

AUDIT OF THE USE OF LOCAL COOPERATION FUNDS

Local cooperation funds, which are administered by embassies and roving ambassadors, are intended to support projects by local NGOs according to Finland's development policy objectives. Up to now about 70 million euros has been used for this purpose.

In recent years the National Audit Office of Finland has audited the administration of local cooperation funds at five Finnish missions in developing countries in connection with audits of development cooperation.

This audit concerns the administration and use of local cooperation funds by the Finnish Embassy in Nairobi. In 2005-2007 the embassy has had 3,900,000 euros in local cooperation funds at its disposal.

On the basis of the audit the administration of local cooperation funds by the Finnish Embassy in Nairobi has been proper in most respects. The audit nevertheless drew attention to the following matters, among other things.

Payment practice for the aid covered by the audit did not meet the requirements in the Act on Discretionary Government Transfers. In new aid agreements, however, the payment practice required by the Act has been observed since the new guidelines issued by the Ministry for Foreign Affairs concerning the use of local cooperation funds came into force.

As a rule aid was granted to projects for a specific purpose. In some cases aid was granted to an organization jointly with other donors in the form of general-purpose aid. The audit indicated that focused aid has been considered more effective than general-purpose aid. Joint aid is not mentioned in the ministry's guidelines. If the Ministry for Foreign Affairs considers joint aid a justified and effective form of aid, the procedures to be followed with regard to joint aid should be included in the guidelines concerning the use of local cooperation funds.

Documents should be archived by project so that all aid decisions together with grounds and reports can be easily found.