



Striking a balance: Belgian budget support in Uganda and Burundi

debriefing for DGDC and BTC Brussels

Nadia Molenaers

Robrecht Renard

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	population ²	net ODA-debt/cap ³	IRAI ⁴	IDA Country Performance Rating	HDI ⁵	GDP/CAP ⁶
Niger	374	14.4	25.96	3.3	2.8	0.374	781
Mali *	769	13.9	55.30	3.7	3.6	0.380	1,033
Mozambique *	1473	20.1	73.27	3.5	2.8	0.384	1,242
DR Congo	1181	59.3	19.92	2.8	1.6	0.411	714
Burundi	405	7.8	51.86	3.0	2.1	0.413	699
Benin	339	8.7	38.98	3.6	3.3	0.437	1,141
Rwanda *	513	9.2	55.78	3.6	3.5	0.452	1,206
Tanzania *	1756	39.5	44.45	3.9	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	6,039

* donor darling in terms of budget support

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)
 - ⇒ 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 → 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

nadia.molenaers@ua.ac.be
robrecht.renard@ua.ac.be

