



Program Information Document (PID)

Concept Stage | Date Prepared/Updated: 11-Jun-2019 | Report No: PIDC27103

BASIC INFORMATION

A. Basic Project Data

Country Burkina Faso	Project ID P170934	Project Name Burkina Faso Second Fiscal Management, Sustainable Growth and Health Service Delivery Development Policy Operation (P170	Parent Project ID (if any) P166298
Region AFRICA	Estimated Board Date Mar 31, 2020	Practice Area (Lead) Macroeconomics, Trade and Investment	Financing Instrument Development Policy Financing
Borrower(s) Burkina Faso	Implementing Agency Ministere de l'Economie, des Finances et du Developpement		

Proposed Development Objective(s)

The Program Development Objective (PDO) is to support the Government's efforts to: (i) strengthen fiscal management; (ii) improve natural resources management and raise mining and livestock productivity; and (iii) improve health service delivery

Financing (in US\$, Millions)

SUMMARY

Total Financing	100.00
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DETAILS

Total World Bank Group Financing	100.00
World Bank Lending	100.00

Decision

The review did authorize the preparation to continue



B. Introduction and Context

Country Context

Despite deteriorating security, economic growth has remained robust and the fiscal balance has improved. Following the slowdown during the 2014-15 political transition, the economy has recovered. In 2018, growth accelerated to an estimated 6.8 percent, supported by a rebound of the agricultural sector and sustained growth in mining and services. As part of an Extended Credit Facility (ECF) program with the International Monetary Fund (IMF), the Government has committed to converge to the West African Economic and Monetary Union (WAEMU) 3 percent of GDP deficit target in 2019. The fiscal deficit was reduced to 4.9 percent of GDP in 2018 (down from 7.8 percent in 2017). To achieve this substantial fiscal adjustment, the authorities have reduced domestically-funded public investment.

Reforms are undertaken in a context of widespread poverty, fragility, and vulnerability to climatic shocks. The share of the population living below the national poverty line decreased from 46.7 percent in 2009 to 40.3 percent in 2014, thanks to strong economic growth. Nevertheless, with a Gross National Income (GNI) per capita of US\$ 660 in 2018, Burkina Faso is among the 20 poorest countries in the world. Poverty continues to be overwhelmingly concentrated in rural areas, which are home to 90 percent of poor households, due to limited improvements in agricultural and livestock productivity. Vulnerability is also high: in 2014, two thirds of households reported that they had been negatively impacted by shocks, mostly natural hazards related to or amplified by climate change.

The proposed DPF program continues the reforms started in the first operation in the series, which remain highly relevant and closely aligned with Government and WBG strategy. Implementation progress is broadly satisfactory despite a challenging social and political context. Few changes are made compared to the initial design of the operation, aiming at strengthening the climate change focus of reforms and reflecting progress on wage bill management. Risks are, however, substantial.

The macroeconomic policy framework is adequate for the purpose of this operation. While the economy will remain vulnerable to a range of shocks, the medium-term growth outlook is positive, driven by private investment in the growing mining sector. The IMF ECF program provides an anchor for maintaining macroeconomic stability and further consolidating fiscal sustainability. WAEMU membership provides an anchor for monetary and exchange rate policies. Debt is sustainable, and the risk of external debt distress is moderate.

Relationship to CPF

The proposed operation is well aligned with the priorities identified by the World Bank Group's SCD and the CPF (FY2018-23). The operation is closely aligned with the Government's 2016-2020 National Development Plan (PNDES), the Country Partnership Framework (CPF) and World Bank Group priorities related to poverty reduction, climate change mitigation and adaptation, and human capital accumulation. The SCD identified three first-tier priorities for Burkina Faso to reduce poverty and promote shared prosperity: improved natural resources management, skills development, and greater gender equality. The SCD stressed that Burkina Faso needs to improve the management of its two main assets, land and mineral resources, as well as two scarce resources, water and sources of energy. With respect to gender equality, the SCD emphasized increasing girls' access to education, women's access to maternal health, nutrition, and family planning, access to productive assets and reduced domestic violence. The reform areas supported by this operation directly helps address one of these priorities, namely expanding access to basic health services (including free hospital



deliveries and reproductive health services). The proposed operation also supports improvements to fiscal management (first pillar) which, together with governance enhancement, was identified in the SCD as a cross-cutting requirement for effective policy-making.

C. Proposed Development Objective(s)

The Program Development Objective (PDO) is to support the Government's efforts to: (i) strengthen fiscal management; (ii) improve natural resources management and raise mining and livestock productivity; and (iii) improve health service delivery.

Key Results

The achievement of the proposed development objective will be measured against a series of results indicators described in the Program Document. The main results expected from the reforms supported in the fiscal management pillar of the operation consist in increasing the number of taxpayers in the Government's taxpayer database, increasing collection of property taxes, increasing the proportion of public investment projects in the budget that have a feasibility study, and reducing nominal annual wage bill growth rate. For the pillar on natural resources management and raising mining and livestock productivity, the expected results are an increase in the registered exports of artisanal gold mines, an increase in identified and delimited forested areas excluded from the mining cadaster, an increase in the number of cooperatives registered with ANEEMAS, and an increase in the share of small ruminant herd vaccinated against Small Ruminants Plague (PPR). For the healthcare service delivery pillar, the expected results are to increase the proportion of rural primary health care facilities that meet minimum WISN standards, to reduce the proportion of healthcare facilities that experience shortages of listed essential medications (tracer medicines), and to increase the proportion of the population covered by universal health insurance.

D. Concept Description

The program supported by the DPF series is organized around three pillars:

- **Pillar 1: Strengthening fiscal management.** The objective is to improve domestic revenue mobilization and the efficiency of public spending. The DPF series supports efforts to widen the tax base through improved identification of tax payers, streamlined processes for filing and paying taxes, and simplification of taxes for micro-enterprises. It also supports reforms aimed at improving the collection of property taxes through better identification of property owners, and the development of a system for assessing property values. With respect to the planned adjustment of expenditures, the program aims to improve the selection and preparation of public investment, and to support the government's efforts to contain public wage bill growth.
- **Pillar 2: Improving natural resources management and raising mining and livestock productivity.** The objective is to promote more inclusive growth by raising productivity in two key sectors for rural incomes, namely artisanal mining and livestock, while limiting environmental risks and damages and improving resilience to shocks, in particular those related to climate change. The DPF series supports growth of the artisanal mining sector while strengthening controls and providing incentives for formalization and technical upgrades that improve productivity and reduce adverse environmental impacts. The DPF series also aims to improve productivity in the livestock sector by supporting animal health service delivery, including through the adoption of mechanisms to develop animal vaccination.



- **Pillar 3: Improving health service delivery.** The objective is to help the government achieve its commitment to reduce spatial disparities and income-based social inequalities by improving access and the quality of services in a cost-effective manner. The program supports the planning and implementation of a more transparent system for allocating personnel across health centers and hospitals. It also aims to improve the management and distribution of pharmaceutical drugs. Lastly, it supports the rationalization of social insurance and free health care schemes, and the efficient provision of health insurance to vulnerable persons.

E. Poverty and Social Impacts and Environmental Aspects

Poverty and Social Impacts

The proposed DPF series is expected to help alleviate poverty and inequality in Burkina Faso in the medium and long-run. Improve public investment management and the management of the public wage bill would not only reduce budget rigidity but also create fiscal space for social and investment expenditure and improve public service delivery. Also, improving formalization in artisanal mining, and improving animal health will benefit two key sources of income for Burkina Faso’s rural population. Finally, the service delivery and efficiency improvements in healthcare supported by this operation are expected to benefit the poor.

Environmental Impacts

The reforms and policy actions supported by the proposed operation are not likely to have significant negative effects on the country’s environment, forests and other natural resources, and some may have positive effects. As per policy, the World Bank assessed whether specific country policies supported by the DPF series are likely to cause significant effects on the country’s environment, forests, and other natural resources. The assessment concluded that the policies supported by the proposed DPF are not likely to have negative impacts on the country’s natural assets. All the actions supported throughout the operation are policy-oriented; they do not support direct investment in environmentally impactful investments or involve policy actions with significant environmental consequences. The institutional framework relating to the environment is underpinned by the Constitution promulgated on June 11, 1991 and its amendments. The assessment of potential risks and negative environmental impacts related to actions supported by the DPF relies on the existing national legal and regulatory framework and will be monitored and addressed through national procedures. Prior actions designed to improve the sustainability of natural resources management are significantly positive for the environment. The reform program will have significant positive effects by improving the institutions for controlling environmental degradation in artisanal mines, discouraging the expansion of mines onto protected areas, and promoting environmentally-friendly technologies. Furthermore, actions to improve livestock health are expected to have climate change adaptation benefits.

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APPROVAL

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