

Republic of Burkina Faso

**WATER SUPPLY AND SANITATION PROGRAM
(P164345)**

PROGRAM FOR RESULTS (*PforR*)

INTEGRATED FIDUCIARY SYSTEMS ASSESSMENT

Report prepared by the



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I. Executive Summary

1. As part of the Preparation of the Burkina Faso Water Supply and Sanitation Program (P164345), the Integrated Fiduciary Systems Assessment (**IFSA**) was carried out, consistent with Bank Policy and Bank Directive: “Program-for-Results Financing” and in accordance with the World Bank Guidance Notes for “Program-for-Results Financing’.

2. The objective of the assessment was to examine whether Program systems provide reasonable assurance that the financing proceeds will be used for their intended purposes, with due attention to the principles of value for money, economy, integrity, fit-for-purpose, efficiency, effectiveness, transparency, fairness, and accountability. The financial management systems were assessed to gauge the extent to which the planning, budgeting, accounting, controls, funds flow, financial reporting, and auditing systems and practices provide a reasonable assurance on the appropriate use of Program funds and safeguarding of its assets. Equally, the Program procurement systems have also been assessed to establish the extent to which the planning, the bidding, evaluation, contract award and contract administration arrangements and practices provide reasonable assurance in support of achievement of the Program results through its procurement processes and procedures. In addition, the assessment covered the aspects of capacity of the fiduciary systems and considered how Program governance systems manage the risks of fraud and corruption and how such risks will be mitigated.

3. The MEA and the ONEA will be the implementing entities of the Burkina Faso Water Supply, Sanitation Program (The Program). The Integrated Fiduciary Systems Assessment (**IFSA**) covered the MEA (including SP-GIRE, the DGA, and the DGEP) and ONEA. The assessment focused on the fiduciary capacity of the implementing entities in terms of planning and budgeting, budget execution, internal controls and external auditing taking into account the quality of the legislative and institutional framework for procurement, financial management, and governance and anti-corruption applicable to the Program.

4. The IFSA concludes that the **Program’s Integrated Fiduciary Systems have the capabilities to provide reasonable assurance that the financing proceeds will be used for intended purposes with the objective of supporting the achievement of the Program objectives.**

- The legislative and institutional framework for procurement, financial management, governance and anti-corruption in place in Burkina Faso is globally considered acceptable. The framework is in line with international standards. The operationalization of the WAEMU directives in Burkina Faso is on track.
- Despite some financial and human resources constraints, the institutions of internal and external controls (Court of Accounts and Autorité Supérieure de Contrôle d’Etat et de Lutte contre la Corruption (**ASCE-LC**)), have globally demonstrated their ability to fulfill their legal mandate.
- MEA and ONEA fiduciary tools (procedures manual, accounting software) and staffing arrangements, subject to the strengthening of its procurement unit, are deemed

acceptable. The overall fiduciary performance of the Bank-financed project P106909 implemented by ONEA has generally been rated satisfactory.

5. Nevertheless, the assessment has found that there are a number of weaknesses and risks in the overall fiduciary, governance and anticorruption systems warranting the design of specific actions to mitigate them. For the purposes of the Program the key integrated fiduciary risks are presented in the table below. The Program Action Plan (PAP) includes specific, time-bound actions to mitigate main risks.

Table 1. Summary of IFSA PAP

| Risk | Proposed action in the PAP |
|---|---|
| Limited cash flow management lead to delays in processing transactions | Open a Dedicated Treasury Special Account (CAST) |
| | Include in the annual Finance Law the annual budget of the Program |
| Delays in procurement lead to delays in processing transactions | Adopt an annual procurement plan for MEA and ONEA, with detailed activities for year one |
| | Prepare an annual report on procurement implementation |
| Limited procurement capacity of implementing agencies | Staff the Program Coordination Unit (PCU) in MEA and the Program Support Unit (PSU) in ONEA with dedicated procurement and financial management staff |
| | Train staff in the MEA and ONEA Directorate of Procurement and technical services, |
| Corruption, with the potential of reducing the value for money of public investment in the sector | Audit (on a semi-annual basis) technical, operational, procurement and financial aspects of the Program |
| | Conduct external audit of annual financial statements of the Program implemented by the MEA and ONEA |
| | Developing and implementing a Grievance Redressal Mechanisms for the main activities supported by the Program |
| | Fraud and corruption cases reported on a semiannual basis by the ASCE |

6. The overall Program integrated fiduciary risk (financial management, procurement, and governance) is rated “**Substantial**”. This is due mainly to Program design, which includes the following risk factors: (a) multiplicity of directorates within MEA and departments within Onea leading to large number of transactions expected; (b) works to be implemented in remote and geographically dispersed locations within the country; and (c) limited fiduciary capacities of ONEA and the MEA as well as the institutions of controls (e.g. ITS, court of accounts).

7. Procurement exclusions. It is envisaged that there is no high-value contract exceeding Operations Procurement Review Committee (OPRC) threshold value that would qualify for procurement exclusions.

8. *The process of preparing and completing the IFSA had been widely consultative.* A dedicated FSA mission was conducted between December 13, 2017 and January 2, 2018 to interview key stakeholders. The findings of the mission were presented to stakeholders in January 2018. During the February 2018 preparation mission, the IFSA preparation team shared the preliminary findings and proposed mitigation measures with government officials, including representatives of the MINEFID, MEA, and ONEA. Thereafter the IFSA team reflected

their feedback in a revised version, which was shared with stakeholders during the month of March 2018 (in French and English versions). The final version of the IFSA was completed in April 2018 in advance of appraisal.

Summary of disbursement arrangements

9. A Dedicated Treasury Special Account (Compte d’Affectation Spécial du Trésor – CAST) in FCFA will be opened at the Central Bank (BCEAO) to receive the amounts of the initial advance (of 25% of IDA contribution) and the amounts corresponding to the DLIs achieved. The CAST will be under the responsibility of the General Directorate of the Treasury and Public Accounting (Direction Générale du Trésor et de la Comptabilité Publique, DGTCP). The DGTCP will transfer within 10 business days to the CAST managed by the DGTCP, the amounts received from IDA representing the advance 25 percent and the amounts corresponding to the DLIs achieved.

10. The GoBF, through its budget execution procedures, will transfer its contribution to the Program via the CAST managed by the DGTCP. This contribution could pre-finance the expenditure.

11. The government would claim disbursements¹ from the Bank as the DLIs are achieved. All DLIs will be independently verified by an independent verification agent (**IVA**). The IVA will prepare a Results Verification Report which will be shared with the Program PCU and the World Bank. A key use of the Results Verification Report will be to determine the amount of the eligible disbursement to be made based on the results achieved. If the World Bank finds that the disbursement request meets the terms of the Financing Agreement, the World Bank will disburse the corresponding funds to the Ministry of Economy, Finance and Development (Ministère de l'Economie, des Finances et du Développement, **MINEFID**).

¹ If there is any advance with the Bank, either it could be adjusted or rolled over till the end of the Program for final adjustment.

II. Scope of the IFSA

A. IFSA Objectives

1. As part of the Program preparation, the Integrated Fiduciary Systems Assessment (IFSA) of the Program was carried out, consistent with Bank Policy and Bank Directive: “Program-for-Results Financing” and in accordance with the World Bank Guidance Notes for “Program-for-Results Financing”.

2. The objective of the assessment was to examine whether Program systems provide reasonable assurance that the financing proceeds will be used for their intended purposes, with due attention to the principles of value for money, economy, integrity, fit-for-purpose, efficiency, effectiveness, transparency, fairness, and accountability. The financial management systems were assessed to gauge the extent to which the planning, budgeting, accounting, controls, funds flow, financial reporting, and auditing systems and practices provide a reasonable assurance on the appropriate use of Program funds and safeguarding of its assets. Equally, the Program procurement systems have also been assessed to establish the extent to which the planning, the bidding, evaluation, contract award and contract administration arrangements and practices provide reasonable assurance in support of achievement of the Program results through its procurement processes and procedures. In addition, the assessment covered the aspects of capacity of the fiduciary systems and considered how Program governance systems manage the risks of fraud and corruption and how such risks will be mitigated.

3. The IFSA covered the following entities of the MEA mainly (i) DGA- General Directorate for Sanitation (Direction Générale de l’Assainissement); (ii) DGEP- General Directorate for Water Supply (Direction Générale de l’Eau potable); (iii) SP-GIRE- Permanent Secretariat for Integrated Water Resource Management (Secrétariat Permanent de la Gestion Intégrée des Ressources en Eau); (iv) DREA – Regional Directorate for Water and Sanitation (Direction Régionale de l’Eau et de l’Assainissement) ; and (v) ONEA- National Office for Urban Water Supply and Sanitation (Office National de l’Eau et de l’Assainissement).

4. The IFSA was conducted through a methodical review of systems and practices at the national and district levels, involving the review of several analytical work mainly: (i) Public Expenditure and Financial Accountability (PEFA 2017) Assessment; (ii) Public Investment Management Assessment (PIMA 2017); and (iii) ARCOP annual reports. The team also reviewed the lessons learned in implementation of Bank operations in the water and sanitation sector. The Water Supply and Sanitation (WSS) in Burkina Faso is supported by several Development Partners, including the World Bank through the “Urban Water Sector Project (P106909) implemented by ONEA, one of the implementing entity of the PforR operation.

5. Several consultations of the IFSA had been conducted. A dedicated IFSA mission was conducted in December 2017 with the objective to conduct interviews with key stakeholders. The findings of the mission were presented to stakeholders in January 2018. Also, during the February preparation mission of 2018, the IFSA preparation team shared the preliminary findings and proposed mitigation measures of the IFSA with government officials, including representatives of the MINEFID, MEA, and ONEA. Thereafter the IFSA team reflected their

feedback in a revised version, which was shared with stakeholders during the month of March 2018 (in French and English versions). The final version of the IFSA was completed in April in advance of appraisal.

B. Program Implementation Arrangements

6. The Program will finance a portion of the government of Burkina Faso's program expenditures for: (i) the National Water Plan (PN-AEP², 2016-2030), (ii) the National Sanitation and Sewerage Plan (PN-AEUE³, 2016-2030), and (iii) the National Program for Integrated Water Resource Management (PN-GIRE⁴ 2016-2030). The mobilization of external financing represents a major challenge for the implementation of the three programs. The total amounts needed to finance these programs during the period 2016-2020 is estimated at FCFA 113.8 billion. The contribution of the State is estimated at FCFA 26.3 billion over the five years while the financing to be sought to cover the needs during the same period is about FCFA 94.2 billion.

7. A Steering Committee (*Comité de Revue*), chaired by the General Secretary of MEA, will provide oversight of the Program and ensure convergence towards the Program objectives. The Steering Committee will meet twice per year (ordinary sessions), with the purpose of: (a) reviewing and adopting the Program's implementation plan; (b) reviewing and adopting the Program's evaluations; (c) reviewing and adopting the financial reports; the annual activity, budget, and procurement plans; among other function established in the Decree 2018-0092 of 2018. The Program will have two implementing agencies: MEA and the ONEA.

8. A Program Coordination Unit (PCU) will be established within MEA. The PCU will act as the interlocutor with the World Bank on behalf of the GoBF. The PCU will ensure that the Program is implemented according to the Program Operations Manual (POM), and will be responsible for the coordination, day-to-day management of the Program activities, monitoring results, and generating performance and financial reports on Program implementation. The PCU will be responsible for providing relevant information to the IVA for the independent verification of results. The PCU will be responsible for preparing the consolidated interim financial reports and the consolidated annual financial statements. The PCU will be at least staffed with: a Program Coordinator, a M&E specialist, a procurement specialist, a financial management specialist, an accountant, an environmental safeguard specialist, a social safeguard specialist, and an internal controller. The PCU Program Coordinator, M&E specialist, procurement specialist, and financial management specialist will be recruited on a competitive basis. Furthermore, a full time, dedicated financial and public procurement controller will be appointed by MINEFID and assigned to the PCU to speed up processing of transactions and payments.

9. The ONEA will establish a Program Support Unit (**PSU**) dedicated exclusively to support the implementation of Program activities under the ONEA's responsibility, and report on results achieved by ONEA. The PSU will be at least staffed with: a PSU Coordinator, a M&E specialist, a procurement specialist, a financial management specialist, an environmental

² Programme National d'Approvisionnement en Eau Potable à l'Horizon 2030

³ Programme National d'Assainissement des Eaux Usées et Excreta 2016-2030

⁴ Programme National pour la Gestion Intégrée des Ressources en Eau à l'horizon 2030

safeguard specialist, and a social safeguard specialist. The PSU Coordinator, M&E specialist, procurement specialist, environmental safeguards, and social safeguards specialist will be recruited on a competitive basis. The internal control will be done by ONEA's Internal Control Department. ONEA PSU will report to the PCU.

10. Program activities will be implemented by MEA's directorates and ONEA departments. Formal implementation responsibility has been established as follows:

- Within MEA, the General Directorate for Water Supply (*Direction Générale de l'Eau potable, DGA*) and the General Directorate for Sanitation (*Direction Générale de l'Assainissement, DGA*) will implement the Program activities related to rural water supply and rural sanitation included in RA 1 and RA 2. The DGA and DGEP will work through the Regional Directorates for Water and Sanitation (*Direction Régionale de l'Eau et de l'Assainissement, DREAs*) to implement Program activities related to rural water supply and sanitation, in particular to ensure data collection for the verification of results. The Permanent Secretariat for Integrated Water Resource Management (*Secrétariat Permanent de la Gestion Intégrée des Ressources en Eau, SP-GIRE*) will implement the activities under RA 3, working in close collaboration with the General Directorate for Water Resources (*Direction Générale des Ressources en Eau, DGRE*). The Human Resources Directorate (*Direction des Ressources Humaines, DRH*) will be in charge of the management of the programs for human capital strengthening supported the Program related to MEA and the municipal technical services.
- Within ONEA, the Ouagadougou Works Department (*Direction Projec AEP Ouaga, DPAEP*) will implement the Ouagadougou water supply-related activities included in RA 1. The Department of Planning and Investment (*Direction de la Planification et des Investissements, DPI*) will implement the urban water supply-related activities in the remaining 10 urban centers where the Program will intervene for urban water supply. ONEA's Department of Sanitation (*Direction de l'Assainissement, DASS*) will implement all the sanitation-related activities included in RA 2 in the fourteen targeted urban centers. ONEA's DRH will be in charge of the management of the programs for human capital strengthening supported by the Program related to ONEA.

11. The MINEFID plays a central role in achieving the Program results. The MINEFID will be responsible for the execution of the Program budget (ensuring fund flows) and setting standards and processes for the financial management of the Program.

12. Given the complex and multidimensional nature of the program, and in view of its implementation challenges, the DGA, DGEP, SP-GIRE and ONEA departments will be assisted by strategic implementation support consultants (**SISC**) in technical aspects, including providing technical inputs into: (a) TORs, feasibility level and detailed design studies, (b) tendering and procurement processes, and (c) quality control of main deliverables of studies conducted under the Program. The SISC will be competitively selected with relevant national and international experience. The SISC will provide support and guidance and provide the opportunity for implementing agencies' staff to learn on the job. It is important that the TOR for the SISC give adequate emphasis to this capacity development role.

13. **Local private sector capacity.** The past experiences of the structures involved in the program in household connections and household latrine construction work, and similar work have demonstrated the capacity of the national private sector to respond, and the interest of the regional private sector and international for large-scale contracts. However, non-compliance with contractual deadlines for the execution of works is one of the major

challenges and requires the implementation of a strategy for monitoring contracts, be it at the level of ONEA or MEA. Moreover, the experience of the Burkinabè private sector in the high-depth drilling works is limited and therefore it is highly recommended that the related contracts are procured internationally.

III. Detailed Integrated Fiduciary Systems Assessment

C. Legislative and institutional procurement and financial management framework

14. **The legislative and institutional framework for procurement and financial management is considered acceptable.** This framework is in line with or approximates international standards. In addition, Burkina Faso has transposed the WAEMU directives, regulations, and rules on public finances into national law. However, in addition to the delays in operationalizing the various procurement and financial management components, compliance with this legislative framework as well as rules and regulations remains a key challenge for the government. The legislative framework for procurement and financial management will be applied for the preparation and execution of budget related to the PforR operation as well as the reporting and internal control and external audit.

1. Procurement

15. The legal and institutional procurement framework has been reinforced with the adoption of the new procurement Law No. 039-2016 / AN on the General Regulation of Public Contracts by the National Assembly on December 2nd, 2016. Decrees supporting the implementation of this law have been prepared and adopted by the council of Ministers. These new texts, which have been in force since the first months of 2017, have addressed some weaknesses that had been identified by public order and technical and financial partners in the country through several evaluations of previous texts. They have: (i) aimed at reducing delays, (ii) upward revision of thresholds of procurement methods and a priori review, (iii) strengthened the sanctions regime, (iv) created new procurement procedures, (v) clarified the roles of certain actors, (vi) framed the priori review. They promote universal principles like transparency, free access, economy, efficiency and equal treatment, as principles for public procurement in Burkina Faso.

2. Financial Management

16. ONEA has developed a detailed financial management procedures manual for its daily operations. The assessment concluded that the financial management procedures manual in place is deemed acceptable subject to some revision to reflect the Program financial management requirements mainly the arrangements for internal audit activity of the portion of the Program managed by ONEA which should be performed in collaboration with the ITS and IGF.

D. Planning and Budgeting

3. Adequacy of budgets

17. The Organic Budget Law introduced the Performance based budget, which uses statements of missions, goals and objectives to explain why the money is being spent. The multi-year expenditure programming documents (Documents de Programmation Pluriannuelle de la Dépense) are prepared according to the new WAEMU directives on procurement and financial management.

18. The overall cost of the supported Program including the portion financed by the Bank are included in the multi-year expenditure programming documents as well as the program for priority investment (PIP). The annual budgets are prepared based on the PIP. Planning and budgeting related to this Program will follow the national procedures. Based on budget instructions/circular, the team of DGA, DGEP, SP/GIRE, DREA and ONEA will prepare the budget of the Program considering, the limits of allocations set by the government. The country budget is approved by the Parliament.

19. The 2018 Finances Law includes a budget line in the budget of the MEA and ONEA of allocated to the government Program in the sector. However, for the PforR operation, the budget line will be created once the Financing Agreement of the supported Program is signed.

20. The 2017 PEFA revealed that Burkina Faso still faces some weaknesses in terms of overall budget reliability (PI 1 & 2 rated D and D) as well as in the areas of public investment management (PI 11: D+).

21. The total amount allocated to the Program during the fiscal year 2018 as per the Operation document, should be reflected in the revised 2018 Finances Law.

4. Procurement planning

22. At the MEA level the preparation of Procurement Plans for Year N starts in October of year N-1 and is finalized after the budget is adopted and distributed. The plans of the different directorates are consolidated in General Procurement Plan (GPP) which is validated by an internal committee. For SP / GIPE, the procurement plan derives from the Annual Work Plan (AWP). This procurement plan is consolidated in the Ministry GPP, that, after internal review, is sent to the DCMEF for approval and publication in the Integrated Public Procurement System (SIMP). For the 2018 budget year, as the funding agreement is not yet approved, no activity of the program has been registered on the Ministry GPP.

23. In the case of ONEA, the GPP is prepared after the approval of the AWP by the Board of Directors (CA). The GPP is then reviewed by a committee and adopted by the Board before being sent to the DGCMEF for approval and publication. The activities to be implemented by ONEA in the first year of the program are already identified, the Urban Water Project (PSEU), financed by the World Bank, has financed the studies for certain works and the procurement files are available. A procurement plan is already being developed and it contains the main works contracts and consulting services. But, for this plan to be approved by the Board, ONEA must justify the availability of financial resources.

24. Some contracts have been identified as critical for the implementation of the Program, scheduled for September 2018. Among others, this involves the recruitment of: (i) the strategic support consultants, who will support the DGA, the DGEP, the SP / IWRM and ONEA (as needed); (ii) the firm that will conduct social engineering to identify households that will benefit from latrines; and, (iii) consultants for the development and implementation of the social and environmental safeguards tools provided for in the law of Burkina Faso. In addition, activities to be procured by ONEA consist for the most part of works contracts whose selection processes may take several months, and thus ONEA should anticipate the selection of firms to minimize delays during the implementation stage.

5. Budget Execution

25. The execution and management of contracts financed by the Treasury might be delayed. To solve this problem, the regulatory framework of the public procurement in force in Burkina since January 2017, has set deadlines for each actor in the chain. At the time of the Bank mission, an evaluation was ongoing at the General Directorate for the Control of Public Tenders and Financial Engagements (Direction Générale du Contrôle des Marchés et des Engagements Financiers- DGCMEF) and Regulatory Authority for Public Procurement (Autorité de Régulation de la Commande Publique- ARCOP) to assess the extent to which these deadlines were complied with by the actors.

26. The delays noted in the payments are related to the heaviness in the process but especially to the cash rationing. The study "Stimulating the implementation of investment budgets in WAEMU countries", conducted by the Bank in 2012-2013, highlights for Burkina that for the period from 2010 to 2012, the execution rate of capital budget were between 30% and 50%.

27. Furthermore, proposed commitments for expenditure executed as per regular procedures are subject to approval by the Financial Controller's Delegate (Délégué du Contrôleur Financier) of the MEA before authorization for payment by the Treasury. Following approval by the financial control authorities at the MEA and before the issuance of the payment order, Treasury at central level of the delegate of Treasury at regional level, rechecks the control procedures already carried out by financial control. The Treasury also provides approval for expenses. This duplication of tasks causes delays between the liquidation and authorization of expenses.

28. The 2017 PEFA report revealed that Burkina Faso performance on budget execution is still low. The country scored D and D for PI 1 and PI 2. Specifically, the execution rate of the MEA budget over the period 2014-2017 was very low: (i) 49.93% at end of 2014; (ii) 51.69% in 2015; (iii) 2016: 74.13% and; (iv) 56.95% as of December 15, 2017. It should be noted that the execution rates for the government own resources are respectively 99.27% in 2015, 98.35% in 2016 and 63% in 2017. The main difficulties were the mobilization of external resources. It is important to note that the years 2014 to 2016 also experienced socio-political unrest and recent terrorist actions that penalized the execution of budgets. However, the weakness of the execution over several years reflects the challenges facing the MEA to execute its annual budgets.

E. Budget execution

6. Funds flow arrangements for Program implementation

29. Weak budgetary controls and unpredictable revenue inflows mean that Burkina at times use the availability of cash as the de facto mechanism for trying to keep expenditure within set limits, with budget execution managed through “cash rationing”. Spending may be limited by reducing the amounts that ministries are authorized to spend below the legally adopted budget. The cash-flow needs submitted by line ministries are simply reduced (often arbitrarily) from month to month, rather than honored in full through the warrants that are issued. The payment of certain obligations may be delayed. Payments for capital projects and goods and services are often the first to be delayed. In addition, the execution and management of contracts financed by the Treasury suffer from long delays in payments due to the many stakeholders involved in the authorization and liquidation process with unnecessary duplication of tasks.

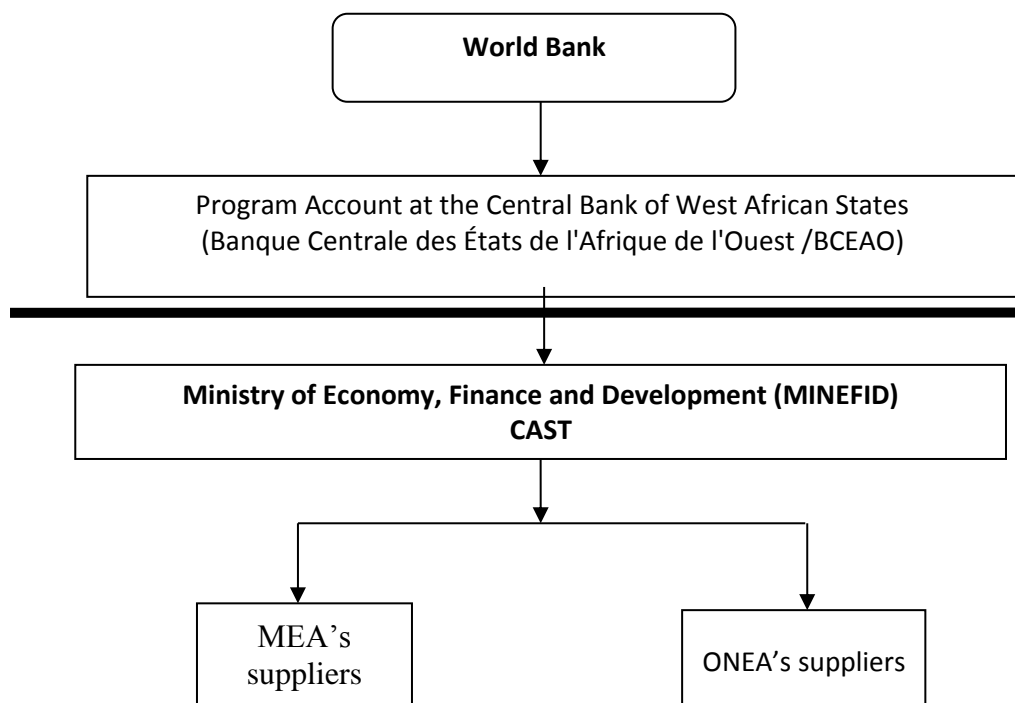
30. To mitigate the risk of cash rationing and avoid long payment delays, the GoBF has requested to use a Dedicated Treasury Special Account (*Compte d’Affectation Spéciale ouvert au Trésor, CAST*) to avoid cash rationing and streamline the payment contractors financed under the Program. The CAST will enable resources to be directly linked to spending, in contrast to the general budget where resources cannot be allocated to specific expenditure. The creation of CASTs is provided for in the Public Finance Organic Law. The National Assembly is responsible for approving the establishment of CASTs and their expenditure ceilings. The MINEFID is familiar with CASTs which are used for sectoral budget support by other development partners. CAST is also being used for the PforR for the Public Administration Modernization Program financed by the World Bank.

31. The CAST, among others things, facilitates the: (a) monitoring of resources and their related expenditures in the national budget; (b) carrying forward unused but committed budgetary allocations, which is an exception to the principle of the annual budgetary system; (c) managing transactions directly through Integrated Financial Management System for budget monitoring; and, (d) having separate reporting on implementation, as well as an independent audit, since the transactions on the CAST can be extracted from the Integrated Financial Management System and the IT application for accounting.

32. A CAST for the Program will be opened at the Central Bank of West African States (BCEAO). It will be replenished with World Bank/IDA disbursements and GoBF contribution (including MEA and ONEA contributions to the Program). The CAST will be under the responsibility of the General Directorate of the Treasury and Public Accounting (Direction Générale du Trésor et de la Comptabilité Publique, DGTCP). The World Bank will transfer the eligible disbursements based on the Results Verification Report and achieved DLIs submitted by IVA to the PCU and World Bank. The funds for the Program will be spent by MEA and ONEA and are not expected to be transferred further to the communities. All expenditures incurred in the Program by MEA and ONEA will be paid through the CAST under the responsibility of the DGTCP. A dedicated financial and public procurement controller will be appointed by the MINEFID to work on the Program. ONEA will not manage any bank account to make payment of activities implemented in the Program. ONEA will follow its financial management

procedures to execute the budget and report to MEA. The administrative control bodies will reserve the right to verify the expenditures ex-post.

Figure A4.1 Flowchart of fund flows to CAST



33. **Disbursement arrangements from the Bank.** Disbursements of the IDA credit will be made at the request of the borrower upon achievement of Disbursement-Linked Indicators (DLIs). Disbursement requests will be submitted to the Bank using the Bank’s standard disbursement forms through the e-disbursement functionality in the Bank’s Client Connection system.

34. **Government’s contribution to the Program.** The GoBF, through its budget execution procedures, will transfer its contribution to the Program via the CAST. This contribution could pre-finance the expenditure. The government will transfer its annual contribution to the CAST twice a year and based on the approved annual plan and budget as well as the payment estimates for the next 6 months.

7. Accounting and financial reporting

35. The public expenditure chain is computerized. The expenditure chain, which covers the budget execution and control cycles, is fully computerized and interfaces well with the procurement and the treasury system. The information is extracted from the budgeting and accounting information systems. The quarterly budget execution reports are put on the ministry of finances website (www.finances.bf). All annual accounts are submitted by the Government, within 4 months from the receipt of the financial statements (on time) to account authorities (Cour des comptes). Still, there are some delays in the approval of state accounts (Comptes de Gestion) by the Supreme Court (which is outside Government control).

36. External audits of the consolidated annuals financial statements prepared by the PCU will be done by the Court of Accounts both for the activities implemented by MEA and ONEA. Among other functions, the Court of Accounts audit the regularity of the revenues and expenses described in public accounts, assesses the use of public funds, and participates in the control of the execution of the financial law. In addition, it ensures the audit of the accounts and management of state-owned, mixed-economy companies or public limited companies. Therefore, the Court of Accounts will audit on an annual basis the consolidated financial statements of the Program. The Program Audit Reports and audited Program financial statements shall be submitted to the World Bank within nine (9) months following the end of each year starting from the first year of Program effectiveness. The Court of Accounts may if needed, collaborate with or use the services of, an independent auditing firm to carry out the audit of the Program annual financial statements.

F. Procurement processes and procedures

37. The national procedures described in the **Law No. 039-2016 / AN** on the General Regulation of Public Contracts and detailed in the Decree **No2017-0049 / PRES / PM / MINEFID** of February 1st, 2017 Procedures for the Award, Execution and Settlement of Public Contracts and Public Service Delegations will apply to this program. The article 23 of the Procurement Law 039-2016 and article 52 of the Decree No 2017-0049 mention that the open tendering is the default method for works, goods and non-consultancy contracts and for consultant service a Request for Proposal precede by an Expression of Interests is the process to be used. Others procurement methods like limited competitive bidding and single source are exceptional and the conditions for the use of such methods is well framed in the documents.

8. Procurement performance

38. Delays in procurement process are mainly explained by: (i) the lack of maturity of the projects, as certain projects are included in the budget before availability of feasibility studies and technical studies; (ii) delays in the review of files by the structures in charge of prior control; (iii) delays in the publication of opinions and results; (iv) difficulties in mobilizing the technical sub-commissions; (v) delays in the evaluation of bids; (vi) the numerous non foreseen interactions between the contracting authorities and the control structures due largely in the absence of a manual of procedures clearly defining the elements subject to the control; (vii) the numerous remedies in the award phase for ONEA; and (viii) long contract approval times.

39. In August 2016, ARCOP conducted an evaluation of the procurement performance in Burkina. More than three hundred of contracts were covered and fourteen criteria considered. The report, posted in ARCOP web site, showed that average times for procurement are respectively 160 days for goods and works contracts and 150 for consultant services contracts. These averages are worse in some ministries. To improve the situation, the regulatory framework of the public order in force in Burkina since January 2017 has defined reference deadlines for each stakeholder in the chain.

40. The arrêté No 2017 – 389 / MINEFID / CAB provide details on deadlines at each step and for all actors. The referential will be used to measure the performance of the PforR

procurement system for this aspect. In addition, the Arrêté no2017 – 393 /MINEFID/CAB on the procurement plans, mention at article 2 that each procurement entity has the obligation to prepare annually a report that gives the status of procurement plan implementation, this report is sent to the DCMEF and to ARCOP. An annual report on procurement implementation will be prepared, including but not limited to the following aspects will be covered:

- The status of the procurement plan implementation (% of total contract signed compare to the total amount of the GPP,
- The % of contracts signed amount by procurement methods,
- The average length of each procurement process,
- Other aspects that inform on the procurement performance

41. In addition, the IFSA recommend adopting a procurement tracking system to measure the respect of the bylaw N°2017 389 /MINEFID/CAB adopting the reference system for public procurement deadlines and public service delegations. Similar systems had been developed in Senegal. The Government institutions will be significantly benefit from a study tour to Senegal to see the operationalization of such tracking system. Resources from the on-going PSEU could be mobilize to this end, as well as for acquiring an adequate procurement software by MEA and ONEA that could be used as part of the Program.

9. Publication

42. The publication of notices and results has been identified as a major bottleneck in the procurement process. Section 2 of the Decree refers to the Revue des Marchés Publics as the regulatory support for publications, in addition to this support, the contracting authorities may publish on their sites and when the contract reaches the thresholds of Community advertising, it must also publish on the WAEMU website. According to Order No.2017 / 389 / MINEFID / CAB, adopting the public procurement deadlines and the public service delegations, the DGCMEF has three (03) days to review the files and the publication of the opinions and three (03) days to give an opinion on the results and publish them. But in practice these deadlines are not respected and they reach weeks or even months. This service encounters some challenges, including: (i) insufficient staffing (four staff who rotate weekly); (ii) limited hardware and other inputs, (iii) problems of connection to the Internet and (iv) the difficulty of publishing online on the portal.

43. In view of these challenges, the IFSA recommends acquiring needed equipment for the DGCMEF to speed-up publication. This is part of the PAP. In the DGCMEF needs: (i) 2 additional trained modelers, and to train those who are already in office; (ii) additional hardware (4 MACs, 2 Scanners, 2 Professional Printers, 3 laptops); (iii) improve the internet connection; (iv) acquire a software for processing the information received; and (v) undertake a study tour to better understand the electronic publication.

44. In the medium and long term, it is recommended that the DGCMEF is adequately staffed. Also it is envisaged that the DGCMEF website will be redesigned to allow the contracting authorities to publish directly, so it is possible for the service to establish a partnership with United Nations Development Business (UNDB) in order to international

publication when necessary. Another solution may be the revision of the decree to allow the contracting authorities to share the results to all tenderers, while reminding them of their right to challenge and recalling the deadline for receiving complaints about the results. The sharing of the results can take place therefore of publication of the results and to trigger the waiting period for the contestation of the results.

10. International tendering

45. Under the Program, numerous contracts such as strategic consultants for implementation support, deep drilling, and works contracts for ONEA and MEA will require this international tendering and international publication, in view of their value, the technical specificities of the tasks, and the lack of a domestic market that can meet the requirements of certain tenders, among other reasons. Even though open tendering is the default method it does not appear that for high-value and high-complexity contracts open tendering must be open internationally. In addition, there is no provision for the publication of international notices. In this regard, the IFSA recommends:

- Establishing clear thresholds above which procurement process should be open internationally. Procurement for works contracts above five milliards FCFA, goods and non-consultancy contracts above five hundred million FCFA, and consultant services contracts estimated to three hundred million FCFA and above, use an international approach of the market. These thresholds should be included in the POM.
- Advertising notices of contracts procured by MEA and the ONEA in the context of the Program to be done on an international publication support like UNDB or dgMarket. This measure should be stated in the POM. During Program preparation the MEA and the ONEA should ideally enter into a partnership with an international publication to ease the task of proceeding with international notice once the Program is declared effective.
- Reviewing the quality of standard bidding documents to enhance participation of international bidders. The government via ARCOP has developed a standard bidding documents reflecting the new procurement framework and WAEMU guidelines. For this purpose, the IFSA recommends that during Program preparation and prior to declaration of effectiveness the Government mobilize a consultant to support ARCOP to improve key aspects of the standard bidding documents, including but not limited to: (i) allow certain percentage of the total contract value to be expressed in in hard currency to reduce the risk of price fluctuation for complex contracts above certain thresholds; and, (ii) introduce amicable dispute resolution and arbitration mechanism.

11. Contract administration

46. Title III-chapter 2 of the Procurement Code prescribes the contract execution conditions, and indicates the contract cancellation procedures and penalties applied to the different parties. There is no formal data with regard to contract administration. Stakeholders have notable challenges in providing adequate contract administration and management.

47. The capacity of the entities involved in the program for contract administration will need to be strengthened to ensure the effective implementation of program activities, ensuring the achievement of the expected results within the stated timeframes. To this end, it is recommended that an adequate contract administration and monitoring system will be defined in the program operation manual, including defining the process, the evidence of contract performance regarding time, quality and cost, inspection of quality of the works, goods and services delivered and timeliness of payment. The focus would be to ensure the continuous and sustainable development of the capacity of staff in procurement and contract management, both at the MEA, SP GIRE and ONEA levels.

G. Administrative Controls

48. There are several administrative control bodies in Burkina Faso, including the (i) General Inspectorate of Finance (**IGF**); (ii) MEA Technical Inspection Services (**ITS**); (iii) ASCE-LC. In addition, a "delegated" financial controller is assigned to MEA and is involved in MEA's public expenditure chain. In general, the overall performance of these institutions is deemed acceptable, despite the financial constraints and the limited number of staff (e.g. IGF has 27 Agents, MEA ITS has 4 agents, and ASCE-LC has 30 Agents). According to the 2017 PEFA, Burkina score for Indicator P25 & P26 was respectively B and C+.

49. A consultative framework has been put in place to avoid duplication of interventions and, above all, to better plan assignments to reach a wider coverage of audited populations. Some of these institutions, such as ASCE-LC or IGF, have adopted the risk audit approach and conduct performance audits.

12. Internal controls (including internal audit)

50. Under the Program, the internal audit function based on financial, procurement and operational / technical aspects should be effective. The IGF will lead the internal audit mission in collaboration with the ITS of the MEA. A Memorandum of Understanding will have to be signed between the two bodies to conduct joint missions at least twice per calendar year. The MEA ITS, in charge of the physical inspections and the quality of the works (technical aspects) of the MEA should ensure that IGF has put in place, an appropriate coordination mechanism of this multidisciplinary team and its contribution are well reflected in the reports of the joint-missions.

51. The annual audit work program will include the review and physical verifications of work and goods and services acquired by ONEA under the PforR operation.

13. Ex-ante and ex-post control

52. **Ex-ante control.** The General Directorate for Procurement and Financial Commitments Control (DGCMEF), decentralized at each ministry level, is responsible for ex ante control. The ex-ante control thresholds of contracts are fixed by an Order of the MINEFID. Following the study on the Implementation of investment budgets in UEMOA countries, undertaken by the Bank in 2013 recommendations, the ex-ante review thresholds were increased and they are: (i) 75 FCFA million for works contracts for MEA and 100 FCFA million for ONEA, (ii) 50 FCFA million for supply and services contracts for MEA and 75 million for ONEA and (iii) 30 FCFA million for contracts relating to intellectual services for MEA and 30 FCFA million for ONEA.

Contracts below these thresholds will be subjected to the internal control of the person in charge of procurement.

53. **Ex-post control.** Law No. 039-2016 / AN, which lays down the general regulations of the Public Order, assigns in Article 12 the function of conducting audits at ARCOP. Decree No. 2017_0050 / PRES / PM / MNFID on the attributions, organization and functioning of the Public Order Regulatory Authority, specifies in its article 2 that ARCOP carries out or sponsors "independent investigations or audits in the field of procurement and public service delegations and to monitor the implementation of the recommendations resulting from these audits".

54. Contracts under the PforR will be subject to ex-post control. Nevertheless, the last audit commissioned by ARCOP dates from 2012, and neither MEA nor ONEA were included in ex-post control by the ARCOP due to budget constraints.

55. The State Audit Office, an external audit body of Burkina, has about 28 auditors / advisers, plus 8 new ones (currently in the process of being recruited) and 15 clerks; a staff of 51 people. This institution is in charge of the external audit of the Public Administration Modernization Project (PMAP). Performance was deemed acceptable to IDA. However, capacity-building measures of the CoC are necessary, in particular to enable it to face the new challenges related to the transposition of the WAEMU directives such as the program budget and the annual financial statement certification requirements established in the accounts of the WAEMU.

14. Complaints management

56. The existing procurement complaints management mechanism is deemed acceptable. The existing procurement framework provides a complaint mechanism relating to public procurement procedures. According to the procurement code currently in force (Titer IV-chapter 1 and 2), a bidder who wants to raise a complaint may complain both during the procurement phase and during the contract performance period. During the procurement process, three levels of complains are possible: (i) appeal to the contracting authority for reconsideration, (ii) contentious appeal to the ARCOP's Dispute Settlement Committee and (iii) seeking legal remedy before the competent courts. Articles 38 to 46 of the Public Procurement Code describe the stages of the different levels of redress, the prescribed timelines for each actor is fixed in article 26. The code provides for two levels of complains that can be used during the contract performance, namely: (I) amicable settlement before the Dispute Settlement Commission (CRD) and contentions appeal before the competent courts, or tribunals or an arbitration court.

57. ARCOP publishes on its website all decisions taken by the Dispute Settlement Commission (CRD) on dispute settlement. It also publishes statistics on applications for redress, every year. In 2016, for example, the CRD has taken 75 sessions and treated 785 complaints with 214 unfounded complaints.

H. Auditing

58. According to the 2017 PEFA report, improvements were observed in the score of PI-30 and PI-31 compared to the previous evaluation. Indicators PI-30 and PI-31 scored D+ and

D, respectively. The improvements are due to the timeliness completion of annual financial statements as well as the quality of follow up on audit recommendations. The court of accounts, has about 28 auditors / advisers, plus 8 new ones (currently in the process of being recruited) and 15 clerks; a staff of 51 people. Despite these constraints, the Court of accounts has been able to fulfill its mandate, and over the past three years submitted reports on the draft Settlement Laws to the National Assembly on time. This institution is in charge of the external audit of the Public Administration Modernization Project (PMAP), a Bank-financed PforR. Performance of the court of accounts was deemed acceptable to IDA. However, capacity-building measures of the court of accounts are necessary, in particular to enable it to face the new challenges related to the transposition of the WAEMU directives such as the program budget and the annual financial statement certification requirements established in the accrual basis accounting systems.

59. The annual audited financial statements of the Program, inclusive of the transactions in the CAST, will be considered as constituting the basis for the annual financial assurance required by the World Bank. The annual audit of the Program for this portion, will be conducted by the Court of Accounts and report submitted to the Bank not later than nine (9) months following the end of fiscal year.

I. Program Governance and Anti-Corruption arrangements

60. Fraud and corruption risks associated with the proposed PforR are important. While corruption in the sector comes in a variety of forms, including collusion, bribery in contracts deals and bid rigging, among others, perception of corruption is highest in relation to services provided by the Office National de l'Eau et de l'Assainissement (REN-LAC 2017). In addition, generally, corruption could be difficult to identify, because the phenomenon is complex, multi-layered and frequently interwoven with politics and wider social structures. It is often systemic and institutionalized, in the sense that persistent informal rules have developed that reinforce corrupt practices within organizations⁵. According to REN-LAC Report, public procurement is fraught with irregularities and disrespect for procurement guidelines and directives.

61. Public perception of corruption in Burkina has improved according to Transparency International's 2016 Corruption Perception Index, scoring 42 out of 100 points, representing 4-point improvements over the previous year's performance. In the public sector, procurement is the second highest corruption hotspot, second to municipal police in Burkina Faso (REN-LAC).

62. The government has taken several initiatives to tackle corruption in the past 5 years, but implementation is hampered by weak capacity and limited availability of resources. A comprehensive Anticorruption Law (*loi 04/2015 portant prévention et répression de la corruption au Burkina Faso*) was adopted in 2015, which further strengthens the legal framework on transparency and accountability in the public sector.

⁵ United Nations Development Program (2011) Fighting Corruption in the water Sector Methods, Tools and Good Practices

63. The ASCE is legally mandated to investigate corruption cases and refer substantiated cases either to the prosecutor's office for criminal acts or to the relevant Ministries and public institutions for administrative breaches. However, a large number of corruption cases transmitted for judgment at the courts are still pending after several months and in some cases several years (RANLAC). The Government has initiated the process for anticorruption branches within the two first instance tribunals and strengthen the capacity of judges to deal exclusively with corruption cases. At sector level, a national water and sanitation Governance program (*Programme Gouvernance du Secteur Eau et Assainissement - PGEA*) du Burkina Faso 2016-2030) seeks, among other objectives, to improve coordination for the fight against corruption and other economic crimes in the water sector. While these initiatives testify to the Government's seriousness in tackling corruption, measurable impact has been limited so far.

64. Financial audits of the Urban Water Project (P106909, funded by the World Bank) did not identify any serious procurement incidence or fraud and corruption or cases of non-compliance with legal and regulatory texts. This can be explained by the fact that project implementation (funded as an Investment Project Financing) benefited from *direct* Bank oversight over procurement and financial management processes through regular supervisions, reviews of procurement transactions and providing technical support to Government on the process. These benefits are limited in PforR.

65. Public disclosure of information is weak, although greater fiscal transparency is a necessary condition for fighting corruption. The national budget serves as important accountability instrument through a proactive disclosure of budget information and active public participation in the budget process. However, Burkina Faso's 2017 Open Budget Index is substantially low, scoring 24 out of 100 points, as the country reduced availability of budget information to citizens. Although in-year budget reports are produced, they are intended for internal use only, and mid-year expenditure reports are not produced (IBP 2016). Moreover, while important achievements include active civil society participation in sector policy processes, particularly in Education, Health and Finance, Burkina still provides limited opportunity for public participation in budget processes.

66. Weak internal and external control of sector expenditures. The country's supreme audit institution (la cour des comptes) provides weak budget oversight (IBP 2017 report). While in theory the external audit institution enjoys significant discretion to undertake audits as it sees fit, in practice, its effectiveness is limited by insufficient resources to fulfill its mandate, and its audit processes are not reviewed by an independent agency. In addition, the head of the institution is not appointed by the legislature or judiciary and can be removed without legislative or judicial approval, which undermines its independence.

67. Meaningful participation of citizens and civil society in monitoring water service provision is limited. The Programme Gouvernance du Secteur de l'Eau et de l'Assainissement (PGEA) identified lack of instruments for promoting active citizen participation as a key roadblock. In addition, PGEA identified weak disclosure of information on water sector programming and budget. While the Water sector portal is functional, it lacks active presence online. Some functionalities of the portal are inactive and it provides very limited and relevant information to the public.

68. While key attributes of accountability include availability of feedback mechanisms (e.g. to hear, track and respond to grievances), the current policy framework places little emphasis on developing and strengthening feedback mechanisms in the water sanitation sector.

69. To address the Governance and Fraud and Corruption risks, the Program should prioritize an effective governance oversight through increased accountability of the sector to citizens; increased monitoring and auditing; and greater disclosure and transparency. The IFSA recommends:

- Increasing monitoring and auditing through support to systematic tracking and reporting on sector spending by the sector, to foster efficiency and accountability in the use of resources, and prioritize auditing sector accounts.
- Updating the sector websites to develop a coherent online presence with user-friendly content and functionalities to enhance greater disclosure and transparency
- Developing and adopting a sector wide citizen engagement strategy
- Developing and implementing a Grievance Redressal Mechanisms for the main activities supported by the Program. Thus, under the PAP tailored Grievance Redressal Mechanisms will be implemented to ensure that stakeholders concerns are documented and resolved in a timely manner.

70. **Grievance Redress.** Communities and individuals who believe that they are adversely affected as a result of a Bank supported PforR operation, as defined by the applicable policy and procedures, may submit complaints to the existing Program grievance redress mechanism or the World Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address pertinent concerns. Affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

J. Procurement and financial management capacity of implementing agencies

71. MEA has a dedicated procurement direction, the Direction de Marches Publiques (**DMP**). The DMP is made up of a Directorate and 4 departments: (i) the works contract service, (ii) the current services department, (iii) the Market Performance Monitoring service; and the (iv) Administrative and Financial Service. The staff consists of the Director who is a Financial Services Administrator and 14 agents, including two department heads and also Financial Services Administrators. The challenges identified by the IFSA regarding the MEA and DMP are as follows: (i) delays in publication and problems of international publication, (ii) difficulties in assembling evaluation sub-commissions, (iii) delays in approval contracts;

and (iv) the high number of complaints. These challenges are explained, among other reasons, by the limited number of staff and the limited familiarity with procurement processes.

72. Similarly, the ONEA has a dedicated procurement department (DMP). As recently seen in the procurement of activities under the Bank-funded PSEU – there is limited internal controls within ONEA for monitoring compliance with procurement procedures, as well as weak competencies at the level of the Directorate of Public Procurement.

73. In view of the human resources constraints for procurement, the IFSA recommends increasing the number of staff as part of the DMPs of ONEA and MEA. In addition it recommends :

- Reinforcing the skills of the MEA and ONEA DMPs through training that will be extended to the technical services and to the DAF and acquisition of equipment. These strengthened actions are part of the PAP.
- Appointing a dedicated procurement specialist dedicated to the PforR in the PCU to provide the day to day support to the SP-GIRE, the DGEP and the DGA and appointing a dedicated procurement specialist dedicated to the PforR in the PSU of the ONEA dedicated exclusively to support the implementation of ONEA's activities under the PforR, who will be supported by ONEA public procurement department as needed. This action will be part of the PAP.
- Appointing a dedicated internal controller as part of the PCU.
- Detailing procurement procedures defining the role and skills of each stakeholder in the public procurement chain at ONEA and MEA level, with a focus on control, as part of the POM.

IV. World Bank Implementation Support

74. The World Bank will provide timely support to the implantation of the PforR as well as guidance to the relevant agencies regarding fiduciary issues. The one PCU at the MEA and a dedicated PSU at ONEA will be created and are responsible for the implementation of the Operation. Supervision of financial management and procurement arrangements will be carried out as required as part of the Program supervision plan and support will be provided on a timely basis to respond to Program needs.

75. The World Bank Implementation Support team will include a team of integrated fiduciary staff—Procurement, Financial Management, and Governance—that will, as part of the Program task team, monitor the implementation of the Program's integrated fiduciary aspects. The reviews will be conducted jointly as far as possible to monitor in particular, the status of implementation of the PAP. The fiduciary team will also review the Program's financial and procurement reports and their conformance with applicable standards. Based on the current Program fiduciary risk and the assessed capacity ONEA, at least two implementation support missions will be conducted during the first year following the Program effectiveness. The team will provide hands-on support to the ONEA teams dealing

with procurement, financial management as well as to other organs such as ASCE-LC supporting the mitigation of fraud and corruption.

V. Detailed IFSA Program Action Plan

| Action Description | DLI* | Due Date | Responsible Party | Completion Measurement |
|--|------|---|---|--|
| Open a Dedicated Treasury Special Account for the Program (Compte d'Affectation Spéciale ouvert au Trésor, CAST) | n/a | Effectiveness | MINEFID, after authorization of National Assembly | CAST opened |
| Create a Program Coordination Unit (PCU) within MEA, and staff it with at least a PCU Coordinator, a monitoring and evaluation (M&E) specialist, a procurement specialist, a financial management specialist; an environmental safeguard specialist, a social safeguard specialist, and an internal controller with functions and resources agreed with the World Bank, and with staff in adequate numbers and qualifications, experience, and terms of reference agreed with the World Bank | n/a | Effectiveness and throughout entire Program implementation | MEA | Creation of the PCU, and recruitment of key staff |
| Create a Program Support Unit (PSU) within ONEA, and staff it with at least a PSU Coordinator, a M&E Specialist, a procurement specialist, a financial management specialist, an environmental safeguard specialist, and a social safeguard specialist with functions and resources agreed with the World Bank, and with staff in adequate numbers and qualifications, experience, and terms of reference agreed with the World Bank | n/a | Effectiveness and throughout entire Program implementation | ONEA | Creation of the PSU, and recruitment of key staff |
| Fiduciary | | | | |
| Appoint a financial and public procurement controller dedicated to the Program and assigned to the PCU. | n/a | Effectiveness and throughout entire Program implementation | MINEFID | Appointment of the financial and public procurement controller |
| Train staff in MEA (DMP and technical services) and ONEA (DMP and technical services) on procurement | n/a | 90 days after effectiveness | MEA and ONEA | Training completed |
| Include in the Annual Finance Law the Program's budget | n/a | Throughout entire Program implementation | Directorate of Budget / PCU, with inputs from PSU | Unaudited financial report of the first quarter of each fiscal year of the Program implementation period |
| Adopt annual procurement plans and disbursement estimates based on the annual approved budget for the Program | n/a | Throughout entire Program implementation | MEA and ONEA | Procurement plans and disbursement estimates submitted to the Bank |
| Prepare an annual report on procurement implementation | n/a | Six months following the end of each year starting from the first | MEA and ONEA | Report submitted to the Bank and ARCOP |

| Action Description | DLI* | Due Date | Responsible Party | Completion Measurement |
|---|------|--|---|-------------------------------------|
| | | year of Program effectiveness | | |
| Conduct semi-annual internal audits and reviews covering operational, technical, procurement, and financial aspects of the Program | n/a | Six months following the end of each calendar semester starting from the first year of Program effectiveness | Lead by IGF within MINEFID in conjunction with the ITS within MEA | Audit reports submitted to the Bank |
| Conduct annual external audit of annual financial statements of the Program | n/a | Nine months following the end of each year starting from the first year of Program effectiveness | Court of Accounts for MEA | Audit reports submitted to the Bank |
| Fraud and Corruption | | | | |
| Sign a memorandum of understanding between the <i>Mediateur du Faso</i> and ASCE-LC to promote collaboration between the two focal institutions in handling complaints and mismanagement of the Program funds | n/a | 120 days after effectiveness | <i>Mediateur du Faso</i> and ASCE-LC | Memorandum of understanding signed |
| Prepare bi-annual reports on fraud and corruption cases related to activities under the Program | n/a | Two months following the end of each calendar semester starting from the first year of Program effectiveness | ASCE/PCU MEA | Report submitted to the ASCE |

Note: n/a = not applicable