Australian Aid in Africa
Lessons from Malawi

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Overview

- Australian Aid to Africa in Context
- Australia’s *Strategic Approach* to African Aid
- How well are Australia’s Strategic Principles being applied in Malawi?
- What can we do better?
- Conclusions
Aid to Africa is increasing rapidly...
...but Australia’s contribution is very small.
...AusAID has responded with its ‘Strategic Approach’ to African Aid.

- Geographic focus on sub-regions and few partner countries;
- Target one or two sectors in each sub-region;
- Focus on delivering aid with local institutions and forming partnerships;
- Support partner country priorities through existing programmes of support.

How well are these principles being applied in Malawi?
Malawi is highly aid dependent with a vast portfolio of aid projects...

- 28 Donors
- 398 Projects
- $US798 million
- 12% of GDP
- 40% of Budget
...Australia is expected to add 1-2% to the size of this aid portfolio.
...but funds being leveraged by partnering with existing donor programmes.

Number of Donor Projects by Sector – 2009/10FY

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Use of Budget systems is also important...

- **Budget Support** – 30%
- **Sector Support** – 15%
- **Project Support (On Plan, On Budget, Off Treasury)** – 8%
- **Project Support (On Plan, Off Budget, Off Treasury)** – 12%
- **Extra-Budgetary Support** – 25%

**GoM** authorises and processes payment
- **Funds allocated by GoM**
- **Funds tied to specific sector**

**Donor Authorises and processes payment**
- **Funds use Consolidated Account**
- **Funds use Part I Development Accounts**
- **Funds use RBM Accounts**
- **Funds use Commercial Accounts**

**Use of Country Systems & Government ownership**

- 28 Donors, 398 Projects, $798m

- **Aid Portfolio**
- **Implementing Partner**
- **Funding**
- **Disbursement Control**
- **Allocation Control**

**NGO’s**

**GoM Ministry**
...& AusAID has done a reasonable job.
Linkages with Government can be further strengthened through utilising AIMS...
...which offer opportunities for managing projects without in-country staff.

- Tracking financial and project performance of all other activities in the country;
  - Improve Harmonisation and Coordination.
- Obtaining and reviewing project documentation;
- Sharing M&E reports with all of government;
- Keeping Government (and other stakeholders) updated of planned and actual disbursements and project performance.
... including new district level mapping
Can also map against...

- Infant Mortality
- Crop production
- Climate vulnerability
- Household income
- Population
- Schooling

Track money flows to districts based on...

- Sectors
- Donors
- Modalities
- NGO’s

Future potential for community feedback mechanisms to be built in to the system.
Conclusion

- AusAID Africa – small fish, big pond.
- AusAID has articulated a ‘Strategic Approach’ to how it should operate.
  - In Malawi, it has done a relatively good job of applying these principles.
- ... ‘Strategic Approach’ should leverage more off developments being made across Africa in country led aid management systems.
  - These systems can help to overcome the ‘tyranny of distance’.
- Australia’s small programme size gives it a strategic advantage to be a leader in supporting these initiatives and incorporating them into its own systems.