



Striking a balance: Belgian budget support in Uganda and Burundi

debriefing for DGDC and BTC Brussels



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Context of the missions

- Request from attachés (BOS drawing rights)
- Comparable ToR
- Desirability of budget support
 - GBS, SBS, basket funding,...
 - active or passive (trust fund, co-financing)
 - portfolio dimension
 - role of small donor in policy dialogue
- Short missions
 - Uganda: 16-20 March 2008
 - Burundi: 24-28 March 2008

18 partner countries	net ODA- debt ¹	populat- ion ²	net ODA- debt/cap ³	IRAI⁴	IDA Country Performance Rating	HDI⁵	GDP/CAP ⁶	
Niger	374	14.4	25.96		2.8	0.374	781	
Mali *	769	13.9	55.30		3.6	0.380		
Mozambique *	1473	20.1	73.27		2.8	0.384	1,242	
DR Congo	1181	59.3	19.92				714	
Burundi	405	7.8	51.86			0.413		
Benin	339	8.7	38.98		3.3	0.437	1,141	
Rwanda *	513		55.78	3.6	3.5	0.452	1,206	
Tanzania *	1756		44.45		4.4	0.467	744	
Senegal	780	11.9	65.52	3.7	3.8	0.499	1,792	
Uganda *	1496	29.9	50.05	3.9	3.6	0.505	1,454	
Morocco	1046	30.5	34.28	n/a	n/a	0.646	4,555	
South Africa	718	47.4	15.14	n/a	n/a	0.674	11,110	
Bolivia *	508	9.3	54.61	3.7	3.2	0.695	2,819	
Palestine	1449	3.7	391.56	n/a	n/a	0.731	n/a	
Algeria	204	33.3	6.14	n/a	n/a	0.733	7,062	
Viet Nam *	1829	84.1	21.74	3.9	3.8	0.733	3,071	
Ecuador	187	13.4	13.99	n/a	n/a	0.772	4,341	
Peru	467	28.4	16.43	n/a	n/a	0.773		

¹ 2006 (USD million)

² 2006

³ aid per capital 2006 (USD)

⁴ IDA Resource Allocation Index 2006

⁵ Human Development Index 2007

⁶ 2005 PPP \$



Principles for a small donor

- Portfolio approach
- Emphasising the lower range modalities, fully respecting the rationale of Paris Principles
 - SBS, sector, subsector
 - Programme-approach
 - Projects (innovation)
 - \Rightarrow integrated packages, nested interventions
- Adding GBS if sector concerns are insufficiently taken care of at GBS table (second-best solution)
- GBS modalities in order of importance
 - Delegated funding (EC, WB)
 - Collective set-up
 - Bilateral
- In fragile states
 - 'emergency GBS' also an option
 - shadow-alignment rather than full alignment





Institutional preconditions for success

- Mission, vision
- Internal harmonisation
- Decentralisation
- Geographical and sector concentration
- Adapted HRM
- Networking with similar-minded donors
- Political courage



Uganda

- Good performer (Region Income group)
- Technocratic standards (macro-economic framework, PFM, MTEF) for GBS are met
- But
 - Recent political tensions
 - Slower reform pace
 - Key word is transition (Is democracy deepening?, Is reform stalling?, Is NDP sufficiently poverty oriented?)
- Transition: risk or opportunity?



Uganda

- Belgium: 50% projects, 50% SBS
 - Belgium = lead in SBS donor group Health
 - Belgian projects stuck in formulation
 - GOU dismissive about projects
- Political dialogue at GBS level addresses sector issues insufficiently

Options?

- Portfolio approach
 - Increase SBS
 - Integrate projects
- Including GBS is an option, but delegated funding EC or WB is problematic
 - EC \rightarrow institutional reasons
 - WB → contextual reasons
- JBOs + JAF + PAF provide interesting framework
 - Collective set-up earmarked GBS takes the political sting away



Burundi

- Precarious political situation
 - consociational model leads to stalemate and deadlock
 - political situation remains potentially explosive
 - civil society combative but embryonic and weak capacity
 - need to support process of appeasement and conciliation
- Huge fiduciary risk of full system alignment
 - weak capacity in PFM
 - political leadership not fully committed
- Country dangerously dependent on emergency budget support

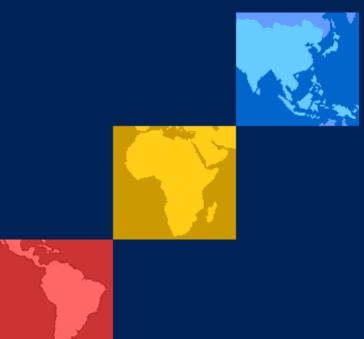




Burundi recommendations

- Emergency budget support
 - may make sense
 - Belgium lacks appropriate procedures
- Structural budget support
 - multilateral > bilateral
 - World Bank > EC
- Sector budget support
 - with appropriate strings attached (basket funding)
 - education, health, governance, agriculture





Thank you

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