

Telling the truth about aid

Since the signing of the Paris Declaration in 2005, there has been a compact between developed and developing countries: the former would increase the quantity and quality of aid; the latter would use aid more effectively and ‘own’ their development strategies.

Yet aid programmes are still driven by conflicting messages around ownership and accountability, with donor countries concerned about loss of control over aid for domestic political reasons. As a result, a significant percentage of aid spending still goes to donor-run projects, increasing the risk of undermining local ownership and systems of accountability. Support for general and sector budgets – aid going directly to the national budgets of developing countries – is the loser. The impact is significant with, for example, government staff in Uganda having to deal with over 1,000 different projects and authorities in Cambodia hosting more than 400 donor visits each year.

ODI’s work supports the case for a shift to a virtuous circle of aid effectiveness, based on country ownership and the strengthening of national service delivery systems. An ODI-created evaluation framework is used widely by governments and others to evaluate the impact of budget support. In 2008, it was used for a study funded by the UK Department for International Development (DFID) on sector budget support in practice, under the umbrella of the Strategic Partnership with Africa (SPA). The study – undertaken with the Mokoro consultancy – examined how well sector budget support (SBS) meets the needs of developing countries and donors. The study prioritised local knowledge, partnering with Country Reference Groups to review education in Mali, Rwanda and Uganda, health in Mozambique, and health and roads in Zambia. Shorter studies were also conducted on local government in Uganda and Tanzania, agriculture in Mozambique and health in Tanzania.

The study found that sectors tend to be ‘policy rich, implementation poor’. Plans struggle to become results, such as improved service delivery. In Zambia, where the study was hosted by the European Commission, sectors are hampered by donor fragmentation in the case of health, and by government fragmentation in the case of roads. While SBS has supported service delivery expansion, it has been less successful in improving delivery processes, particularly where donors have special earmarking and accounting requirements.

The research has helped to raise the bar on budget support evaluation, showing the benefits of a more collaborative approach. The findings were presented at a workshop in Tanzania, where participants invited by the SPA included senior officials from all sectors. The study revealed, above all, that the process of evaluation was as important as the final product in raising debate, focusing attention and having an impact.

‘ODI’s work is providing insights on budget support that could help African governments and donor agencies enhance the effectiveness of this aid instrument’

Jeremy Clarke, Supervisor of the study on behalf of the UK Department for International Development

Zambia – a country examined by ODI and its partners to see how budget support is working.

