

**PROJECT INFORMATION DOCUMENT (PID)
NEGOTIATIONS STAGE**

Report No.: 31472

Project Name	Capacity Building Project
Region	AFRICA
Sector	General public administration sector (100%)
Project ID	P078596
Borrower(s)	BURKINA FASO
Implementing Agency	Prime Minister's Office Address: B.P. 7027, Ouagadougou 03, Burkina Faso Contact Person: Mme Véronique Tientoré Tel. : (226) 32 48 89 Fax : (226) 33 05 51
Environment Category	<input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
Safeguard Classification	<input type="checkbox"/> S1 <input type="checkbox"/> S2 <input checked="" type="checkbox"/> S3 <input type="checkbox"/> SF <input type="checkbox"/> TBD (to be determined)
Date PID Prepared	January 26, 2005
Date of Appraisal Authorization	January 13, 2005
Date of Board Approval	March 22, 2005

1. Country and Sector Background

Burkina Faso has finalized in 2004 its second iteration of the PRSP. The 2004-2006 PRSP has four strategic objectives:

- Objective 1: Acceleration of growth based on equity.
- Objective 2: Improvement of the access of the poor to basic social services and protection.
- Objective 3: Broadening of employment opportunities and income generating activities for the poor.
- Objective 4: Promotion of good governance.

The objectives of the PRSP are supported by the international community through projects and budget support. Objectives 2 and 4 of the PRSP highlight the need for an improvement in public sector performance, since present-day performance of the public sector is viewed as a stumbling block for the implementation of the Government's agenda. Present-day performance of the public sector is viewed as a stumbling block for the implementation of the government's agenda. The implementation of deconcentration and decentralization, in small steps, is faced with obstacles, in terms of structures, procedures and administrative capabilities outside of the capital. In order to attain its development objectives, Burkina Faso must be able to count on an efficient public service, i.e. a public sector with rationalized structures, efficient mechanisms for public expenditures management (in particular planning, inter-sectoral and intra-sectoral allocations, check and balances), human resource management (an efficient and dedicated civil service), monitoring and evaluation, and communication (with the agents, the administered and the citizens).

2. Objectives

The development goal of the project is to improve administration structures and processes in light of the decentralization policy, in order to yield measurable impact on provision of services to the citizens of Burkina. This would be achieved by establishing a reform process that will improve human and financial management systems and entrench a culture of capacity building in the administration. Activities financed under the Grant will focus on cross-cutting issues (decentralization, human resources management, public

expenditure management, policy cycle) and on ownership and sustainability of the activities (reliance on local training institutes, linkages between capacity building activities financed by external financing and national budget through coordination with PRSCs and organization of budget requests from ministries including institutional development component).

3. Rationale for Bank Involvement

IDA is already playing a major role in public sector reform in Burkina Faso. A project focusing on public sector reform (Public Institutional Development project, PID¹), yielded results in the public expenditure management area, through support to the installation of a computerized system which today encompasses most State expenditures. Civil service reform fell however, short of expectations.

Since the closing of the PID, the PRSCs have become the preferred support instrument for the implementation of the government program. PRSCs rely on national systems and avoid the disruptive effect of project-based support in terms of procedures and priorities bias. However, the ongoing decentralization reform agenda is particularly challenging, specifically for a country with a very strong centralist culture, and sustained technical assistance accompanying budget support is deemed necessary to overcome certain bottlenecks. Moreover, the Minister of Finance and Budget finds it at times difficult to anticipate institutional reform costs in the budget, and protect budget allocations for these activities, given frequent external shocks and unpredictable donor resource flows. This operation fills this gap, allowing ministries to compete for additional resources for institutional reform implementation, while leaving the sustaining of reforms and use of newly established systems to the national budget and the PRSC series.

4. Description

The instrument is a five-year technical assistance project.

The project supports the implementation of the reform program in five ministries: the four cross-cutting central ministries (Finances and Budget, Economy and Development, Civil Service, and Territorial Administration and Decentralization); and the Ministry of Health. The Ministry of Health is targeted since it has undertaken substantial institutional reforms and has a key role in the attainment of the objectives of the PRSP¹. Each of the five ministries has adopted crucial reform measures or sector programs, but implementation remains a challenge. This is the case for the Ministry of Finance and Budget and the Ministry of Economy and Development - Budget Management Strengthening Action Plan (PRGB) -, for the Ministry of Civil Service and State Reform (MFPRE) - Comprehensive Reform of Public Administration (RGAP) -, for the Ministry of Territorial Administration and Decentralization - Framework Laws on Decentralization (TODs), and for the Health Ministry (MH) - National Program of Health Development (PNDS)- . These five ministries requested the support of IDA and they were assisted in the design of an institutional action plan during the preparation of the project. The goal of the project is thus to focus on the implementation aspects of these reforms and programs. Implementation of institutional plans of the ministries will be coordinated with support to the two main local public sector training institutes, the Public Administration School (ENAM) and the Financial Administration School (ENAREF). The project will also support the Prime Minister's office to strengthen its key role of inter-ministerial coordination, starting with an analysis of its current capacity to fulfill its mission.

To simplify and clarify accountability, the project components are in line with institutional structures, i.e. each component is linked to one of the participating ministries (see details in Annex 4). Proposed activities reflect an analysis of the weaknesses and challenges of these institutions. They are based on an

¹ Credit 2378-BUR, approved on June 4, 1992 and closed on December 31, 2000

¹ The Ministry of Education is supported by a program which includes a substantial institutional component, and will thus not be assisted through this project.

assessment and clarification of their missions and their ability to fulfill these missions in the evolving context of decentralization to local governments and deconcentration of cross-cutting public sector management systems.

The project approach is demand-driven. TA financing will be made available according to the five Ministries demands, and will follow their implementation rhythms, with necessary reallocation of funds between components. Donor support will be systematically reviewed and taken into account, and the PRCA Grant will adjust the list of activities it will support if and when other donors express a commitment to take-over the financing of some sub-components. The PRCA will thus operate as a flexible, “fill-the-gap” operation.

5. Financing

Source:	(\$m.)
BORROWER/RECIPIENT	0.5
INTERNATIONAL DEVELOPMENT ASSOCIATION	7.0
Total	7.5

6. Implementation

The main rationale for chosen institutional and implementation arrangements is to use, as much as possible, existing institutional structures and staff, in order to contribute to strengthening national capacity. This is reflected in the anchorage of the project within the Prime Minister’s Office (SGPM). This is also reflected in the active participation of the staff of participating ministries. Three main categories were closely associated to preparation, and will continue to be key actors of project implementation: i) the ministry’s respective focal points, who are in each participating ministry civil servants at a top management position, formally designated by their Permanent Secretary to be in charge of overseeing implementation of PRCA activities in their ministry, ii) the extended number of staff, regrouped into working groups, which participated into the design of each ministry’s action plan, and iii) the mandated staff of each ministry for financial and procurement areas (civil servants working at the Ministry’s Financial Directorates (DAF) and/or Directorates for Planning and Studies, (DEP)), which will be in charge of these areas for their respective ministries, thus respecting existing institutional structures.

The PRCA is anchored at the Prime Minister’s Office (SGPM), the main organ for interministerial coordination, to ensure consistency between various activities across ministries, and appropriate leverage for these activities. During preparation, it was acknowledged that the SGPM had little experience of project management, and a pragmatic decision was thus taken of establishing a small coordination unit (thereafter described as the Project Coordination Unit or PCU), contracted by the SGPM, for the PRCA preparation and implementation. This PCU is an integral part of the SGPM and is accountable to the SGPM Permanent Secretary.

The SGPM role is to ensure overall coordination of activities, that are implemented at each ministry’s level. This coordination will be done in close coordination with the participating ministries and is already formalized through a Steering committee and a Technical Committee, representing all six institutions (SGPM and five participating ministries). Each ministry has designated a focal point. During preparation, working groups were put in place to prepare detailed action plans. The focal point will be responsible, with the support of the PCU, for the coordination and implementation of the activities of the project concerning its ministry under the supervision of its Permanent Secretary.

Steering Committee

The Steering Committee is chaired by the Secretary General of the SGPM and composed of the PCU staff, Permanent Secretaries (SGs) of participating ministries, and focal points appointed in each ministry. The Steering Committee, which has already been convened several times during project preparation, will meet at least twice a year to discuss cross-cutting questions, and to approve annual work programs and implementation of activities financed by the project.

Technical Committee

The Technical Committee is composed of the PCU staff and the PRCA focal points. It will meet on a quarterly basis to discuss implementation progress, possible pending issues, and ensure coordination of activities implemented across ministries.

Coordination Unit (PCU)

The SGPM's PCU ensures daily coordination and supervision of the project. It is already in place at the SGPM, and is composed of three contracted staff under the supervision of the Permanent Secretary of the SGPM: an Administrator, a Financial Management Specialist (FMS) and a Procurement Specialist. The Administrator will consolidate yearly activity plans and financial plans. He will organize meetings with donors involved in the areas covered by the project. He will coordinate preparation of budget requests following the national budgetary calendar, in order to tightly link activities financed by the Grant with necessary inputs from the national budget. He will also coordinate inputs into the design of participating ministry program budgets. The PCU will assist the participating ministries in elaborating terms of reference, ensuring that they have been discussed and agreed upon by key stakeholders within the ministries concerned prior to their finalization. The responsibility of the PCU as regards financial management and procurement are detailed below.

7. Procurement

The PCU will be directly in charge of procurement above the established thresholds, or for the activities that involve several ministries, while each ministry will be directly in charge of the procurement process for activities below the established thresholds. More specifically, each ministry will be directly in charge of: (i) all workshops (regardless of budget) included in its agreed work program; and (ii) any procurement process for small items (goods, materials, small studies, etc.) estimated at less than US\$50,000. However, even if done at the ministerial level all project's procurement process will be under the overall responsibility of the PCU procurement specialist who will mentor, accompany and support the ministries' procurement agents (civil servants working at the Ministry's Financial Directorates (DAF) and/or Directorates for Planning and Studies (DEP) for capacity building purposes. These arrangements have been made by taking into account project objectives (capacity building) and IDA's programmatic approach which requires capacity at each ministerial level in order to succeed.

Based on arrangements described above and in line with capacity assessments made, the PCU procurement specialist has recently been recruited through a competitive selection and is already on board. His tasks will include: (i) assisting each of the five ministries in preparing their respective procurement plan; (ii) building procurement plans for the entire project (in coordination with the five ministries involved); (iii) processing all procurement done at PCU level; (iv) building required capacity where needed by training ministry staff and assisting in the procurement process for their respective program; (v) monitoring and updating the project procurement plan; (vi) consolidating all project procurement information; and (vii) monitoring contracts implementation.

8. Financial Management

The PCU will be required to develop a fully integrated financial management and accounting system using appropriate software as well as a detailed manual of financial procedures and chart of accounts including the format, content and periodicity of the various financial statements to be produced. During the first year of implementation, the PRCA will use traditional disbursement procedures, and, subject to a positive evaluation of a Disbursement/Financial management IDA team, will subsequently shift to Financial Management Report (FMR) based disbursement.

The PCU will be required to coach and assist the five participating ministries in their related duties (simple cash budget and monthly financial reporting etc.). All these activities are planned to be financed under a PHRD grant and a PPF, and will be completed by effectiveness. The PCU will manage a special account opened in a commercial bank and be audited by an external auditor. The technical teams within the ministries will be responsible for the design of their annual PRCA-financed budgets based on the agreed-upon action plans, and with the assistance of the FMS of the project. The budget proposed by each ministry will be submitted to the financial management specialist and the administrator. These budgets will be consolidated into a single yearly PRCA budget under the supervision of the administrator, and will subsequently be submitted to IDA for review.

9. Sustainability

The goal of the project is to produce a lasting impact at two levels: i) introduction of a culture of institutional development as part of the normal functioning of services in the various targeted institutions, ii) introduction of lasting changes in the way the administration functions, through key improvements in public management (deconcentration of public expenditure and human resources management).

The involvement of the stakeholders through an integrated approach right from the preparatory stage and throughout the project life will allow for ownership of the activities financed by the project, as well as integration of complementary actions to the activities of the project in the national budget. Furthermore, most activities supported by the project are already part of the Government's work program, and reflect choices already approved by the Authorities, which will help sustainability. This has been the case for various donor-financed projects, such as the CID, whose maintenance and associated training activities is now fully integrated into the national budget. Use of focal points and working groups inside the participating ministries will mitigate the negative impact of possible turnover.

With regard to training, each ministry will be assisted to consolidate or create its professional training plan, in order to focus training on concrete needs of the institutions and avoid ad hoc and poorly targeted support.

10. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP/GP 4.01)	[]	[X]
Natural Habitats (OP/BP 4.04)	[]	[X]
Pest Management (OP 4.09)	[]	[X]

Cultural Property (OPN 11.03 , being revised as OP 4.11)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Involuntary Resettlement (OP/BP 4.12)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Indigenous Peoples (OD 4.20 , being revised as OP 4.10)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Forests (OP/BP 4.36)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Safety of Dams (OP/BP 4.37)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects in Disputed Areas (OP/BP/GP 7.60)*	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects on International Waterways (OP/BP/GP 7.50)	<input type="checkbox"/>	<input checked="" type="checkbox"/>

11. List of Factual Technical Documents

BTORs and Aide Memoires : identification mission (September 24 to October 4, 2002) technical missions (October 2003, February 2004, December 2004), pre-appraisal (May 2004).

COWI – Diagnostic et plan d’actions PRCA pour l’élaboration des programmes de réformes des Ministères des Finances et du Budget, de l’Economie et du Développement, de la Fonction Publique et de la Réforme de l’Etat et de la Santé, Draft, October 2004.

Burkina Faso – Joint IDA-IMF Staff Assessment of the Poverty Reduction Strategy Paper – Annual Progress Report, January 30, 2004, Report No. 27655-BUR.

Burkina Faso – Improving Service Delivery at the Local Level: Challenges for Public Sector Management Reform in Burkina Faso, December 16, 2002, AFTPR, World Bank, Report No. 22188-BUR.

Rapport analytique sur la passation des marchés au Burkina Faso, Volumes I et II, AFTQK, Région Afrique, 3 novembre 2000 (CPAR).

Evaluation de l’obligation de rendre compte de la gestion des finances publiques et des pratiques de la comptabilité du secteur privé (Diagnostic, analyse du risque fiduciaire et recommandations), Volumes I et II, AFTQK, Région Afrique, Janvier 2002 (CFAA) .

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* *By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas*

