

## DFID Uganda: AID EFFECTIVENESS FACT SHEET

Aid effectiveness is about maximising the impact of aid on poverty reduction and development. In March 2005, the Paris Declaration on Aid Effectiveness was signed at the Development Assistance Committee (DAC) meeting, as a plan to improve the system of aid delivery. It committed donors and partner countries to monitoring their progress in improving aid effectiveness against 56 specific actions, from which 12 indicators were established.

The 12 indicators cut across the 5 core principles that the Declaration rests on.

- (i) **Ownership** - Partner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions;
- (ii) **Alignment** - Donors base their overall support on partner countries' national development strategies, institutions and procedures;
- (iii) **Harmonisation** - Donors actions are more harmonised, transparent and collectively effective;
- (iv) **Managing for results** - Managing resources and improving decision-making for results;
- (v) **Mutual accountability** - Donors and partners are accountable for development results.

In order for donors and partner countries to evaluate their progress against the 12 indicators, targets have been set for 2010 and a series of yearly monitoring rounds will review progress towards achieving these. The first monitoring round was conducted in 2006 on the basis of activities undertaken in 2005.

### Current Situation

DFID Uganda has made notable progress on the indicators and is currently meeting 10 out of the 12 targets. Much of this progress has centred on alignment and harmonisation which are key principles for donors to work towards.

#### Alignment

- DFID supports the Government of Uganda's Poverty Eradication Action Plan (PEAP) and is helping to build partner country capacity by aligning its programmes, procedures and timetables behind the PEAP.
- A key instrument for our support is Poverty Reduction Budget Support (PRBS), whereby funds are transferred directly to the government's own financial system. This gives the government more money to spend on, for example, paying doctors and teachers and building schools. In the 2006/07 Uganda financial year DFID gave £70 million of aid to Uganda; £35 million as PRBS.

#### Harmonisation

- DFID Uganda has signed up to the Uganda Joint Assistance Strategy (UJAS) along with 11 other development partners. These include the African Development Bank, Austria, Belgium, Denmark, the European Commission, Germany, Ireland, the Netherlands, Norway, Sweden and the World Bank. The strategy sets out how donors will work more effectively together to support the government to implement the PEAP.

### Challenges

DFID Uganda needs to ensure that it meets all 12 of the Paris targets and sustains progress on these. To achieve this, we are working towards a more ambitious set of targets (against the Paris indicators) which have been agreed with our other UJAS partners.

We have identified two areas in which greater progress could be made to improve alignment and

harmonisation and thus contribute to the effectiveness of our aid delivery.

#### Predictability of Aid

- One of the major challenges we face in Uganda is improving the medium and long-term predictability of our aid. In particular a number of factors in our development partnership have prevented us increasing the budget support share of our programme as we had planned.

#### Donor Division of Labour

- DFID Uganda, alongside the other UJAS partners, needs to improve the division of labour between donors as it is often the case that too many donors insist on being represented in the same sectors. Multiple donor representation reduces the efficiency of dialogue and can create unequal relationships.

### **DFID's Response**

#### Predictability of Aid

- DFID Uganda is preparing a 10-year Development Partnership Arrangement to increase the predictability of our long-term aid. It will include clear terms and conditions for our aid, financing commitments for at least the forthcoming 3-years, an indication of the sectors in which we will engage and the finance we expect to provide over the full 10-year period.

#### Donor Division of Labour

- The Government of Uganda first needs to agree to a division of labour between the donors. DFID Uganda, alongside the other UJAS partners, is working towards getting this agreement in place, and once this has been achieved lead donors for each sector will be assigned.