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INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

ON A PROPOSED CREDIT

IN THE AMOUNT OF €28,4 MILLION
(US\$30 MILLION EQUIVALENT)

TO

BURKINA FASO

FOR A

ECONOMIC GOVERNANCE AND CITIZEN ENGAGEMENT PROJECT

January 27, 2016

Governance Global Practice
Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective as of November 30, 2015)

Currency Unit = CFAF

US\$ = 0.94567119 Euros = 620 CFAF

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

ANP-TIC	National ICT Promotion Agency (<i>Agence nationale de promotion des nouvelles technologies de l'information</i>)
ARCOP	Public Procurement Regulatory Body (<i>Autorité de régulation de la commande publique</i>)
ASCE	High Authority for State Oversight (<i>Autorité supérieure de contrôle de l'Etat</i>)
ASYCUDA	Automated System for Customs Data
BCEAO	Central Bank of West African States (<i>Banque centrale des Etats de l'Afrique de l'ouest</i>)
CdC	Supreme Audit Institution (<i>Cour des Comptes</i>)
CGAB	Multi-donor Budget Support Group (<i>Cadre général d'organisation des appuis budgétaires</i>)
CGI	General Tax Code (<i>Code général des impôts</i>)
CID	Computerized Expenditure Circuit (<i>Circuit intégré de la dépense</i>)
CIFOEB	Platform of CSOs on Budget and Public Finance (<i>Centre d'information, de formation et d'études sur le budget</i>)
CoA	Chart of Accounts (<i>Plan comptable de l'Etat</i>)
CNOSC/BF	National Network of CSOs (<i>Conseil national des organisations de la société civile</i>)
CPS	Country Partnership Strategy
CSO	Civil Society Organization
DGB	Budget General Directorate (<i>Direction générale du budget</i>)
DGCOOP	General Directorate of Cooperation (<i>Direction générale de la coopération</i>)
DGD	Customs General Directorate (<i>Direction générale des douanes</i>)
DGI	Taxes General Directorate (<i>Direction générale des impôts</i>)
DGSI	Information Systems General Directorate (<i>Direction générale des services informatiques</i>)
DGTCP	Treasury and Public Accounts General Directorate (<i>Direction générale du trésor et de la comptabilité publique</i>)
DMP	Public Procurement Unit (<i>Direction des Marchés Publics</i>)
DRC	Disaster Recovery Centre
ECOWAS	Economic Community of West Africa States
ENAREF	Public Finance Administration School (<i>Ecole Nationale des Régies Financières</i>)
FM	Financial Management

FMIS	Financial Management Information System
GDP	Gross Domestic Product
GoBF	Government of Burkina Faso
GRM	Grievance Redress Mechanism
IBP	International Budget Partnership
ICT	Information and Communication Technologies
IFMIS	Integrated Financial Management Information System
IGF	General Finance Inspectorate (<i>Inspection générale des finances</i>)
IMF	International Monetary Fund
IPF	Investment Project Financing
IT	Information Technology
MDA	Ministries, Departments, and Agencies
M&E	Monitoring and Evaluation
MEF	Ministry of Economy and Finance (<i>Ministère de l'économie et des finances</i>)
MENA	Ministry of Education and Literacy (<i>Ministère de l'éducation nationale et de l'alphabétisation</i>)
MoH	Ministry of Health (<i>Ministère de la santé</i>)
MoU	Memorandum of Understanding
NINEA	National Tax Identification Number for Firms and Associations (<i>Numéro d'identification national pour les entreprises et associations</i>)
OHADA	Organization for the Harmonization of Business Law in Africa (<i>Organisation pour l'harmonisation en Afrique du droit des affaires</i>)
PCU	Project Coordination Unit
PDO	Project Development Objective
PEFA	Public Expenditure and Financial Assessment
PFM	Public Financial Management
PLR	Performance Learning Review
POSEF	Economic and Finance Sector Policy (<i>Politique du secteur de l'économie et des finances</i>)
PSC	Project Steering Committee
RRF	Rapid Response Facility
REN-LAC	National Network Against Corruption (<i>Réseau national de lutte contre la corruption</i>)
RESINA	Internal Network Infrastructure (<i>Réseau Inter Administratif</i>)
SCADD	Strategy for Accelerated Growth and Sustainable Development (<i>Stratégie de croissance accélérée et de développement durable</i>)
SG/MEF	General Secretary of the Ministry of Economy and Finance
SONABEL	National Power Utility (<i>Société nationale d'électricité du Burkina</i>)
SORT	Systematic Operations Risk-Rating Tool
SINTAX	Taxes Administration Information Technology System (<i>Système intégré de taxation</i>)
	Accounting System of the Organization for the Harmonization of Business Law in Africa (<i>Système Comptable de l'Organisation pour</i>

SYSCOAHADA	<i>l'harmonisation en Afrique du droit des affaires</i> Technical Assistance First Instance Court (<i>Tribunal de grande instance</i>)
TA	
TGI	
UNCTAD	United Nations Conference on Trade and Development
VAT	Value Added Tax
WAEMU	West African Economic and Monetary Union (<i>UEMOA, Union économique et monétaire ouest africaine</i>)
WAN	Wide Area Network

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BURKINA FASO
Economic Governance and Citizen Engagement - P155121

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PAD DATA SHEET

Burkina Faso

Economic Governance and Citizen Engagement Project (P155121)

PROJECT APPRAISAL DOCUMENT

AFRICA

GGODR

Report No.: PAD1506

Basic Information			
Project ID P155121	EA Category C - Not Required	Team Leader(s) Maimouna Mbow Fam	
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints []		
	Financial Intermediaries []		
	Series of Projects []		
Project Implementation Start Date 18-Feb-2016	Project Implementation End Date 31-Dec-2021		
Expected Effectiveness Date 19-Sep-2016	Expected Closing Date 31-Dec-2021		
Joint IFC No			
Practice Manager/Manager Guenter Heidenhof	Senior Global Practice Director Samia Msadek	Country Director Pierre Frank Laporte	Regional Vice President Makhtar Diop
Borrower: BURKINA FASO			
Responsible Agency: Ministry of Economy and Finance			
Contact: Telephone No.:	KABORE 22650312550	Title: Email:	Director of Cooperation chlaskab@yahoo.fr
Project Financing Data(in US\$, millions)			
[] Loan	[] IDA Grant	[] Guarantee	
[X] Credit	[] Grant	[] Other	
Total Project Cost:	30.00	Total Bank Financing:	30.00
Financing Gap:	0.00		

Financing Source	Amount
BORROWER/RECIPIENT	0.00
International Development Association (IDA)	30.00
Total	30.00

Expected Disbursements (in US\$, millions)							
Fiscal Year	2016	2017	2018	2019	2020	2021	2022
Annual	5.50	6.90	4.70	3.85	6.05	3.00	0.00
Cumulative	5.50	12.40	17.10	20.95	27.00	30.00	30.00

Institutional Data

Practice Area (Lead)

Governance

Contributing Practice Areas

Macro Economics & Fiscal Management

Cross Cutting Topics

- Climate Change
- Fragile, Conflict & Violence
- Gender
- Jobs
- Public Private Partnership

Sectors / Climate Change

Sector (Maximum 5 and total % must equal 100)

Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Public Administration, Law, and Justice	Central government administration	60		
Public Administration, Law, and Justice	Public administration-Other social services	40		
Total		100		

I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.

Themes

Theme (Maximum 5 and total % must equal 100)

Major theme	Theme	%
Public sector governance	Managing for development results	30

Public sector governance	Public expenditure, financial management and procurement	50
Public sector governance	Other accountability/anti-corruption	20
Total		100
Proposed Development Objective(s)		
The proposed development objective of the project is to enhance domestic revenue mobilization and improve the use of public resources by strengthening accountability mechanisms, revenue collection systems, and public expenditure management.		
Components		
Component Name	Cost (US\$, millions)	
Strengthening Citizen Engagement and Accountability	8.00	
Improving domestic revenue mobilization and public expenditure management	14.00	
Rapid Response Facility	6.00	
Project Management Support	2.00	
Systematic Operations Risk- Rating Tool (SORT)		
Risk Category	Rating	
1. Political and Governance	High	
2. Macroeconomic	Substantial	
3. Sector Strategies and Policies	Moderate	
4. Technical Design of Project or Program	Moderate	
5. Institutional Capacity for Implementation and Sustainability	Substantial	
6. Fiduciary	Substantial	
7. Environment and Social	Low	
8. Stakeholders	Substantial	
OVERALL	Substantial	
Compliance		
Policy		
Does the project depart from the CAS in content or in other significant respects?	Yes []	No [X]
Does the project require any waivers of Bank policies?	Yes []	No [X]
Have these been approved by Bank management?	Yes []	No []
Is approval for any policy waiver sought from the Board?	Yes []	No [X]

Does the project meet the Regional criteria for readiness for implementation?		Yes [X]	No []
Safeguard Policies Triggered by the Project		Yes	No
Environmental Assessment OP/BP 4.01			X
Natural Habitats OP/BP 4.04			X
Forests OP/BP 4.36			X
Pest Management OP 4.09			X
Physical Cultural Resources OP/BP 4.11			X
Indigenous Peoples OP/BP 4.10			X
Involuntary Resettlement OP/BP 4.12			X
Safety of Dams OP/BP 4.37			X
Projects on International Waterways OP/BP 7.50			X
Projects in Disputed Areas OP/BP 7.60			X
Legal Covenants			
Name	Recurrent	Due Date	Frequency
Establishment of a Project Steering Committee	–	20-Dec-2016	–
Description of Covenant			
The recipient shall, by no later than three (3) months after the effective date, establish and maintain, throughout the implementation of the project, a Project Steering Committee, with a composition, mandate, terms of reference, and resources acceptable to the Association.			
Name	Recurrent	Due Date	Frequency
Acquisition of an accounting software	–	20-Dec-2016	–
Description of Covenant			
The recipient shall acquire and install in Ministry of Economy and Finance, not later than three (3) months after the Effective Date, accounting software with specifications satisfactory to the Association			
Name	Recurrent	Due Date	Frequency
Recruitment of an accountant	–	20-Dec-2016	–
Description of Covenant			
The recipient shall by no later than three (3) months after the Effective Date, recruit an accountant to the Project Coordination Unit.			
Name	Recurrent	Due Date	Frequency
Recruitment of the remaining core team	–	20-Mar-2017	–
Description of Covenant			
The recipient shall recruit three (3) program experts and a monitoring and evaluation specialist to the Project Coordination Unit (PCU), in each case with qualifications, experience, and terms of reference acceptable to the Association by no later than six (6) months after the Effective Date			

Conditions				
Source Of Fund	Name			Type
IDA	Establishment of a Project Coordination Unit			Effectiveness
Description of Condition				
The recipient has (a) established a PCU in accordance with Section I.A.2 of Schedule 2 to the Financing Agreement and (b) recruited a project manager, a procurement specialist, and a financial management specialist to said PCU, in each case with qualifications, experience, and terms of reference satisfactory to the Association				
Source Of Fund	Name			Type
IDA	Adoption of the Project Implementation Manual			Effectiveness
Description of Condition				
The recipient has adopted a Project Implementation Manual, in accordance with Section I.B of Schedule 2 to the Financing Agreement, and in form and substance satisfactory to the Association.				
Team Composition				
Bank Staff				
Name	Role	Title	Specialization	Unit
Maimouna Mbow Fam	Team Leader (ADM Responsible)	Sr Financial Management Specialist	Public Financial Management	GGODR
Mamata Tiendrebeogo	Procurement Specialist	Senior Procurement Specialist	Procurement	GGODR
Ngor Sene	Financial Management Specialist	Financial Management Specialist	Financial Management	GGODR
Alain Hinkati	Team Member	Sr Financial Management Specialist	Public Financial Management	GGODR
Dolele Sylla	Team Member	IT Analyst, Client Services	Information Systems	ITSCR
Enrique Fanta Ivanovic	Team Member	Senior Trade Facilitation Specialist	Customs and Taxes	GTCDR
Gabriel Dedu	Team Member	Governance Specialist	Governance	GGODR
Helene Marie Grandvoinet	Team Member	Lead Social Development Specialist	Quality Assurance	GGODR
Herimpamonjy Mavoarisoa Ranaivoarivelo	Team Member	Program Assistant	Quality Assurance	GGODR
Leandre Yameogo	Team Member	Senior	Safeguards	GENDR

		Environmental Specialist			
Mariam Diop	Team Member	Senior Economist	Quality Assurance	GMFDR	
Serdar Yilmaz	Team Member	Senior Economist	Quality Assurance	GGODR	
Shingira Samantha Masanzu	Team Member	Counsel	Counsel	LEGAM	
Tiago Carneiro Peixoto	Team Member	Governance Specialist	Governance	GGODR	
Yoko Kagawa	Team Member	Senior Operations Officer	M&E	GGODR	
Extended Team					
Name	Title	Office Phone	Location		
Bruce MacPhail	Local Governance Consultant		Paris		
Locations					
Country	First Administrative Division	Location	Planned	Actual	Comments
Consultants (Will be disclosed in the Monthly Operational Summary)					

I. STRATEGIC CONTEXT

A. Country Context

1. **Burkina Faso is a low-income landlocked country in western Sub-Saharan Africa with a population of 17.5 million in 2012 and a per capita gross domestic product (GDP) of US\$1,202.** Until recently, the country has achieved relative political stability in contrast to other countries in the region. The former regime held executive power since 1987 through a military coup followed by successive presidential and legislative electoral victories. The ruling elite's attempt at bypassing the constitution to allow the president to run for another term was met with massive resistance from the population. Unprecedented public protests across the country ultimately forced the president to step down. Following the regime collapse in late 2014, a transition government has been put in place, with the support of the Economic Community of West Africa States (ECOWAS), to steer the country to peaceful and democratic elections. The popular uprising of October 30 and 31, 2014, which resulted from a loss of the population's trust in the deposed regime marks a historic turning point for Burkina Faso. The recent tentative military coup has been stopped by a strong resistance from the population that evidenced their determination to end the transition period with democratic elections and lay the foundations of a strong economic and political governance system.

2. **Following a long period of relatively robust growth, a combination of weakening investor confidence and unfavorable external market conditions has slowed the economy.** Over the last 15 years, sound macroeconomic management, combined with favorable commodity prices for cotton and gold, has yielded strong economic growth rates. Real GDP grew by an average of 5.8 percent between 2000 and 2014 and this rate has accelerated over time. From 2000 to 2009, the country faced several exogenous shocks, including the international financial crisis as well as domestic droughts, floods, and subregional security issues. Economic growth averaged 5.2 percent due to strong agricultural output, a successful reform of the cotton subsector, and improvements in public investment management. Between 2010 and 2014, growth averaged 6.5 percent, supported by robust mineral and agricultural output, a significant increase in gold prices, and the development of the service sector. Despite the international financial crisis, which slowed investment and commodity prices, sound policies and robust donor support helped the authorities successfully maintain sound macroeconomic stability. Nevertheless, real GDP growth declined from a peak of 9 percent in 2012 to 6.6 percent in 2013 and 5 percent in 2014.

B. Sector and Institutional Context

(a) Country Economic Governance Strategy

3. **The government program is summarized in its Strategy for Accelerated Growth and Sustainable Development (SCADD).** This strategy, which covers 2011–15, was formally adopted by the Council of Ministers on March 24, 2011, and has been endorsed by the transition regime. The SCADD has four strategic axes: (a) investing in pillars of growth; (b) consolidating human capital and promoting social protection to increase economic resilience; (c) improving governance; and (d) addressing cross-cutting priorities, such as gender and demography while implementing development policies and programs. The SCADD acknowledges the serious

challenges posed by governance reform, especially in operations. It defines good governance as strategically crucial to economic growth and the achievement of the government development objectives.

4. **The government strategy on economic governance reforms was integrated in the Economic and Finance Sector Policy (POSEF) for the period 2011 to 2020.** The POSEF program has six axes: (a) reinforcing the institutional and organizational capacity of the Ministry of Economy and Finance (MEF); (b) improving the macro fiscal framework and promoting performance-based budget management; (c) enhancing revenue mobilization and management; (d) strengthening budgetary planning and efficiency of public expenditure; (e) improving the efficiency of public accounts and financial systems; (f) instituting an effective control system, audit of public finance, and mechanisms to fight corruption and fraud; and (g) developing close collaboration with the West African Economic and Monetary Union (WAEMU) and ECOWAS. Its implementation is supported by most donors in the Multi-donor Budget Support Group (*Cadre général d'organisation des appuis budgétaires* [CGAB]), based on the findings of various public financial management (PFM) diagnostics. The 2013 and 2010 Public Expenditure and Financial Assessments (PEFA) highlighted significant progress made in the areas of comprehensiveness and transparency of the budget, policy-based budgeting with the introduction of multiyear programmatic budgets for all sectorial ministries, and internal controls, as well as compliance with good practices in budget preparation, approval, and amendment procedures. However, the assessment reports identified a number of critical shortcomings in revenue forecasting, effectiveness in collection of tax payment, availability of information on resources received by service delivery units, procurement, and external audits. Various interventions of donors in the economic governance area are summarized in annex 5.

5. **In 2009, WAEMU has adopted PFM directives to be fully enforced on January 1, 2017.** These directives set ambitious objectives in addition to program budgeting as the cornerstone of performance management, such as modernization of expenditure management and adoption of accrual accounting. They also impose significant changes in internal and external audit and control systems and new budget and accounting classifications aligned with international standards. The laws related to these directives have just been adopted by the National Transition Council. Their specific impact on the financial management (FM) systems and procedures are expected to be significant. The country will need strong support to implement these reforms and overcome the gap between rules on the books and implementation.

(b) Public Finance Challenges: Low Revenue Collection and Budget Execution Weaknesses

6. **Low performance in fiscal revenue mobilization undermines sustainable economic development.** Tax revenue to GDP ratio was 15 percent in 2014, one of the WAEMU lowest. The share of value added tax (VAT) in the overall revenue collected by the MEF and Taxes General Directorate (*Direction générale des impôts* [DGI]) has steadily declined since 2010, from 41 percent in 2009 to 32 percent in 2014. This situation mainly results from a lack of focus on creditworthy taxpayers. The VAT arrears (CFAF 35 billion) represented 55 percent of the most productive taxes (CFAF 63 billion) at the end of fiscal year 2014 and its recovery performance was at the lowest. The plethora of taxpayers, notably those in the informal sector, that is less productive in terms of revenue, leads to low collection productivity.

Finally, the presence of duplicates and of idle data in the database of tax identification numbers has resulted in a bulky database of taxpayers, yet with limited reliability.

7. **Fiscal revenue administration is constrained by inefficient administrative processes, weaknesses in the collection of arrears, and limited coverage** due to a focus of the tax administration on a small tax base consisting mainly of larger, formal-sector enterprises, while most of the informal sector remains untaxed. In addition, there are delays in tax collection and high risks of fraud on tax exemptions and VAT reimbursement. Of particular concern in this area is that Burkina Faso ranks 160 out of 185 on the Cost of Doing Business indicator for paying taxes in 2014. This poor ranking reflects the inefficiency of payment procedures with 45 tax payments per year for a single taxpayer and an average annual time cost of 270 hours. Weaknesses in revenue mobilization negatively affect budget reliability, creating significant gaps between planned and actual revenue. Limited domestic revenue collection also has an impact on the treasury and often results in delayed payments, leading to low budget-execution rates as a result of high unpredictability in the resource flows to service delivery agencies and accumulation of arrears. Expansion of the tax base and improvement of collection capacities are crucial for increasing domestic resources, which in turn ensure credible fiscal policy management.

8. **Shortcomings of budget-execution processes have a negative impact on development outcomes.** A Bank study on boosting capital expenditure in WAEMU countries conducted in 2013 shows that a significant part of the investment budget is neither spent as intended nor actually translated into tangible results for communities due to weaknesses in budget preparation and execution processes. Some of the key FM bottlenecks include (a) the failure to take into account the actual capacity of the state to commit public investments in twelve months; (b) a disconnect between the annual budget cycle and the multiyear nature of some capital budget commitments leading to unfunded commitments; (c) lack of monitoring of investment projects and delays in execution; (d) lack of technical and financial feasibility of investment projects proposed for inclusion in the National Investment Plan; (e) numerous procurement steps and often redundant procurement procedures in combination with excessive controls and clearances; (f) cash flow constraints coupled with complex and useless control and payment processing procedures; and (g) inconsistencies in governance arrangements with a high turnover of administrative and financial directors and procurement officers. Weaknesses in skill levels of the various actors and the lack of modern tools limit the efficiency of civil servants working on financial planning, procurement, and budget execution in the administration.

(c) Weak Public Administration Accountability and Citizen Engagement

9. **In March 2015, the National Transition Council adopted an Anticorruption Law (*loi 04/2015 portant prévention et répression de la corruption au Burkina Faso*)**, which further strengthens the legal framework on transparency and accountability in the public sector. The law requires public institutions to make information publicly accessible to users on their functioning and decision-making processes as well as organising effective access to information for the media and the public at large. It also reinforces regulatory and legal measures and rationalizes and makes existing anticorruption tools and law enforcement more effective for greater transparency. Notably, it enhances civil society participation and private sector involvement in the fight against corruption. It complies with international conventions and agreements signed

and ratified by Burkina Faso.¹ Based on the Transition Organic Law, members of the transition government took the first step to implement the legislation by declaring their assets in compliance with the law.

10. **The government has initiated a process to create anticorruption branches within the two first instance tribunals** and strengthen the capacity of judges to deal exclusively with corruption cases. While public perception of corruption in the public sector is widespread, the evidence suggests low administrative capacity to enforce rules and sanction misbehavior. According to the National Network against Corruption (*Réseau national de lutte contre la corruption* [REN-LAC]) 2014 report, the four most corrupt areas of public sector are procurement, customs, transportation, and justice. A large number of corruption cases transmitted for judgment at the courts are still pending after several months and in some cases several years.

11. **Critical improvements in the delivery of basic public services are required.** The health and education sectors in Burkina Faso have performed relatively well in increasing coverage and quality of services in the past decade but significant improvements in the delivery of health and education services are required, as simply demonstrated by high rates of absenteeism among health professionals and teachers, leakages of public funds, unregulated fees, and shortages in textbooks, pharmaceutical products, and delivery of school feeding. Governance, including enhanced accountability, has been identified by the government in both sectors, through their sector strategies and plans,² as a key area to address to consolidate gains and continue to improve sector performance.

12. **Limited outcomes of public services and weak government accountability on the delivery of public services have had a significant impact on citizen's trust in government and on levels of social cohesion.** Key issues are summarized below:

- (a) Perception of ineffectiveness of public institutions, resulting from widespread perception of corruption in the public sector, for example, some corruption cases uncovered by oversight entities and revealed in the press have not yet been brought to courts
- (b) Perception of impunity for the public sector, due to limited application of the due process of law or use of criminal proceedings to discipline public officials linked to mismanagement of public funds
- (c) Limited independence of the judiciary, exacerbated by its inefficiency and resulting in limited transparency on outcomes of corruption cases
- (d) Absence of citizen control due to lack of mechanisms for alert, follow-up, and access to financial information

¹ 2001 ECOWAS Protocol against corruption; 2000 agreement against transnational network of criminality; 2003 United Nations Convention against corruption; 2003 UN Convention; 2004 African Union Convention on preventing and combating corruption.

² National Plan for Education for All and National Plan for Health Development (*Plan national de l'éducation pour tous, et Plan national de développement sanitaire*).

- (e) Lack of transparency and difficulties in accessing financial and budget information, which limit the scope of citizen oversight
- (f) Weak redress institution, due to limited citizens' awareness and ombudsman's accessibility and weak collaboration between the ombudsman, government institutions, and nongovernment actors.

13. **While the transition government has taken important steps to enhance the regulatory framework to improve government effectiveness, critical challenges remain on the citizen engagement agenda.** Burkina Faso has a strongly supportive legal and regulatory framework for making public information accessible and has recently taken steps to improve its disclosure practices. However, while the legal framework makes appropriate provisions, there is an important gap between the texts and their implementation, making it difficult for citizens to actually hold the government accountable for its management of public resources. The government's efforts to disclose information have been largely uncoordinated, have had little effectiveness in making the information available to users, and have made the information available in formats that are not easily accessible to citizens.

14. **This project seeks to help the government make the evolution sustainable and irreversible beyond the transition period.** Burkina Faso has embarked on an in-depth renovation process of its state-citizens relationship after the last president's step-down under public pressure. Generating transparent information for citizens and fostering civil society participation in processes until then exclusive to government institutions has been initiated over the past months. At this moment, the process is in its early stages and the public administration is not cognizant of ways and means of ensuring true civil society participation in public policies' design, monitoring, and evaluation, to improve service delivery.

15. **In parallel, Burkina Faso is facing an acceleration of PFM reform needs.** Revenue collection is one of the lowest in the region; computerized management systems have reached a stage where they need crucial updates and modernization. Treasury cash management and procurement processes, among other obstacles to budget execution, need to be fixed for ensuring adequate service delivery and tangible development outcomes.

C. Higher Level Objectives to which the Project Contributes

16. **The proposed Economic Governance and Citizen Engagement Project is consistent with and aligned to the second strategic theme of the 2013–16 Country Partnership Strategy (CPS) and the governance cross-cutting theme.** The Burkina Faso CPS is organised in three strategic themes: (a) accelerating inclusive and sustainable economic growth; (b) enhancing governance for more efficient social service delivery; and (c) reducing economic, social, and environmental vulnerabilities and two cross-cutting themes: governance and gender equality.

17. In addition, the CPS Performance Learning Review (PLR) conducted in February 2015 confirmed poor governance as one of the main causes of the popular uprising of October 30 and 31, 2014. Building on lessons learned, the PLR highlighted the importance of investing in both demand- and supply-side governance to enhance accountability based on the strong demand from

government and civil society to seize the opportunity of this political transition to lay the foundations of an upright economic governance system and restore the citizens' confidence.

18. **The proposed Economic Governance and Citizen Engagement Project is equally aligned to the foundational pillar of the Bank's Strategy for Africa:** 'governance and public sector'. By strengthening the credibility of the institutions of the republic for a better balance between the executive, legislative, and judiciary powers and greater involvement of citizens in public management through the civil society and the media, the project will improve economic governance and enhance public sector accountability.

II. PROJECT DEVELOPMENT OBJECTIVES

A. Project Development Objective

19. The project development objective (PDO) is to enhance domestic revenue mobilization and improve the use of public resources by strengthening accountability mechanisms, revenue collection systems, and public expenditure management.

Project Beneficiaries

20. While the project will benefit the citizens of Burkina Faso as a whole by better citizen participation and monitoring of the performance of public services, the primary beneficiaries will be civil society organizations (CSOs) and government units involved in the management of public resources, particularly at the central government level. 'Creditworthy' taxpayers and private sector associations will also benefit from the project given the positive impact of tax modernization on the cost of doing business. Improved public sector transparency and accountability and strengthening civil society capacity to monitor public sector performance will contribute to enhancing the management and use of government funds and improving service delivery.

21. The entry points for project activities will be (a) key line ministries, departments, and agencies (MDA): Ministry of Health (MoH), Ministry of National Education and Literacy (*Ministère de l'éducation nationale et de l'alphabétisation* [MENA]), Ministry of Infrastructure, Ministry of Justice (anticorruption criminal branches of first instance courts), and National ICT Promotion Agency (*Agence nationale de promotion des nouvelles technologies de l'information* [ANP-TIC]); (b) General Directorates of the MEF, notably the following: Budget, Tax, Customs, Treasury and Public Accounting, Financial and Public Procurement Control, and Information Systems; (c) internal audit and external oversight bodies: the High Authority for State Oversight (*Autorité supérieure de contrôle de l'Etat* [ASCE]), the General Finance Inspectorate, internal audit departments of line ministries and the Supreme Audit Institution (*Cour des Comptes* CdC); (d) the National Network of CSOs (*Conseil national des organisations de la société civile* [CNOSC/BF]), the Platform of CSOs on Budget and Public Finance (*Centre d'information, de formation et d'études sur le budget* [CIFOEB]), the Burkina Journalists Association, REN-LAC; and (e) the Public Procurement Regulatory Body (*Autorité de régulation de la commande publique* [ARCOP]) and procurement units in selected line ministries.

PDO Level Results Indicators

22. **The expected outcomes of the project are better accountability and monitoring mechanisms in service delivery, increased fiscal space and domestic revenue collection, and effectiveness in public expenditure management.** The key results are as follows:

(a) Key performance indicators defined at the level of the PDO, are the following:

- (i) Citizen satisfaction with quality of public service delivery in selected communities in two regions
- (ii) Percentage of grievances addressed by beneficiary ministries where a customer service unit and grievance redress mechanisms are functional
- (iii) Effectiveness of measures for tax payer registration (PEFA Indicator, PI-14 First dimension) through improved tax administration and easy access to comprehensive, user-friendly, and up-to-date information on tax liabilities and administrative procedures
- (iv) Effectiveness of internal controls system (PEFA Indicator, PI-20)

(b) Intermediate results indicators are summarized as follows: improved citizen-oriented measures to enhance government accountability, proactive disclosure of information and systematic citizen engagement, domestic revenue mobilization, and predictability and control in budget execution. The results are evidenced by:

- (i) regular publication of citizens' budget by the end of the first quarter of the budget year;
- (ii) number of communities that adopted the Community Score Card;
- (iii) production of annual performance reports for participating ministries (Infrastructure, Education, and Health);
- (iv) number of government and CSO staff trained in new accountability, citizens' engagement mechanisms, and PFM, disaggregated by gender;
- (v) number of identified officials who have declared their assets; and
- (vi) reduction of customs offices dedicated to specific taxpayers as a result of modernized and accessible customs system. Currently agents are using dedicated locations (*Unités banalisées de dédouanement*) to access the system and enter their transactions. With the network upgrade they will be able to use the system from their office if they are equipped with Internet access.

III. PROJECT DESCRIPTION

A. Project Components

23. The main objective of the 5-year project is to assist the government of Burkina Faso (GoBF) in improving core areas of economic governance and citizen engagement, including (a) developing mechanisms for social accountability, transparency, and access to information on the management of public funds, including strengthening capacities of audit institutions, the judiciary, and civil society to fight fraud and corruption; (b) increasing fiscal space through the modernization of tax and customs systems and the improvement of revenue collection capacities; and (c) strengthening public expenditure management, including the procurement system efficiency and predictability and control in budget execution.

24. By strengthening civil society participation and monitoring of public services, the first component will facilitate and foster transparency in improving public sector service delivery outcomes and consolidating accountability mechanisms and the capacity to fight fraud and corruption. The second component aims at addressing shortcomings in government effectiveness by increasing fiscal space and domestic revenues collection and streamlining budget management systems and procurement processes. In addition, the introduction of a customer-care approach through a simplification of tax and customs clearance procedures will create conditions for a more accessible tax administration to citizens and better tax compliance.

Component 1: Strengthening Citizen Engagement and Accountability (US\$8 million)

25. The objective of this component is to improve public sector transparency and accountability and strengthen civil society capacity to monitor public sector performance and service delivery. To achieve this, it will support a series of complementary activities that are critical to strengthening the enabling environment for improved public transparency, accountability, and participation. These activities include (a) enhancing access and use of public information as a prerequisite for meaningful engagement; (b) strengthening citizens' monitoring and feedback of the delivery of public services in health and education; and (c) implementing the measures set out in the fraud and anticorruption law to promote integrity in the management of public resources.

Subcomponent 1.1: Enhancing Public Sector Transparency (US\$2 million)

26. **Objective.** The purpose of this subcomponent is to enhance transparency in the public sector by supporting both the supply and demand for information through proactive information disclosure in the finance, education, and health sectors and the utilization of disclosed information to improve accountability in the public sector.

27. Activities to be financed are the following:

- (a) **Enhancing proactive disclosure of information.** This activity seeks to upgrade and standardize information disclosure practices at the MEF, MENA, and MoH, including the production and dissemination of citizen-/user-friendly budgets, in partnership with the CIFOEB Platform; subactivities include (i) preparing and adopting information and data disclosure guidelines, initially relating to budget information and expanded

to cover broader financial information and service delivery performance; (ii) updating the MEF, MoH, and MENA websites to develop a coherent online presence with user-friendly content and functionalities, in partnership with the ANP-TIC; and (iii) supporting the MEF in the preparation and dissemination of a citizens' budget to demystify national budgets focusing on allocations to specific goods and services for different sectors and regions, and preparing an accompanying strategy to sustain its production and broad dissemination.

- (b) **Stimulating utilization of disclosed information.** Subactivities include (i) building capacity for independent budget monitoring and analysis by civil society through the CIFOEB Platform, among others and (ii) supporting increased quantity and quality of media coverage on the mobilization and use of public resources through the provision of capacity building to journalists on budgetary processes and service delivery, in partnership with the Burkina Faso Journalists Association.

Subcomponent 1.2: Developing Accountability Mechanisms in Service Delivery (US\$2.5 million)

28. **Objective.** The purpose of this subcomponent is to develop a citizen-orientated approach to service delivery by supporting monitoring and feedback mechanisms in the delivery of services in the health and education sectors.

29. Activities to be financed are the following:

- (a) **Promoting accountability at the sector level.** (i) Supporting action-oriented capacity building for sector stakeholders on citizen engagement, including both ministry staff and civil society; (ii) implementing a memorandum of understanding (MoU) between the ministry and civil society to establish a Citizen Engagement Committee in the Education and Health Ministries to jointly design, carry out, and oversee project activities in the health and education sectors covered by this subcomponent; (iii) establishing a functional customer service unit, including a multilevel grievance redress mechanism (GRM) system to address service delivery issues; (iv) developing and adopting, by project midterm, a sectorwide citizen engagement strategy in each ministry; and (v) supporting systematic tracking and reporting on sector spending by the MoH and MENA, to foster efficiency and accountability in the use of resources.
- (b) **Developing a third-party monitoring and feedback mechanism at the service provider level.** Piloting a third-party accountability mechanism at the point of service involving users, service providers, and civil society to improve local service delivery and inform regional/national sector policies in the health and education sectors. The approach will include geo-referenced information and communication technologies (ICT) integration to enable online tracking of results and the presentation of findings at various levels of government to inform policy in collaboration with the ANP-TIC.
- (c) **Providing technical assistance (TA) to set up an ICT platform for tracking feedback from communities.** In collaboration with civil society actors and government counterparts, the Project Coordination Unit (PCU) will assess the

potential for supporting an ICT platform in the health and education sectors to (i) strengthen the engagement of communities in monitoring public services by getting information to the communities and making that information available to others and (ii) promoting accountability around outcomes by ensuring that relevant stakeholders take the necessary actions promptly to address service delivery constraints.

- (d) **Building civil society capacity for independent monitoring and advocacy.** The project will support capacity building for civil society, through targeted TA, to play a more proactive role in service delivery monitoring and advocacy in partnership with, among others, the CNOSC/BF. The network will (i) carry out independent oversight of the activities implemented under this subcomponent and prepare an annual report on the activities and (ii) organize an annual review and learning event on good governance (Good Governance Forum) with participating ministries and other project stakeholders of this component (ASCE, ANP-TIC) to promote knowledge sharing and outreach in good governance practices and inform sectoral policies.

Subcomponent 1.3: Consolidating Mechanisms and Capacity to Fight Fraud and Corruption (US\$3.5 million)

30. **Objective.** The purpose of this subcomponent is to consolidate mechanisms and enhance the capacity for fighting fraud and corruption in the public sector to address impunity in corruption cases.

31. Activities to be financed are the following:

- (a) **Strengthen institutional capacity to implement anticorruption laws.** Subactivities include (i) establishing an asset declaration system at the ASCE by defining clear procedures and guidelines and supporting an effective information system; (ii) supporting the establishment of an anticorruption unit at the ASCE by developing procedures and guidelines for investigation and ‘on the job’ TA for investigatory capacity building; (iii) developing and implementing a communication strategy on anticorruption law, carried out as a partnership between ASCE and REN-LAC; and (iv) supporting REN-LAC to develop and implement an independent monitoring tool to track the implementation of the anticorruption law.
- (b) **Improving adjudication of corruption cases by** (i) supporting the operationalization of the anticorruption criminal branches of the first instance courts of Bobo-Dioulasso and Ouagadougou and (ii) financing independent monitoring by REN-LAC of corruption cases submitted to the first instance court in coordination with the ASCE, to enhance transparency around the submission, adjudication, and prosecution rates of anticorruption cases at these courts.

Component 2: Improving domestic revenue mobilization and public expenditure management (US\$14 million)

32. The objective of this component is to increase fiscal space and domestic revenue collection and enhance the performance of public spending and the delivery of efficient public services.

Subcomponent 2.1: Broadening the Tax Base and Simplification of Customs Clearances and Tax Procedures (US\$3 million)

33. **Objective.** The objective of this subcomponent is to (a) ensure a better distribution of the tax effort among taxpayers, based on their level of income and proper management of VAT for the improvement of its productivity and (b) introduce a customer-care approach through a simplification of tax and customs clearance procedures and a more accessible tax administration to citizens.

34. Activities to be financed in this area are the following:

(a) **Enhancing reliability of the tax base.** Subactivities include (i) conducting a general census of taxpayers to geographically identify and register all taxpayers, notably those of the informal sector; (ii) auditing, overhauling of the tax identification files, and establishment of a national tax identification number for companies and associations; (iii) examining possibilities of reorganising VAT billing and revision of eligibility criteria for VAT collection and the liability threshold; and (iv) conducting a census of the regulated professions and a study on the impact of the single and global taxation on income.

(b) **Streamlining customs clearance procedures and tax noncompliance investigation.** Subactivities include (i) development, consultations, and drafting of a General Tax Code (*Code général des impôts* [CGI]), its application regulations and administrative doctrine; (ii) drafting of a manual of procedures, development of professional monographs, sector studies, practical guidebooks for fiscal verification, and training of tax officers on these tools; (iii) acquisition of quality and quantity control instruments for hydrocarbons to equip the customs administration with adequate control tools to perform counter-expertise of the presented declarations and secure revenue of petroleum products; and (iv) development and rollout of a communication plan to develop civic spirit around tax issues.

Subcomponent 2.2: Enhancing Revenue and Budget Management Information Systems (US\$7 million)

35. **Objective.** The objective of this subcomponent is to enhance the existing information technology (IT) systems developed by the MEF to support the modernization of the revenue administration and budget management practices. It will finance the upgrade and adaptation of the existing IT systems that will support the management of revenue and the new budget preparation and execution framework and enhance the fiscal reporting capabilities and system capacity and performance.

36. Activities to be financed are the following:

(a) **Modernizing the revenue administration IT systems.** Subactivities include (i) upgrading of network, security and hardware infrastructure to support the rollout of said ICT systems to remote customs and tax offices and warehouses; (ii) development and activation of additional functionality modules for customs and tax ICT systems; (iii) enhancement of interconnecton, between ICT systems and core public finance

management information systems, including ASYCUDA World and other PFM IT systems.

- (b) **Upgrade and adaptation of the existing budget management information systems.** Subactivities include (i) network infrastructure capacity and performance enhancement; (ii) primary data centre rehabilitation and disaster recovery centre setup; (iii) systems integration and master data management; (iv) TA and advisory services for the Financial Management Information Systems (FMIS) adaptation and rollout; and (v) various training and capacity-building activities necessary to upgrade and provide the required level of support to the relevant ICT specialists, administrators, and users of the information systems.

Subcomponent 2.3: Strengthening Public Procurement Management and Capacity (US\$1.5 million)

37. **Objective.** The overall objective of this subcomponent is to improve public procurement practices by enhancing the efficiency, performance, and accountability of procurement process in education, health, and infrastructure.

38. The project will support three line ministries: Education, Health, and Infrastructure, to establish functional procurement units appropriately staffed with trained procurement personnel from the civil service to enhance procurement practice. The Activities to be financed will include the following:

- (a) **TA to the contracting authorities.** Subactivities include (i) developing and disseminating techniques and procedures for the use of new procurement tools in particular contracts under framework agreements and multiyear contracts and building capacity of the actors to improve application of these tools and (ii) piloting a feedback mechanism at the service provider level to support improved monitoring of key infrastructure projects (including procurement and execution of contracts and physical verifications).
- (b) **Development of electronic systems to enable.** Subactivities include (i) information tracking systems within the contracting authorities; (ii) electronic transactions between the contracting authorities and the procurement control body and regulatory body; and (iii) improvement of the contracts database for statistics and archiving purpose.
- (c) **Professionalization of the procurement function.** A consultant will support ARCOP to conduct a procurement capacity and training needs assessment and study possibilities to introduce minimum required qualifications for the procurement function and a certification process to ensure standard qualification. Possibilities of partnership with the Public Finance Administration School (*Ecole nationale des régies financières* [ENAREF]) or other institutions will be developed to provide sustainable public procurement training.

Subcomponent 2.4: Cash, Debt, and Treasury Management (US\$1 million)

39. **Objective.** The objective of this subcomponent is to strengthen the management of cash and debt to minimize net interest cost and ensure cash is available to meet commitments and obligations for service delivery and eliminate arrears accumulations.

40. Activities to be financed are the following: (a) development of a cash management database and cash flow forecasting model to improve forecasts of cash requirements from the MDA and ensure that all tax revenues are paid promptly into Treasury accounts; (b) improvement of debt management and operational risk management; (c) updating and dissemination of a manual of procedures for debt management; (d) provision of technical assistance to support the improvement of the government's liquidity management and the predictability of budget releases to line ministries; (e) capacity building of the staff in key areas of debt and cash management; and (f) provision of TA and advisory services for the implementation of an Electronic Fund Transfer system to secure and centralize cash and check collection.

Subcomponent 2.5: Strengthening Predictability and Control in Budget Execution (US\$1.5 million)

41. **Objective.** The objective of this subcomponent is to (a) support the GoBF in enhancing the effectiveness of its overall internal controls system and (b) reset the focus of internal and external auditing to a more risk-based approach across the MDA.

42. Activities to be financed are the following:

- (a) **Establishing a functional directorate of public procurement and financial control.** The project will support (i) the diagnosis of bottlenecks in the financial control processes and an action plan to address these bottlenecks; (ii) the definition of a modulated control at the financial control level and revision of the control standards/manual; and (iii) capacity building for financial controllers, in accordance with the new control standards to be implemented.
- (b) **Establishing functional internal audit units across the MDA.** The project will finance (i) update of procedures and operational tools to better focus on the risk-based approach and trainings on risk assessment techniques and risk-based audits; (ii) the reassessment of risk mappings of key line ministries; (iii) technical support from the ASCE of internal audit units through the development of a quality assurance mechanism and continued professional development to reinforce effectiveness of the internal audit function; and (iv) equipment of some internal audit units.
- (c) **Assisting the CdC in implementing a risk-based audit approach and performance audits.** The activities to be supported include (i) the development and implementation of a risk-based audit approach and other modern methodologies and tools in auditing; (ii) the enhancement of the coordination between internal audits and

external audits; and (iii) developing auditor capacity in conducting performance and special audits.

Component 3: Rapid Response Facility (US\$6 million)

43. The objective of this component is to provide implementation support for additional priorities that could stem from the new authorities and the evolution of the economic governance reform agenda (revised country governance strategy) that addresses key binding constraints (institutional, regulatory, capacity, governance, and so on) of public services.

44. This component will introduce a transparent funding mechanism to support governance and PFM reform activities based on the government's additional priorities and changes on the ground. Many areas related to PFM new regulations such as the implementation of performance-based budgeting, the introduction of multiyear budgeting, the devolution of commitment authority to line ministries, and the modernization of public investment management practices will entail significant reorganization of ministries and entities and development of new tools. The fund will finance any request regarding the abovementioned WAEMU reforms and all complementary activities to strengthen public transparency, accountability, and participation. The Rapid Response Facility (RRF) will provide fast-track support to the evolution of the POSEF Priority Action Plan. Additionally, the RRF aims to encourage and stimulate innovation among public entities toward the improvement of quality and relevance of their services through the implementation of improved governance practices or reforms. It will also include provision of 'small grants' to CSOs, on a competitive basis, to finance civic engagement in public oversight, and innovative engagement toward reestablishing government credibility.

45. The RRF will finance activities that are critical to strengthening the enabling environment for improved public transparency, accountability, and participation. The support envisaged under the RRF includes (a) goods and equipment; (b) consultants; and (c) consultations and workshops. The eligible criteria are based on the scope of the project as defined in the PDO, the relevance of the proposed activities, and the performance of implementing entities. The project steering committee (PSC) will examine all requests submitted by all entities. The project fund will finance the development of relevant programs or implement urgent reforms with strong links to the Country Economic Governance Strategy. More details on the eligibility of activities and selection criteria will be further fleshed out in the Project Implementation Manual.

Component 4: Project Management Support (US\$2 million)

46. The objective of this component is to establish an effective and efficient project coordination and administration function during the implementation of the project.

Subcomponent 4.1: Project Management and Central Coordination (US\$1.5 million)

47. **Objective.** The objective of this subcomponent is to support a coordination function that will provide leadership and management of the overall governance program including this project and to ensure that the specific project objectives are met on time, ensuring quality, and in line with the allocated funds. It will also be responsible for providing technical leadership in articulating, guiding, and monitoring the overall economic governance reforms across the GoBF.

48. Key activities to be financed will include TA support to the implementing units, consultancies, goods, including computers and accessories expenses, operational expenses, project coordination, procurement of goods and services, FM, and training/sensitization.

Subcomponent 4.2: Monitoring, Evaluation, Independent Review, and Communication (US\$0.5 million)

49. **Objective.** The objective of this subcomponent is to enhance the project performance through effective tracking of project activities to allow continuous assessment of the overall performance of the project and provide quality feedback to the project institutional coordination mechanism and stakeholders.

50. Activities to be financed under the subcomponent will include (a) strengthening the monitoring and evaluation (M&E) capacity to coordinate work plans and identify key indicators of progress for each activity and report to management and focal points on implementation of all activities; (b) conducting regular independent reviews of the project; and (c) strengthening communication to link closely with the M&E by responding to areas of slow progress with appropriate change management activities.

B. Project Financing

51. **Lending instrument.** The project will be financed using the Investment Project Financing (IPF) instrument of the Bank and will complement other financing sources (budget support operations of the Bank as well as other partners' support) which also focus on instilling policy and institutional changes to improved economic governance and citizen engagement. The choice of IPF as the financing instrument is the most appropriate response to the specific economic governance and citizen engagement implementation needs of the government especially during the current transition period.

Project Cost and Financing

52. The project is estimated to cost a total of US\$30 million equivalent, as detailed in the summary cost table (table 1), financed 100 percent by the International Development Association (IDA) under the IPF instrument. In addition, the government will provide a contribution in kind by providing the premises of the project coordination unit and covering the operating costs of focal points and the steering committee for an amount estimated at US\$750,000.

Table 1. Project Cost and Financing

Burkina- Economic Governance and Citizen Engagement	Year/Base Costs					
	2016/17	2017/18	2018/19	2019/20	2020/21	Subtotal
	5,500,000	6,900,000	4,700,000	3,850,000	3,050,000	30,000,000
1. Strengthening Citizen Engagement and Accountability	1,300,000	1,750,000	2,100,000	1,550,000	1,300,000	8,000,000
1.1 Enhancing Public Sector Transparency	300,000	600,000	500,000	400,000	200,000	2,000,000
1.2 Enhancing Accountability Mechanisms in Service Delivery	300,000	400,000	600,000	600,000	600,000	2,500,000
1.3 Consolidating Mechanisms and Capacity to Fight Fraud and Corruption	700,000	750,000	1,000,000	550,000	500,000	3,500,000
2. Improving domestic revenue mobilization and public expenditure management	3,800,000	4,700,000	2,200,000	1,900,000	1,400,000	14,000,000
2.1. Broadening the tax base and simplification of customs clearance and tax procedures	800,000	1,100,000	500,000	400,000	200,000	3,000,000
2.2 Enhancing revenue and budget management information systems	2,000,000	2,500,000	900,000	800,000	800,000	7,000,000
2.3 Strengthening Public Procurement Management and Capacity	300,000	500,000	300,000	300,000	100,000	1,500,000
2.4 Enhancing Cash, Debt and Treasury Management	300,000	250,000	200,000	150,000	100,000	1,000,000
2.5 Strengthening predictability and control in budget execution	400,000	350,000	300,000	250,000	200,000	1,500,000
3. Rapid Response Facility						6,000,000
4. Project Management Support	400,000	450,000	400,000	400,000	350,000	2,000,000
4.1 Project Management and Central Coordination	250,000	300,000	300,000	350,000	300,000	1,500,000
4.2 Monitoring, Evaluation and Communication and Change Management	150,000	150,000	100,000	50,000	50,000	500,000

C. Lessons Learned and Reflected in the Project Design

53. In designing the project, a number of lessons drawn from the Bank’s experience in public sector management reforms in Burkina Faso and beyond have been taken into consideration and incorporated in the project design. The most significant of these are discussed below.

54. **To understand the political economy, including the cultural context, and aligning interventions within this context is critical for project success.** The Burkinabe Public Sector operated hierarchically with limited interaction among functional units governed by multilayered sign-offs and poor communication. In addition, the organizational culture of the Burkinabe administration is not necessarily predisposed to change. In this environment, it is critically important to have a well-developed governance framework that includes key decision makers, enables progress on initiatives, is cognizant of internal practices and procedures, and provides sufficient oversight against red tape and waste of time. Strict accountability measures will therefore be applied and reinforced through implementation support missions.

55. **The need to keep the project’s support flexible and allow adjustments as the political situation evolves.** The current political situation is characterized by the end of the transition and the election of a new government that may involve institutional changes in key departments. In this environment, it is important to introduce an implementation approach allowing for some flexibility and adjustments as the political priorities evolve and maintain a balance between demand, stakeholder capacity, and potential political risks. The project has therefore been designed with an RRF to accommodate future needs and preferences and provide implementation support for additional priorities that could stem from the new authorities and the evolution of the economic governance reform agenda.

56. **Going beyond the rules in the books and focusing on practice.** The sector and institutional context is characterized by a huge gap between written rules and practice (de jure versus de facto) due to flaws in the enforcement of the former. The legal and governance environment is generally satisfactory on paper but the texts are not rigorously enforced. The principal challenge of any governance program is the effective enforcement of the adopted laws and implementing decrees, which require the definition of technical solutions as well as a change management strategy to have an impact on behaviors and thus obtain tangible results. Critically, incentives have to evolve for behaviors to adjust. There is therefore a need to assist the government to operationalize the laws through improved capacity building, development of mechanisms to support improved tracking and assessment of implementation of the law, and changes in incentives for the individuals involved, through greater emphasis on transparency and credible enforcement actions.

57. **High-level political commitment and dedicated teams for implementation are necessary ingredients for success.** The implementation of PFM reforms remains fragmented among various units of the MEF and the lack of coordination units and dedicated teams slows down their implementation and has an adverse impact on the success of reforms. It will be important that the PCU, including through the steering committee, engage all key opinion leaders to promote increased coordination and cooperation, in particular with the nontraditional actors such as CSOs. Another significant factor of success is the designation of dedicated teams within the implementing units to be responsible for the execution of annual work programs.

58. **Constructive engagement between state and civil society actors must be promoted.** Collaboration rather than confrontation is seen as a critical success factor in social accountability initiatives globally. The project is encouraging partnerships and links between state and civil society. It has been designed to avoid tensions between civil society and the government and to emphasize synergy and partnerships.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

59. **The institutional and implementation arrangements proposed for the project are based on the government's experience with other large-scale projects supported by the Bank and other development partners.** Given the number of beneficiaries involved in the implementation of the project and the variety of activities to be executed, it was agreed with the MEF General Directorate of Cooperation (*Direction générale de la coopération* [DGCOOP]) that institutional arrangements for this project implementation will be simplified and streamlined based on the lessons learned during the implementation of similar projects. The ministry decided, due to the importance the government gives to the project and the capacity required for implementation, to make the project a category 'B' project, indicating that it will benefit from a semiautonomous implementing unit under the authority of the MEF. Most other successful government projects supported by development partners in Burkina Faso are category 'B'. The project manager and the core team who will manage the project will be recruited on a competitive basis and will work exclusively on this project. The specific details for the institutional and implementation arrangements to support the project are summarized below.

60. **The steering committee of POSEF**, was established by Ministerial Order 2012-137/MEF/CAB dated April 5, 2012. The steering committee comprises government officials, the CGAB, private sector, and civil society and conducts an annual review of the POSEF. This committee provides overall advice on progress of reforms and discusses any coordination issue in the funding of the action plan. Its role is strictly advisory and it helps foster donor coordination with respect to Economic and Finance Sector reforms.

61. **The PSC.** It will provide overall policy guidance for the Economic Governance and Citizen Engagement Project. The PSC will be chaired by the General Secretary of the Ministry of Economy and Finance (SG/MEF) and will comprise all key stakeholders involved in the project, including representatives of the line ministries and CSOs. The PSC will meet every semester to (a) discuss the strategic direction and orientation of the governance program, including progress in meeting project PDOs; (b) review the implementation status of the components and critical activities; (c) provide guidance and address policy-related issues; (d) approve the budget and annual work plans; and (e) review and approve the publication of annual progress reports and audited financial statements of the project before six months after the end of each fiscal year.

62. **PCU.** The project will be implemented by the PCU set up within the MEF under the oversight of the MEF General Secretary. The PCU will be in charge of the day-to-day implementation of the activities, handle the procurement and FM, including the disbursement aspects of the project, and will be responsible for overall coordination of the project. A project manager will be appointed to be responsible for the overall project coordination. He will lead a project management team comprising, among others, three program managers (PFM, governance, and IT specialists); a procurement specialist; an M&E specialist; an FM specialist; and an accountant. Each program manager will be responsible for the implementation of activities under him/her and will be reporting to the project manager. Key implementing agencies such as the DGI, Customs General Directorate (*Direction générale des douanes* [DGD]), line ministries, CSOs, and the ASCE, will designate focal points fully dedicated to handle technical aspects and the coordination and monitoring of their respective work programs in the project.

B. Results Monitoring and Evaluation

63. **Progress toward the PDO will be monitored through reporting on the PDO-level and intermediate-level results indicators given in annex 1.** The M&E function for the project under the leadership of the project manager will be primarily responsible for integrating M&E indicators with work planning and deriving and maintaining the primary data and information to report on these indicators. Annex 1 provides the baselines, annual targets, frequency of data collections, data source and methodology, and responsible institutions for data collection for all indicators.

64. **Reviews of implementation progress will be undertaken annually and used to identify and discuss issues and bottlenecks that may arise and impede achievement of targeted outcomes.** The issues raised will be discussed by project management and Bank implementation support missions and resulting recommendations will become action points for implementation follow-up and subsequent implementation support. The government's POSEF steering committee and the PSC will also receive and review strategic information on

implementation progress from the project manager and provide strategic guidance to enable the project achieve its development objectives.

C. Sustainability

65. **The design of the project aims at ensuring continuing sustainability in light of citizen engagement, GoBF PFM reform commitments, and political economy considerations.** The proposed project plans to develop and nurture the basic capacity in FM and procurement through rigorous implementation and strategic deployment of resources in priority areas. The package of training and change management activities included in the design of the project for all stakeholders (state and non-state actors) will help ensure that adequate capacity is retained after the project closure.

66. **Commitment of key stakeholders in the deliberate process of change management** and their willingness to seize the opportunity of this political transition to restore citizens' confidence in public institutions is critical to the success of the reform effort. The proposed project plans to further support the functionality and credibility of accountability institutions such as the ASCE, CdC, anticorruption criminal branches, and the platform of CSOs for a better balance between the executive, legislative, and judiciary powers and greater involvement of citizens in public management through civil society and the media. The development of social accountability is therefore a powerful incentive that the implementation outcomes of the proposed project will be sustained.

V. KEY RISKS

A. Overall Risk Rating and Explanation of Key Risks

Table 2. Risks Ratings Summary - Systematic Operations Risk-rating Tool (SORT)

Risk Category	Rating (H, S, M or L)
1. Political and Governance	High
2. Macroeconomic	Substantial
3. Sector Strategies and Policies	Moderate
4. Technical Design of Project or Program	Moderate
5. Institutional Capacity for Implementation and Sustainability	Substantial
6. Fiduciary	Substantial
7. Environment and Social	Low
8. Stakeholders	Substantial
OVERALL	Substantial

67. **Political and Governance.** There is a high likelihood that political and governance factors can impact the implementation of the project given that the uncertainty related to the end of the transition period, the political sustainability of the agreed reforms, and the volatile political situation (including delays in elections, institutional changes, and receptivity of the economic governance program by the new government) that might materialize in the next few

months. The current context of Burkina Faso, increased citizens' quest for tangible government initiatives for improved governance and the requirement for timely service delivery of public services, represent new challenges for the executive. While the expectations of the population have become more demanding, political interference, including from vested interests, represents a major potential obstacle to better governance.

68. *Mitigation measures.* Extensive consultation and participation of key stakeholders done during the design of the project will continue to be a key approach in implementing the project. The project components and major activities will be thoroughly discussed with stakeholders. The project is designed to foster stronger collaboration between the government and civil society in a number of areas, in a bid to give voice to citizens to hold the government accountable.

69. **Macroeconomic.** The macroeconomic risk is assessed as Substantial. This is because Burkina Faso is facing a major macroeconomic instability due to combined low revenue collection and high unpredictability of revenue and cash availability for expenditures. There are perceived uncertainties about the government's ability to deal with the deterioration of public finances and the current account balance has led to significant capital outflows.

70. *Mitigation measures.* Tight monetary and fiscal policy continue to be applied in tandem with a number of recommendations made under the International Monetary Fund (IMF) program which straddle short to medium term. This operation will contribute to the success of the fiscal aspects of the program.

71. **Institutional Capacity for Implementation and Sustainability.** The risk is assessed as Substantial due to lack of relevant internal capacity in areas of expertise needed in key activities under the core components.

72. *Mitigation measures.* Program managers will be appointed to provide TA to the implementing agencies and oversee the implementation of project activities in some components or themes of the project. Each program manager will be responsible for the implementation of activities under his/her responsibility.

73. **Stakeholders.** The risk is assessed as Substantial due to the number of stakeholders involved in the execution of this project. Lack of ownership by stakeholders and lack of substantive involvement of spending ministries and different directorates of the MEF in the implementation of the design may undermine the ability of the government to complete the implementation on time and could weaken the potential for wider ownership.

74. *Mitigation measures.* A steering committee chaired by the SG/MEF includes members from different departments and actors and representatives of other ministries and civil society to ensure that issues are discussed and consensus is built. This steering committee will meet regularly to provide strategic directions on the project implementation. Also, a close coordination and collaboration between the project and the focal points of the implementing agencies will ensure better prioritization and sequencing of activities' implementation.

75. **Fiduciary.** Fiduciary risks have a substantial probability of impacting the PDO. Interference in selection of consultants can undermine fair and transparent procurement process. Weaknesses in controls and lapses in rigorous follow-up on annual audit findings can weaken the

fiduciary environment. The addition of new players who may not be very familiar with procedures to follow when implementing the project may raise risks.

76. *Mitigation measures.* A project implementation manual will be used to help with understanding of systems and controls. A project launch workshop will be held to kick-start proper understanding of roles and responsibilities supplemented by continuous training on key areas to help build capacity.

77. **The overall risk is rated Substantial** because of the substantial residual risk in four of the above risk categories. The likelihood of these risks to be realized is relatively low but, if they occur, their impact would substantially affect the PDO. At the operating environment level, vested interests, resistance to change within the MEF, and political interference in the management of public funds pose substantial risks.

VI. APPRAISAL SUMMARY

A. Economic and Financial Analysis

78. In demonstrating the viability of the project, a financial analysis on a few quantifiable benefits of the second component, on increasing fiscal space, was undertaken against the project costs. The partial analysis shows that this area of intervention alone can cater to the costs allocated to overall project implementation over the project life. Activities proposed during the first year of the project implementation to improve the efficiency of tax administration will increase VAT and petroleum tax collections by at least two points per year through an improvement of the VAT collection procedures, an increasing contribution of the formal sector, and better rationalization of the informal sector. The conclusion of this partial analysis, as summarized in table 3, is therefore that, with only the quantifiable benefits that will certainly accrue out of the implementation of the proposed project, there will be realization of ‘net benefits’ in the form of ‘net cash flow’ of about US\$43 million equivalent.

Table 3. Summary Analysis of Net Benefits against Full Costs

Estimated Benefits and Costs (US\$)	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Increase in VAT collection through improved tax administration		14,800,000	15,096,000	15,397,920	15,705,877	60,999,797
Increase in petroleum collection through improved administration		2,880,000	2,937,000	2,996,352	3,056,279	11,869,631
Project Investment costs	(5,500,000)	(6,900,000)	(4,700,000)	(5,850,000)	(7,050,000)	(30,000,000)
Net Cash Flow	(5,500,000)	10,780,000	13,333,000	12,544,272	11,712,156	42,869,428
NPV of net cash flow (12% discount rate)	(5,500,000)	9,625,000	10,628,986	8,928,765	7,443,287	31,126,038

79. **In addition to quantifiable benefits, other benefits are largely indirect, ultimately seen in improved public financial governance and service delivery and better performance of the economic governance institutions.** Drawing from the Bank’s experiences in supporting interventions in the areas of PFM and citizen engagement across jurisdictions, the key sources of benefits come from the following progress: (a) efficient, transparent, and accountable fiscal and budget management contributing to economic growth and poverty reduction; (b) better program

implementation and service delivery and additional benefits such as lower supplier prices and reduced corruption; and (c) direct pecuniary benefits resulting from improved probity and transparency in the use of public resources. Improvement of PFM IT systems will reduce corruption and increase collection while better expenditure and cash management will improve budget efficiency.

80. **Bank value added:** The Bank developed a holistic approach which takes into account its wide experience and expertise in supporting interventions in the areas of PFM and Citizen Engagement across jurisdictions. The comparative advantage of the Bank compared to other development partners is its ability to accompany both supply and demand sides of economic governance for enhanced transparency, accountability and service delivery, involving civil society. The value addition of the Bank's engagement is found in the balance and multidimensional support. Accordingly, the Bank is in possession of instruments to support: (a) government effectiveness through public financial management and procurement, (b) rule of law and the quality of regulatory, (c) voice and accountability mechanisms, and (d) control of corruption.

B. Technical

81. The design of specific subcomponents is informed by international 'best practices' to identify the 'best fit' (for example, supporting the supply and demand side for enhanced transparency, feedback mechanism for policy and service delivery, and involving civil society monitoring in the implementation of the anticorruption law). Suitability of these practices for local conditions was validated through a participatory process used in the preparation phase, which involved regular consultation with key civil society actors. Activities supported by the project build upon the evaluation of existing programs and accumulated local experience. In addition, the project implementation will adjust actions to fit experience.

82. **The institutional and governance arrangements are designed under a more structured arrangement that brings in all relevant stakeholders.** Core principles informing the project design include (a) being multi-pronged and iterative; (b) allowing for the best fit to emerge from the specific context; and (c) combining early success with strategic sector-wide approaches. Enhancement of the technical efficiency and effectiveness of component and subcomponent implementation and maintaining a strong relationship with other donors to reinforce complementarity instead of intervention overlaps will be key pursuits under the project.

C. Financial Management

83. The conclusion of the assessment is that the PCU FM arrangements will meet the Bank's minimum requirements under OP/BP 10.00, once the mitigation measures are implemented. The mitigation measures will be implemented with the Project Preparation Fund before effectiveness and include (a) the preparation and adoption of a Project Implementation Manual (including FM procedures); and (b) the recruitment of a FM officer with qualifications and experience satisfactory to the Bank. In addition to these measures and within three months after effectiveness, the PCU will (a) recruit an accountant and set up an accounting software; and (b) by six months after effective date, recruit an external auditor.

D. Procurement

84. The assessment conducted by the Bank team on the Public Procurement Unit (*Direction des Marchés Publics* [DMP]) of the MEF found that the unit is well organized but has to manage an important workload. In addition the staff has limited experience in Bank procedures and has no access to any capacity-building program. The mitigation measures proposed include (a) preparation of a manual that describes clearly the procurement rules applicable to the project and the accountability system and responsibilities for decisions making; (b) improvement of the recording system; (c) recruitment of a qualified procurement specialist with experience in Bank procedures; (d) a proper procurement planning system; and (e) preparation of all technical documents before effectiveness and the involvement of technical experts in all procurement processes.

E. Social and Environmental Impact

85. **The project is intended to have a positive social impact by improving the people's confidence in economic governance through projects in the area of transparency that the government will undertake.** Moreover, as an IPF category 'C', it does not incorporate any issues related to environmental management. Consequently, the Bank's policies in this area are not triggered.

F. World Bank Grievance Redress

86. Communities and individuals who believe that they are adversely affected by specific country policies supported under this Bank IPF operation may submit complaints to the responsible country authorities, appropriate local/national grievance redress mechanisms, or the Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed to address pertinent concerns.

87. Affected communities and individuals may submit their complaint to the Bank's independent Inspection Panel that determines whether harm occurred, or could occur, as a result of the Bank's noncompliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the Bank's attention and Bank management has been given an opportunity to respond.

88. For information on how to submit complaints to the Bank's corporate GRS, visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the Bank's Inspection Panel, visit www.inspectionpanel.org.

Annex 1: Results Framework and Monitoring

Burkina Faso

Economic Governance and Citizen Engagement Project (P155121)

Results Framework

Project Development Objectives

PDO Statement

The proposed development objective of the project is to enhance domestic revenue mobilization and improve the use of public resources by strengthening accountability mechanisms, revenue collection systems, and public expenditure management.

**These results are at
Project Level**

Project Development Objective Indicators

Indicator Name	Unit of Measure	Baseline	Cumulative Target Values					Date Collection and Reporting		
			2016/17	2017/18	2018/19	2019/20	End Target 2020/21	Frequency	Data Source /Methodology	Responsibility for data collection
Citizen satisfaction with quality of public service delivery	Percentage	To be established in the first year	0	5	10	12	15	Annual	Activity report	Contracted CSO
Percentage of grievances addressed by beneficiary ministries	Percentage	0	Customer service unit established	GRS established	20	30	40	Annual	Sector report	MoH; MENA
Effectiveness of measures for taxpayer	Score	C	C	C+	C+	B	B	Annual	PEFA methodology	DGI DGD

registration (First dimension of PEFA PI-14)										
Effectiveness of internal controls system (PEFA PI-20)	Score	C+	C+	B	B	B+	B+	Annual	PEFA methodology	DGC-MEF

Intermediate Results Indicators

Indicator Name	Unit of Measure	Baseline	Cumulative Target Values					Date Collection and Reporting		
			2016/17	2017/18	1018/19	2019/20	End Target 2020/21	Frequency	Data Source /Methodology	Responsibility for data collection
Citizen's budget published by the end of the first quarter of the budget year	Yes/No	No	Yes	Yes	Yes	Yes	Yes	Annually	Budget Management Information System	DGB CIFOEB
Number of communities that adopted the Community Score Card	Number	0	0	20	40	50	50	Annually	Activity report	Contracted CSO
Production of annual performance reports for key line ministries	Number	0	1	2	3	3	3	Annually	Line ministries	Permanent Secretariat of Program Budgets
Government and CSOs staff trained in new accountability, citizens engagement mechanisms, and	Number	0	100	200	400	500	600	Quarterly	PCU	M&E specialist in PCU

PFM (20% of whom are women)										
Identified officials who have declared their assets	Percentage	0	30	50	70	80	100	Annually	ASCE	ASCE
Reduction of DGD offices dedicated to commissioners	Number	22	22	18	13	8	5	Annually	ASYCUDA World	DGD

Indicator Description

Project Development Objective Indicators

Indicator Name	Description (Indicator Definition and so on.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Citizen satisfaction with quality of public service delivery	This will be measured by compiling the community scorecards in selected communities in two regions.	Yearly	Activity report	Contracted CSO
Percentage of grievances addressed by beneficiary ministries	The proportion of grievances that will be addressed by beneficiary ministries where a Customer Service Unit and Grievance Redress Systems are established	Yearly	Sector report	MoH; MENA
Effectiveness of measures for taxpayer registration (First dimension of PEFA PI-14)	Effectiveness of measures for taxpayer registration through improved tax administration and easy access to comprehensive, user-friendly, and up-to-date information on tax liabilities and administrative procedures	Yearly	PEFA methodology	DGI DGD
Effectiveness of internal controls system (PEFA PI-20)	Improved predictability on budget execution and service delivery through effective internal control and an integrated budget and treasury management system	Yearly	PEFA methodology	DGC-MEF

Intermediate Results Indicators

Indicator Name	Description (indicator definition and so on)	Frequency	Data Source/Methodology	Responsibility for Data Collection
Citizen's budget published by the end of the first quarter of the budget year	Citizens' budget provides simplified information on the national budget, showing information on allocations according to regions and sectors	Yearly	Budget Management Information System	DGB CIFOEB
Number of communities that adopted the Community Score Card	The Community Score Card will be piloted and rolled out based on community interest and support.	Yearly	Activity report	Contracted CSO

Production of annual performance reports for key line ministries (Infrastructure, Education, and Health)	Effective implementation of the performance approach evidenced by the production of performance annual reports and monitoring indicator reports	Yearly	Line ministries	Permanent Secretariat of Program Budgets
Government and CSOs' staff trained in new accountability, citizens engagement mechanisms, and PFM (20% of whom are women)	Enhancement of the technical efficiency and capacity of the government, accountability institutions, and CSOs	Quarterly	PCU	M&E specialist in the PCU
Identified officials who have declared their assets	Effective implementation of the anticorruption law evidenced by number of identified officials who have declared their assets	Yearly	ASCE	ASCE
Reduction of DGD dedicated to commissioners	Improved access to customs services through automation of custom systems. Currently agents are using dedicated locations (<i>Unités banalisées de dédouanement</i>) to access the system and enter their transactions. With the network upgrade, they will be able to use the system from their office if they are equipped with Internet access.	Yearly	ASYCUDA World	DGD

Annex 2: Detailed Project Description

Burkina Faso: Economic Governance and Citizen Engagement Project

Project Components

1. **At the request of the government and based on the PLR of the CPS, a select number of areas in both demand- and supply-side governance requiring reforms in the short, medium, and long term have been identified.** These areas constitute the focus areas for Bank intervention as quick-wins are expected to be achieved to strengthen the credibility of the institutions of the republic, enhance government effectiveness, and restore the citizens' confidence.

Component 1: Strengthening Citizen Engagement and Accountability (US\$8.0 million)

2. **Objective:** The objective of this component is to improve public sector transparency and accountability and to strengthen civil society capacity to monitor public sector performance and service delivery. To achieve these objectives, the component will support a series of complementary areas that are critical to strengthening the enabling environment for improved public transparency, accountability, and participation.

3. The component is divided into three subcomponents: (a) enhancing public sector transparency; (b) developing accountability mechanisms in service delivery; and (c) strengthening institutions and the capacity to fight fraud and corruption. Core principles informing the project design for this component include (a) being multi-pronged and iterative, (b) allowing for the best fit to emerge from the specific context, and (c) combining early success with strategic sector-wide approaches.

Subcomponent 1.1: Enhancing Public Sector Transparency (US\$2 million)

4. **Objective:** The purpose of this subcomponent is to enhance transparency in the public sector by supporting both supply and demand for information in the finance, education, and health sectors and the use of disclosed information to improve accountability in the public sector.

5. **Current status:** It is still difficult for citizens to hold the government accountable for its management of public service despite a supportive legal and regulatory framework for greater transparency and citizen engagement. In 2013, Burkina Faso adopted a PFM Transparency Code (*Loi 08/2013 portant code de transparence dans la gestion des finances publiques*) in line with WAEMU directives. The law requires public institutions to make information publicly accessible to users on their functioning and decision-making processes as well as organising effective access to information for the media and the public at large. More specifically, it requires proactive disclosure of information to the public in a user-friendly format (article 45), including on institutions websites (article 46), as well as preparing and disseminating a citizens' budget (article 47). At the MEF, the Budget General Directorate (*Direction générale du budget* [DGB]) has made efforts to comply with the legal provisions by publishing budget information on its website. Accordingly, Burkina Faso has made progress in international budget transparency rankings where the country is considered an average performer in the region. Burkina Faso's Open Budget Index score rose considerably from 5/100 in 2010 to 23/100 in 2012 and 43/100 in

2015. This result placed Burkina Faso within the regional average in comparison to other francophone countries in the region. The International Budget Partnership country assessment concluded that Burkina Faso provided limited information on the national government budget and financial activities during the course of the budget year but the government does not have the required capability to provide the public with opportunities to engage in the budget process. Public participation is 10/100 in 2015. Burkina Faso's score progressed on the PEFA PI-10 Public Access to Budget Information, which rose from C to B between 2010 and 2013. But the report also notes that while some efforts are being made, direct access to financial information is largely limited or delayed.

6. Despite these improvements in the rankings, Burkina Faso has yet to elaborate and disseminate a citizens' budget that makes information accessible to civil society, the media, and citizens, more broadly, in which information is translated into citizen-friendly information on sectoral and regional allocations. In addition, beyond budget information, the Financial Transparency Code defines information disclosure much more broadly than budgetary information and other key documents of interest to the public should be made available. These include, tax rates and mobilization, details of the legal framework, contract information in the extractive industries, the accounts of state-owned enterprises, and audit reports, which have largely not been made available to date.

7. Disclosure of information by line ministries, particularly, the MoH and the MENA has been very limited. The ministries have not adopted a clear framework for making information available and their websites are not adequately maintained. While recognizing that making information available online in a country with limited Internet connectivity is not a panacea to making the information available to a large portion of the population, it is an important starting point for third-party intermediaries (CSOs and the media) and interested individuals with Internet access, who are seeking information on these sectors. Moreover, information, once online, can be brought offline and be disseminated more broadly to the population and is also an opportunity to engage with the country's increasingly connected population, in particular the youth. The ANP-TIC, created in 2014, has the mandate to spearhead the government information but it is still scarcely available. While the agency has collected some initial information from sector ministries, it has had difficulties in accessing information from public administrations in a more systematic way. Supporting ministries to make their information available and compatible with open data standards is necessary to enhance the platform for accessing their information.

8. Media also make an important contribution to public oversight by widely disseminating information, allowing for two-way communication and carrying out their own research and investigative work. The media environment in Burkina Faso has significantly improved in the transition period. Media outlets have much more room to operate and journalists are encouraged to take up a more investigative role by their publishers. The Burkina Journalists Association is launching an Economics and Finance Network of journalists interested in covering public FM processes. However, the journalists' limited access to information and weak capacity to effectively cover technical issues is a limiting factor.

9. To address information disclosure in a more effective and standardized way, it is necessary to identify what information, in what format, and how it should be disseminated (including through the open data platform). This will allow information disclosure to be more

reliable and more intelligible to citizens and to be communicated through appropriate channels, which are prerequisite measures for strengthening citizen engagement in these sectors. Potential users of disclosed information also need to be aware that information is available and of the capacity to use it to fully play their role in providing independent monitoring and public oversight.

10. **Activities to be financed:** The activities supported under this subcomponent seek to address the issues highlighted above by focusing on both supply- and demand-side aspects of information disclosure by (a) enhancing proactive disclosure of information and (b) stimulating utilization of the disclosed information. The activities will be carried out by the MEF, MoH, and MENA jointly with the CIFOEB platform to ensure that the information provided is relevant to users/civil society and made available in user-friendly and accessible formats. ICT related activities under this subcomponent will be carried out in collaboration with the ANP-TIC to provide technical support and ensure linkages of disclosed information to Burkina Faso's open data platform.

- (a) **Enhancing proactive disclosure of information:** This activity seeks to upgrade and standardize information disclosure practices at the MEF, MENA, and MoH including the production and dissemination of citizen-/user-friendly budgets, in partnership with the CIFOEB platform. The subactivities include (i) preparing and adopting information and data disclosure guidelines (type of information, format, frequency of publication, coordination and monitoring mechanism, and linkages to open data), initially relating to budget information and later expanding to cover broader financial information (for example, extractive industries, state-owned enterprises, public procurement, and so on.) and service delivery performance. The disclosure practices and guidelines will be updated during the project, based on feedback provided by users; (ii) updating the MEF, MoH, and MENA websites to develop a coherent online presence with user-friendly content and functionalities, in partnership with the ANP-TIC; and (iii) supporting the MEF in the preparation and dissemination of a citizens' budget focusing on allocations to specific goods and services for different sectors and regions and preparing an accompanying strategy to sustain its production and broad dissemination.
- (b) **Stimulating utilization of disclosed information:** This activity seeks to build capacity for third-party intermediaries (civil society and media) to use the disclosed information to support their monitoring, information dissemination, and accountability roles, with an emphasis on the finance, health, and education sectors. Subactivities include (i) building capacity for independent budget monitoring and analysis by civil society through the CIFOEB platform, among others. Capacity building will be provided to equip civil society with budget tracking and monitoring tools through formal training and mentoring TA to carry out independent budget monitoring, analysis and advocacy, with an emphasis on the finance, health, and education sectors; and (ii) supporting increased quantity and quality of media coverage on the mobilization and use of public money through the provision of capacity building to journalists on budgetary processes and service delivery, in partnership with the Association of Journalists of Burkina Faso.

11. **Expected outcome:** By the end of the project, financial, budgetary, and performance-related information will be readily available in user-friendly and accessible formats to the public in the finance, health, and education sectors and third-party intermediaries will be actively engaged in playing their monitoring and oversight roles.

Subcomponent 1.2: Developing Accountability Mechanisms in Service Delivery (US\$2.5 million)

12. **Objective:** The purpose of this subcomponent is to develop a citizen-oriented approach to service delivery by supporting monitoring and feedback mechanisms in the delivery of services in the health and education sectors.

13. **Current status:** Governance, including enhanced accountability, has been identified by the government in both sectors, through their sector strategies and plans, as a key area to address to consolidate gains and continue to improve sector performance. The health and education sectors have performed relatively well in increasing coverage and quality of services in the past decade but important failures in these sectors remain, demonstrated by high rates of absenteeism among health professionals and teachers, leakages of public funds, unregulated fees, and shortages in textbooks, pharmaceutical products, and delivery of school feeding.

14. To date, implementation of the governance aspects of the sector policies has been limited with regards to providing opportunities to generate and utilize user feedback in the management of the health and education sectors, both at the policy/sector and service provider levels. A key partner in enhancing accountability in the sector is civil society. The ministries have recognized the role civil society plays as partners in development by convening CSOs to the annual Sector Dialogues at the sector level to evaluate and inform policy.

15. CSOs in Burkina Faso are relatively well-organized, visible, and play a role in public discourse. At the national level, the CNOSC/BF, a national umbrella organization, exists with a federated organizational structure, ensuring presence at the national, regional, province, and commune's levels. Sector specific networks of CSOs are operational, notably CIFOEB, a platform of CSOs on budget and public finance, and REN-LAC (anticorruption network). However, limited access to information and weak capacity has hampered the civil society's capacity to monitor and analyse budget processes and sector performance, more broadly. As a result, civil society has not always been well-equipped to contribute to the dialogue in a meaningful way and carry out its oversight role.

16. The MoH and MENA are seeking to address accountability in the delivery of services by establishing formal accountability mechanisms including opportunities for citizen feedback and monitoring both internally and through third-party mechanisms, in collaboration with civil society. These complementary measures will seek to address both 'voice' at the sector level—where policy and oversight can influence service providers—as well as 'client power' between citizens/users—individually and collectively—and frontline service providers to directly influence and supervise local service delivery.

17. **Activities to be financed:** Activities supported under this component will strengthen accountability mechanisms in service delivery by (a) promoting accountability at the sector level; (b) developing a monitoring and feedback mechanism at the service provider level; (c) TA to

provide an ICT platform for tracking feedback from communities; and (d) building civil society's capacity for independent monitoring and advocacy. Implementation of activities (a) and (b) will be carried out by both the MoH and MENA in collaboration with civil society partners active in these sectors.

- (a) **Promoting accountability at the sector level:** This activity seeks to develop accountability at the sector level by developing an internal user/citizen feedback mechanism and consolidating and institutionalizing sector-wide citizen engagement, with the participation of civil society. The subactivities include (i) action oriented capacity building for sector stakeholders on citizen engagement, including both ministry staff and civil society; (ii) signing of an MoU between the ministry and civil society to establish a Citizen Engagement Committee in each ministry to jointly design, carry out, and oversee project activities in the health and education sectors covered by this component; (iii) establishing a functional customer service unit, including a multi-level GRM system to address service delivery issues. The GRM will initially be piloted in one region and expanded over the duration of the project; (iv) developing and adopting, by project midterm, a sector-wide citizen engagement strategy in each ministry—including learning and best practices from activities of this component, as well as regulatory reforms that may be deemed necessary; and (v) supporting systematic tracking and reporting on sector spending by the MoH and MENA, to foster efficiency and accountability in the use of resources. The ministries will put in place mechanisms for capturing information on resources received by spending agencies (including schools and health centers), which can be analyzed according to regions and provinces, in collaboration with CSOs.
- (b) **Developing a third-party monitoring and feedback mechanism at the service provider level:** This activity seeks to support the piloting of a third-party accountability mechanism at the point of service involving users, service providers, and civil society to improve local service delivery and inform regional/national sector policies in the health and education sectors. The mechanism will make available information on service rights and standards and provide for interaction and feedback between users and service providers, based on a scorecard approach. The approach will include geo-referenced ICT integration, in collaboration with the ANP-TIC, to enable (i) online tracking of results (service performance, action plans, and progress reports); (ii) visualizing the location of targeted facilities; and (iii) facilitating the presentation of findings at various levels of government to inform policy. The mechanism will initially be introduced in health and education facilities in two regions on a pilot basis covering both urban and rural areas with a progressive roll out.
- (c) **TA to provide ICT platform for tracking feedback from communities:** There is a consensus among stakeholders that empowering citizens through innovative participatory approaches is crucial in improving the monitoring and outcomes of public services. In collaboration of civil society actors and government counterparts, the project coordination unit will evaluate, at midterm review, the potential for financing an ICT platform in the health and education sectors to (i) strengthen the engagement of communities in monitoring public services by getting information to

the communities and making that information available to others; and (ii) promoting accountability around outcomes by ensuring that relevant stakeholders take the necessary actions in a timely manner to address service delivery constraints. The mobile phone-based platform will target community-level stakeholders, including direct service beneficiaries to track, monitor, and disseminate information. The primary objective is to provide citizens with a tool to raise the profile of service delivery bottlenecks. Citizens' voices can be aggregated and amplified and then be advocated for by civil society and other actors. Enhanced awareness should result in actions that address challenges affecting delivery of public services. The activity will be developed and coordinated by an independent institution.

- (d) **Building civil society capacity for independent monitoring and advocacy:** This activity will address the critical need to improve knowledge on good governance and citizen engagement practices and stimulate policy dialogue on greater government accountability. This activity will support developing the capacity of civil society, through targeted TA, to play a more proactive role in service delivery monitoring and advocacy in partnership with, among others, the CNOSC/BF. The network will (i) carry out independent oversight of the activities implemented under this subcomponent and prepare an annual report on the activities; and (ii) organize an annual review and learning event on good governance (Good Governance Forum) with participating ministries and other project stakeholders of this component (ASCE, ANP-TIC) to promote knowledge sharing and outreach in good governance practices and inform sectoral policies.

18. **Expected outcome:** At the end of the project, sector ministries will have adopted and institutionalized mechanisms for citizen feedback and monitoring and will use this information, along with third-party monitoring and civil society feedback to inform improvements in the delivery of health and education services.

Subcomponent 1.3: Consolidating Mechanisms and Capacity to Fight Fraud and Corruption (US\$3.5 million)

19. **Objective:** The purpose of this subcomponent is to consolidate mechanisms and enhance the capacity for fighting fraud and corruption in the public sector to address impunity in corruption cases.

20. **Current status:** The new anticorruption legislation aims at reinforcing regulatory and legal measures, rationalizing and making existing anticorruption tools and law enforcement more effective for greater transparency. The new law also enhances civil society's participation and private sector involvement in the fight against corruption. The anticorruption law could bring changes, innovations, and improvements in good governance practices, if it were fully implemented. These include (a) the requirement for asset declarations for public officials; (b) more protection for whistle blowers and witnesses; (c) referral to a court by civil society representatives for misuse of public funds; and (d) international cooperation for stolen asset recovery.

21. The national anticorruption agency, the ASCE, established in 2007 under the Prime Minister's Office, is mandated to investigate fraud and corruption allegations and refer substantiated cases either to courts for prosecution or to relevant ministries and public institutions for administrative breaches. A key function of the ASCE is to promote institutional compliance with relevant regulations, pertaining to financial, accounting, and administrative processes. Thus, the ASCE plays a central role in operationalizing the anticorruption law. However, the ASCE lacks the capacity and resources to effectively undertake its legal mandates. Furthermore, the effectiveness of ASCE's role in ensuring compliance with the law, timely adjudication of the corruption cases, and prosecuting of offenders, depends largely on the cooperation of the prosecutor and the anticorruption courts. The ASCE needs support to accomplish its expanded mandate, in partnership with REN-LAC. In particular, support measures are needed to upgrade the ASCE's capacities to establish and manage an asset declaration system and strengthen its investigative capacity.

22. Civil society has been very active in this sector, in large part throughout REN-LAC. This CSOs network is widely credited as being an agenda setter in this sector and has played an important role in preparing the draft of the anticorruption law as well as having led strong advocacy efforts for its adoption. Through the annual publication of a countrywide corruption perception survey, REN-LAC has played an important role in documenting the rampant corruption affecting Burkina Faso. In its 2014 report, 91 percent of survey respondents reported corruption as being very frequent or frequent and almost half of the respondents reported corruption had increased in 2014 compared to the previous year.

23. **Activities to be financed:** The activities supported under this component include (a) strengthening institutional capacity to implement the newly adopted anticorruption law; and (b) supporting the operationalization of the anticorruption criminal branches of the first instance courts of Bobo-Dioulasso and Ouagadougou. An innovative feature of this component is the integrated approach to working with both the public sector and civil society to make the anticorruption law effective.

- (a) **Strengthening institutional capacity to operationalize the newly adopted anticorruption law:** This activity seeks to build the capacity of the ASCE to carry out its existing and new mandates and promote civil society engagement, in line with the newly adopted anticorruption legislation. The support measures to ASCE will be developed using a performance-based management approach. Subactivities include (i) establishing an asset declaration system at the ASCE by defining clear procedures and guidelines and supporting an effective information system; (ii) supporting the establishment of an anticorruption unit at the ASCE by developing procedures and guidelines for investigation and 'on the job' TA for investigatory capacity building; (iii) developing and implementing a communication strategy (including manuals/communication materials, a broad public awareness campaign, and the ASCE website) on anticorruption and the new law, carried out as a partnership between the ASCE and REN-LAC; and (iv) supporting REN-LAC to develop and implement an independent monitoring tool to track the implementation of the anticorruption law.

(b) **Improving adjudication of anticorruption allegations:** This activity seeks to operationalize the anticorruption criminal branches of the superior first instance courts of Bobo-Dioulasso and Ouagadougou. These courts will be responsible for adjudicating corruption cases brought to them by the ASCE and the prosecutors. Subactivities include (i) supporting the setting up of two anticorruption criminal branches at the first instance courts of Bobo-Dioulasso and Ouagadougou. Ensuring timeliness and transparency in adjudicating corruption cases are crucial for reducing corruption; and (ii) supporting independent monitoring by REN-LAC of corruption cases submitted to the superior first instance court in coordination with the ASCE, to enhance transparency around the submission, adjudication, and prosecution rates of anticorruption cases at these courts.

24. **Expected outcome:** The effective implementation of the anti-corruption law results in successful prosecution and decreased instances of corruption.

Component 2: Improving domestic revenue mobilization and public expenditure management (US\$14 million)

25. **Objective:** The objective of this component is to increase fiscal space and domestic revenue collection and enhance the performance of public spending and the delivery of efficient public services.

26. The component is divided into five subcomponents: (a) broadening the tax base and simplification of customs clearances and tax procedures; (b) enhancing revenue and budget management information systems; (c) strengthening public procurement management and capacity; (d) improving cash, debt, and treasury management; and (e) strengthening predictability and control in budget execution.

Subcomponent 2.1: Broadening the Tax Base and Simplification of Customs Clearances and Tax Procedures (US\$3.0 million)

27. **Objective:** The objective of this subcomponent is (a) to enhance revenue collection through a better distribution of the tax effort among taxpayers based on their level of income and a proper management of VAT for the improvement of its productivity; and (b) to introduce a customer-care approach through a simplification of tax and customs clearance procedures and ensuring a more accessible tax administration to citizens.

28. **Current status:** Tax collection in Burkina Faso is one of the lowest in WAEMU. The share of VAT in the overall revenue collected by DGI has steadily declined since 2010, from 41 percent in 2009 to 32 percent in 2014. This situation mainly results from its current management. The VAT arrears (CFAF 35 billion) represented 55 percent of the most productive taxes (CFAF 63 billion) at the end of the fiscal year 2014 and its recovery performance is at the lowest. The quest for liability of the biggest number of taxpayers, notably those in the informal sector, leads to low collection productivity. Finally, the presence of duplicates and idle data in the database of tax identification numbers has resulted in a bulky database of taxpayers, yet with limited reliability.

29. Moreover, it is worth noting that the lowest threshold of VAT liability (annual turnover of CFAF 50 million) heavily reduces the performance of this tax. Currently, this low liability threshold entails a plethoric population of taxpayers that is less productive in terms of revenue, as the tax administration cannot ensure the collection of the taxes due to the big size of this population and its geographic dispersion. Thus, many suppliers have the possibility of charging tax to some taxpayers who recover the said tax, while the supplier who charges the tax does not remit it. This practice causes some huge losses of revenue. These are the perverse effects of the quest for liability of the biggest number of taxpayers, notably those in the informal sector.

30. Another source of loss in revenue is the lack of consolidation of income per taxpayer (taxation per category of income), which lowers taxation based on the level of income (top-down balance) and adversely impacts fiscal justice. Thus, the regulated occupations that often cover several categories of income evade progressive taxation in part.

31. Unlike most of the subregion countries, Burkina Faso does not have a General Tax Code. This situation heavily impedes the legibility of the tax system. A draft tax code has been developed, but the regulatory measures needed to enforce it are yet to be undertaken. The lack of regulatory interpretative provisions of the fiscal law and the absence of communication heavily hinder taxpayers' understanding of their obligations and negatively impact the compliance rate.

32. Three levies account for over 89.5 percent of the taxes collected by the Customs Administration: (a) VAT on imports, (b) customs duties, and (c) tax on petroleum products. It is worth mentioning that customs duties and VAT on imports are related, as the value of the goods serves as a base for both taxes. Thus, streamlining the process of establishing customs value will step up both levies. Controls both in the DGD and DGI have to be strengthened, being currently notably insufficient; for instance, 60 percent of imports are not verified. Control services do not have a proper understanding of all economic activities undertaken by the controlled taxpayers, which leads to litigations that lower the productivity of the control itself and create a stock of arrears from post-control tax recoveries.

33. **Activities to be financed:**

(a) Enhancing reliability of the tax base:

- (i) **Conduct a general census of taxpayers:** The general taxpayer census will consist of identifying taxpayers individually and locating them geographically. Beforehand, it will be necessary to complete the addressing, at least in the City of Ouagadougou, in a bid to attach a clear physical address to each taxpayer. The second step will be to conduct a mapping of the city per street to come up with a geographical identification of all taxpayers that constitute the Urban Land Register. This operation will help identify and register all taxpayers, notably those of the informal sector, and by implication, increase the enrolment rate. After this operation, it will be necessary to audit and streamline the taxpayer identification file.
- (ii) **Audit, overhaul of the tax identification file, and establishment of a national tax identification number for companies and associations:** The audit of the file will consist of identifying and eliminating the idle and duplicated data and also registering the new taxpayers. On this occasion, an

overhaul of the registration system is planned, through the introduction of a national tax identification number for firms and associations (*Numéro d'identification national pour les entreprises et associations* [NINEA]). This NINEA number is attributed by the national body in charge of collecting statistics, with the same root segment and some specific spaces reserved for the various administrations, for their own needs. This root segment will help to capture taxpayers in the informal sector through the exchange of data between all databases of the different public administrative bodies.

- (iii) **Examining possibilities of reorganising VAT billing:** This operation will finance the revision of VAT eligibility criteria and liability threshold. The reorganization of VAT billing aims at securing VAT receipts and reducing risks of fraud by allowing the deduction entitlement to only the formal sector and applying a unique contribution that encompass all taxes including VAT to the informal sector.
 - (iv) **Census of the regulated occupations and study on the impact of the single and global taxation on income:** This activity will consist of grouping all tax files of existing professional occupations, before identifying missing taxpayers. The grouping per type of occupation will make it possible to conduct a comparative analysis of the level of income declared within each occupation. This activity is aimed at increasing the contribution of the regulated occupations, to both VAT and income tax. As part of this activity, some clear-cut simulations will be performed to determine the impact of the progressive tax scale to be retained before switching to a unique and general income tax.
- (b) **Streamlining customs clearance procedures and tax noncompliance investigation:**
- (i) **Development, consultations, and drafting of a CGI, its application regulations and administrative doctrine:** This activity will mainly consist of supporting the public administration in developing regulatory instruments (tax code and application guidelines) by staging workshops and internal consultations with key stakeholders including the private sector. Once the instruments are validated and adopted, it will be necessary to support the printing and diffusion thereof.
 - (ii) **Drafting of a manual of procedures, development of professional monographs, sector studies, and practical guidebooks for fiscal verification and training of tax officers on these tools:** This activity mainly touches on the development of working tools for internal and external controls. The elaboration, diffusion and dissemination of a manual of procedures covering all professions of the tax administration will be financed to facilitate the accessibility of tax services and improve transparency of the fiscal system and its productivity. As for fiscal verification, some professional monographs, sector studies, and practical guidebooks will be developed, printed, and distributed, and some TA provided if necessary. Some training workshops will be conducted for verification officers.

- (iii) **Acquisition of quality and quantity control instruments for hydrocarbons:** This activity is about endowing customs services specialised in hydrocarbons with inspection equipment, electronic quantity gauging systems, and associated calculation software necessary to assess the volumes and perform operations for the determination of the taxation base. Thus, the customs departments concerned will no longer be dependent, for their inspection operations, on the good will of the National Hydrocarbons Company that has a monopoly over the importation and sales of hydrocarbons. This activity will equip the customs administration with adequate control tools to perform counter-expertise of the presented declarations made by the operator and secure revenue of petroleum products.
- (iv) **Development and rollout of a communication plan and conduct of a taxpayer satisfaction survey:** This activity is intended for the general public and is aimed at developing civic spirit around tax issues, in a simple but effective manner. To this end, some information brochures, sketches, and spots will be done and diffused through all communication tools available. At midterm, an independent firm will be hired to conduct a taxpayer satisfaction survey.

34. **Expected outcome:** This subcomponent is expected to result in enhanced transparency of taxpayers' obligations and liabilities and an effectiveness of measures for taxpayers' registration and tax assessments. VAT productivity is expected to rise through enhanced secured collection of tax from the formal sector and a rise in tax collection from the informal sector. The registration of regulated occupations in a single recovery unit will markedly contribute to tax base extension and income tax and VAT productivity, through a greater command of the occupations concerned.

Subcomponent 2.2: Enhancing Revenue and Budget Management Information Systems (US\$7 million)

35. **Objective:** The objective of this subcomponent is to enhance the existing IT systems developed by the MEF to support the modernization of the revenue administration and budget management practices. It will finance the upgrade and adaptation of the existing IT systems that will support the management of revenue and the new budget preparation and execution framework and enhance the fiscal reporting capabilities, system capacity, and performance.

36. **Current status:** The GoBF has made the strategic choice to internally develop and maintain its FMIS based on the fact that they have developed the current system. The critical system—Computerized Expenditure Circuit (CID)—that manages the budget preparation and execution processes and fiscal reporting is well-maintained and updated on a regular basis by the central Information Systems General Directorate (DGSI) team. The system has been designed to provide better fiscal control by ensuring that expenditures are in accordance with budget appropriations. The CID system is interfaced with the payroll management system for civil servants, the Integrated Human Resource Management System, the debt management system, and the revenue management systems (SINTAX++ and ASYCUDA World) to provide a tool for better management of government finances.

37. While this choice of home-grown FMIS provides a high level of flexibility, it puts the pressure of its maintenance and adaptation solely on the DGSI which will require a strong and better internal organization to carry out these duties. Maintaining a custom developed software requires strong internal IT skills and competencies within the DGSI which is a constant challenge. The current FMIS architecture is highly fragmented and this makes it even more difficult to coordinate updates and upgrades to the system.

38. The scope of work required to adapt the current FMIS system is very large. Recent assessments carried out by the IMF and DGSI have indicated that not less than thirteen (13) different applications and ten (10) interfaces which constitute the heart of the Integrated Financial Management Information System (IFMIS) will be heavily affected. A roadmap to upgrade the current IFMIS has been developed since 2012 but its implementation has not started yet.

39. The DGD has adopted a master strategy and action plan to reform and modernize customs administration information systems, thereby improving customs revenue. Specifically, under the master plan, the government has completed the upgrade of its existing customs system to the comprehensive integrated ASYCUDA World. The deployment of this new platform to all custom offices and agents is not completed. The DGD offices connectivity needs to be developed across the country.

40. The DGI is using SINTAX++ to automate its business processes. The system has been recently upgraded through a funding from Switzerland. Important and critical functionalities have been added to the core system during the migration. However, remote services such as e-services (e-declaration, e-payment, and so on.) and mobile services are still not available through the system. The DGI is planning to enhance SINTAX++ by adding more functionalities and updating the taxpayers database ID. Another important activity in their strategic plan is the revamping of the website and the provision of the interfaces with ASYCUDA World and other IT systems. The system is now available in 11 provinces (out of 13) and the DGI is aiming at extending the coverage to about 40 additional locations. This is closely dependant on the Internal Network Infrastructure (RESINA) performance and coverage.

41. **Common IT infrastructure and technology platform for government financial management systems also require development and modernization.** The GoBF has established a common data center and a wide area network (WAN) infrastructure in the MEF that provides a common technology platform for the operation of most of the information systems that are currently in production. The WAN is mainly using the government-operated internal network infrastructure called RESINA. The ANP-TIC is in charge of implementing the GoBF IT Strategic Plan which includes the deployment of a national backbone in fiber optic. Roles and responsibilities remain however unclear and make it difficult to optimally operate the RESINA. A large number of infrastructure projects are being considered by the ANP-TIC to enhance the network performance and coverage in the next two to three years.

42. Figure 1 shows the overall information systems architecture required to provide support for the different functional processes associated with the GoBF's PFM, and how the various GoBF initiatives currently underway fit into this architecture.

43. **Activities to be financed:**

(a) **Modernization of the revenue administration IT systems:**

- (i) **Network perimeter security setup and internet access:** This activity will secure and promote the remote access to the customs application by setting up the required network perimeter security devices. The internet access bandwidth will also be increased to allow for more concurrent access from operators. Under this activity, the following will be done: (a) TA to design the network perimeter security and requirement acquisition and implementation services; (b) acquisition of a leased line to allow for more concurrent access from outside the network; and (c) capacity building for IT staff in managing security devices and tools.
- (ii) **TA to activate additional modules in ASYCUDA World:** This will require implementation services from UNCTAD technical teams.
- (iii) **Finalize the deployment of ASYCUDA World** to remote customs offices and warehouses where network connectivity is available. As the system is web-based, this will require some minor networking upgrade, computer equipment for users, and training.
- (iv) **Enhance network connectivity and implement network perimeter security** to allow access to external parties; support the interfacing of the systems with other systems; the acquisition of hardware for system rollout; and a backup data center for customs.
- (v) **TA during the SINTAX++ upgrade to add more functionalities** for systems enhancement and interfacing of the with core PFM information systems, including ASYCUDA World and other PFM IT.
- (vi) **Strengthening the tax administration network infrastructure coverage and performance;** by upgrading the network, security, and hardware infrastructure to support the application rollout to remote offices.
- (vii) **Develop and implement a change management** strategy and an end-user training program to optimise the use of the application.

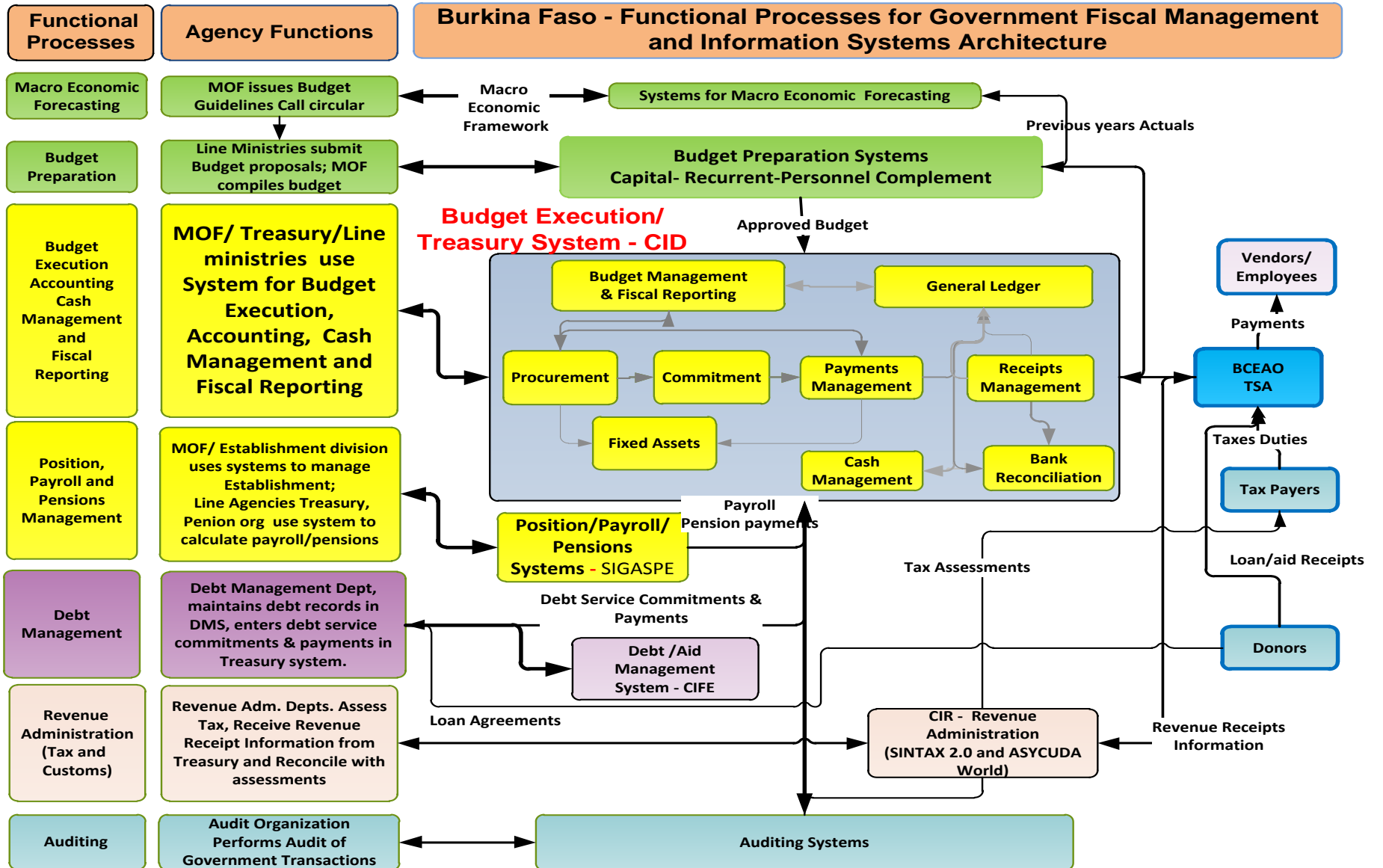
(b) **Upgrade and adaptation of the existing budget management IT systems:**

- (i) **Network infrastructure capacity and performance enhancement:** The quality of infrastructure and networks is key to IFMIS performance and should be strengthened in view of the current situation. The project will support the following activities: (a) support for the enhancements of the network infrastructure, coverage, and performance to improve the level and quality of service; (b) acquisition and implementation of state-of-the-art network administration and supervisory tools as well as an incident management tool (helpdesk software); and (c) support the implementation of network perimeter security devices to allow remote access for users outside the government to a selected set of services.

- (ii) **Primary data center rehabilitation and disaster recovery centre (DRC) setup:** The current data centre is inadequate and requires additional investment to enhance the integrity, availability of critical systems, and data recovery. The project will support the following activities: (a) support for the creation of a DRC; (b) support for the upgrading of the existing data center; and (c) support for the establishment of a business continuity plan and a disaster recovery plan.
- (iii) **Systems integration and master data management:** The evolution of the core applications of the MEF presents an opportunity to review the current information systems architecture. Better integration of systems can be achieved. The project will support the following activities: (a) support for the definition of an enterprise architecture and a systems integration strategy; (b) implementation of integration technologies to ensure less redundancy and more consistency of data across various applications; and (c) support the establishment of a data governance structure and practices.
- (iv) **TA and advisory services for IFMIS adaptation and rollout:** Advisory services will be required to provide TA and quality assurance during the entire lifecycle of systems adaptation and therefore help in mitigating the main risks related to the overall development project. The project will support the following activities: (a) advisory services and TA to support the MEF in the entire process of systems adaptation; and (b) advisory services and TA to support the selection and implementation of a data warehouse and business intelligence system for the MEF.
- (v) **Capacity building for IT staff:** Provide training to IT staff in certain targeted areas such as information systems security, new developments methodologies and tools, as well as data governance skills and capabilities that will be required to maintain and support the system. In addition to this, new systems will be acquired to provide for master data management to maintain reference data such as chart of accounts (CoA), data warehouse, and business intelligence. Some targeted areas such as information systems security, enterprise architecture, new developments methods as well as data governance skills and capabilities will be required to maintain and support the system. The project will support various training and capacity-building activities necessary to upgrade and provide the required level of support to the system users.

44. **Expected outcome:** At the end of the project, the GoBF will benefit from an FMIS that is compliant with international accounting and budgeting standards and revenue administration systems easily accessible to operators.

Figure 2.1. Functional Processes for Fiscal Management and Information Systems Architecture



Subcomponent 2.3: Strengthening Public Procurement Management and Capacity (US\$1.5 million)

45. **Objective:** The overall objective of this subcomponent is to improve public procurement practices by enhancing the efficiency, performance, and accountability of the procurement process. Second generation procurement reforms involve focused effort on increasing capacity, monitoring performance, and achieving development objectives.

46. **Current status:** Procurement remains a powerful factor slowing and paralyzing budget expenditure. While the legal and institutional public procurement framework is relatively robust, implementation and enforcement remain areas of weakness. Burkina Faso has significantly improved its procurement framework over the past five years. Resulting from the transposition of WAEMU Procurement Directives, a new procurement code in line with international practices was adopted in 2008. The 2013 revised code promotes and establishes open competition and unrestricted access to bidding and broader publicity in advertising. The institutional framework has been improved with the setup of ARCOP, which is in charge of regulation and nonjudicial directives. The Committee of Conflict Resolution comprising three party representatives (public sector, private sector, and civil society) completed the institutional framework. To increase public procurement capacity, ARCOP elaborated new standard bidding documents which were adopted in 2010 with user guides.

47. Studies such as the use of country system review identified the procurement system as a major bottleneck in poor budget execution and service delivery. Burkina Faso has significantly improved its procurement framework over the past five years. While the legal and institutional public procurement framework is relatively robust, the implementation and enforcement remain areas of weakness.

48. Weaknesses illustrated by long delays in the procurement process include (a) inadequate capacities in the procurement units of sectoral ministries evidenced by poor quality of bidding documents; (b) duplication of redundant controls; (c) the low threshold of procurement methods and delegation of approval; and (iv) lack of accountability mechanisms on service delivery that put pressure on the government to monitor contracting delays. Contract management is also part of the problem, particularly for some activities in infrastructures like road maintenance where the procurement process takes long time and result into an important numbers of annual contracts that are neither cost effective nor manageable.

49. **Activities to be financed:** The project will support three line ministries, the MENA, MoH, and Infrastructures, to establish functional procurement units appropriately staffed with trained procurement personnel from the civil service to enhance practice. It will include the following:

- (a) Providing TA to the contracting authorities to make appropriate procurement planning and ensuring linkage of the plans with the budget; develop internal tools for procurement tracking and build better relationship with the DGC-MEF which is in charge of internal control

- (b) Developing and disseminating techniques and procedures for the use of new procurement tools in particular contracts under framework agreements and multi-year contracts and building capacity of the actors in particular in application of these tools
- (c) Piloting a feedback mechanism at the service provider level to support improved monitoring of key infrastructures projects (procurement, execution of contracts, and physical verifications)
- (d) Developing an electronic systems to enable: (i) electronic transactions between the contracting authorities, the procurement control body, and regulatory body, and (ii) the improvement of the database for statistics and archiving purpose.

50. To provide a more sustainable solution to capacity constraints, elements to be financed from this subcomponent include the professionalization of the procurement function. A consultant will support ARCOP to conduct a procurement capacity and training needs assessment and study possibilities to introduce minimum required qualifications for the procurement function and a certification process to ensure standard qualification. Possibilities of partnership with ENAREF or other institutions will be developed to provide sustainable public procurement training.

51. **Expected outcome:** By the end of the project, procurement units of selected line ministries should carry out procurement efficiently and transparently to realize value for money in the procurement process.

Subcomponent 2.4: Cash, Debt, and Treasury Management (US\$1 million)

52. **Objective:** The objective of this subcomponent is to strengthen the management of cash and debt to minimize net interest cost and ensure cash is available to meet commitments and obligations for service delivery and eliminate arrear accumulations.

53. **Current status:** Cash management is one of the major bottlenecks in poor budget execution and service delivery. Cash management is not yet effective due to the absence of commitment plans, which limits the Treasury's ability to develop reliable monthly cash flow forecasts to cover commitments. The most critical weaknesses are long delays of payments varying between 60 to 90 days after the posting of transactions at the Treasury department and accumulation of arrears through payments of a given fiscal year transactions postponed to the next year. Commitments ceilings of the MDA resulting from quarterly cash allocations are often reduced due to unreliable cash flow forecasting and the introduction of new claims on available balances. In addition, the lack of a coherent and long-term debt management strategy based on cash needs does not facilitate better forecasts of cash requirements and timely payments of suppliers.

54. Good progress is being made in establishing a Treasury Single Account. The GoBF is in the process of implementing Treasury Single Account arrangements located in the Central Bank of West African States (*Banque centrale des Etats de l'Afrique de l'ouest*) and using a network of accounts open in commercial banks. Although this process is yet to be improved, it will secure and centralize cash and check collection of the Treasury and Public Accounts General Directorate (DGTCP). Currently the accountant general is using the telecompensation system

(*système interbancaire de compensation de l'Union Monétaire Ouest Africain—SICA UEMOA*)—to collect checks from regional treasuries. Despite this progress on the Treasury Single Account, cash management is not yet effective due to the absence of commitment plans which limits the ability of the Treasury to develop reliable monthly cash flow forecasts to cover commitments. Oversight of cash management is under a Cash Management Committee chaired by the Minister of Finance, which meets monthly to review the evolution of the cash balance, the updated cash plan and revise the annual issuance of Treasury bonds. But the lack of quality review of revenue forecasts and expenditures to be paid reduces the reliability of this tool.

55. Key findings of a Debt Management Performance Assessment conducted in 2011 indicated that the country has improved its debt management framework with the elaboration of its three-year debt management strategy in 2013 adopted by parliament and annexed to the annual budget law. There is scope, however, for Burkina Faso to further improve its institutional framework for debt management which is currently too fragmented with several entities intervening through various process of commitment, management, and payment of debt operations. The lack of consideration to macroeconomic constraints and poor analysis of the credit risk and cost risk tradeoffs of different debt management options are also major weaknesses of the debt management system. In addition, the issuance of treasury bonds in the regional market does not factor into a coherent and long-term debt management strategy.

56. **Activities to be financed:** Under this subcomponent, the project will finance: (a) development of a cash management database and cash flow forecasting model to improve forecasts of cash requirements from the MDA and ensure that all tax revenues are paid promptly to Treasury accounts; (b) improvement of a medium-term debt management strategy and the management of operational risks; (c) update and dissemination of a manual of procedures for debt management; (d) enhanced data coverage, retrocession, and guarantees management; (e) functional enhancement of the debt and cash management information system; (f) TA to assist the government to improve its liquidity management and the predictability of budget funds releases to line ministries; (g) capacity building of the staff in key areas of debt management, that is borrowing and related financing activities, cash flow forecasting and debt sustainability analysis, operational risk management, audit of public debt, and periodic publication of financial information on public debt; and (h) TA and advisory services for the implementation of an electronic fund transfer mechanism to secure and centralize cash collection.

57. **Expected outcome:** Establishing better forecasts of cash requirements will provide a more reliable basis for estimating cash needs and debt management to ensure credible budget execution.

Subcomponent 2.5: Strengthening Predictability and Control in Budget Execution (US\$1.5 million)

58. **Objective:** The objective of this component is (a) to support the GoBF in enhancing the effectiveness of its overall internal controls system, and (b) reset the focus of internal and external auditing to a more risk-based approach across the MDA.

59. **Current status:** Systematic prior review by financial controllers (inside the expenditure and revenue chain) still contributes to slowing down the budget execution. The merging of the

former public procurement control and financial control is considered as a critical step to reduce duplications of controls. The internal audit system (outside the expenditure and revenue chain) includes (a) the ASCE in charge of the overall coordination of the internal audit activities; (b) the General Inspection of Finance (IGF) reporting to the MEF; and (c) the technical inspections of line ministries and other institutions. Despite several efforts of coordination done by the ASCE, the effectiveness of the internal audit function is greatly hampered by the inadequate qualification of the staff appointed and the lack of sufficient human resources and equipment.

60. The current legal provision does not allow the CdC to exert control on the administration's management or performance. Its internal functioning makes it difficult for it to pronounce a sufficient number of judgments because of constraints of capacity and limited human resources; its role of assistance to the national assembly is not fulfilled due to the backlog on the judgments of public accountants and late submission of audited financial statements.

61. In addition, new PFM regulations provide significant changes of internal audit functions from control to performance evaluation and reporting. Now, the scope of audits goes beyond reviewing the regularity of transactions and covers the effectiveness, economy, and efficiency programs implemented. All these developments require radical changes of practices and tools.

62. **Activities to be financed:** The activities to be financed include TA support for providing key interventions needed to strengthen internal controls and audit functions.

- (a) **Establishing a functional directorate of public procurement and financial control:** It will support (i) the diagnosis of bottlenecks in the financial control processes and an action plan to address said bottlenecks; (ii) the definition of a modulated control at the financial control level and revision of the control standards/manual; and (iii) capacity building for financial comptrollers, in accordance with the new control standards to be implemented.
- (b) **Establishing functional internal audit units across the MDA:** It will finance (i) the update of procedures and operational tools to better focus on the risk-based approach and trainings on risk assessment techniques, risk-based audit, and so on; (ii) the reassessment of risk mappings of key line ministries; (iii) technical support from the ASCE for internal audit units through the development of a quality assurance mechanism and continual professional development to reinforce effectiveness of internal audit function; and (iv) equipment of some internal audit units.
- (c) **Assisting the CdC in implementing a risk-based audit approach and performance audits:** Because of institutional constraints, the CdC has not fully engaged in the performance audits of public services. The activities to be supported include (i) the development and implementation of a risk-based audit approach and other modern methodologies and tools in auditing; (ii) the enhancement of the coordination between internal audits and external audits; and (iii) developing auditor capacity in conducting performance and special audits.

63. **Expected outcome:** It is expected that the internal controls done by the DGC-MEF will achieve an appropriate balance between compliance and results and the overall internal and external audit function will provide added value.

Component 3: Rapid Response Facility (US\$6 million)

64. **Objective:** The objective of this component is to provide implementation support for additional priorities and the evolution of the economic governance reform agenda that address key binding constraints (institutional, regulatory, capacity, governance, and so on) of public services.

65. This component will introduce a transparent funding mechanism to support governance and PFM reform activities based on the government's additional priorities and changes on the ground. The RRF will provide fast-track support to the evolution of the POSEF Priority Action Plan. Additionally, the RRF aims to encourage and stimulate innovation among public entities toward the improvement of quality and relevance of their services through the implementation of improved governance practices or reforms. It will also include provision of 'small grants' to CSOs, on a competitive basis, to finance civic engagement in public oversight and innovative engagement towards reestablishing government credibility.

66. **Current status:** In 2009, WAEMU adopted PFM directives to be fully enforced by January 1, 2017. These regulations cover transparency in public finances including budget laws, government accounting, budget classifications, CoA, and central government operations. The laws related to these directives have already been adopted by the National Transition Council. Their specific impact on the FM systems and procedures will have to be monitored but are expected to be significant, given the strong focus on results as opposed to the current model putting emphasis on budget legislation compliance. The country will need strong support to implement these reforms and overcome the gap between rules in the books and actual implementation.

67. Burkina Faso has already taken significant steps towards the modernization of its budgetary processes. A permanent secretariat in charge of program budgets has been set up to support line ministries which all have experimental program budgets. However, these MDA programs are not aligned with sector strategies, do not include key performance indicators, and their presentation on axis/program/subprogram/action is not harmonized. They are not therefore integrated in the budget preparation procedure and this approach is not yet applied to the entire scope of the state's public spending.

68. The Public Investment Program in Burkina Faso is weakened by lack of technical maturity, budgetary indiscipline, and weak capacity. Implementation of projects is therefore slow, not cost-effective, and with poor quality of goods delivered. Serious reforms on public investment management practices are critical to ensure selectivity and prioritization in relation to the available fiscal space. Program budgeting should help strengthen the process through introduction of multi-year budgeting.

69. One key innovation introduced by the new PFM regulations is the devolution of commitment authority to line ministries. The draft financial law provides for the decentralization of commitment of all expenditures with the exception of personnel expenses, which remains the exclusive prerogative of the Minister of Economy and Finance. The creation of verification units composed of an accountant, a financial controller, and a representative of the commitment authority in some key line ministries is considered as an important step to improve flow of budget execution. Even though these verification units help the acceleration of the budget execution process, they do not give line ministries the capacity to manage their own budget. This in-depth change in budget management requires institutional changes, including reorganization of the relevant MEF units (DGB, DGCF, and DGTCP), transfer of responsibility and human resources, and strengthening of budget management capacities in line ministries.

70. **Activities to be financed:** The fund will finance any request regarding the abovementioned WAEMU reforms and all complementary activities that are critical to strengthening the enabling environment for improved public transparency, accountability, and participation. The support envisaged under the RRF includes (a) goods and equipment; (b) consultants; and (c) consultations and workshops. The fund will finance any request regarding the abovementioned WAEMU reforms and all complementary activities to strengthen public transparency, accountability, and participation.

71. **Expected outcomes:** By the end of the project, it is expected that this ‘just-in-time’ component will be used to address key binding constraints (institutional, regulatory, capacity, governance, and so on) of public services inherent to adjustments related to the country economic governance strategy and new priorities.

Component 4: Project Management Support (US\$2 million)

72. **Objective:** The objective of this component is to establish an effective and efficient project coordination and administration function during the implementation of the project. The component will be implemented under two subcomponents.

Subcomponent 4.1 Project Management and Central Coordination (US\$1.5 million)

73. **Objective:** The objective of this subcomponent is to support a coordination function that will provide leadership and management of the overall governance program and to ensure the specific project objectives are met on time, ensuring quality, and in line with the allocated funds.

74. Key activities to be implemented under the subcomponent through TA consultancies are operational expenses, project coordination, procurement of goods and services, FM, and audits.

Subcomponent 4.2 Monitoring, Evaluation, and Communication (US\$0.5 million)

75. **Objective:** The objective of this subcomponent is to enhance project performance through effective monitoring and quality feedback to the project institutional coordination mechanism and stakeholders.

76. **Activities to be financed:** The activities to be financed under this subcomponent will include sensitization and awareness, preparation of a robust M&E strategy, and overseeing its implementation, communication, and change management strategy.

Annex 3: Implementation Arrangements

Burkina Faso: Economic Governance and Citizen Engagement Project

Project Institutional and Implementation Arrangements

1. **The institutional and implementation arrangements proposed for the project was based on the government's experience with other large-scale projects supported by the Bank and other development partners.** Given the number of beneficiaries involved in the implementation of the project and the variety of activities to be executed, it was agreed with the DGCOOP that the institutional arrangements for the implementation of this project will be simplified and streamlined based on the lessons learnt during the implementation of similar projects. The ministry decided, due to the importance they place on the project and the capacity required for implementation, to make the project a category 'B' project indicating that it will benefit from a semiautonomous implementing unit under the authority of the MEF. Most other successful government projects supported by development partners in Burkina Faso use the category 'B' classification. The project manager and the core team that will manage the project will be recruited on a competitive basis and will work exclusively on this project.

2. The implementations arrangements under the proposed project will follow the existing structure established under the MEF, but with due attention to ensuring (a) the availability of sufficient human resource capacity for successful implementation outcomes; and (b) the effective participation of line ministries and other beneficiaries, such as ASCE, the Court of Accounts, Parliament Finance Commission, and the civil society in the steering committee. The SG/MEF, will be responsible for the overarching strategic coordination and oversight of the project. The specific details for the institutional and implementation arrangements to support the project are summarized below.

3. **The steering committee of POSEF**, was established by Ministerial Order 2012-137/MEF/CAB dated April 5, 2012. The steering committee comprises government officials, the donors, the private sector, and the civil society and conducts an annual review of the POSEF. Technical inputs for the annual review are elaborated by some thematic groups that cover (a) institutional capacity building and overall oversight of the program; (b) management of the economy and development; (c) budget management; (d) resources mobilization and management; (e) public procurement; and, (f) accounting, auditing, and risk management. The annual review is chaired by the Minister of Finance. The joint committee provides overall advice on the progress of the reforms and discusses any coordination issue in the funding of the action plan. Its role is strictly advisory and it helps foster donor coordination with respect to Economic and Finance Sector reforms.

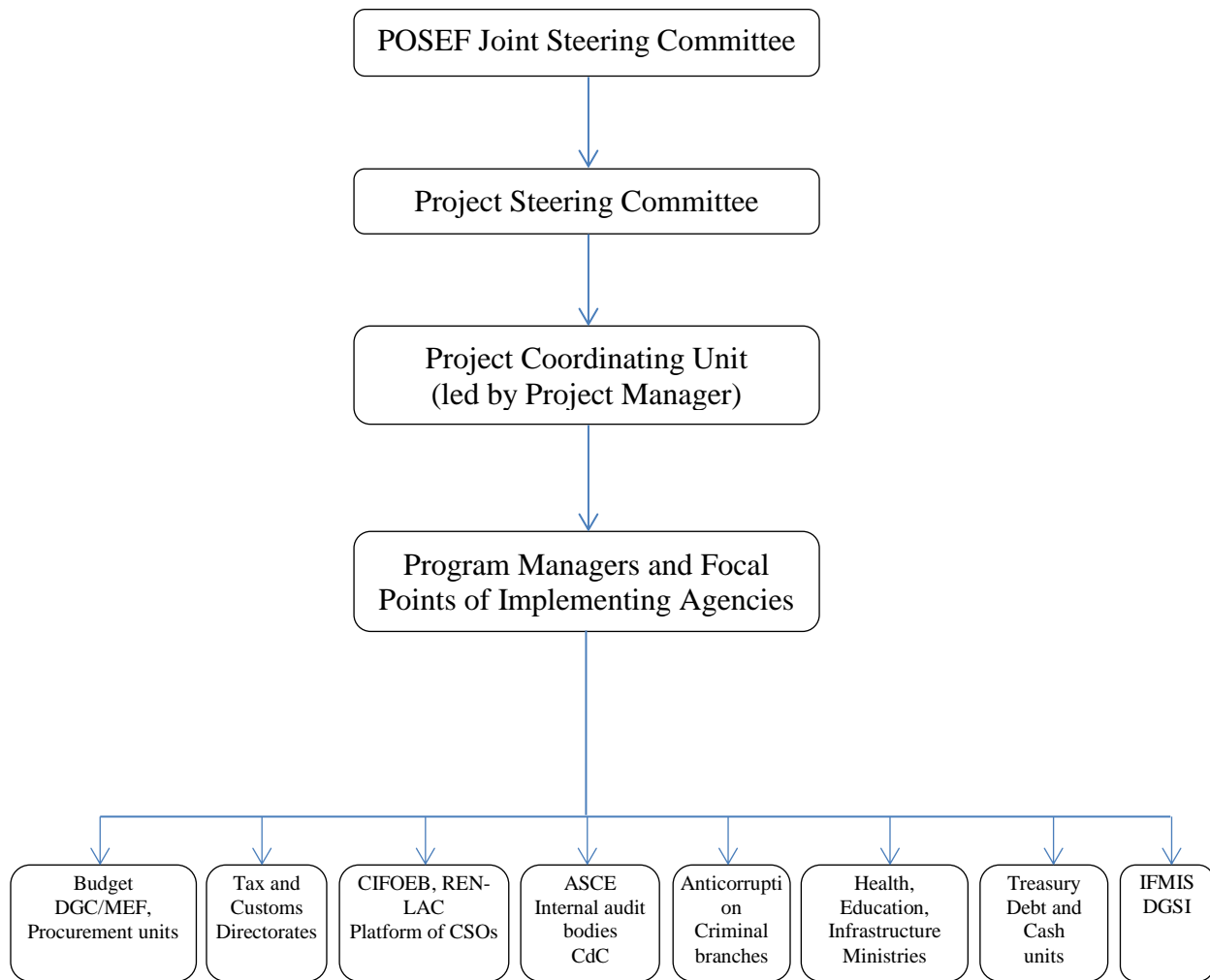
4. **The PSC.** The PSC will provide overall policy guidance for this project. The PSC will be chaired by the SG/MEF and will comprise all key stakeholders involved in the project including representatives of the line ministries and CSOs. The coordinator of the project will act as the secretary of the PSC. The PSC will meet every semester to (a) discuss the strategic direction and orientation of the governance program, including progress in meeting project PDOs; (b) review the implementation status of the components and critical activities; (c) provide guidance and address policy-related issues; (d) approve the budget and annual work plans; and, (e) review and

approve the publication of annual progress reports and audited financial statements of the project before six months after the end of each fiscal year.

5. **The PCU.** The project will be implemented by the PCU set up within the MEF under the oversight of the SG/MEF. A project manager will be appointed to be responsible for the overall project coordination and lead the project management team. In this regard, the day-to-day management of the project will be the responsibility of the project manager who will report directly to the SG/MEF. The project manager will also regularly produce the implementation progress reports and assessments every quarter, semester, and year, including financial reports and ensure intersectoral coordination, for example with the Ministries of Health, Education, and Infrastructures for the implementation of activities to develop accountability mechanisms in service delivery. The project manager will lead a project management team comprising, among others, three program managers (PFM, governance, and IT specialists), a procurement specialist, an M&E specialist, an FM specialist, and an accountant. The project will also pay for support staff and for contractual staff to support the PCU such as subject matter specialists who may not work full time on the project.

6. **Program managers and focal points.** Program managers will be appointed to provide TA to the implementing agencies and oversee the implementation of project activities in some components or themes of the project. Each program manager will be responsible for the implementation of activities under him/her and will be reporting to the project manager. Key implementing agencies such as the DGI, DGD, line ministries, CSOs, ASCE, and so on will designate focal points fully dedicated to the monitoring of their respective work programs in the project. Each focal point will make brief monthly presentations during their meetings, regarding the progress of the project activity under the jurisdiction of his/her organization. Each focal point will advise the PCU of any issues of project implementation that have been encountered. The focal point is expected to have also brought the matter to the attention of his/her department and speak on his/her organization's behalf.

Figure 3.1. Project Organizational Chart



FM and Disbursement Arrangements

7. An FM assessment of the implementing unit of the Economic Governance and Citizen Engagement Project, under the oversight of the SG/MEF, was carried out in July 2015. The objective of the assessment was to determine whether the SG/MEF has acceptable FM arrangements in place to ensure that the project funds will be used only for intended purposes, with due attention to considerations of economy and efficiency. The assessment complied with the Financial Management Manual for World Bank-financed investment operations effective March 1, 2010 and Africa Team Financial Management (AFTFM) Financial Management Assessment and Risk Rating Principles.

8. Arrangements are acceptable if they are capable of accurately recording all transactions and balances, supporting the preparation of regular and reliable financial statements, safeguarding the project's assets, and are subject to auditing arrangements acceptable to the Bank. These arrangements should be in place when project implementation starts and be maintained as such during project implementation. The assessment concluded that the MEF/PCU

FM arrangements will meet the Bank’s minimum requirements under OP/BP 10.00 once the mitigation measures (see FM Action Plan in table 3.1) are implemented.

9. The MEF has no previous experience with IDA FM procedures and it was agreed that a dedicated PCU will be set up to implement the project. The main areas of focus which will be financed with the project preparation advance before effectiveness include (a) the recruitment of an FM officer with qualifications and experiences satisfactory to the Bank; and (b) the preparation and adoption of a Project Implementation Manual (including FM procedures). In addition to these measures and within three months after effectiveness, (a) an accounting software will be set up and an accountant recruited and (b) the external auditor will be recruited no later than six months after effectiveness.

10. The overall fiduciary risk rating is assessed as Substantial and is expected to be Moderate once the mitigation measures are implemented.

Table 3.1. FM Action Plan

FM Pillar	Action	When	By Whom	Status as of July 2015
Internal control system	Adopt a Project Implementation Manual (including FM procedures)	By effectiveness	DGCOOP	Bank team will share with DGCOOP a sample of terms of reference
Accounting	Financial management officer	By effectiveness	DGCOOP	Bank team will communicate to DGCOOP a sample of the terms of reference
	Install an accounting software	By three months after effectiveness	DGCOOP	Bank team will support DGCOOP to elaborate technical specifications
	Accountant	By three months after effectiveness	DGCOOP	Bank team will communicate to DGCOOP a sample of the terms of reference
External audit	Recruit an external auditor on a competitive basis	By six months after effectiveness	DGCOOP	The Bank team will send to DGCOOP the Audit Template of Terms of Reference

11. **Internal control system.**³ The internal control system will comprise a steering committee to oversee the project activities, an FM procedures manual to define control activities, the Financial Control Unit of the MEF to perform prior reviews, and the General Finance Inspectorate (*Inspection générale des finances* [IGF]) to evaluate the performance of the overall internal control system. The FM procedures manual will include the following different sections: planning and budgeting, internal audit, fund flows, accounting, financial reporting, and external audit. The IGF will include the project in its scope, carry out a risk mapping of key beneficiaries and the PCU of the project, and design an Internal Audit Activity Charter, which defines the role, policies, and responsibility of the internal auditor function. The MEF/PCU will furnish to the Bank, no later than 30 days following the end of each semester, a copy of the internal audit

³ The recipient should include in their policies, the rules presented in the document titled ‘Rationalization of Allowance Practices in IDA-Financed Projects’.

report which summarizes the key findings of the reviews completed during the period. The MEF/PCU FM staff will comprise an FM officer and an accountant. The FM staff should have sufficient and adequate experience on FM in Bank financed-projects.

12. **Planning and budgeting.** The MEF/PCU will prepare a detailed annual work plan and a budget, which should be approved by the project steering committee. The MEF/PCU will submit the approved annual work plan and budget to the Bank, for comments, before the end of previous calendar year.

13. **Accounting.** The SYSCOHADA, assigned accounting system in West African Francophone countries, will be applicable. The MEF/PCU will set up an accounting software adequate for project accounting. The software must have all modules needed for project FM (general accounting, cost accounting, contract management, fixed assets management, preparation of withdrawal applications, interim financial reports, and annual financial statements).

14. **Interim financial reporting.** The MEF/PCU will submit an interim financial report to the Bank within 45 days after the end of every calendar quarterly period. The interim financial reports should provide sufficient pertinent and true information for a reader to establish whether (a) funds disbursed to projects are being used for the purpose intended; (b) the project implementation is on track; and (c) budgeted costs will not be exceeded. The report may include an introductory narrative discussion of project developments and progress during the period, to provide context to (or other explanations of) the following financial information reported:

- Sources and uses of funds statement, both cumulatively and for the period covered by the report, showing separately funds provided under the project (IDA, recipient, and so on)
- Uses of funds by components statement, cumulatively and for the period covered by the report
- Designated account reconciliation, including bank statements and general ledger of the bank account
- Disbursement forecasts for the upcoming six months
- Explanation of variances between the actual and planned activities and budget

Table 3. 2. Financial Reporting Requirements

Report	Deadline	Responsible
Interim financial report	45 days after the end of the quarter	MEF/PCU

15. **Annual financial reporting.** The MEF/PCU will produce project annual financial statements, which will comply with SYSCOHADA and Bank requirements. Financial statements may comprise:

- project presentation and project developments and progress during the year, to provide context to (or other explanations of) financial information reported;
- statement of sources and uses of funds which recognizes all cash receipts, cash payments, and cash balances;
- a statement of commitments;
- accounting policies adopted and explanatory notes;
- a management assertion that project funds have been expended for the intended purposes as specified in the relevant financing agreements.

16. **Auditing.** The MEF/PCU will submit audited project financial statements satisfactory to the Bank every year⁴ within six months after closure of the fiscal year. A single opinion on the audited project financial statements in compliance with the International Federation of Accountants will be required. In addition, a management letter will be required. The management letter will contain auditor observations and comments and recommendations for improvements in accounting records, systems, controls, and compliance with financial covenants in the Financial Agreement. The MEF/PCU should recruit a technically competent and independent auditor by six months after the project effective date.

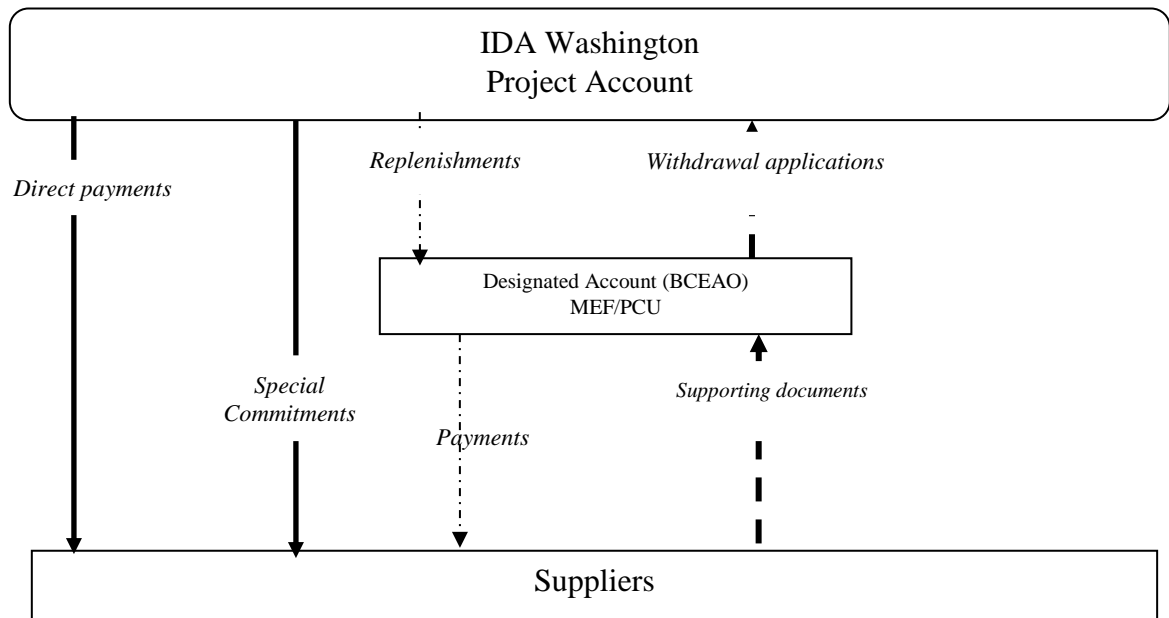
Table 3.3. Audit Report Requirements

Report	Deadline	Responsible
Audited financial statements including audit report and management letter	6 months after the end of the year	MEF/PCU

17. **Disbursements.** Disbursements under this project will be carried out in accordance with the provisions of the IDA Disbursement Guidelines (World Bank Disbursement Guidelines for Projects, dated May 1, 2006), the Disbursement Letters, and the Financing Agreements. The disbursement methods (advances, reimbursement, direct payment, and special commitment) for the project will be indicated in the Disbursement Letter. The MEF/PCU will open and manage a designated account at the Central Bank of West African Countries (*Banque centrale des Etats de l'Afrique de l'ouest*) in CFAF. The designated account will be replenished through the submission of withdrawal applications. Replenishment (requests for reimbursement) and reporting on the use of advances will be accompanied by a statement of expenditure and records required by the Bank for specific expenditures as stated in the Disbursement Letter. All supporting documentation will be retained at the MEF/PCU and must be made available for periodic review by the Bank's missions and external auditors.

⁴ The recipient should refer to the Guidelines: Annual Financial Reporting and Auditing for World Bank-financed Activities, Financial Management Sector Board, June 30, 2003.

Figure 3.2. Funds Flow Chart



Procurement Arrangements

18. Procurement for the project will be carried out in accordance with the Bank’s ‘Guidelines: Procurement of Goods, Works, and Non-consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers’ dated January 2011, revised in July 2014 (Procurement Guidelines); ‘Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers’ dated January 2011, revised in July 2014 (Consultant Guidelines); and the provision stipulated in the Financial Agreement. The various procurement actions under different expenditure categories are described in general below. For each contract to be financed under the Financing Agreement, the various procurement or consultant selection methods, the need for pre-qualification, estimated costs, prior review requirements, and time frame have been agreed between the borrower and the Bank in the procurement plan. The procurement plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

19. **Procurement of goods and non-consulting services.** Goods procured under this project will include office equipment, vehicles, and other equipment.

20. Procurement will be done under international competitive bidding or national competitive bidding using the Bank’s standard bidding documents. Small value procurements for goods may be procured under shopping procedures. Direct contracting may be used where necessary if agreed in the procurement plan in accordance with the provisions of paragraph 3.7 to 3.8 of the Procurement Guidelines.

21. **Selection and employment of consultants.** Consultancy services will include studies, works supervision, TA, and audits. The selection method will be Quality- and Cost-Based Selection method whenever possible. Contracts for specialized assignments estimated to cost less

than US\$200,000 equivalent may be contracted through Selection Based on Consultants' Qualification.

22. The following additional methods may be used where appropriate: Quality-Based Selection; Selection under a Fixed Budget; and Least-Cost Selection. Single Source Selection may be employed with prior approval of the Bank and will be in accordance with paragraphs 3.8 to 3.11 of the Consultant Guidelines. All services of individual consultants will be procured under contracts in accordance with the provisions of paragraphs 5.1 to 5.6 of the Consultant Guidelines.

23. **Operating costs.** Operating costs shall consist of operations and maintenance costs for vehicles, office supplies, communication charges, equipment, utility charges, travel expenses, per diem and travels costs, office rental, training costs, and workshops, seminars, and associated costs, among others.

24. **Training and workshops.** Training and workshops will be based on capacity needs assessment. Detailed training plans and workshops activities will be developed during project implementation and included in the annual work plan and budget for the Bank's review and approval.

25. **Assessment of procurement capacity and risks.** The DMP/MEF is responsible to carry out all procurement activities in the MEF including its key directorates such as the DGD, DGB, DGI, and DGTCP and so on. In addition, this unit supervises the implementation of the procurement activities of all projects under the administrative supervision of the ministry.

26. The DMP/MEF is divided into five subdepartments and is staffed in total with eight procurement specialists. The unit is led by a civil servant who has a master's degree and five years of experience in the country system. The assessment conducted by the Bank team found that the unit is well-organized but has to manage an important work load. In addition the staff has limited experience in Bank procedures and has no access to any capacity-building program. An independent audit conducted under the supervision of the ARCOP, showed that one of the main weaknesses of the contractors and authorities in Burkina Faso is the absence of an acceptable filing system.

27. In addition, the project is a complex project which involves many stakeholders including nontraditional actors such as CSOs. The ministry does not have the technical competencies to elaborate bidding documents and correctly evaluate bids that will be received.

28. The main risks identified are the following: (a) the increases in cost/time of supervision and decrease in effectiveness of supervision; (b) the improper implementation of procurement activities under the project (in terms of efficiency, competition, transparency); (c) the delays during implementation and poor quality of contract deliverables; (d) delay to project processing and implementation due to lack of proper planning; (e) technical specifications/terms of references are vague or restrictive to few bidders/firms; and (f) Many iterations resulting in delay and loss of good bids. The risk is evaluated to be **Substantial**.

29. To mitigate these risks, the action plan in table 3.4 is proposed:

Table 3.4. Action Plan for Strengthening Procurement Capacity

Ref.	Tasks	Responsibility	Comments / Due Date
1	Prepare the administrative, procurement and financial part of the Project Implementation Manual to ensure appropriate implementation of activities in line with the Bank’s general framework related to the project. The manual should describe procurement rules applicable to the project and a clear accountability system and responsibilities for decisions making.	PCU	Ongoing with Project Preparation Advance (PPA)
2	Improve the recording system: (a) Include as part of the project funding to improve safe keeping of records; (b) clearly describe what records should be kept in the contract file, preferably in the Project Operational Manual/Project Implementation Manual	PCU	3 months after effectiveness
3	Hire an experienced procurement specialist for the PCU and provide training for at least two staff from the DMP/MEF	MoF/World Bank	3 months after effectiveness
4	Put in place a proper procurement planning system (working with focal point and beneficiaries) base on the production of the technical documents	PCU/World Bank	Regularly
6	Involve technical expertise during all the procurement processes	PCU	Continue

30. **Procurement plan.** The recipient will develop a draft procurement plan for the first 18 months of project implementation with the basis for the procurement methods for each contract. Immediately upon approval of the credit, with the recipient’s agreement and following revisions if needed, the plan will be published on the Bank’s public website and the Recipient’s intranet website. Once approved, the procurement plan shall be updated in agreement with the Bank on an annual basis or as required, to reflect the actual project implementation needs and improvements in institutional capacity.

31. **Fraud, coercion, and corruption.** “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011. All procuring entities, as well as bidders, suppliers, and contractors shall observe the highest standard of ethics during the procurement and execution of contracts financed under the project in accordance with paragraphs 1.16 and 1.17 of the Procurement Guidelines and paragraphs 1.23 and 1.24 of the Consultant Guideline

Annex 4: Implementation Support Plan

Burkina Faso: Economic Governance and Citizen Engagement Project

Background

1. Implementation support to the various programs being financed by the Bank is under the responsibility of the GoBF. Owing to mutual benefits that derive from the same, the Bank has some responsibility through its task teams to provide adequate implementation support to project. Such support will aim at helping the government increase development impact of the project through (a) improved results; (b) better implementation and risk management; and (c) increased institutional development while ensuring compliance with Financing Agreements of the operation.
2. As such, implementation support will revolve around two main dimensions:
 - Providing high-quality technical advice by which the Bank brings added value to the government through providing TA and policy advice on capacity-building activities which could lead to improved results at project level or the sector being supported by the project.
 - Compliance oversight by which the Bank will monitor and provide advice as necessary to the government, to implement the project with due diligence to achieve its intended development objectives in conformity with the project's Financing Agreement.

Strategy and Approach

3. An implementation support strategy has been developed as part of the design of the project to enable the Bank task team members play a crucial facilitation role in the GoBF's implementation of the project. On a semiannual basis, the Bank task team will conduct thorough implementation reviews and support missions whose terms of reference will include guidance and technical advisory support to the various implementing entities under the project across all components, subcomponents, and activities. Between the formal semiannual implementation reviews, specialist support missions will also be conducted to provide additional intimate support to the MEF and the various implementation teams. The task team members will respond to any challenges they may face and provide ample guidance accordingly. The task team members will also follow up on the status of implementation of agreed actions, geared to delivery of results that will constitute a cardinal focus of all implementation support missions.
4. The implementation support team members will focus on critical risks to achieving the project results and how those risks can be managed through monitoring or addressed during implementation. Specific risks they will address will revolve around the following factors:
 - Stakeholder risk factors

- Operating environment factors such as risks posed by a country's politics, governance, or economic or fiscal issues. Further, the team members will also focus on ownership, commitment aspects, and governance issues at the sectoral level.
- Implementing agency factors such as project management capacity and adequacy of arrangements to monitor and evaluate progress
- Project design factors such as nature and size of project activities, project technicality, policy and institutional complexity, degree of innovation, and the degree of project decentralization.

5. Apart from the Bank's semiannual review missions in the field, the regular implementation support visits by the task team leader and other specialist members of the task team, the following will serve as the basis of the arrangement and approach for supporting the implementation of the project.

- A full-time in-country assignment of a qualified and experienced Bank staff assisted by other staff with deep country knowledge will be made based at the Bank office. He/she will provide continuous support and guidance to the project implementing agencies and strengthen the Bank's oversight of compliance with the implementation covenants. The individual will also serve as the point of contact for, and coordination interface with, the GoBF counterparts on project-related issues and represent the task team leader at coordination meetings between the donor partners as part of the donor PFM working group.
- Regular technical meetings arranged when necessary, by audio and video conference between formal missions, between the GoBF counterparts and the task team will be put in place to discuss matters impacting implementation risks and bottlenecks; enhanced by continuous communications between Bank and government counterparts.
- Regular one-to-one interactions between in-country task team members and the implementing agencies to cater to ad hoc support requirements will be put in place.
- Synthesis of feedback on the outcome of meetings of the GoBF's POSEF steering committee will also be put in place.
- Regular independent reviews will be conducted to signal issues impacting the implementation and find solutions with the government.
- Prior reviews of procurement actions falling within the threshold as determined in the procurement plan as well as recurring reviews of procurements subject to post-review will be conducted.
- Regular reviews of M&E reports and milestones achieved will also be put to use.
- Interim financial and progress reports and annual audited financial statements of the

project will also be used to discern progress and risks and where action is required.

6. All the above arrangements will be further strengthened through the Bank's enhanced implementation support of the project by a team of well-qualified and experienced professionals, including consultants, in the areas of citizen engagement and PFM, working on the Bank team.

7. The need to exercise reasonable flexibility in project implementation and by fine-tuning of the scope, pace, and substance of the reforms in response to changing circumstances will be agreed between the Bank team and the GoBF counterparts in support of achieving sustainable outcomes. The Bank will therefore, where necessary, enter into dialogue with the GoBF to restructure the project, as long as that process will better redirect the implementation actions toward achieving the PDOs.

8. As part of the implementation, governance, and coordination arrangement designed under this project, a project implementation manual will be prepared which will facilitate the implementation coordination of this project. The manual will articulate and assist in understanding of rules and guidelines, responsibilities, and roles required for effective implementation of the project. The MEF will, before each formal Bank task team implementation support mission, provide a comprehensive progress report on the project's activities, results attained as well as an updated annual work plan, budget, and procurement plan consistent with the project work plan and related costs as agreed at the outset. Lessons learned from the previous projects' implementation call for more intensive supervision and client support during, at least, the first 24 months of project implementation. This will be preceded by a launch workshop where the expectations and final articulation of the approved project design, rules, and guidelines will be disseminated to implementers.

Specific Responsibilities

9. On the government side, arrangements will be put in place to kick-start management of risks and assist with implementation by

- establishing organizational arrangements, including adequate FM systems;
- appointing key staff and consultants; and
- arranging for counterpart funding, if necessary.

10. On the Bank side, the task team will also make attempts to

- closely monitor performance of actions implemented by the GoBF to strengthen the FM system and provide technical advice based on relevant international experiences on ways to carry out needed improvements;
- organize training events on relevant topics for key staff working on the project; and
- support analytical work that could lead to better institutional performance in the long run.

11. To maximize resources providing implementation support, the Bank task team will take advantage of its strategic alliances in Burkina Faso to leverage opportunities for its implementation support efforts by doing the following:

- Involving project beneficiaries in verifying project outputs where necessary
- Establishing transparent, accessible complaint and dispute resolution mechanisms
- Involving other development partners to organize more site visits, collaborate on project reporting, or share the provision of TA where necessary.

12. Coordination among the development partners will also be key to achieving results on the ground since their individual financed project may go along to complement what is being implemented through this project. The partners already formed a coalition through an existing PFM Donors Group whose role has been, among others, to harmonize and align their reform interventions to avoid duplications, sequence their support within the overall framework as defined in the holistic Burkina Faso POSEF Reform Strategy, and share information on all facets of their respective country programs impacting economic governance as a whole to assist optimize results and bring about change

13. Sustaining high-quality implementation support throughout project life will be critical to assure delivery of outcomes (not merely outputs) within the project's 5-year implementation period. The task team will be led by a vastly experienced and seasoned professional in economic governance and citizen engagement and will have a skills mix that is adequate and draws on a rich tapestry of world-class knowledge on the various subjects to cater to thorough implementation support of this TA project. The team will include governance public sector specialists; IFMIS implementation specialists (technical and functional); M&E specialists; a budget reforms specialist (covering expenditure and revenue management); experienced public sector accounting, auditing, and reporting specialists; and FM and procurement specialists—all with experience in supporting governance projects in environments similar to Burkina Faso and beyond.

Frequency of Procurement Implementation Support

14. In addition to the prior review as indicated in the procurement plan, the preliminary capacity assessment of the implementing agencies recommended supervision missions to visit the field once a year and to carry out post review of procurement actions once annually.

Financial Management

15. Based on the outcome of the FM risk assessment, the following implementation support plan is proposed. The objective of the implementation support plan is to ensure the project maintains a satisfactory FM system throughout its life.

Table 4. 1. Implementation Support Plan

FM Activity	Frequency
Desk reviews	
Interim financial reports review	Quarterly
Audit report review of the program	Annually
Review of other relevant information such as interim internal control systems reports	Continuous as they become available
On-site visits	
Review of overall operation of the FM system (Implementation Support Mission)	Two per year
Monitoring of actions taken on issues highlighted in audit reports, auditors' management letters, internal audits, and other reports	As needed
Transaction reviews	As needed
Capacity-building support	
FM training sessions	During implementation and as and when needed

Annex 5: Donors Support Matrix on Economic Governance Reforms

Burkina Faso: Economic Governance and Citizen Engagement Project

	Ongoing Activities	Activities planned	Donors	Budget
Budget credibility	–	Support domestic revenues collection	World Bank	US\$10 million
Revenue mobilization and forecasts	Support to better identification of domestic revenue (VAT segmentation, fiscal expenditures, capacity building)	Support the modernization of tax administration and the improvement of revenue forecasts and budget credibility	European Union	Not disclosed
	Institutional development to the DGI: enhancement of SINTAX, support the fiscal policy unit, the fiscal control and training	Institutional development to the tax administration (second phase under preparation) Upgrading SINTAX, including equipment, training, and maintenance	Switzerland	CHF 1,920,000 and CHF 2,000,000 (in pipeline)
Comprehensiveness and transparency	Budget support linked to anticorruption measures and mobilization of domestic revenue and budget transparency (Program Budget Support 2012–15)	–	Denmark	DKK 42,000,000
	–	Support the implementation of the transparency code and anticorruption law and the quality and access to budget and financial information	World Bank	US\$3.5 million
Policy-based budgeting	Technical support to POSEF for the elaboration of strategic plans, the production of statistics for the follow up of public policies, and the setup of costs accounting	Support budget programs and capacity building	European Union	Not disclosed
	–	TA to support the ongoing government efforts to align the legal and institutional framework with the new WAEMU directives	World Bank (non-lending TA)	–
Predictability and control of budget execution and reporting	–	Strengthening budget execution processes; enhancing budget management information systems and enhancing the performance of the internal oversight systems, through an operational internal audit function. Support the government in better handling the procurement function as an integrated part of budget preparation and	World Bank	US\$10 million

		execution. Support the upgrade of information system for budgeting and core treasury operations and interfacing with core systems		
	Support the implementation of the three-year action plans of the CdC (pooling fund)	–	Pooling fund European Union, Kreditanstalt für Wiederaufbau, and Denmark	CHF 1,100,000 €600,000
	–	Developing capacity of civil society Support the Court of Accounts to clean up its backlog and conduct performance audits	World Bank	US\$2 million
External audit and citizen oversight	–	Support the civil society to contribute to enhancing economic governance and citizen engagement (budget transparency, anticorruption, and CSOs network)	European Union	€2 million
	Support the implementation of the 2013–16 strategic plan of REN-LAC	–	Pooling Fund Denmark, Kreditanstalt für Wiederaufbau, Diakonia, France	CHF 480,000 €400,000
	Capacity building of CSOs for an improved political dialogue on the implementation of SCADD and sectoral policies	–	Switzerland	CHF 1,150,000

Annex 6: Bank Engagements Complementary with the Project

Burkina Faso: Economic Governance and Citizen Engagement Project

Sector	Project ID	Project Description	Activities planned
Mining	P124648	Mineral Development Support Project	<p>Part A (1): Policy, legal, and regulatory framework</p> <p>Part B: Strengthening institutional sector management, coordination, and accountability</p>
Energy	P128768	Burkina Faso Electricity Sector Support Project	<p>Part 3 (a): Strengthen the institutional, legal, and regulatory framework to support demand-side management and energy efficiency initiatives, including public lighting</p> <p>Part 3 (c): Support awareness campaigns through the provision of information, education, and communication to promote the rational and efficient use of electricity</p> <p>Part 4 (a): Support to National Power Utility (<i>Société nationale d'électricité du Burkina</i>, [SONABEL]) for the development and implementation of a strategic plan to help SONABEL improve its operational and financial performance</p>
Local Government	P120517	Local Government Support Project	<p>Part A: Development of transparent, rational and robust intergovernmental fiscal framework and administrative systems for the Recipient</p> <p>Part B: Carrying out of a program designed to strengthen the institutional capacity of local governments in the Selected Regions, to enable them to carry out their economic development functions</p> <p>Part C (1): Carrying out of a program to develop robust accountability and transparency practices within local government</p>
ICT	P155645 Pipeline	eGovernment	<p>Improve accessibility, transparency, and efficiency of public services in Burkina Faso</p>