

Project Name BURKINA FASO-Burkina Faso Capacity Building Program

Region Africa Regional Office

Sector General public administration sector (100%)

Project ID P078596

Borrower(s) BURKINA FASO

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Environment Category C

Date PID Prepared January 30, 2003

Auth Appr/Negs Date September 30, 2003

Bank Approval Date February 24, 2004

#### 1. Country and Sector Background

Burkina Faso has a continuous record of public sector management reforms (PSM) since independence, although the first comprehensive programs began only in the early 80s under the Revolution regime. The "first generation" public sector reforms did not affect the PSM system as a whole, only some parts of it. They were mainly aimed at reducing operating costs, not at changing the structure of the system. Moreover, the Revolution, which ended in 1987, almost totally destroyed the formal judiciary and legal system.

The "second generation" PSM reforms, begun in the early 1990s, have had a mitigated success: civil service reform has not yet been enacted; the improvements to the judicial system are still at their beginnings; the procurement reform is stalled. The main reform achieved to date is the comprehensive computerisation of public finance management. For the most part the reforms to date have consisted of technical improvements at the level of central administration. They have not had an impact on regional or provincial branch offices of the Government, therefore on service delivery. These reforms were a prerequisite to deeper reforms yet to be identified and/or agreed upon in the fields of budget management, administrative procedures and structures, that could eventually lead to improved public service delivery at the front-line level.

Since 1998, the Government has set the stage for "third generation" reforms, by establishing the legal framework for decentralisation. The two parallel decentralisation/de-concentration initiatives - establishment of branch offices for line ministries in the mid 1980s, and the creation of semi-autonomous local governments (only communes have been created as of today) in September 2000 - could be expected to impact the ways in which the public sector is organised. This, however, assumes that a common understanding of the decentralisation initiative was developed and

implementation options explored, before moving forward. In reality, there is a gap between the stated vision of decentralisation, which necessitates a comprehensive reform of public sector, and the current status quo.

An ESW report, "Improving Service Delivery at the Local Level: Challenges for Public Management Reform" (Report n° 22188-BUR, December 2002), which was discussed with Government in June 2001, has outlined current weaknesses of public sector arrangements in Burkina. It has demonstrated that public sector performance, in spite of previous reforms, is still hampered by: (i) an incomplete vision of decentralisation leading to improvisation in its preparation; (ii) an over-centralisation of major cross-cutting systems (public finance and personnel); (iii) an over-centralisation of the management of service delivery systems; and (iv) a weak monitoring, evaluating, auditing and reporting capacity.

#### 1. Incomplete Vision of Decentralisation Reforms Requirements

##### a) Decentralisation

Decentralisation reforms were thought of mainly in terms of power-sharing with the local authorities, and have therefore been politically driven. Although the process was top-down, it provided an answer to a real demand from the local level, in the wake of the progressive restoration of democracy after the National Revolution Council regime. The word decentralisation actually refers to a limited form of delegation: decentralisation in Burkina Faso means creation of elected bodies that are far from totally independent of central government. The central government retains control over these entities, ex ante or ex post, depending on the circumstances, notably as regards budget matters. According to the 1998 Decentralisation Laws, the main level of local government will be the province. The capital cities of all provinces and départements have received the status of commune; the rest of the province territory remains under the provincial council authority. Local governments have the right to: (i) undertake activities regarding the social, economic and cultural development of the community, including land-use planning, urban and rural development; (ii) conclude contracts with the central government, other local governments, private and public enterprises and bi- or multi - lateral organisations; (iii) create their own general administration offices; and (iv) establish health, education or environment institutions.

There has been from the very onset a general agreement that gradual implementation of decentralisation would depend on prior capacity and progress made by each local government. As of today, only city councils have been elected (September 2000) and have taken their offices. The overall organisation of local governments is therefore not complete, as the provincial and regional councils have yet to be elected and inaugurated. Rural communes are to be created progressively as a federation of villages. They should emerge during a transition period, when they will be encouraged to put in place a credible budget management capacity, among other conditions. Still, the overall design is flawed in that, with the exception of the city councils, there is no broad overview that outlines clear and concrete measures to be implemented to develop the capacity of local governments.

##### b) Changes in Central Government's Modus Operandi

Decentralisation requires a dramatic change in the relations between the territorial administration, the fiscal administration, and the local governments, from total control to assistance and collaboration. The central government's branch offices will also have to revise their mission: if the transfer of responsibilities is to be comprehensive, as

planned in the long term, branch offices will become part of local governments, and act as technical advisers to the elected bodies, as well as principal operators of the policies and activities decided by the local assemblies.

The challenge of delegating power from the central to the local governments appears to be the most difficult part of the decentralisation process. All resources currently devoted by the centre to the periphery have to be clearly identified up-front, per provincial branch offices, to prepare for the transfer of responsibilities and, simultaneously, as specified by the Decentralisation Laws, of the corresponding amount of resources. Seminars have been conducted during 2000 to identify, ministry per ministry, the consequences of devolving powers to local governments. Although this is a very important first step, the outcome is a very general description of broad fields of new competencies for local governments.

No attempt has been made as of today to go into the details and draw a road-map for the transfers. The change in the central administration role has yet to be explored thoroughly, since this implies dramatic changes in the government's own structures. The ministries in charge of agriculture, livestock, natural resource management, infrastructure, education and health will be deeply affected by the process. They have not yet begun a reflection on what changes this de-concentration implies on the role of their central administration as well as on the future role of local governments, branch offices, and their respective relations.

## 2. Weak, Yet Over-Centralised, Cross-Cutting Systems

In the Burkinabè system, sector ministries function in an externally-constrained environment and have little leverage over their own resources; decisions are made by the core ministries and by donors. Major decisions on human resources depend on the Ministry of Civil Service (MoCS). Most decisions regarding financial resources are made by the Ministry of Finance (MoF), not only for budget allocations but also for day-to-day budget execution.

Personnel management is even more centralised than budget management, in theory+

at least. In principle, only the MoCS detains the authority to manage all careers within the civil service. Actually, it can only record decisions made by other ministries, notably the appointment to managers' positions. Furthermore, since civil servants are promoted automatically on the basis of seniority, most career development of the civil servants are made neither by the MoCS nor the employer. There is no performance evaluation. Human Resources Directorates in the line ministries constitute little more than a mail drop between the central technical directorates and the sub-national levels. The MoCS, jointly with the MoF, is the only authority to decide the number of recruitments allowed per ministry during the preparation of the draft budget law. These are not disaggregated by regions, nor provinces. No job profiles have been established that would allow the line ministries to control, if not the numbers, at least, the professional skills of their staff. The future of civil servants whose current tasks would be reassigned to local governments has not been specified.

The MoF is omnipotent (and omnipresent) in budget management and can represent an obstacle to efficient budget allocation. Line ministries themselves are not organised (nor staffed) to prepare a real sector budget, based on efficiency and performance evaluation. Their budget proposals are usually based on the equivalent of a wish list and the line

ministries' ability to negotiate with the MoF is extremely weak. Since line ministries have poor channels of communication both with the core ministries and their own service delivery levels, budget priorities and allocations are almost inevitably determined without a sufficient information base. Even the underlying assumptions and hypotheses do not reflect actual local needs or locally identified priorities. The proposals from each ministry are submitted to the MoF and substantially altered. The MoF has the last say in the budget proposal submitted to the Cabinet for approval before the Parliament. Program-budgeting, introduced in main ministries since two years, has not been integrated in the actual budget process. During budget execution, the role of the line ministries is also limited to one of administration -- they commit and execute budgeted expenditures. Financial control is ensured by the MoF, although since 1998, this responsibility has been delegated within some ministries (to MoF agents). The Minister of Finance is the sole authority for authorising budget expenditures, including those incurred by branch offices, and has delegated his power to only two of his directors (budget and foreign aid), both located in Ouagadougou.

### 3. Over-Centralised, and Weak, Service Delivery Systems

The highly skewed concentration of decision-making powers within the core ministries as compared to the line ministries is mirrored (and aggravated) by a similarly skewed relationship between the central services of the line ministries and their own branch offices within the regions and provinces. The combined effect of these tendencies is quite simply that needed resources (both financial and human) are not available to regions and provinces for front-line service delivery.

a) Social Sectors have de-concentrated what they could but are blocked by centralisation of cross-cutting systems

The establishment of branch offices of the ministries of health and education has not led to a general restructuring of these ministries. The failure to redefine roles and responsibilities means that the relationship between national and sub-national levels (in the latter, local governments, branch offices and frontline service delivery facilities) remain unclear. Public oversight responsibility of local service delivery has also not yet been clearly defined. Currently, branch offices of the line ministries have no budget nor personnel management autonomy, with the modest exception of regional directorates for health and education which control a very small number of poorly-funded budget items. Authorisation of payment is still retained in Ouagadougou even for these delegated appropriations.

Regional branch offices of line ministries only have the power to deploy their staff within their constituency. They cannot hire, promote, nor sanction the existing staff. Moreover, the budget structure does not detail the positions per region, nor assign a specific budgeted position to a branch office or to the central services. Therefore, the budget position is attached to a civil servant as a person, not an official in a specific position, which allows him or her to move where he or she wants as long as political support is provided and laxness prevails. This has allowed for uncontrollable movement of staff, generally back to Ouagadougou and Bobo-Dioulasso, the two main cities of the country.

b) Decentralisation in Burkina Faso requires de-concentration as a companion

The challenge of strengthening branch offices as part of the overall decentralisation effort has been largely underestimated, in terms of changes in procedures and roles for the central government. In a context

of scarce human resources and budget constraints, decisions as to which functions will be handled by local governments and which will be handled by branch offices of the central government are of vital importance. Local governments will not have the resources to create their own offices, while they will be held responsible by their constituency for what they do or do not accomplish.

This implies that branch offices of central government have to be strengthened and reformed, to be able to provide, when devolution of powers become effective, and as indicated in the Decentralisation Laws, support to local governments for all their responsibilities in infrastructures, social service delivery (essentially basic education and health), budget management, accountability, etc. This also implies a drastic revision of the role of the central government and its central administration, moving from direct implementation (blue collar administration) to policy-making, planning, monitoring and reporting (white collar). The periphery becomes the level of programming and implementing activities. This requires a re-alignment of responsibilities for budget and personnel management from the core ministries to the line ministries, and within the latter, from the centre to the periphery.

#### 4. Weak Monitoring, Evaluating, Auditing and Reporting Capacity

The culture of monitoring and evaluation exists at the centre in Project Implementation Units (PIUs), not for national budget expenditures: program budgeting is still at its onset and the evaluation of results and impact is non-existent. Some projects do require reporting from the front-level facilities or the sub-national levels, but are the exception. The culture of publication is also non-existent: when reports are sent to Ouagadougou for the donor, they are not published, nor discussed by the relevant ministry as a whole.

The central financial control system (the only one in operation) is limited and inefficient. Burkina Faso has a tradition of ex ante control, based on budget legislation. Internal auditing bodies are used on an ad hoc basis, usually when there is suspicion of malfeasance (sometimes triggered by specific accusations), and the outcomes of such audits are kept at the level of their reporting authority. Reports are not made public, making it difficult to ascertain what impact they may have.

#### D. Government's Strategy

Two of four objectives in the PRSP require improvement of public sector performance:

- ñ objective 2, "Guarantee that the poor have access to basic social services" and

- ñ objective 4, "Promote good governance".

Recommendations from the above mentioned ESW report have been discussed with Burkinabè officials, and include:

- ñ Further elaboration of decentralisation reform agenda, notably its consequences for central government (including branch offices);

- ñ De-concentration of responsibilities between core ministries and line ministries (budget, personnel);

- ñ De-concentration from central offices to frontline units; and

- ñ Improved accountability and transparency.

PRSC I and II have already supported implementation of some recommendations to reform cross-cutting systems, in public finance management, to increase de-concentration, step by step. PRSC III will further this de-concentration process in public finance de-concentration.

## 2. Objectives

Improve service delivery capacity of public sector by strengthening:  
- public sector management performance through professionalisation, de-concentration with a view to decentralize; and  
- transparency, accountability, and efficiency in the use and allocation of public resources.

### 3. Rationale for Bank's Involvement

The Bank already plays a leading role in public sector reform in Burkina Faso. The first Structural Adjustment Credits (SACs) included many PSM measures, as do the PRSCs today. Since the closure of the Public Institutional Development (PID) project, Burkina has continued some of this project activities, on its own, but has reached the limit of its capacity to do so alone, even in the field of public finance management, which form an important part of the program supported by the PRSCs. The PSM reform agenda set by the PRSP has yet to be articulated. No donor has taken over the Bank's role since. Existing projects are not dealing with the issues of organisation and efficiency of central agencies and branch offices, nor decentralisation as a whole PSM issue. The Bank is a major donor in most service delivery sectors (education, agriculture, transport), but has not included the specific activities proposed under this project in sector projects: cross-cutting issues require a government-wide approach and given the slow pace of decentralisation, de-concentration remains the building block of service delivery improvement.

### 4. Description

The project would provide technical assistance to core and line ministries to implement the first phase (capacity assessment: component 1) and the second phase (implementing reforms: components 2-5). Six windows would be opened by the credit. Completion of phase 1, adoption of a strategic plan and establishment of a multi-year capacity building work-program agreeable to all parties (Government and IDA), would condition access to the other windows. An additional window (performance award: component 6) is envisaged for those participating ministries that succeeded in reaching planned outcomes of their capacity building program and in improving service delivery performance. Eligibility criteria will be determined with Government during project preparation and reflected in the project implementation manual, should agreement be reached on its creation.

1. Capacity Assessment
2. Streamlining Public Administration
3. Modernizing Personnel Management
4. Strengthening Management and Poverty Focus of Public Expenditure
5. Strengthening Policy Formulation, Monitoring and Evaluation Capacity
6. Performance Award

### 5. Financing

Total ( US\$m)  
BORROWER \$1.10  
IBRD  
IDA \$5.00  
Total Project Cost \$6.10

### 6. Implementation

The PID experience has demonstrated that a minimal structure at marginal additional cost, could be put in place to manage a capacity building program, and Government, drawing lessons from the PID, has replicated these arrangements: a structure integrated in the normal structures of government, with limited additional staffing, hired for the sole credit duration on a contract basis, for the purposes of credit management (procurement and disbursement). The Secretary General (SG) of the Prime Minister's Office will lead this initiative, with a team which will probably include, besides the SG herself, one member of the PM's staff more directly involved in the project implementation and monitoring, and one representative of each ministry involved in the program. The team would include a procurement specialist and an accountant responsible for the fiduciary aspects of credit management. When the program is integrated in normal Government operations and its budget, at the end of the credit, this additional staff will not be necessary any more, while the internal organisation (for instance at each ministry level) will be sustainable.

Other arrangements to ensure constant monitoring of the program and involvement from the part of the Cabinet will be discussed during the project preparation, notably how the Cabinet will be organised (e.g., special Cabinet sessions?) to ensure internal approvals etc. and follow-up on reform implementation. The level of stakeholders participation will also have to be determined.

#### 7. Sustainability

#### 8. Lessons learned from past operations in the country/sector

The main lesson learned from the PID was that critical public sector reforms are possible in a politically fragile environment. The public finance reform was internalized because there was a consensus that without improved budget management, government activities would simply grind to an halt. On the other hand, the sensitive civil service reform, which was well prepared and disseminated among high level civil servants, has not yet been implemented.

The project will therefore consist of windows accessible to those administrations (ministries, central offices or branch offices) that will actually want to implement reforms aimed at improving their performance and reaching their objectives. The candidates will have to provide proof of their eagerness and readiness (see B-2 and 4). They will have the opportunity to choose the elements they want to change within the components proposed, which should ensure their actual motivation for reforming themselves.

#### 9. Environment Aspects (including any public consultation)

Issues :

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Note: This is information on an evolving project. Certain components may not be necessarily included in the final project.