

National workshop on Promoting Country System in Cambodia.
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Sector budget support for strengthening (by using) county systems

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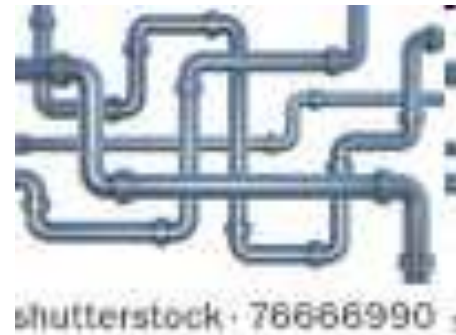
Key Concepts

- **Definition:** “Transfer of financial resources of an external financing agency to the National Treasury of a partner country, following the respect of agreed conditions for payment. The financial resources thus received are part of the global resources of the partner country, and consequently used in accordance with the public financial management system of the partner country”.
- **Monitoring:** Any follow-up is undertaken in accordance with the mandate of the authorities of the partner country which are responsible for the planning, monitoring, reporting, control, and auditing of public funds.
- it contributes to financing the totality of a country’s budget and **not a specific subset** of budgeted expenditures,
- it is accompanied by **capacity development measures and dialogue** on the overall stance of budget policy and the functioning of public financial management in a context of harmonisation and alignment.
- There are two main types of budget support:
 - **General Budget Support**, representing a transfer to the national treasury in support of a national development or reform policy and strategy; or
 - **Sector Budget Support**, representing a transfer to the national treasury in support of a sector programme.

SBS Assessment and Eligibility

- **Seven key areas of assessment:**

- Sector policy and strategy
- Sector and donor coordination
- Sector Budget Analysis
- Macro-economic context
- Public Financial Management (PFM)
- Institutional setting and capacity assessment
- Performance monitoring system



- **Conditions for base payments:**

- Progress of National or Sectoral policy and strategy.
- Stability of Macroeconomic Framework.
- Progress in Public Financial Management Program implementation.

- **Conditions for performance payment (see performance framework matrix)**

- 3 Results-based indicators with annual targets
- 8 process-based indicators with annual targets

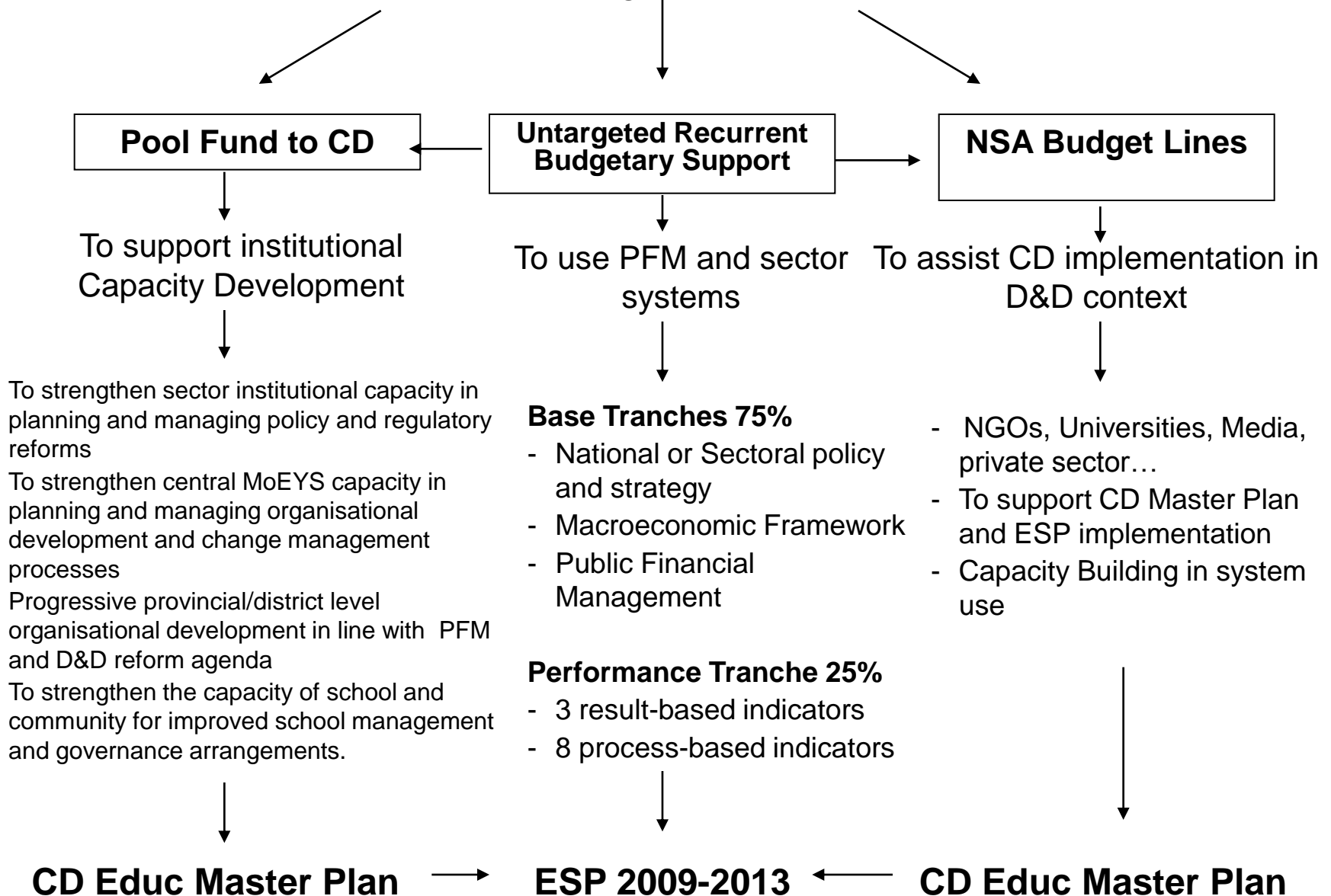
The systems it uses



- **Financing:** National Treasury MoEF leadership
- **Planning:** Education Sector Plan, AOPs, CD Plan
- **Monitoring and Reporting:** Annual Review for Annual Report against Policy Action Matrix (no external evaluation)
- **Procurement:** EC Centralised approach
- **Auditing:** IAD & National Audit Authority for system auditing

EU Sector Policy Support Programme (SPSP)

(to re-enforce a sustainable Program Based Approach to the sector)



Lessons learnt

- Lesson 1: SBS complemented with systems strengthening and policy advice (TA, NGOs...) - demand-driven
- Lesson 2: No SBS without a lasting Policy Dialogue (Policy Engagement)
- Lesson 3: SBS must be contextualised (defined locally)
- Lesson 4: SBS must be developed in liaison with the Ministry of Finance (additionality)

Lessons (not yet) learnt

Lesson 5: SBS is not a client-supplier relationship nor rewarding system:

- up front payments with further releases occurring if targets are met)
- DP not paying for outcomes but facilitating their achievement (Mutual accountability)

Lesson 6: The triggers must therefore be ambitious but achievable with deferment capacity

Lesson 7: No system is perfect: all need strengthening. Need risk assessment and risk mitigation measures with positive approach. Do not let others strengthen for you



Thank you