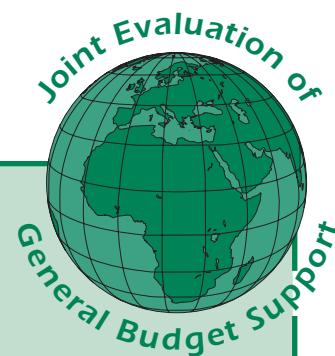


# Partnership General Budget Support Support: Burkina Faso Brief



**The Joint Evaluation of General Budget Support 1994–2004** was commissioned by a group of 24 aid agencies and 7 partner governments to assess to what extent and under what circumstances GBS is relevant, efficient and effective for achieving sustainable impacts on poverty reduction and growth.

This independent study was led by the International Development Department of the University of Birmingham. Its outputs are a Synthesis Report, and seven country case studies, for Burkina Faso, Malawi, Mozambique, Nicaragua, Rwanda, Uganda, and Vietnam.

## Origins and organisation of PGBS in Burkina Faso

Partnership General Budget Support (PGBS) developed out of:

- Debt relief under the Heavily Indebted Poor Countries (HIPC) initiative. In Burkina Faso, HIPC resources have been managed separately and earmarked to “pro-poor” expenditures.
- The formulation in 2000 of a Poverty Reduction Strategy Paper (PRSP).
- The “conditionality pilot”, when the government and donors jointly tested a new form of conditionality. This was intended to strengthen government ownership and make aid funds more coordinated and predictable.

A number of donors jointly provided budget support from 2001, under a Memorandum of Understanding (finalised in 2002) that linked support for the PRSP to the new conditionality.

The World Bank provided a series of Poverty Reduction Support Credits (PRSCs) for the same purpose, also beginning in 2001.

In 2005 the two operations were linked under a single, revised Memorandum of Understanding. There is an agreed calendar of activities, and individual donors’ disbursements are linked to a joint performance assessment matrix.

The IMF’s Poverty Reduction and Growth Facility (PRGF) is also an important part of the framework for PGBS. The IMF leads macro-economic discussions with the government.

## How much PGBS did Burkina Faso receive?

Total PGBS disbursements are shown in Table 1.

By 2004, PGBS represented a quarter of all official aid.

The seven donors disbursing PGBS in 2004 were the African Development Bank, the European Commission, France, the Netherlands, Sweden, Switzerland and the World Bank. Denmark and Germany have since joined the enlarged budget support group.

The proportion of aid given as budget support varies greatly from donor to donor. Overall, the volume of budget support has increased but the amount of project aid has not fallen.

## What were the benefits?

Unearmarked PGBS funds have complemented the targeted HIPC resources. Effects include:

- More aid funds appear in the government budget, and the government has more flexibility in allocating funds to its priorities.
- There is a better balance between capital and recurrent spending.
- The volume and the share of all resources going to the social sectors have increased.
- Transaction costs of using aid have declined.
- The cost of financing the budget has also been reduced.
- PGBS is absorbed more rapidly than project aid.
- PGBS has helped to reinforce macroeconomic stability.

PGBS led to increased harmonisation of aid, and more use of government systems. Sector basket funds used to operate through separate procedures, but now tend to use the government’s systems for expenditure and accounting.

## What is Partnership General Budget Support?

General Budget Support (GBS) is aid funding to government that is not earmarked to specific projects or expenditure items. It is disbursed through the government’s own financial management system. Although the funds are not earmarked, they are part of a package which includes dialogue and conditions, technical assistance and capacity building, and donor efforts to harmonise their aid and align it with government strategies and procedures.

Partnership GBS emerged in the late 1990s to support national poverty reduction strategies. By channelling funds through national systems, it also aims to strengthen national planning and implementation capacity, increasing the effectiveness of all public expenditure, including aid.

**Table 1: Partnership General Budget Support and Total Aid in Burkina Faso**

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
<b>Total ODA (actual) (USDm)</b>	476	519	447	379	429	443	537	441	524	564	672
<b>Total Partnership GBS disbursements (USDm)</b>								82	109	144	165
<b>PGBS as % total ODA (%)</b>								19%	21%	26%	25%
<b>ODA as % GNI (%)</b>	22%	20%	15%	14%	14%	14%	13%	14%	15%	12%	13%

PGBS has been very effectively used to support the government's programme for modernisation of public finance management:

- The increase in discretionary resources has enhanced ownership of the budget process.
- Use of government systems has improved accountability of public expenditure, although accountability systems are still weak.

### What were the drawbacks and limitations?

The evaluators noted:

- It is not clear how well the expansion of social sector spending has targeted the poor.
- Predictability of total aid flows has increased only modestly.
- Much bilateral aid remains off-budget, which limits the positive impact of PGBS on the budget process.
- Capacity development initiatives have been weakly coordinated.
- Corruption continues to be a serious concern. PGBS has helped to strengthen the transparency and accountability of public finances, but donors seek greater anti-corruption efforts from government.

On the other hand:

- Government revenue collection was not undermined. Indeed, PGBS support to the financial modernisation programme helped to strengthen the mobilisation of revenue.
- The evaluation also found no negative effect on private investment. The recently revised PRSP pays more attention to economic growth.

### How did Burkina Faso compare with other countries studied?

The development of PGBS in Burkina Faso followed a unique path, based on the conditionality pilot. However, it resembles Mozambique and Uganda in the way that PGBS has become an organising framework for aid from a large group of donors.

### What was the evaluation's overall assessment?

PGBS has increased government ownership and has strengthened government-donor collaboration in support of the national poverty reduction strategy.

PGBS has had an impact on poverty reduction related to living conditions through expansion in the delivery of basic services.

Its overall impact on income poverty has been modest, and mainly indirect by supporting general economic growth and macroeconomic policy.

Impacts on empowerment and social inclusion are not yet very visible, but the processes under way are mainly long-term.

There are three particularly positive aspects in the development and influence of PGBS in Burkina Faso:

- The gradual convergence of PGBS donors' approaches which has led to the establishment of a strong partnership.
- The strong complementarity between HIPC (targeted funding) and PGBS (untargeted funding), which resulted in significantly increased volumes of resources allocated to the social sectors.

- The steady support to reforms in public finance management.

Complementarity between PGBS and other forms of aid could still be improved.

### Main Recommendations

There is considerable scope to strengthen PGBS. The study's recommendations relate both to direct strengthening of PGBS and to ways in which PGBS and other modalities could better complement each other.

- Donors should make multi-annual funding commitments linked to the common performance assessment system.
- Establish an all-inclusive forum embracing all aid modalities and instruments.
- Strengthen coordination in capacity development and inter-sectoral/ sectoral initiatives.
- Ensure full alignment with the government's strategy for strengthening public finance management.
- Improve capacity for poverty analysis and pro-poor orientation of policies and strategies.
- Improve the quality of services.
- Further strengthen budget classification to allow for pro-poor budgeting and expenditure monitoring/tracking.
- Develop a national strategy to promote enterprises, trade and the private sector.
- Continue to strengthen accountability systems.

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The full report (and a longer summary) can be obtained from the OECD DAC website at:  
[www.oecd.org/dac/evaluation](http://www.oecd.org/dac/evaluation) or from the DFID website at  
[www.dfid.gov.uk/aboutdfid/performance/evaluation-news.asp](http://www.dfid.gov.uk/aboutdfid/performance/evaluation-news.asp)