



# Budget support as a sanctioning device

An overview of all BS suspensions  
2000-2012

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## Background

- Evolution Budget Support:
  - From financing poverty reduction
  - To sanctioning democratic regress
- Bilateral disenchantment
- BS to sanction 'deviant behaviour recipient governments'
  - 'troubling events' – breach in the relation donors-gvt
- How often? Who? Where? Triggers?
  - Construction dataset BS suspensions
  - BS suspensions as a subset of aid sanctions

## Construction dataset

- Factual information from online news bulletins, news paper clippings, donor reports, evaluation reports and peer-reviewed articles
- Year/donor/recipient observations
- Transparency bias
- Cooperation with OECD/DAC
  - 50% response rate

## Definition BS suspensions

- happens in reaction to a government action (or lack thereof)
  - Breach UPs
  - (perceived) deterioration of UPs
- NOT a change in the aid envelope due to a change of government in the donor country.
- BS= GBS and/or SBS
- Stop – delay – reduce - Rechannel BS

Ideally the codeification of the dependent variable should reflect this variety of strategies including a diversification in terms of suspended volumes and the duration of the suspension.

At this stage of our research however we have not been able to capture such detailed data and indeed it may not turn out to be readily available for each observation.

## BS suspension in reaction to...

Breach category label	Description
corruption	relates to both manifest incidences of corruption and donor concerns about lack of (or downward trend in) transparency on the part of recipient countries in terms of their (mis)use of public finances
macroeconomic	relates to macroeconomic fundamentals, debt etc
dem(ocracy) and human rights (HR)	relates to domestic issues such as (post)electoral violence, intimidation of opposition parties etc as well as to foreign policy issues such as supporting foreign militia or increasing military expenditure
administrative	relates to procedural issues such as producing reports on time

## The dataset

- Number of suspensions
- Big suspenders
- Suspendees

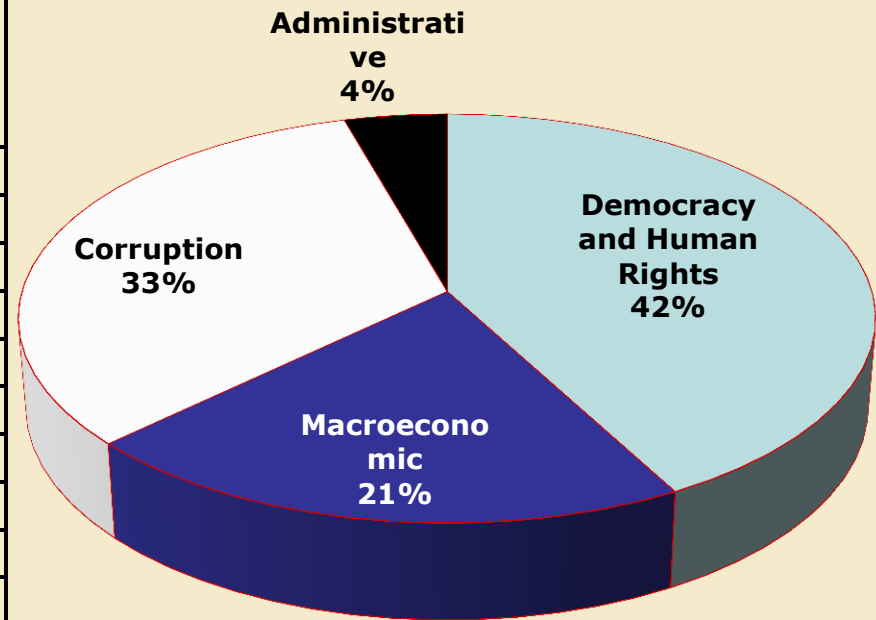
In the period 2000-2012:

- 59 troubling events
- Leading to 150 BS suspensions
- Of which 125 in Africa

year	number of suspensions total	DEM and HR	MACRO ECONOMIC	CORRUPTION	ADMINISTRATIVE
2000	3	2	0	1	0
2001	9	2	8	1	0
2002	8	4	2	2	0
2003	1	1	0	0	0
2004	8	3	4	1	2
2005	24	13	9	4	1
2006	4	2	1	1	0
2007	9	5	0	3	1
2008	23	6	2	13	2
2009	18	9	0	7	1
2010	17	4	3	10	0
2011	7	6	4	0	0
2012	19	10	0	9	0
total	150	67	33	52	7

# BS suspensions

Proportion of total suspensions accounted for by given breach category



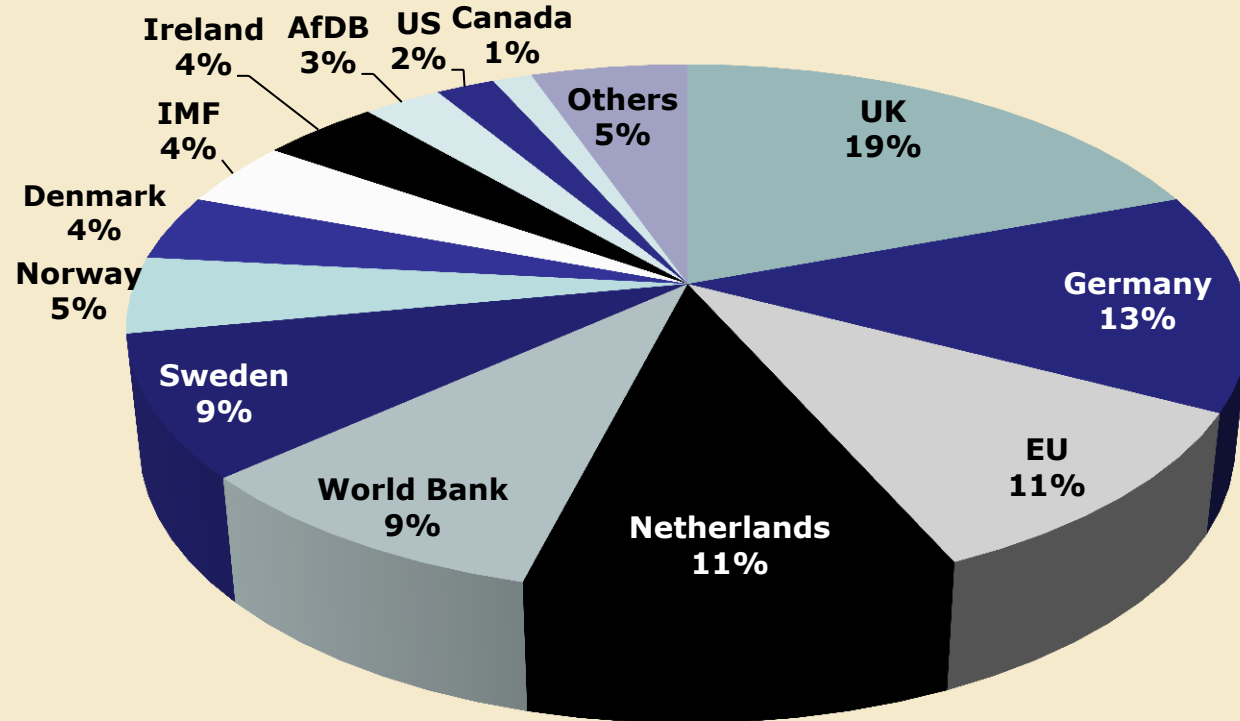


**number of suspensions 2000-2012**

Donor	number of suspensions 2000-2012
UK	29
Germany	20
EU	16
Netherlands	16
World Bank	14
Sweden	13
Norway	7
Denmark	6
IMF	6
Ireland	6
AfDB	4
US	3
Canada	2
Finland	1
France	1
Gavi	1
Global Fund	1
IADB	1
Austria	1
Belgium	1
Switzerland	1
total	150

# The big BS suspenders

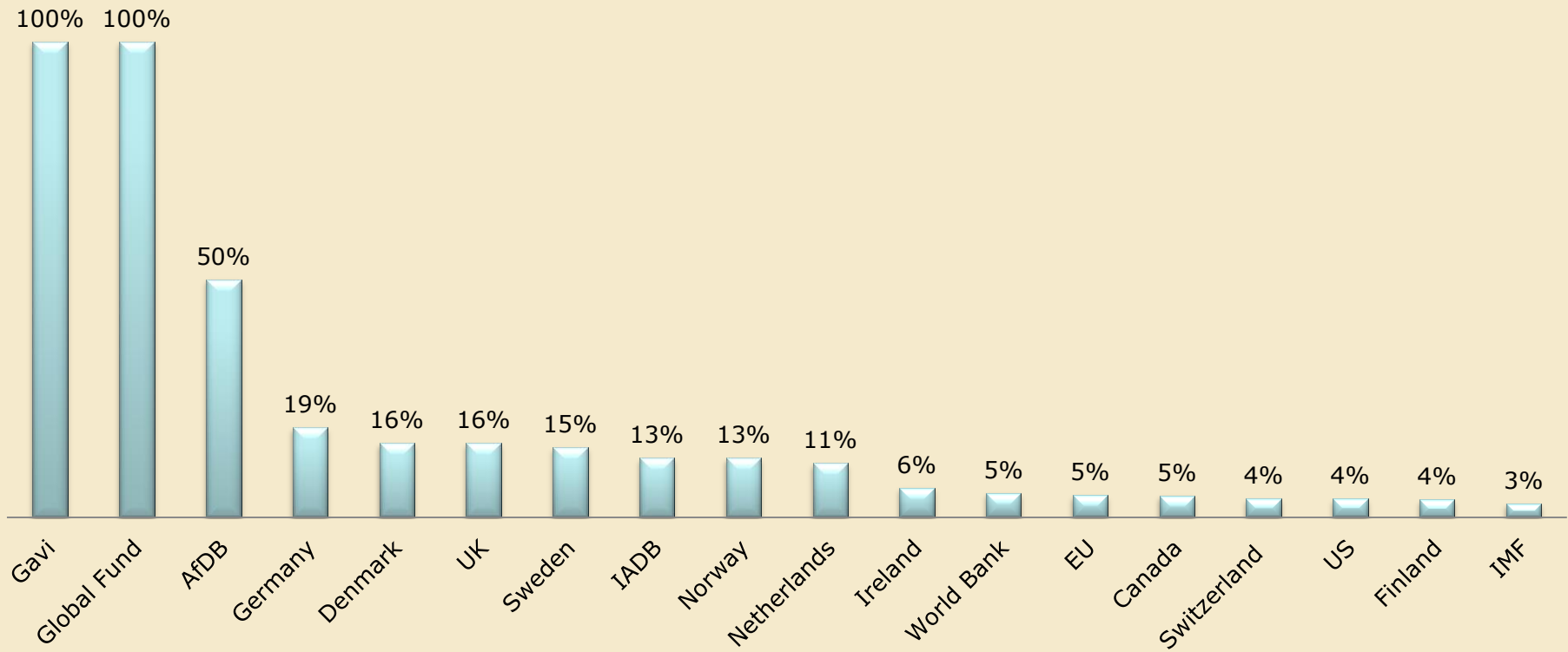
**Overview proportion of total BS suspensions 2000-2012 accounted for by individual donors**



## BS Suspensions versus BS Flows

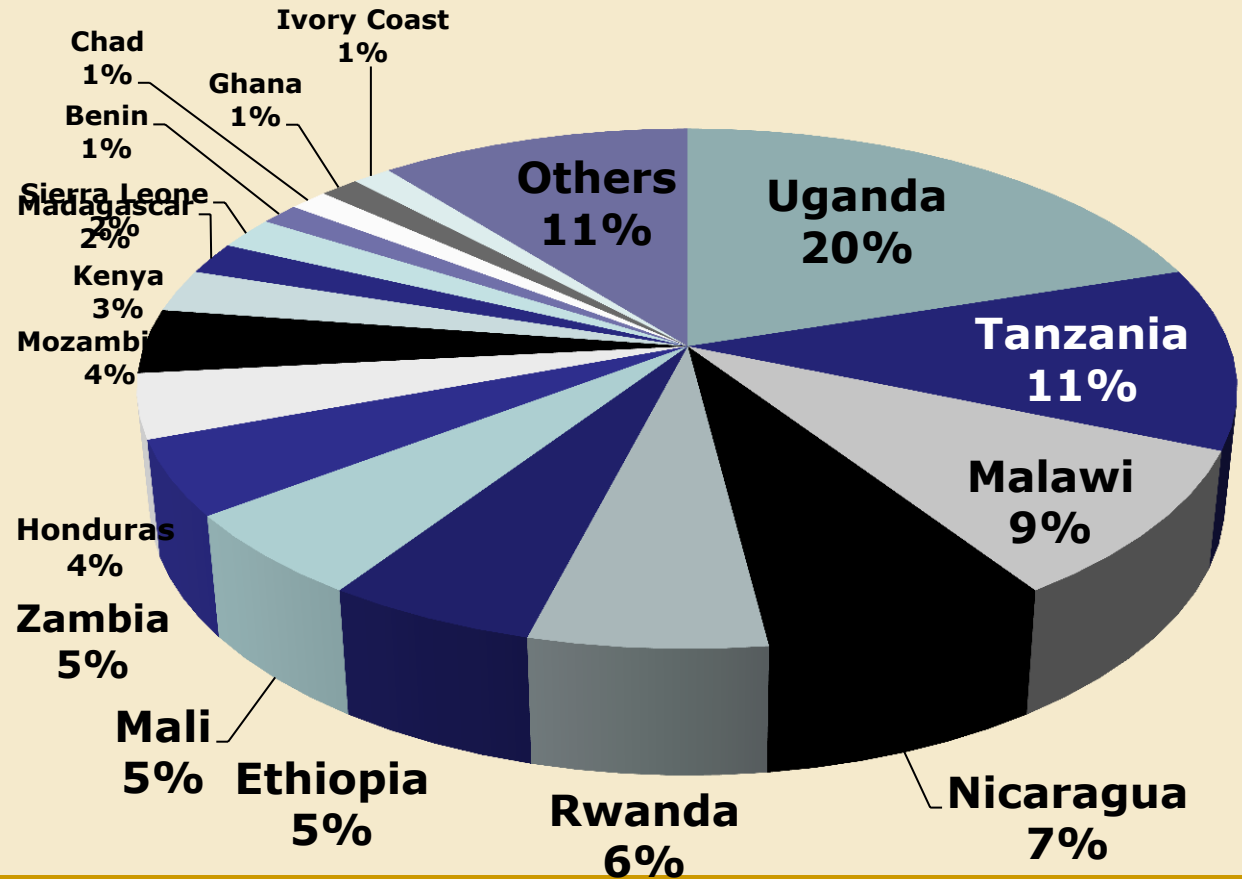
Gavi	1	1
Global Fund	1	1
AfDB	3	6
Germany	17	90
<b>Denmark</b>	5	32
<i>UK</i>	26	167
Sweden	12	82
IADB	1	8
<b>Norway</b>	7	56
Netherlands	14	123
<b>Ireland</b>	5	81
World Bank	12	234
<b>EU</b>	14	301
<b>Canada</b>	2	44
Switzerland	1	25
<b>US</b>	3	77
<b>Finland</b>	1	27
IMF	6	206
<b>total</b>	<b>131</b>	<b>1561</b>

## Donor suspension/flow rate for the period 2000-2011



# Biggest suspendees

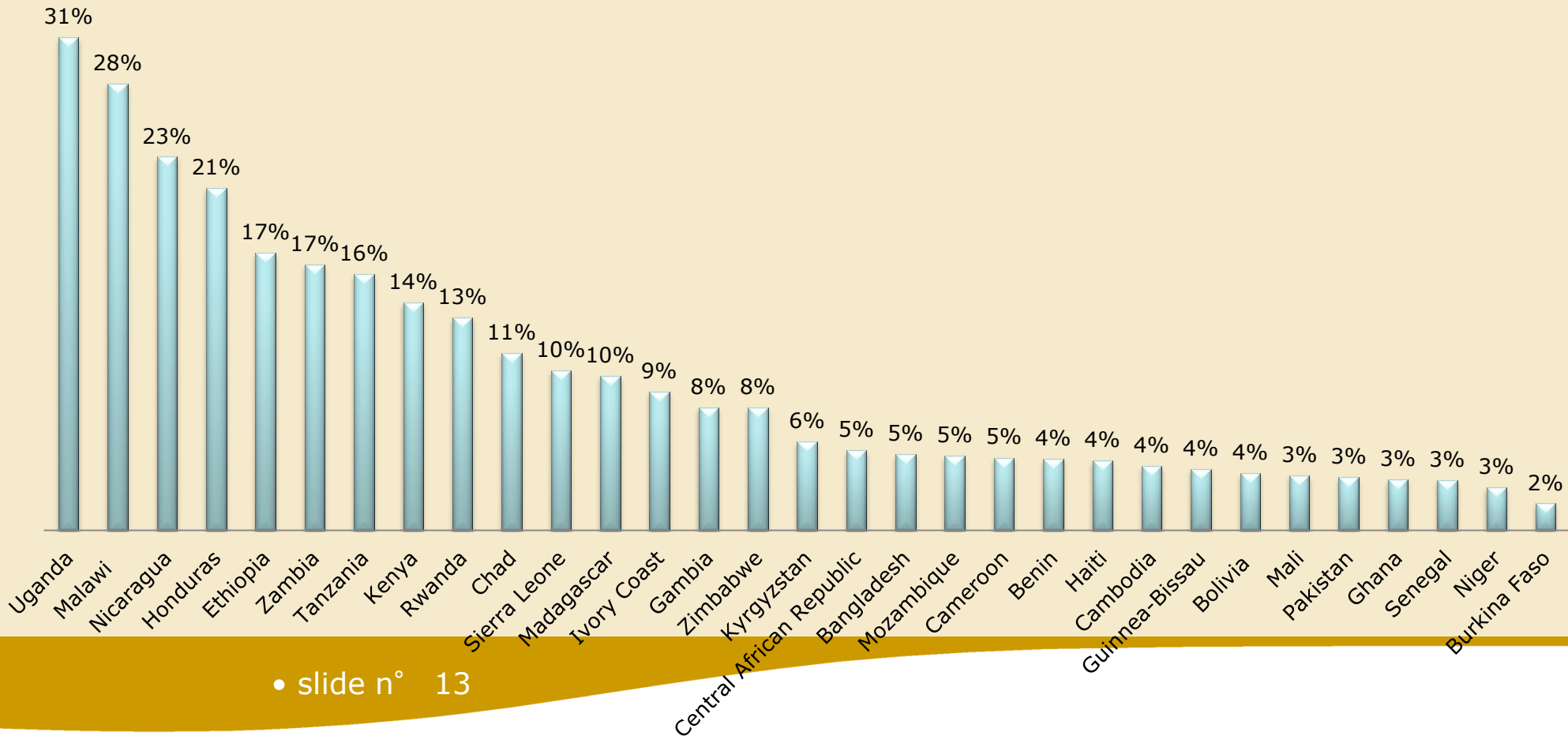
Share of total suspensions recipient country accounts for



Recipient country	Total suspensions
Uganda	30
Tanzania	17
Malawi	14
Nicaragua	11
Rwanda	9
Ethiopia	8
Mali	8
Zambia	7
Honduras	6
Mozambique	6
Kenya	4
Madagascar	3
Sierra Leone	3
Benin	2
Chad	2
Ghana	2
Ivory Coast	2
Others	16

# BS suspensions versus BS Flows

## Suspension rate in individual recipient countries



## Conclusion

- Gap design BS – use BS
  - BS sanctions to a large extent due to political governance issues
  - BS to increase predictability of aid not warranted
- Some donor darlings do not escape sanctions
- Data mainly gives rise to more research questions:
  - Sanction profiles: donors and recipients
  - Determining factors
  - Motivational factors: expressive versus instrumental
  - Impact

# Thank you

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