



**Comments of the
Federal Ministry for Economic Cooperation and Development
to the DEval report entitled:**

"Accompanying measures to general budget support in sub-Saharan Africa"

— The Federal Ministry for Economic Cooperation and Development (BMZ) welcomes the report presented by the German Institute for Development Evaluation (DEval) "Accompanying measures to general budget support in sub-Saharan Africa".

When Germany provides general budget support, it never does so on its own but only in consultation and jointly with other donors. General budget support is *one* option of helping low-income countries that are also dynamic reformers to take control of their own national development strategies and ensure that their implementation is results-oriented. Wherever country-level conditions allow for the effective and transparent control of how budget funds are spent, budget support can be a financing instrument that fosters a sense ownership within the recipient country.

— Budget support is an instrument within Germany's programme of development cooperation which is used very selectively and only as a constituent part of an intelligent mix of instruments. This mix of instruments usually includes classic instruments of bilateral development cooperation, since such projects have particular advantages in terms of their political planning and control. Projects of this type also convey specific German values and ways of solving problems, thus giving them the quality of "development cooperation made in Germany".

— To be eligible for German budget support, a partner country must meet the following strict conditions: it must gear its policies to systematic and sustainable poverty reduction; to the observance of human rights; and to the effective management of public finances. Before budget support is provided, the BMZ carefully assesses the opportunities and risks involved – and compares them with those of alternative types of support. If the BMZ decides, for reasons it deems justified, in favour of providing budget support, it must first apply for a project grant from the parliamentary budget committee of the German parliament (the "Bundestag").

— Effective implementation of budget support requires intensive political dialogue, clear terms and conditions (the principle being "funds in exchange for agreed tasks *having been performed*"), close monitoring and contractually predetermined breaking points. It is extremely important that national control mechanisms such as courts of audit function well, so that budget support can work and the funds can be used in a poverty-oriented way with little risk of implementational failure. It is also vital to involve parliament and civil society, in order to ensure that government action becomes transparent and that government can be held accountable for its actions. This is where the **accompanying measures** being evaluated in the report under review come into play.



The aim of the accompanying measures is to help improve public financial management in the partner countries and to strengthen democratic control through parliament, civil society and the media. Furthermore, the work of national supervisory bodies, such as audit offices and anti-corruption authorities, is to receive support and the efficiency of tax administrations is to be improved. Partners are also offered help and guidance in the drafting and implementation of their national development strategies.

The present evaluation analyses whether accompanying measures contribute to the effectiveness of general budget support – and, if so, how and in which circumstances they do so. Under review are nine partner countries in sub-Saharan Africa which, in the decade between 2003 and 2013, received budget support as part of Germany's development cooperation programme.

Evaluations carried out to date have paid only peripheral attention to the aspect of accompanying measures, even though they have gained in importance in recent years. The present report closes this evaluation gap. The findings and recommendations made in the course of the study are intended to help bilateral and multilateral donors integrate accompanying measures into their budget support programmes in the best way possible.

The BMZ has drawn the following key conclusions from the evaluation report:

1. Accompanying measures are important for the success of general budget support because they help to improve policy dialogue, contribute directly to strengthening partner countries' systems, and can help effectively to reduce the risks attached to providing general budget support. That is why the BMZ always provides general budget support as part of a "total package" consisting of financing, terms and conditions, policy dialogue and accompanying measures.
2. The accompanying measures being supported by the German side all address proven problem areas. The focus so far has been on improving public financial management, and should remain so. By fostering the demand side of democratic control and supporting development policy strategies at the same time, we are able to achieve a holistic approach.
3. The range of accompanying measures should be flexible and adapted to the requirements of each partner country. That is why we make an effort, when planning and implementing accompanying measures, to plug systemic weak points. The range of support we offer depends on what our partner countries require. For example, countries that have weak structures in their public administration will receive a greater range of support. We share the view expressed in the report that the volume of accompanying measures should be significantly smaller in size than the financial contribution.
4. Greater use should be made of policy dialogue to determine what support measures the partner country requires, and to coordinate accompanying measures within the donor group.



Where there is a need for donor-coordinated basket financing, and the conditions have been met, such support should be given priority.

5. We could make even more of the synergies that exist within Germany's development cooperation set-up (e.g. division of labour between the BMZ, KfW and GIZ). The BMZ has scaled up the number of officers it sends abroad, thus providing a sound basis for making good use of such synergies.