



## **EC Report on Budget Support and MDGs finds positive correlation between aid and MDG performance**

31 May 2010

European Commission Directorate-General for Development and Relations with African, Caribbean and Pacific (ACP) States recently published a report on 'General Budget Support and Millennium Development Goals Performance', which provides new data on the relationship between performance of key Millennium Development Goals (MDGs) and general budget support (GBS). In an attempt to bridge the data gap in current literature on this subject, the study analyses whether there are differences in MDG performance between countries that may be classified as 'high' or 'low' budget support recipients.

The main findings of the study reveal that high GBS recipients have performed better -- often significantly so -- in all four MDGs assessed (covering primary enrolment, gender parity in education, child mortality, and access to water), as well as in terms of improvements in the Human Development Index, in the period 2002-2007. This is the case for all ACP countries, where there is a clear positive trend with performance in the MDG indicator being higher as the aid ratio increases. High budget support recipients perform better than low budget support countries. The exception is the link with child mortality in Africa.

The overall results for all countries investigated are as follows:

- primary enrolments improved by 5 percentage points in high GBS countries, but by less than 1 in low GBS recipients;
- gender parity improved by over 4 percentage points in high GBS countries, but by less than 1 in low GBS support recipients;
- child mortality fell by 16 (deaths/1000) in high GBS countries, and by 10 in low GBS recipients;
- the population using improved drinking water improved by 3.5 percentage points in high GBS countries, but only 1.6 in low GBS recipients;
- the improvement in the Human Development Index (HDI) was 30% higher in high GBS countries (0.043) than in low GBS recipients (0.033).

The study further finds that, even when holding some of the other indicators constant, such as for example, the quality of the policy environment, income level and aid dependency, countries receiving high GBS have on average still performed better than those receiving low GBS.

The authors of the study emphasise that this is not an analysis of causality. Rather, the paper looks at how MDG performance and GBS correlate. This means that other factors will also be important in determining MDG performance. Nevertheless, the results overall do provide more comprehensive support for the view that countries receiving large amounts of budget support perform better than those receiving little or no budget support.

**PN oWB International Secretariat**  
66, Avenue d'Iéna 75116 Paris, France  
T +33 (0)1 40 69 30 55 / F +33 (0)1 40 69 31 64  
E-mail : [secretariat@pnowb.org](mailto:secretariat@pnowb.org)  
Check our website at <http://www.pnowb.org>