

**SID Bonn, Vorlese epf 59:**

## **Budget Support: World Bank Experience**

Budget Support has become an increasingly important aid modality, which involves the channeling of donor funds to a partner country using its own budget system, in support of the country's own development program.

Compared to traditional project aid, it promises a more effective scaling up of funds aimed at poverty reduction in countries with strong ownership and a sound institutional and policy framework. Budget support offers scope for providing funds in a more predictable and sustainable manner, coordinating external financial assistance with the country's budget cycle, addressing cross-cutting issues and constraints on development, ensuring a more efficient use of resources, and enhancing institutional capacity.

Dr Stefan Koeberle, Operations Director for Latin America, will examine to what extent the Bank's new approach to policy-based lending in the form of development policy operations has been meeting these promises of budget support. Tracing the evolution of the World Bank's changing approach budget support over the past 15 years, he surveys the new operational policy framework in terms of macroeconomic requirements, predictability, fiduciary provisions, policy design, approach to conditionality and results orientation. The evidence so far suggests that development policy operations provide an effective and robust framework for budget support that delivers results. At the same time, several good practice lessons learned emerge for the future design of policy-based operations.

Herr Köberle ist auch Autor der Weltbank-Veröffentlichung (2006, 509 Seiten)::

Budget Support as More Effective Aid?: Recent Experiences and Emerging Lessons.

Hier noch der Text von 3 Folien:

### **Folie 2: Overview, Budget Support as Aid Modality**

-  Development Policy Lending
-  Selectivity and Quality
-  Results
-  Conditionality and Program Design
-  Fiduciary Aspects
-  Macro, Growth, Predictability
-  Participation, PSIA, Environment

### **Folie 3: Budget Support promises higher quality of aid:**

- ✚ Provision of discretionary funds through national budget systems helps systemic capacity building
- ✚ Greater coherence and coordination
- ✚ Strengthened accountability
- ✚ Greater efficiency of public expenditures
- ✚ Better links between policy and results
- ✚ Catalyzing additional donor assistance
- ✚ Broader policy dialogue with greater relevance
- ✚ Reduced transaction costs for partner governments

### **Policy Operations (DPOs) Folie 5: The Bank's New Budget Support Instrument Development Operations Policy (DOP)**

- Policy approved in 2004 by Board of Executive Directors
- Rapidly disbursing policy-based financing to address actual or anticipated development financing requirements of domestic or external origins
- Supports a program of policy and institutional actions consistent with a country's economic and sectoral policies (PRSP, National Strategies/Programs, Sector Strategies)
- Documentation for DPOs, including on all conditions is made public – transparency
- DPOs constitute 25-30% of World Bank financing, on average