



House of Commons
International Development
Committee

**The Closure of DFID's
Bilateral Aid
Programme in Burundi:
Government Response
to the Committee's
Tenth Report of
Session 2010–12**

**Ninth Special Report of Session
2010–12**

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The International Development Committee

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Ninth Special Report

On 28 October 2011 the International Development Committee published its Tenth Report of Session 2010-12, *The Closure of DFID's Bilateral Aid Programme in Burundi* (HC 1134). On 20 December 2011 we received the Government's Response to the Report. It is reproduced as an Appendix to this Special Report.

Appendix: Government Response

DFID notes the recommendations of the report which, we understand, was not the unanimous view of the Committee, given that one member voted against the motion that the report should be published (Richard Harrington MP) and only 4 of the 11 Committee members voted yes. DFID does not agree with the IDC's central recommendation, that it should reverse the decision to close the bilateral office and instead scale up its programme in Burundi. DFID has explained in previous submissions the reasoning behind this decision. However, DFID does agree strongly with the IDC's other main recommendation, that the transition to a regional financing model is managed responsibly, including hand-over of programmes that DFID will no longer support to other donors. DFID has worked hard to achieve this, and further details on progress made can be found in Annex A.

The closure of the bilateral office and programme does not mean that DFID funding to Burundi will cease. DFID will continue to support Burundi financially through a number of channels, notably supporting Burundi's integration into the East African Community (EAC):

1. **Trade Mark East Africa (TMEA)**, which was established by DFID and leverages funding from other donors, will continue to work in Burundi. DFID is considering a possible additional contribution to the pooled fund supporting TMEA, which will include an earmarked contribution for Burundi for 2013-2015.
2. The TMEA-funded reform of the **Burundi revenue system** will generate over £35m in new revenues in its first full year, a 20% increase on 2010. This is more than three times the size of the annual DFID bilateral programme in Burundi.
3. DFID is also examining the possibility of a small programme to increase Burundi's ability to benefit from regional integration. This work would be managed by the DFID office in Kigali.

DFID will also continue to support Burundi through a range of other channels:

4. DFID contributes to **multilateral efforts** in Burundi, including 15% of EU funding and 14% of World Bank funding. The EU and World Bank provided £135m to Burundi in 2010. DFID is also a major contributor to the UN's Peace-Building Fund, which agreed a new contribution of \$9m for Burundi in 2011.

5. Burundi plans to apply to the Education **Fast Track Initiative** (FTI) to raise extra funds for the education sector. DFID is the largest contributor to the FTI, providing £300m so far globally.
6. A number of **centrally managed DFID initiatives** are open to companies and organisations working in Burundi. These include the Global Poverty Action Fund, and the Africa Enterprise Challenge Fund. DFID is writing to UK-based NGOs working in Burundi and other stakeholders to highlight the opportunities available and encourage applications.
7. DFID also provides **central funding through Programme Partnership Arrangements to large UK NGOs**, some of which work with local partners in Burundi.

DFID is taking steps to explain the nature and shape of future UK support to the Government of Burundi and to the international community in Bujumbura. We will ensure that the UK maintains a constructive and effective relationship with Burundi, focusing in particular on our shared aims in promoting Burundi's economic integration into the EAC, and helping Burundi to benefit fully from the opportunities this affords.

Governance and justice

Recommendation 1: Many of DFID's existing programmes were scheduled to come to an end by March 2012 before the decision was made to close the bilateral programme. Where it is appropriate that programmes continue, DFID is trying to find other donors to take them over. Some donors have made firm commitments to take on the work that DFID has been doing; however, negotiations are still to be concluded for some of the programmes. It is not yet clear how much additional aid will be provided by other donors when DFID closes its programme and unclear how much of the £13.7 million provided by the UK in 2010 will be made up by other donors. There is particular concern that other donors will not continue DFID's work on justice and governance. (Paragraph 29)

Agree

All of DFID's existing programming was scheduled to come to an end by March 2012, before the decision was made not to continue the bilateral programme. Plans are well advanced for the successful transition of these programmes – annex A sets out these arrangements in more detail.

In the governance sector, DFID runs a joint programme with the Swedish International Development Agency (SIDA), focusing on justice. This funds local-level provision of justice through an EU-managed project; support to juvenile justice through the NGO 'Terre des Hommes'; and Legal Aid through the NGO 'Avocats Sans Frontieres'. The last two are funded exclusively by SIDA.

- The EU-managed Local Justice Delivery project will continue with EU funding until the end of 2012. The EU has not yet designed support beyond this but is likely to remain engaged. Around 15% of EU funding is attributable to DFID.

- Belgium is scoping a new four-year €4m programme in justice. It has expressed interest in pursuing the support that the DFID/SIDA programme currently provides on juvenile justice. However a reluctance on the part of Government to make the necessary decisions, which has also hampered the current project, may force them to postpone this element of proposed support.
- Legal aid is an area of strong donor interest (drawing 28% of all donor funding to the justice sector in 2011). The DFID/SIDA programme is helping the Government develop a framework for Legal Aid and a Judicial Assistance Fund, which will make it easier for Burundi to keep attracting funding.

Previously, DFID also funded a media project as part of the governance programme, although this has already come to an end. DFID also funds a pilot project on school governance and accountability in the provision of education. A consultative committee has been set up with other donors and NGOs to explore how the emerging principles and tools can be used once the project closes.

Although detailed plans are in place for the transition of particular programmes previously funded by DFID, there is no direct connection between the level of DFID annual funding through its bilateral programme and the overall contributions of other donors to Burundi. The trend for engagement by the donor community in Burundi is stable, and the major multilateral donors (including the European Union, World Bank and United Nations), and bilateral donors (principally Belgium, the Netherlands, Germany, and the US) remain strongly committed.

DFID's decision to exit

Recommendation 2: We recommend that DFID reconsider the decision to end bilateral aid to Burundi as we consider the decision to be inconsistent with DFID's stated priorities and to risk undermining DFID's significant investment in other countries in the Great Lakes region. (Paragraph 44)

Disagree

DFID does not plan to reconsider the decision to close its office and end its bilateral programme in Burundi. The decision is consistent with DFID's global strategy as set out in the Bilateral Aid Review (BAR). The decision to focus exclusively on helping Burundi benefit from economic integration into the EAC sits within the guiding principles set out by the BAR.

Unfortunately, DFID cannot work in every country where there is need, and hard choices – consistent with the BAR principle of prioritising efforts in countries where we can make the most difference – had to be made. It is not possible to achieve the value for money, economies of scale and impact in Burundi that is seen in most of DFID's larger programmes. For example, the 27 countries DFID has chosen to work in account for three quarters of global maternal mortality and nearly three quarters of global malaria deaths.

A further priority for the BAR was to stimulate trade and wealth creation that can offer sustainable and dignified approaches to tackling poverty. This applies especially to Burundi, whose path out of poverty depends on its ability to benefit from its membership in the EAC. This is why from 2012, DFID will be focusing on supporting Burundi's economic integration into the EAC, through our work with TMEA. We expect this to have a significant impact on the growth of the private sector in Burundi. Consistent with the BAR principle of tackling poverty and insecurity in unstable or conflict affected states, DFID's support for Burundi's integration into the EAC will contribute to the stabilisation of the country and the region – see response to recommendation 5 regarding this and the impact on DFID's investment in other country programmes.

Recommendation 3: In order for Burundi to benefit from TMEA, the UK's work on regional integration needs to be underpinned by further investment in wider development progress. In particular, Burundi's productive capacity in agriculture must be significantly increased if its exports are to increase. (Paragraph 45)

Agree, but not for DFID.

While DFID agrees that significant funding is required to enable Burundi to draw the full benefits from further EAC integration, other donors are better placed to provide the bulk of this. DFID will though provide complementary support to TMEA's work through a number of channels, as set out in the introduction. For example, two businesses in the agricultural sector in Burundi have already benefitted from grants from the Africa Enterprise Challenge Fund.

However, the DFID bilateral programme has never engaged in the agricultural sector in Burundi, and DFID has no comparative advantage. Agriculture is well served by donors, notably Belgium and the World Bank, who are better placed to address the undeniable needs in this sector. Even in countries where DFID is increasing its presence, it cannot (and should not) intervene in every sector, even those that may be a priority. The principle of Division of Labour, enshrined in the Paris Aid Effectiveness Principles, to which DFID subscribes, makes clear that donors should limit the number of focus sectors. This applies particularly to DFID's engagement in Burundi once the bilateral office closes. DFID retains a strong comparative advantage in regional economic integration, so this is the obvious focus for DFID's continued engagement in Burundi. It will maintain a strong role for DFID in supporting Burundi's development. It also remains the case that Burundi is not under-funded. In 2010, it received £42.30 in ODA per person, compared to a Great Lakes average of £33.

Recommendation 4: DFID makes a valuable contribution to development in Burundi. Most of DFID's existing programmes will be continued by other donors, where appropriate, but more needs to be done. As DFID did not supply us with the rationale for its decision, it is not clear to us why Ministers did not accept DFID Burundi's proposal to double the size of the programme in Burundi (to circa £20 million) and reduce administration costs. This would have addressed DFID's requirement for a viable office. (Paragraph 46)

Disagree

As stated in the Bilateral Aid Review, and quoted in the IDC report, *'a large scale up would have been required to show a significant impact and therefore demonstrate better value for money. Achieving this in the short term would have been difficult given capacity constraints in country. Better value for money and results could be delivered through our larger existing programmes.'* This remains the case. DFID's business model is predicated on a reduced number of large offices and programmes in countries where DFID can make a significant difference. DFID Burundi has only had an annual framework of around £10 million.

Recommendation 5: There is a regional dimension to the conflicts in the Great Lakes area and Burundi is particularly fragile. Instability in Burundi could undermine DFID's significant expenditure in Rwanda, the DRC and the rest of the Great Lakes region. DFID is providing over £2.5 billion to countries in the Great Lakes region between 2011 and 2015. We strongly question the strategic coherence of greatly increasing UK aid to the whole region while closing DFID's bilateral programme in Burundi. Moreover, when very considerable increases in bilateral aid are being provided to all the other countries in the region, the decision to end the bilateral aid programme to Burundi, the poorest country in the region, sends the wrong political signal and makes it look as if the UK is turning its back on the people of Burundi. The money for an effective and efficient bilateral programme in Burundi could be found by very small reductions in the increases in funding of the other countries in the region. (Paragraph 47)

Disagree

DFID does not judge that the closure of the bilateral office will have an impact on Burundi's stability, nor that it risks undermining the effectiveness of DFID's investment in other countries in the Great Lakes region. DFID does not have programmes in security sector reform. The major donors in the sector are the Netherlands, the US and Belgium, which are all better placed to address potential insecurity in Burundi. The UK is however scoping some small-scale complementary support to the Dutch security programme to be managed through the Foreign and Commonwealth Office (FCO) from 2012. It is also providing support to Burundian troops training for peacekeeping missions ahead of deployment in Somalia, as well as paying into AMISOM's core funds.

DFID's support to TMEA will help ensure that Burundi is more connected to the rest of the region than ever before, in particular through the EAC. As a result it will be able to draw on the significant benefits of greater exposure to regional markets, reduced cost and time for exporting its products, cheaper imports, and greater political integration into a stable economic and political regional community. DFID's support to other countries in the region and to regional economic cooperation will have a positive effect on Burundi, and on security in the region.

The UK is not turning its back on the people of Burundi. As set out in the introduction, DFID will continue significant financial support to Burundi through various channels, including through our contribution to the UN's peace-building fund. DFID has also consulted extensively with the Government of Burundi, which understands the difficult choices to be made under the BAR, and supports the focus on regional economic integration.

Recommendation 6: We recommend that DFID consider the following options for reinstating a bilateral aid programme in Burundi:

- a) **scaling up the existing programme which would increase impact and have the benefit of greater economies of scale, and**
- b) **continuing a bilateral programme for Burundi supervised by the DFID office in Kigali. (Paragraph 48)**

- a) **Disagree**, for reasons stated in response to recommendations 2 and 4.
- b) **Disagree**. A DFID Burundi bilateral programme will not be reinstated.

However, DFID Rwanda will keep a close watching brief on the economic and development situation in Burundi; manage DFID interests following closure of the DFID Burundi office; and monitor TMEA. In addition to the planned continued support of TMEA Burundi, DFID also intends to scope the feasibility of a small programme to help increase Burundi's ability to benefit from the increased opportunities that further integration will bring. This work would be managed by the DFID Rwanda bilateral office in Kigali.

A responsible exit strategy

Recommendation 7: Our strong recommendation is that DFID should maintain an effective and efficient bilateral programme in Burundi. If the Government reaffirms the decision to end the bilateral programme, it will need to do so responsibly. (Paragraph 49)

- Disagree** on first part, see response to recommendations 2 and 4.
- Agree** on second part, see response to recommendation 1.

Recommendation 8: DFID need to make it clear to civil society organisations operating in Burundi how they can access appropriate UK funding. (Paragraph 50)

Agree

The main route to access funding for UK-based civil society organisations operating in Burundi is through the centrally-managed Global Poverty Action Fund (GPAF). Launched in October 2010, this provides around £40m annually to help UK-based NGOs address the most off-track MDGs in countries of DFID focus, as well as the 50 lowest ranking countries on the UN's Human Development Index. Burundi therefore qualifies.

The GPAF operates two funding 'windows' – one focusing on innovation and one on impact. For each, repeated funding rounds are operated, allowing regular opportunities for civil society organisations to apply. The third round of the innovation window just closed on 24 November 2011, while concept notes for the second round of the impact window are being assessed. Both windows will have further rounds in early 2012.

Guidelines and advice are clearly set out on the DFID website. DFID is also alerting UK-based civil society organisations operating in Burundi to the existence of this fund, and where to seek guidance for applications.

Recommendation 9: Furthermore, should the Government decide to end its programme, it should:

- a) do everything necessary to minimise the impact;**
- b) include in its response to this report clear plans indicating the work that DFID has been involved in to date, and the future of these programmes, including any shortfall in the amount of expenditure allocated to different sectors;**
- c) ensure (through other funding streams if necessary) that Burundi's per capita aid should not decrease as a result of DFID's decision; and**
- d) ensure that as a significant funder of TMEA, DFID can influence development in Burundi and be involved in donor discussions and decision-making. (Paragraph 51)**

a) **Agree.** See response to recommendation 1.

b) **Agree.** See response to recommendation 1 and Annex A. However, it is not possible to calculate the overall funding available to any given sector in the future – this will depend on the decisions of other donors, the Government of Burundi's own annual budget allocation decisions, and absorption capacity and budget execution within each sector for example.

c) **Disagree.** While DFID has worked hard to ensure a responsible and effective transition of current programming to other donors, DFID does not guarantee that it will continue to ensure the same levels of overall funding to Burundi in the future as in previous years. Details of future funding channels are provided in the introduction. Also, see response to recommendation 1 – although detailed plans are in place for the transition of programmes previously funded by DFID, and DFID is encouraging other donors to contribute, there is no direct connection between the level of DFID annual funding and the overall contributions of other donors to Burundi.

d) **Agree.** The UK will continue to engage closely with Burundi, in particular in support of its integration into the EAC, and TMEA's support thereof. The UK Ambassador will visit regularly from Kigali retaining a small locally staffed permanent office in Bujumbura, and DFID Rwanda will provide policy support, as will Africa Regional Department based in Nairobi. TMEA has a full office in Bujumbura, opened in November 2010, and will play a leading role in supporting regional integration. DFID also plays an active role at the regional level in overseeing and supporting TMEA's work, including through a seat on the Programme Investment Committee, which meets quarterly in Nairobi and reviews all TMEA country programmes.

Recommendations 10: Whether or not DFID closes its programme, it should be an active board member and advocate for Burundi in multilateral fora, in particular in the EU and World Bank. DFID should also encourage other donors to take a more active role in Burundi. (Paragraph 52)

Agree

DFID will continue to advocate for Burundi in multilateral fora. The FCO, through the Ambassador based in Kigali and Liaison Office in Bujumbura, will maintain strong political engagement. The UK is a member of the Burundi configuration of the Peace-Building Commission, as well as being a major donor to the Peace-Building Fund, and so will remain engaged in the international community's support to Burundi in moving from a post-conflict to a more stable development phase. The UK will also retain its ability to influence positively the course of political and economic development in Burundi through its membership of the UN Security Council (UNSC) and the regular discussions the UNSC holds on the role and work of the Secretary General's Special Representative and office in Bujumbura.

A priority DFID focus in the future will be regional economic zones, of which the EAC is of central importance. Further integration of the EAC will provide significant opportunities for Burundi, and through the appropriate fora, the UK will advocate for further progress that will benefit Burundi.

As an Executive Board member of the World Bank and IMF, and a Member State with significant influence in EU management committees and working groups, the UK will also be in a position to positively influence the work and policy of these multilateral organisations as regards Burundi. Through these and other fora, the UK will continue to advocate for effective and appropriate international community support for Burundi.

Annex A: DFID Burundi programming responsible exit strategy

DFID has already closed a number of projects, as they have successfully completed their purpose. These include support to UNHCR, which has helped 500,000 refugees to return from exile in Tanzania and elsewhere, as well as humanitarian support through ICRC and contributing to the well-managed and fair elections in 2010. DFID is committed to a responsible exit and transition for each of the remaining projects.

Health

The health sector is supported by many donors. DFID has a niche focus with a £4.6 million two-year programme improving drug distribution systems. By comparison, the health sector received 111 million (c£70 million) from donors in 2010. This involves providing drugs to refill the central pharmacy's stock; reducing the cost of drugs; and improving distribution and management systems.

- Support for the central medical store and drugs distribution system will be taken over by the EU through a four-year €25 million (c£21.3 million) health sector support programme, which will begin in 2012.
- The World Bank is leading the development of a \$10 million (c£6.3 million) multi-donor programme to improve drugs regulation in the EAC. DFID is contributing to the development of this programme at HQ level. The programme will ensure continued support for drugs regulation in Burundi, including \$650,000 (c£400,000) from the Gates Foundation which is already specifically earmarked for technical assistance to drugs registration in Burundi until 2015.

Education

Most DFID support is through a sector-wide basket fund, joint with France and Belgium. DFID is providing £4 million of a £16 million total. DFID also supports Refugee Education Trust (RET) to help provinces with many returnees to cope with the extra demand.

- Belgium approved a commitment of €23 million (c£19 million) to Education for 2011-2013, around €8 million (c£6.8 million) of which is earmarked for the basket fund in 2012 and 2013.
- France will continue to invest in education (its main sector focus) and will be deciding the level of future commitments in early 2012. They have already indicated that they intend to continue channelling a large proportion of their funding through the basket fund
- Norway has expressed its intention to enter the sector in 2012 with an envelope of around 50 million kronor (c£5.6 million) a year until 2014. It also plans to channel this through the basket fund.

- Burundi plans to apply to the Education Fast Track Initiative (FTI) in 2012 to raise extra funds. Work is underway to cost needs. FTI funding will likely be channelled through the basket fund. DFID is a large global contributor to the FTI, providing £300 million so far.
- DFID has extended its funding for RET until March 2012. We expect most returnees to have been successfully reintegrated by then. This programme will then close.

Governance

In the governance sector, DFID runs a joint programme with the Swedish International Development Agency (SIDA), focusing on justice. This funds local-level provision of justice through an EU-managed project; support to juvenile justice through the NGO 'Terre des Hommes'; and Legal Aid through the NGO 'Avocats Sans Frontieres'. The last two are funded exclusively by SIDA.

- The EU-managed Local Justice Delivery project will continue with EU funding until the end of 2012. The EU has not yet designed support beyond this but is likely to remain engaged. Around 15% of EU funding is attributable to DFID.
- Belgium is scoping a new four-year €4m programme in justice. It has expressed interest in pursuing the support that the DFID/SIDA programme currently provides on juvenile justice. A reluctance on the part of the Burundian Government to make the necessary decisions, which has also hampered the current project, may however force them to postpone this element of proposed support.
- Legal aid is an area of strong donor interest (drawing 28% of all donor funding to the justice sector in 2011). The DFID/SIDA programme is helping the Government develop a framework for Legal Aid and a Judicial Assistance Fund, which will make it easier for Burundi to keep attracting funding.

Previously, DFID also funded a media project as part of the governance programme, although this has already come to an end. DFID also funds a pilot project on school governance and accountability in the provision of education. A consultative committee has been set up with other donors and NGOs to explore how the emerging principles and tools can be used once the project closes.

Regional Integration

DFID's focus from 2012 will be on supporting Burundi's integration into the East African Community through TradeMark East Africa (TMEA), which includes boosting trade and domestic revenue collection. TMEA Burundi has a programme that recently expanded to £30 million, running until 2016. This is supported by the UK and Belgium in-country, as well as through a regional pooled fund to which the UK, Denmark and the Netherlands contribute.

- This pooled fund will continue to support TMEA Burundi until 2016. In 2012, DFID plans to seek approval for an additional contribution to the pooled fund,

which will include earmarked support for TMEA Burundi for 2013-2015. DFID will also provide policy support from Nairobi and Kigali.

- In addition, DFID also intends to scope the feasibility of a small programme to boost Burundi's competitiveness within the EAC, and increasing Burundians' ability to benefit from the increased opportunities that further integration will bring. This work would be managed by the DFID Rwanda office in Kigali.
- DFID is currently the 'lead donor' in the regional integration sector, coordinating with other donors and the Ministry of EAC Affairs. The leadership of the sector normally rotates, and the group will be deciding who assumes the lead role in the New Year.