

Africa: Aid Effectiveness

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About Aid Effectiveness in Africa

Key facts

- In Rwanda, 75% of donor aid for health goes directly to non-government organisations or is directly managed by the donors through their own projects, which makes it difficult to coordinate donor aid and government programmes to ensure resources are used efficiently.¹
- Tanzania received 541 donor missions during 2005 of which only 17 percent involved more than one donor. Dealing with many donor missions makes it harder for African officials to complete their regular work.²

Progress made

- DFID has played a leading role in establishing the International Health Partnership, launched in September 2007, which aims to improve the way that international agencies, donors and poor countries work together to develop and implement health plans, creating and improving health services for poor people and ultimately saving more lives. It is supported by donor governments and agencies representing half of the world's spending on health, which totals US\$ 14 billion.
- Budget support, where donors' aid is spent by the partner government, helps donors to work together and reduce the number of separate missions. The DFID-funded annual independent survey of budget support for the Strategic Partnership with Africa (SPA) indicates that the predictability of budget support is improving and African government satisfaction with budget support is rising.

Working to improve Aid Effectiveness in Africa

Aid effectiveness is about making the best use of aid to address poverty. This is particularly important in sub-Saharan Africa where poverty levels are high, progress towards the Millennium Development Goal targets is slow and donor money is often large relative to African governments' budgets.

The UK has signed up to the Paris Declaration on Aid Effectiveness, an international agreement that includes 56 commitments to improve the use of aid. The commitments focus on:

- **Ownership**, by the country, of their development process
- **Alignment** of aid, so that it supports partner country priorities and plans, is channelled through country planning and financial systems, is untied (from procurement in the donor country) and is predictable
- **Harmonisation** of different donors' approaches
- **Mutual accountability** of donors and governments to each other, and accountability of governments to their citizens
- **Management for development results**, so that aid is focused on results not inputs.

In September 2008 there will be an important international follow-up meeting to accelerate implementation of the Paris Declaration commitments - the Accra High Level Forum.

¹ IDA, Feb 2007, Aid Architecture – An Overview of the Main Trends in Official Development Assistance Flows.

² OECD, 2007. 2006 Survey on Monitoring the Paris Declaration.

Aid effectiveness in Africa

DFID has strongly promoted poverty reduction budget support (PRBS) as a mechanism to deliver its aid to partner countries. PRBS is when a donor provides funds directly to a partner government's own financial system to support their poverty reduction programmes. This approach not only gives the country more money to spend on – for example – paying doctors and teachers, but also strengthens the government's own systems. We use PRBS when circumstances are appropriate – when the partner government is committed to poverty reduction, upholding human rights and international obligations, improving public financial management, promoting good governance and transparency, and fighting corruption – and when we assess that provision of PRBS will produce significant benefits relative to other forms of aid.

DFID's first PRBS programme was in Uganda, and the majority of our PRBS programmes are still in African countries. We played a central role in developing multi-donor budget support arrangements in Uganda, Tanzania, Rwanda, Ghana, Malawi and Mozambique. We have also invested heavily in learning lessons from this experience through financing independent evaluations of PRBS in these countries.

The findings are that PRBS delivered significant benefits, including

- Increased public expenditure on things that matter to poor people (eg. budget support has helped to fund the large increases in primary school enrolment in recent years in Tanzania, Mozambique and Rwanda)
- Strengthened government systems, including better budget management
- Reinforced macroeconomic stability and good economic management
- Increased accountability between the finance ministry and sector ministries.

Budget support is not the only way to improve aid effectiveness. DFID is also active in improving aid effectiveness of other aid instruments, including technical assistance.

Aid effectiveness at the Africa regional level

DFID continues to be a strong supporter of the Strategic Partnership with Africa (SPA), which is a voluntary partnership of donor agencies (bilateral and multilateral) and African governments which seeks to improve the quality of aid to Africa. It assesses aid effectiveness problems, develops solutions and builds support for reform. SPA's Working Groups commission studies to monitor and learn from aid practice in African countries. Since 2003 DFID has co-chaired the Budget Support Working Group; financed an independent annual survey of all donors' budget support in Africa, which has created a unique source of information for the international community; and commissioned a SPA study of how best to ensure aid is appropriately reflected in the national budget process.

While the Paris Declaration is primarily about improving aid effectiveness at country level, many of its main principles are equally applicable when donors support regional organisations. In Addis Ababa DFID chaired during 2007 a group of donors seeking to harmonise their support for the Africa Union Commission (AUC). In January 2008, a core group of donors signed a Memorandum of Understanding with the Commission under which they will provide coordinated support to strengthen AUC's financial management, project processing and communications systems.

Country Example

Mozambique: DFID works with 18 other donors to support Mozambique through budget support. Of DFID's £55 million 2007/08 commitment, £36 million will be PRBS.

Tanzania: In 2007/08, DFID's largest PRBS programme was in Tanzania; £105 million of our £120 million aid to the country was in this form.

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