



General Budget Support and Sector Budget Support in Finland's Programme-based Development Cooperation



Contents:

Foreword	3
Summary	4
Introduction	5
Guidelines on general budget support and sector budget support	6
Finland's guidelines on bilateral general budget support	6
Finland's guidelines on bilateral sector budget support	8
Programme-based development cooperation – what is it, according to the Paris Declaration?	9
Finland's general budget support and sector budget support policies in programme-based development cooperation – what is changing?	13
Current policies	13
New policies	14
Mechanisms and monitoring of general budget support and sector budget support in the framework of programme-based cooperation	17
Budget support policies of other donors	19
Appendix 1. Principles and practices in general budget support and sector budget support, various donors	20

The primary goal of Finland's development policy is eradication of poverty and promotion of sustainable development in line with the UN Millennium Development Goals. Finland uses its selection of development policy instruments in a comprehensive manner to strengthen both the public and the private sector.

The selection available to Finland includes general budget support and sector budget support focusing on implementation of the poverty reduction strategy or sector development programme in the partner country. Through these efforts, Finland together with the partner country's government and other donors plays a strong role in broad-based development policy dialogue. General budget support has many advantages but some problems have been encountered in its use, for which reason the share of this instrument in Finland's development cooperation is now reassessed.

This policy paper examines the role of general budget support and sector budget support in implementation of Finland's bilateral programme-based cooperation. The present policy paper supports implementation of the Government's Development Policy Programme (Government Decision-in-Principle 2007), responding to its assignment of considering the share of budget support in Finland's development cooperation.

The policy paper is grounded in the definition of programme-based cooperation set out in the Paris Declaration, where the programme-based approach to development

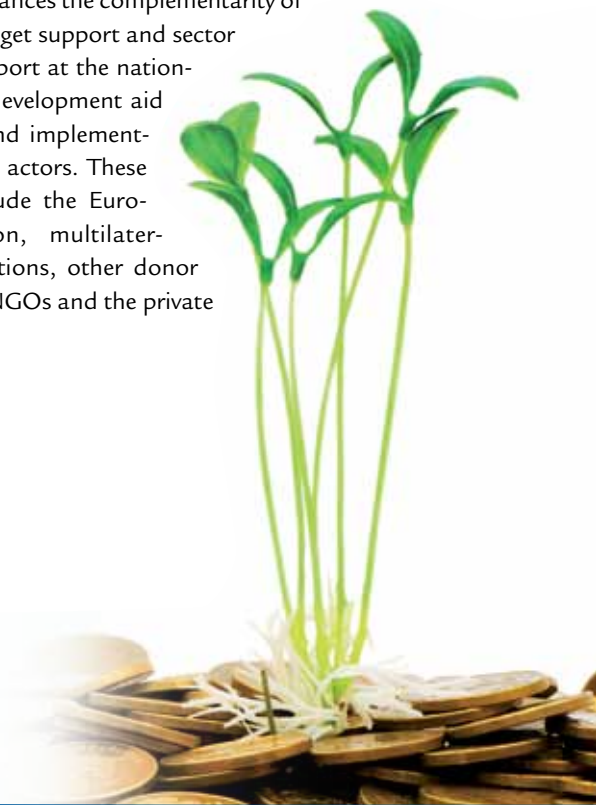
cooperation covers all development policy instruments within the scope of certain criteria. Programme-based development cooperation is not only about intergovernmental cooperation. It may also involve development cooperation by the private sector, civil society and international organisations. The programme-based approach helps to reduce fragmentation in development cooperation, harmonises policy and cooperation among donors on the one hand and between donors and partner countries on the other, and increases the effectiveness of aid through the developing country's ownership as well as through the harmonisation and complementarity of donors' efforts.

This policy paper complements the current guidelines of the Ministry for Foreign Affairs, shifting the focus from general budget support to sector budget support. Moreover, a country-specific ceiling of 25% is set for bilateral country-specific development aid given as general budget support. These reforms make it possible to strengthen the balance between development policy instruments applied in each partner country. The reforms also strengthen the complementary nature of general budget support and sector budget support at the country level to development aid provided and implemented by other actors.

Paavo Väyrynen
Minister for Foreign Trade and Development

Summary

- Finland contributes to worldwide efforts to eradicate poverty and to promote economically, socially and ecologically sustainable development by granting programme-based development aid.
- Finland's programme-based development cooperation makes comprehensive use of a variety of instruments: general budget support, sector budget support, joint funding modalities such as basket funding and pooled funding, and programme-based bilateral and regional projects and programmes. The various instruments must complement one another and contribute to the eradication of poverty and the achievement of sustainable development in a coherent, efficient and effective way.
- Finland only grants general budget support to long-term partner countries. At present, Finland provides general budget support to Mozambique, Tanzania and Zambia. Finland abides by its existing commitments in these countries.
- After current commitments expire, Finland can give up to 25% of its bilateral country-specific development aid as general budget support.
- Finland will shift the focus of budget support clearly from general budget support to sector budget support. Finland promotes economically and ecologically sustainable development by reinforcing programme-based sector support particularly in the agriculture, forestry, water, information society, energy and environmental sectors. Finland also promotes socially sustainable development in the education and health sectors.
- Finland enhances the complementarity of general budget support and sector budget support at the national level to development aid provided and implemented by other actors. These actors include the European Union, multilateral organisations, other donor countries, NGOs and the private sector.



Introduction

With regard to bilateral cooperation, Finland's Development Policy Programme (Government Decision-in-Principle 2007) states: "The role of budget support in our development cooperation will be considered in the near future." The present policy paper is a response to the assignment arising from the Development Policy Programme and thus supports its implementation. The purpose of this policy paper is to complement the current guidelines of the Ministry for Foreign Affairs regarding budget support and sector support cooperation.

Finland uses a variety of development aid instruments to eradicate poverty and to promote sustainable development. This policy paper examines general budget support and sector budget support as part of Finland's bilateral programme-based development cooperation. Programme-based cooperation implemented together with the European Union and with multilateral bodies (international financial institutions, MDTFs) is not discussed in detail in this policy paper.

Programme-based cooperation is defined according to the Paris Declaration: the programme-based approach to development cooperation covers all development policy instruments within the scope of the criteria defined for it. The programme-based approach helps to reduce fragmentation in development cooperation, harmonises policy and cooperation among donors on the one hand and between donors and partner countries on the other, and increases

the effectiveness of aid through the developing country's ownership as well as through the harmonisation and complementarity of donors' efforts. A comprehensive guideline for project design and implementation is being prepared.

The structure of this policy paper is as follows:

Chapter 1 presents a brief overview of the valid guidelines on general budget support and sector budget support.

Chapter 2 discusses programme-based cooperation as defined in the Paris Declaration and presents the criteria for programme-based cooperation for partner countries and donors.

Chapter 3 sets out the key principles of Finland's general budget support and sector budget support in the framework of programme-based cooperation.

Chapter 4 is a brief summary of the implementation and monitoring mechanisms for general budget support and sector budget support.

Chapter 5 is a brief summary of the general budget support and sector budget support policies of other donors; these are also given in the Appendix to this document.

Guidelines on general budget support and sector budget support

Finland has compiled detailed guidelines on general budget support (2004)¹ and sector support (2007)². **These guidelines are still in use.** However, the context of programme-based cooperation and of the effectiveness of development cooperation in general has changed since these guidelines were drawn up. The Paris Declaration (2005) and the Accra Agenda for Action (2008) have further specified the concept of the programme-based approach.

Finland's guidelines on bilateral general budget support

Finland can only grant bilateral general budget support to its long-term partner countries provided the partner country meets the criteria for budget support. The criteria for general budget support are divided into four categories:

1. The country's need for assistance;
2. Commitment to development;
3. Finland's ability to provide assistance, including added value and complementarity of aid;
4. Prerequisites for effectiveness.

The case for budget support cooperation is assessed on the basis of the aforementioned criteria, which apply to all long-term partner countries, and on the basis of criteria that are central for budget support in particular. In the budget support guidelines published in 2004 (*Budget Support Cooperation in Finland's Development Cooperation*), the requirements for general budget support are defined as follows:³

- the partner country has a poverty reduction strategy and is committed to its implementation;
- the partner country has a transparent budgetary process and practices budgetary discipline;
- the partner country has sufficient capacities for planning, implementation and financial management;
- Finland has a diplomatic mission in the partner country, with sufficient resources to engage in broad-based dialogue on budget support cooperation with the partner country and the donor community.

Finland currently gives general budget support to Mozambique, Zambia and Tanzania; the general budget support to Nicaragua has been suspended. Finland's general budget support amounts to 1% to 3% of the total budget support received from all donors in each partner country. Of Finland's total bilateral development aid, general budget support has accounted for about 6% (calculated according to the OECD/DAC definition and based on disbursements in 2008).

¹ *Budget Support Cooperation in Finland's Development Cooperation (2004).*

² *Sektorituki Suomen kehitysyhteistyössä (Sector Support in Finland's Development Cooperation, 2007) (only in Finnish).*

³ *For more details, see the budget support guidelines, Budget Support Cooperation in Finland's Development Cooperation (2004).*

In each of the partner countries, Finland's general budget support will account for the following percentage of the bilateral development aid given by Finland in 2010 (planned disbursements): 25% in Zambia, 25% in Mozambique and 38% in Tanzania. The combined percentages of bilateral programme-based general budget support and sector support are between 53% and 83% in these three countries.⁴

Finland participates in and influences political and technical dialogue between the donor community and the partner government through budget support cooperation and other cooperation mechanisms. Position-formulation within the donor community is a key part of the dialogue process. Budget support has helped particularly in strengthening public financial management in developing countries, including the improvement of budget preparation, expenditure monitoring and control mechanisms. Budget support may also be used to address cross-sectoral problems; for example, problems in the forestry sector may be rooted in local government structures; in the energy sector in the management of natural resources; or problems in the agriculture sector may reflect poor market access or infrastructure.

⁴ The figures may vary from one year to the next because of the content and disbursements for the sector programmes, and their definitions may cause inaccuracies.



The concluding meeting for the annual evaluation of budget support was held in Maputo, the capital of Mozambique, in April 2009. Photo: Tatiana Mendes de Sousa.



*School in Chokwe District, Mozambique.
Photo: Pirjo-Liisa Heikkilä.*

If the criteria for general budget support are not met, Finland may reduce or suspend disbursement of general budget support to the partner country.⁵

Finland's guidelines on bilateral sector budget support

Sector programmes are supported through sector budget support, joint funding modalities such as basket funding

⁵ For more details, see the budget support guidelines, *Budget Support Cooperation in Finland's Development Cooperation (2004)*.

and pooled funding, and programme-based bilateral and regional projects and programmes.

The purpose of bilateral sector budget support is to increase the government budget funding to the sector in question. Sector budget support cooperation also aims at improving the quality and effectiveness of a sector programme. When assessing whether sector budget support is an added resource to the sector, the following are key points:

- The country has an estimate of the expenditure framework for the public sector without sector budget support from donors; this estimate is based on past years' experiences and expenditure planning for future years;
- The medium-term expenditure framework (MTEF) includes estimates of additional funding expected for the sector in question;
- Aid to the sector may be used for investments, temporary expenditure caused by reforms, or running costs;
- If running costs increase, that increase must be in line with the plans in the medium-term expenditure framework and be approved by the finance ministry;
- Increases in sector expenditure are assessed particularly in the medium term (three to five years).

Programme-based development cooperation – what is it, according to the Paris Declaration?

The *Programme-Based Approach (PBA)* refers to development cooperation implemented through coordinated development aid in support of a partner country's own development programme.⁶ A 'development programme' can be a national development strategy (such as a poverty reduction strategy, PRS), a sector programme, a thematic or regional programme, or a specific programme of an organisation. Programme-based development cooperation is not only about intergovernmental cooperation. It may also involve development cooperation by the private sector, civil society and international organisations.

In the Paris Declaration (2005), donors committed to giving 66% of their development aid in accordance with the programme-based approach. Programme-based development cooperation strengthens the ownership of the partner country's government in the programme, reduces the transaction costs of cooperation and harmonises processes among donors on the one hand and between donors and developing countries on the other.

Donors may use various funding modalities of programme-based development cooperation to channel aid (general budget support, sector budget support, basket funding,

pooled funding, and various bilateral and regional projects and programmes), provided that the criteria for programme-based development cooperation are met:

- Leadership by the host country or organisation;
- A single comprehensive programme and budget framework;
- A formalised process for donor coordination and harmonisation of donor procedures for reporting, budgeting, financial management and procurement (at least two out of four);
- Efforts to increase the use of local systems for programme design and implementation, financial management, monitoring and evaluation (at least two out of four).

An example of programme-based development aid in the private sector might be a capacity-building programme for local entrepreneurs, based on the country programme of a local chamber of commerce and bringing together several donors' projects. A similar example from the civil society might be a framework programme for projects run by NGOs from several donor countries, set up under the umbrella organisation for local NGOs.

The programme-based approach, the criteria for programme-based development cooperation, the various funding modalities and their links to development programmes in the partner country are shown in Figure 1.

⁶ *Paris Declaration on Aid Effectiveness (2005), indicator 9, Appendix A. "Programme based approaches share the following features: (a) leadership by the host country or organisation; (b) a single comprehensive programme and budget framework; (c) a formalised process for donor co-ordination and harmonisation of donor procedures for reporting, budgeting, financial management and procurement; (d) efforts to increase the use of local systems for programme design, implementation, financial management, and monitoring and evaluation."*

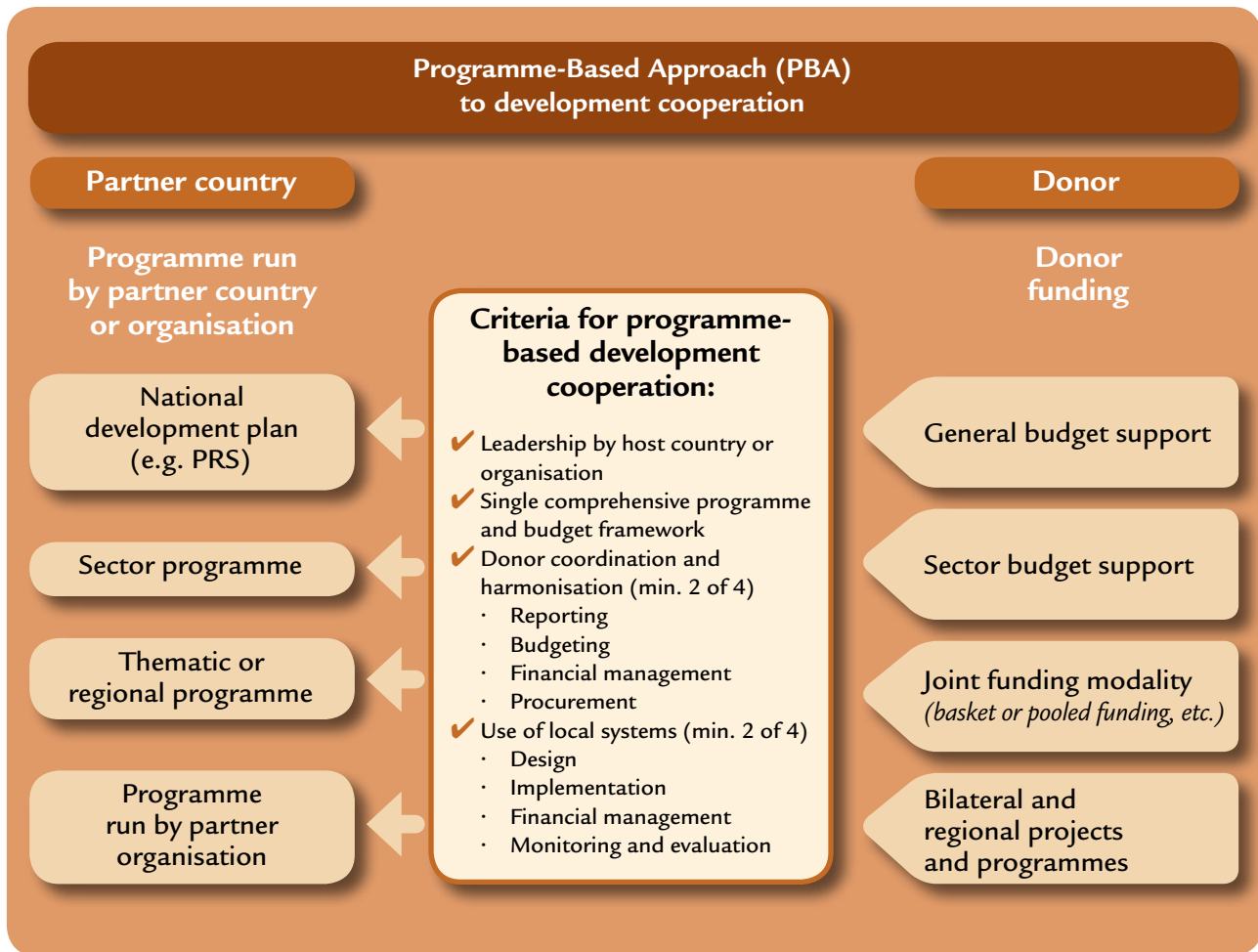


Figure 1. The Programme-Based Approach.

Budget Support (also called Direct Budget Support), as per the OECD definition, consists of general budget support and sector budget support.

General Budget Support is funding for the implementation of a national poverty reduction strategy of the partner country. General budget support is not earmarked for any particular expenditure item in the public finances; it is paid directly into the state budget of the developing country in question.

Sector Budget Support is non-earmarked budget support, but the objectives of the cooperation are sector-specific. Sector budget support also forms part of the budget planning and state accounts of the partner country in the same way as general budget support or any other revenue or expenditure item of the state budget.

The difference between general budget support and sector budget support as funding instruments is vague. General budget support decisions often contain sector-specific terms and conditions. On the other hand, sector budget support decisions often include terms and conditions that apply to national development plans and concern policies, human rights, public finances, anti-corruption measures or sound economic policy. The principle is that sector budget support enables donors to participate in detailed and comprehensive dialogue and monitoring concerning development in a specific sector. Where the monitoring mechanisms for general and sector budget support differ markedly is that the indicators for monitoring general



Finland supports the development of local businesses in Mtwara, Tanzania. Photo: Iina Soiri.

budget support are based on the partner country's national poverty reduction strategy, whereas the indicators for monitoring sector budget support are derived from a sector development programme.

In addition to sector budget support, sector programmes are funded through various joint funding modalities such as basket funding, pooled funding or trust funds, and also programme-based bilateral and regional projects and programmes.



Picking coffee beans in Zambia. Photo: Marja-Leena Kultanen.

It may also be difficult to define what exactly a ‘sector programme’ is. Whether a bilateral multi-project entity run by Finland constitutes a programme-based sector programme or whether the bilateral projects that accompany sector budget support form part of a sector programme must be assessed on the basis of the criteria for programme-based development cooperation as shown in Figure 1.

Finland also participates in programme-based development cooperation through multilateral arrangements. The principal channels for this are the instruments of the European Union – the European Development Fund (EDF), the Development Cooperation Instrument (DCI), the European Neighbourhood and Partnership Instrument (ENPI), the Instrument for Pre-Accession Assistance (IPA), the Instrument for Stability (IfS), the Facility for Rapid Response to Soaring Food Prices in Developing Countries and Vulnerability FLEX – the development aid channelled through international and regional financial institutions (the World Bank Group, the African Development Bank, the Asian Development Bank and the Inter-American Development Bank) and multi-donor trust funds (MDTF), such as the Afghanistan Reconstruction Trust Fund.

Finland's general budget support and sector budget support policies in programme-based development cooperation – what is changing?

Current policies

Finland contributes to worldwide efforts to eradicate poverty and to promote economically, socially and ecologically sustainable development by granting programme-based development aid.

For each country, it is assessed whether programme-based development cooperation is suitable for those particular circumstances and whether it could contribute to the achievement of Finland's development policy goals.

Finland's programme-based development cooperation makes comprehensive use of a variety of instruments: general budget support, sector budget support, joint funding modalities such as basket funding and pooled funding, and programme-based bilateral and regional projects and programmes. Programme-based development cooperation is not only about intergovernmental cooperation. It may also involve development cooperation by the private sector, civil society and international organisations. The various instruments and actors must complement one another and contribute to the eradication of poverty and the achievement of sustainable development in a coherent, efficient and effective way.

Finland influences policy dialogue between the partner country and the donor community through the means of programme-based development cooperation, making use of all available forms of aid. Finland responds to the partner country's needs, especially in those areas of econom-



The marketplace in Mansa, Zambia. Photo: Outi Einola-Head.

ically, socially and ecologically sustainable development where Finland has the most added value to offer.

Finland only grants general budget support to long-term partner countries. At present, Finland provides general budget support to Mozambique, Tanzania and Zambia.

General budget support complements Finland's country-specific development cooperation by influencing political dialogue between the government and donors on the one hand and cross-sectoral development challenges on the other. Finland takes an active role in the budget support dialogue in accordance with the division of labour among the donors and focuses primarily on those sectors and themes where we have added value to offer based on our expertise. These may include: agriculture and rural development; forests; water and sanitation; energy; information society; trade and private sector development; environment; education; health; and regional development. Through budget support cooperation, Finland can influence key goals and processes to a greater extent than the share of Finland's contribution in the partner country's total budget support would indicate.

Finland may grant programme-based aid also to countries other than Finland's long-term partner countries. Possible forms of cooperation include, for instance, the programmes of the European Union and international organisations as well as multi-donor trust funds (MDTF).

Finland emphasises the complementarity of general budget support and sector budget support at the country level

to development aid provided and implemented by other actors. These actors include the European Union, multilateral organisations, other donor countries, NGOs and the private sector. The complementarities can be enhanced, for instance, both by influencing the dialogue in the boards of the international organisations and in cooperation with other actors at the country level.

The strengthening and transparency of public administration and a high standard of public scrutiny in the partner countries are both prerequisites and consequences of programme-based cooperation. In accordance with the Paris Declaration and the Accra Agenda for Action, programme-based development aid is to be channelled through the partner country's own administrative systems if they meet the standards; the quality and functioning of the country systems may be assessed, for example, with the PEFA (Public Expenditure and Financial Accountability) framework. Through general budget support, and through technical assistance in some countries, on a case-by-case basis, Finland also contributes to the development of budgetary discipline, responsible financial management and efficient public administration.

New policies

With regard to general budget support, Finland abides by its existing commitments in Mozambique, Tanzania and Zambia.

After current commitments expire, **Finland can give up to 25% of its bilateral country-specific development aid as general budget support.** This percentage will be calculated on the basis of planned country-specific disbursements. Setting a country-specific ceiling for general budget support will ensure that Finland will be able to use a wide range of complementary forms of cooperation and funding also in countries that receive general budget support. The wide range of instruments allows Finland to spread the risks involved in the various funding instruments. The country-specific ceiling also reduces the risk to the partner country in cases where disbursements of general budget support have to be changed unexpectedly, for instance because of undesirable political developments in the partner country. A case in point regarding the vulnerability of budget support is Nicaragua, where Finland, like other donors, suspended general budget support and moved to other forms of cooperation.

Finland will shift the focus of budget support clearly from general budget support to sector budget support.

In Tanzania, this shift is a significant one, owing to the current percentage of general budget support. In Zambia too, the aim is to move the focus from general budget support to sector budget support.

Finland promotes economically and ecologically sustainable development in its long-term partner countries by reinforcing programme-based sector support particularly in the agriculture, forestry, water, information society, energy and environmental sectors. Finland also promotes



Cashew nut sales are made through mobile phones in the Mtwara and Lindi regions of Tanzania.

Photo: Iina Soiri.



A street trader in Mozambique. Photo: Matti Nummelin.

socially sustainable development in the education and health sectors. In sector-based cooperation, the emphasis is on the already chosen sectors in each country. Depending on the country and the sector, cooperation funding is channelled through sector budget support, basket funding, pooled funding or other joint funding modality, or through programme-based bilateral and regional projects and programmes.

In budget support disbursements, the aim is to have annually renewable rolling agreements and annual fixed tranches. The possibility of using variable tranches, where part of the funding is paid at the beginning of the year and the rest according to performance, will be examined on a case-by-case basis. Finland aims to introduce three-year funding commitments with a view to increasing the predictability of funding as required in the Paris Declaration.

In addition, Finland aims to avoid donor-specific conditions in the Memoranda of Understanding (MoU) of budget support.

Mechanisms and monitoring of general budget support and sector budget support in the framework of programme-based cooperation

Finland always engages in **budget support cooperation** and related monitoring in cooperation with the partner country government and other donors (bilateral donors, EU, international financial institutions). All donors providing budget support may participate in and influence the dialogue on budget support cooperation regardless of the amount of their support. Because budget support funding forms part of the partner country's budget revenue, budget support cooperation extends to political dialogue on the use of the country's budget funds (including tax revenue) and to monitoring of the budget and its allocation. In fact, this cooperation involves a discussion of the budget as a whole, not just of the portion that is funded through development aid.

Only one international evaluation – albeit a very comprehensive one – has been conducted on general budget support. This evaluation was coordinated by the OECD (2006) and covered the general budget support provided to Burkina Faso, Malawi, Mozambique, Nicaragua, Rwanda, Uganda and Vietnam between 1994 and 2004.

In programme-based development cooperation, the general situation in the partner country must be actively monitored, including government ownership and its commitment to development, the progress of reforms, and the risks involved in the administration, operating environment and effectiveness of development aid, including corruption and misuse of public office. With general budget support, the focus is on the development of the national economy as a whole, financial management systems and



Improving roads in Mozambique. Photo: Matti Nummelin.

the content of the budget. Finland's general budget support agreements have ranged from two to three years in order to allow for adjustments of the support as a consequence of potential political and economic changes.

With **sector budget support**, particular focus is on the systems of the sector in question, the operations and administration of the line ministry, sector-specific budget allocations and the effectiveness and risks of development aid in that sector. Donors may aim to influence the partner country government's policy through political and policy dialogue related to all forms of aid.



*Farmers inspect their crops in Luapula, Zambia.
Photo: Outi Einola-Head.*

The performance assessment frameworks and the dialogue concerning sector budget support focus on sector-specific objectives. The performance assessment frameworks of general budget support are broader, even though they may include sector-specific objectives. The aim is to focus budget support cooperation monitoring on those sectors in particular where Finland has special expertise and therefore added value to offer to the efforts of the donor community.

The risks involved in public finances and the effectiveness of aid are continuously monitored and assessed in budget support cooperation as risk management and aid effectiveness are tightly intertwined. Risks are monitored from the perspective of public financial management and more

generally of good governance in the case of general budget support and more specifically from the point of view of sector priorities in the case of sector budget support. External inspections may be commissioned if necessary, and the effectiveness of budget support is also monitored through external evaluations.

Moreover, risks are assessed in relation to development impact. If the situation in a partner country or its government's policies become substantially less acceptable, or if the administration and effectiveness of development aid are jeopardised to the point where the criteria for budget support are no longer met, Finland may suspend disbursement of the aid, which is what happened in Nicaragua. As a member of the general budget support donor community, Finland has engaged in enhanced dialogue as defined in the Memoranda of Understanding with the governments of Tanzania and Zambia regarding cases of corruption. Such situations are always assessed on a case-by-case basis, and the action taken is based on the procedures agreed on in the Memoranda of Understanding. If the decision to suspend development cooperation funding is made, it will be implemented in stages.

Finland considers it important that the negotiation processes for general budget support on the one hand and sector budget support on the other are mutually supportive and complementary. Finland aims to extend sector budget support dialogue also to the development of the entire society of the partner country rather than just from the viewpoint of a specific sector.

Budget support policies of other donors

All donors have broadly the same basic criteria for granting budget support: a poverty reduction strategy, commitment to development, sufficiently good governance, sufficiently well functioning public financial management systems (budget, procurement, inspection), readiness for partnership and particular sector-specific goals. Some donor countries can only provide budget support to their long-term partner countries. Many countries and organisations (e.g. the World Bank and the European Commission) use the country analysis of the International Monetary Fund (IMF) as a basic framework for analysing macroeconomic trends.

A brief summary of the principles and amounts of general budget support and sector budget support by Finland's primary reference countries and certain other international actors (their share of bilateral aid or of the overall volume of aid) is given in Appendix Table 1.



*Justin Mukumbo teaches physics in a school in Libala, Zambia.
Photo: Marja-Leena Kultanen.*

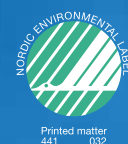
Principles governing general budget support and sector budget support shared by all donors					
Criteria <ul style="list-style-type: none"> · The country's need for assistance; · Commitment to development, including commitment to implementing a poverty reduction strategy; · Macroeconomic stability, as assessed on the basis of analyses by the IMF and the World Bank; · Well functioning public financial management (budget process transparency, monitoring of the use of funds, procurement legislation), as assessed primarily on the basis of analyses published by the World Bank and the IMF but also by other actors (e.g. PEFA). · Quality of governance and general democracy trends, as assessed for instance on the basis of analyses published by the World Bank and the EU governance profile. 					
Donor practices in the implementation of general budget support and sector budget support					
Donor	General budget support	Sector budget support	Percentage of budget support in bilateral support	Country-specific ceiling	Remarks
Finland	Yes	Yes	6% (GBS)	25%	Percentage of budget support in bilateral aid as per OECD/DAC (disbursements, 2008)
Sweden	Yes	Yes	6% (GBS)	No	
Norway	Yes	Yes	6% (GBS)	No	Norway may grant budget support to fragile states in special cases
Denmark	Yes	Yes	10% (GBS)	25%; calculated as an average over several years	
Germany	Yes	Yes	1.5% (GBS)	No	Sector budget support is considerably greater in Germany
UK/DFID	Yes	Yes	7% (GBS), 18% (all BS)	No	The UK/DFID reserves 5% of its budget support for promoting "political accountability"
Netherlands	Yes	Yes	15% (GBS) 10% (SBS)	No	
Belgium	Yes	Yes	2% (GBS)	No	Belgium is increasing its volume of project cooperation and sector budget support

Donor practices in the implementation of general budget support and sector budget support					
Donor	General budget support	Sector budget support	Percentage of budget support in bilateral support	Country-specific ceiling	Remarks
France	Yes	Yes	5% (GBS)	No	France describes its support to regional development programmes run by regional organisations as “regional budget support”
Austria	Yes	Yes	5% (GBS)	No	
Switzerland	Yes	Yes	3% (GBS)	No	The SECO is increasing the percentage of budget support
Ireland	Yes	Yes	3% (GBS)	No	
Luxembourg	No	Yes		No	
Portugal	Yes	Yes	less than 1% (GBS)	No	
Italy	Yes	Yes		No	Italy is providing general and sector budget support only in Mozambique
Spain	Yes			No	Spain is providing general budget support only in Mozambique
Greece	Yes			No	Greece is providing general budget support only in the Balkans
Canada	Yes	Yes	1% (GBS)	No	
USA	No	No	-	No	The USA may participate in sector programmes but not in basket funding; the USA may support implementation of a PRS through a separate account
Japan	Yes			No	Japan has provided general budget support or budget support loans only for a few countries, such as Tanzania

Donor practices in the implementation of general budget support and sector budget support					
Donor	General budget support	Sector budget support	Percentage of budget support in bilateral support	Country-specific ceiling	Remarks
Commission of the European Union	Yes	Yes	Goal, EDF 10: 30% (GBS), 16% (SBS)	No	The European Commission has several instruments available for providing budget support: EDF, DCI, ENPI, IPA, IfS, Vulnerability FLEX; MDG Contracts are for a 6-year period (EDF)
World Bank	Yes	Yes		No; percentage of overall volume 10% to 30%	The IDA provides more than half of its country-specific aid in the form of allocations of “budget support type” (including budget support loans) for many countries
African Development Bank	Yes	Yes		ADF-11: BS of various kinds may constitute no more than 25% of the fund	The percentage of budget support has in practice been only about half of the set maximum
Asian Development Bank	No	Yes		No; percentage of overall volume 10% to 30%	
Inter-American Development Bank	Yes	Yes		No; percentage of overall volume 10% to 30%	



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