budgetary arithmetic are economies on staff and premises costs, of the order of €500,000, accruing from the repatriation of certain passport processing and production functions from London to Dublin.

Diplomatic and economic relations are conducted with a further 104 countries through non-resident accreditations and a network of 92 Honorary Consuls is maintained with a view to maximising the cost effectiveness of our overseas representation.

The scale of the network is kept under ongoing scrutiny and has again been reconsidered in the context of the present review. These surveys have not revealed any cost-free candidates for closure.

Nevertheless, if fiscal circumstances dictated, two small bilateral Missions, which do not currently yield an economic return, could be considered for closure. The full year savings would be of the order of €500,000 once exit costs, mainly severance payments to local staff being made redundant, estimated at about €100,000, had been discharged.

Resident Embassies are viewed as a symbol of the status of bilateral relations as well as the primary channel for conducting them. Any closures considered necessary for budgetary reasons have the potential for negative political repercussions which would need to be anticipated and managed carefully, as would any domestic debate around them.

Capital

Properties acquired abroad by the Department on behalf of the State are situated in locations where the Government considers it necessary that Ireland should be represented and where there is a clear economic advantage to owning, rather than renting, accommodation. A significant proportion of the total estimated value is accounted for by a handful of properties which provide prestigious promotional platforms in locations of priority economic and/or political interest to the State.

Nevertheless, the portfolio is kept under continuing review in accordance with changing needs and circumstances and further reconfiguration will be considered where a business rationale exists.

The Department is in need of a larger capital budget for essential maintenance of these properties and to leverage further operating efficiencies through ICT applications.

Given the budgetary situation, consideration might be given to introducing an arrangement whereby a portion of any capital raised from the disposal of properties would be made available to the Department for investment in its remaining premises and in its ICT network. In addition, adequate provision would need to be made for suitable rented accommodation for the missions in question.

Conclusion

The total full-year savings accruing from the options outlined above would amount to about €12.1m.

In the meantime, there is a need for a significant temporary increase in the Department's allocations over the next two years. This is estimated at about €25m for next year. The needs for 2013 will be quantified in light of the outcome of the ongoing assessment of EU Presidency requirements.

Reductions going beyond the foregoing options would require very fundamental decisions with major ramifications for the State's international profile and for the Department's capacity to continue to contribute effectively to delivery on priority Government objectives to promote Irish economic interests abroad, restore our standing on the international stage and protect frontline services to citizens.

Ireland's diplomatic and consular footprint is very modest in scale relative to the demands placed on it. The possibilities of hollowing-out the costs of the mission network are almost exhausted and the savings to be obtained from the closure of missions correspondingly reduced.

The Government has charged missions with important frontline roles relating to its core priorities of restoring Ireland's international reputation and promotion of national economic interests. Withdrawing the State presence would be difficult to reconcile with this approach and would risk giving a mixed message, at home and abroad. It is essential that the network is adequately equipped to deliver on the tasks that have been conferred on it.

Larger reductions in the Irish Aid budget, over and above the limits indicated above, have been modelled through the system. They would change the structure of the programme and cause reputational damage to Ireland for many years to come. Essentially they would mean the cessation of activities in the areas of humanitarian response, HIV/AIDS therapy, basic education and social protection which will adversely affect the lives of millions. A reputation that has taken almost 40 years to build would be jeopardised.

Therefore, it is important that any decision to put the aid programme on hold through large scale budgetary reductions is taken with full political knowledge of the changes being implemented to our foreign policy objectives, to Ireland's reputation internationally (built over many years), the consequences in terms of support sought for roles in international bodies and the ability the aid programme has given Ireland to "punch above our weight". President Obama's strong public endorsement of the aid programme during his visit is just one example of a coincidence of national interest and the aid programme.