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Report No: 29909-BF

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

**IN THE AMOUNT OF SDR 4.6 MILLION
(US\$7.0 MILLION EQUIVALENT)**

TO

BURKINA FASO

FOR AN

ADMINISTRATION CAPACITY BUILDING PROJECT

February 17, 2005

**Public Sector Reform and Capacity Building (AFTPR)
Country Department 15
Africa Region**

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CURRENCY EQUIVALENTS

(Exchange Rate Effective November 8, 2004)

Currency Unit = CFAF
US\$1 = CFAF 510
US\$ = SDR 1

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

BOME	<i>Bureau Organisation et Méthodes</i> , MFB (Organization and Methods Office)
CADSS	<i>Cellule d'Appui à la Décentralisation du Système de Santé</i> (Support Unit for Health Decentralization)
CAS	Country Assistance Strategy
CDMT	<i>Cadre de Dépenses à Moyen Terme</i> (Medium Term Expenditure Framework)
CID	Circuit Intégré de la Dépense (Computerized Expenditure Circuit)
CIE	Comptabilité Intégrée de l'Etat (Integrated State Accounting)
CMA	Medical Centers with Surgical Annex
CND	<i>Conseil National de la Décentralisation</i> (National Council for Decentralization)
COGES	<i>Comité de Gestion</i> (Management Committee)
CPPR	Country Portfolio Performance Review
CSPS	Community Health Centers
DAF	<i>Direction de l'Administration Financière</i> (Financial Directorate)
DCCF	<i>Direction Centrale du Contrôle Financier</i> (Central Directorate for Financial Control)
DCMP	<i>Direction Centrale des Marchés Publics</i> (Central Procurement Directorate)
DEP	<i>Direction des Etudes et de la Planification</i> (Directorate for Planning and Studies)
DG	<i>Direction générale</i> (General Directorate)
DGB	<i>Direction Générale du Budget</i> (General Directorate of the Budget)
DGCAT	<i>Direction Générale de la Coordination des Affaires Territoriales</i> (General Directorate of Coordination of Territorial Affairs)
DGCOOP	<i>Direction Générale de la Coopération</i> (General Directorate for Cooperation)
DGD	<i>Direction Générale des Douanes</i> (General Custom Directorate)
DGDCL	<i>Direction Générale des Collectivités Locales</i> (General Directorate of Local Governments)
DGRE	<i>Direction Générale de la Réforme de l'Etat</i> (General Directorate for State Reform)
DGTCP	<i>Direction Générale du Trésor et de la Comptabilité Publique</i> (General Directorate of the Treasury and Public Accounts)
DRED	<i>Direction Régionale de l'Economie et du Développement</i> (Regional Office of the Economy and Development)
DRH	<i>Direction des Ressources Humaines</i> (Human Resources Directorate)
ECD	District Health Team
ENAM	<i>Ecole Nationale d'Administration et de la Magistrature</i> (Public Administration School)
ENAREF	<i>Ecole Nationale des Régies Financières</i> (Financial Administration School)
FMR	Financial Management Report
FMS	Financial Management Specialist
HRM	Human Resource Management
IDA	International Development Association

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IGAT	<i>Inspection Générale de l'Administration Territoriale (General Inspection for Territorial Administration)</i>
IGF	<i>Inspection Générale des Finances (Internal Audit Unit)</i>
IMF	International Monetary Fund
IT	Information Technology
MATD	<i>Ministère de l'Administration Territoriale et de la Décentralisation (Decentralization Ministry)</i>
MEBA	<i>Ministère de l'Education de Base et de l'Alphabétisation (Ministry of Basic Education and Literacy)</i>
MEDEV	<i>Ministère de l'Economie et du Développement (Ministry of Economic and Development)</i>
MFPRE	<i>Ministère de la Réforme de l'Etat et de la Fonction Publique (Ministry of Civil Service and State Reform)</i>
MFB	<i>Ministère des Finances et du Budget (Ministry of Finance and Budget)</i>
MS	<i>Ministère de la Santé (Ministry of Health)</i>
NGO	Non-governmental organization
PCU	Project Coordination Unit, Prime Minister's office
PID	Public Institutional Development Project
PIU	Project Implementation Unit
PMS	Public Management Systems
PNDS	<i>Plan National pour le Développement de la Santé (National Health Development Plan)</i>
PPF	Project Preparation Facility
PSM	Public Sector Management
PTF	<i>Partenaires Techniques et Financiers (Donors)</i>
PRCA	<i>Projet de Renforcement des Capacités de l'Administration (Administration Capacity Building Project)</i>
PRGB	<i>Plan d'action pour le Renforcement de la Gestion Budgétaire (Budget Management Strengthening Action Plan)</i>
PRSP	Poverty Reduction Strategy Paper
PRSC	Poverty Reduction Support Credit
RGAP	<i>Réforme Globale de l'Administration Publique (Comprehensive Reform of Public Administration)</i>
SAC	Structural Adjustment Credit
SG	<i>Secrétaire Général (equivalent Permanent Secretary)</i>
SGPM	<i>Secrétariat Général du Premier Ministre (Prime Minister's office)</i>
SIGASPE	<i>Système intégré de Gestion Administrative et Salariale des Personnels de l'Etat (Integrated System for Human Resource Management)</i>
TOD	<i>Textes d'Orientation de la Décentralisation (Framework Laws on Decentralization)</i>
WAEMU	West African Economic and Monetary Union

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Task Team Leader:	Helene Grandvoininnet

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BURKINA FASO
Administration Capacity Building Project

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Map
IBRD 33379

BURKINA FASO
 ADMINISTRATION CAPACITY BUILDING PROJECT
 PROJECT APPRAISAL DOCUMENT

AFRICA

AFTPR

Date: February 17, 2005	Team Leader: Helene Grandvoinet
Country Director: A. David Craig	Sectors: General public administration sector (100%)
Sector Director: Paula Donovan	Themes: Administrative and civil service reform (P); Decentralization (P); Public expenditure, financial management and procurement (P)
Sector Manager: Helga Muller	Environmental screening category: Not Required
Project ID: P078596	Safeguard screening category: No impact
Lending Instrument: Technical Assistance Grant	

Project Financing Data	
<input type="checkbox"/> Loan <input type="checkbox"/> Credit <input checked="" type="checkbox"/> Grant <input type="checkbox"/> Guarantee <input type="checkbox"/> Other:	
For Loans/Credits/Others:	
Total Bank financing (US\$m.): 7.0	
Proposed terms: Grant	

Financing Plan (US\$m)			
Source	Local	Foreign	Total
BORROWER/RECIPIENT	0.125		0.125
IDA	5.05	1.95	7.0
Total	5.175	1.95	7.125

Borrower: Government of Burkina Faso Burkina Faso
Responsible Agency: Prime Minister's Office B.P. 7027, Ouagadougou 03 Burkina Faso Phone: (226) 32 48 89 Fax: (226) 33 05 51

Estimated disbursements (Bank FY/US\$m)									
FY	2005	2006	2007	2008	2009	0	0	0	0
Annual	0.76	2.29	2.81	0.80	0.34	0.00	0.00	0.00	0.00
Cumulative	0.76	3.05	5.86	6.66	7.0	0.00	0.00	0.00	0.00

Project implementation period: Start August 2005	End: August 31, 2010
Expected effectiveness date: August 15, 2005	
Expected closing date: February 28, 2011	

Does the project depart from the CAS in content or other significant respects? <i>Ref. PAD A.3</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the project require any exceptions from Bank policies? <i>Ref. PAD D.7</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Have these been approved by Bank management?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is approval for any policy exception sought from the Board?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the project include any critical risks rated “substantial” or “high”? <i>Ref. PAD C.5</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the project meet the Regional criteria for readiness for implementation? <i>Ref. PAD D.7</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Project development objective *Ref. PAD B.2, Technical Annex 3*

The development goal of the project is to improve administration structures and processes in light of the decentralization policy. Achieving this goal will yield, in the medium-term, measurable impact on provision of services to the citizens of Burkina. This is expected to be achieved through the implementation of decentralization and deconcentration of responsibilities and services, and the strengthening of cross-cutting public sector management systems – human resources management, public expenditure management, formulation, monitoring and evaluation of public policies – , following the principles of transparency, accountability and performance.

Project description [one-sentence summary of each component] *Ref. PAD B.3.a, Technical Annex 4*

The instrument is a five-year Technical Assistance Grant.

The project will support the implementation of the reform program in five key ministries: the four central ministries responsible for cross-cutting issues (Finance and Budget, Economy and Development, Civil Service and State Reform, and Territorial Administration and Decentralization) and the Ministry of Health. Each of the five ministries has adopted crucial reform measures or sector programs, but their implementation remains a challenge. These five ministries requested support and they have been assisted in the design of their detailed action plans during the preparation stage of the project. The main focus will be the implementation aspects of these reforms and programs. The project will also support the Prime Minister’s office to strengthen its key role of inter-ministerial coordination. Furthermore, it will strengthen the capacity of the two main local public sector training institutes, the Public Administration and Financial Administration Schools (the ENAM and the ENAREF), to provide professional training, in order to continuously be able to provide civil servants in the country with updated knowledge in a changing environment.

Which safeguard policies are triggered, if any? *Ref. PAD D.6, Technical Annex 10*

None.

Significant, non-standard conditions, if any, for:

None.

A. STRATEGIC CONTEXT AND RATIONALE

1. Country and sector issues

Burkina Faso has finalized in 2004 its second iteration of the Poverty Reduction Strategy Paper (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 revised PRSP are supported by the donor community through investment and technical assistance projects and programs, and budget support. Objectives 2 and 4 of the PRSP highlight the need for an improvement in public sector performance. Present-day performance of the public sector is viewed as a stumbling block for the implementation of the government's agenda. 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, timely budget execution, check and balances), human resource management (an efficient and dedicated civil service) and monitoring and evaluation.

All Poverty Reduction Support Credits (PRSCs) to date have supported public sector reform, and specifically, the implementation of recommendations in order to reform the cross-cutting public finance management systems (improved transparency and deconcentration of expenditure management to improve performance in the public sector). The Administration Capacity Building Project (PRCA) will complement the PRSCs, by providing technical assistance to support the strengthening of national systems.

Burkina Faso has a continuous record of public sector management reforms since independence, although the design of the first comprehensive programs began only in the early 1980s under the Revolution regime.

The "first generation" public sector reforms did not address the Public Sector Management (PSM) system as a whole, only some parts of it. The reforms were aimed at adapting the public sector to a market-based economy, but had in fact little impact on the structures of the system. In the 1990s, results were uneven. Civil service reform was not enacted; the improvements in the judicial system were still at their beginnings; and procurement reform was stalled because of internal power struggles. The main reform achieved at that time was the comprehensive computerization of public finance management, though even this had not been completed yet because two directorates within the Ministry of Finance and Budget (Debt and Foreign Aid Directorates) succeeded in resisting connection to the overall system. For the most part, the reforms up to the end of the 1990s have consisted of technical improvements at the level of the central administration. They have not had an impact on regional or provincial branch offices of the government, and 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.

The "second generation" PSM reforms begun in 1998 with a decision to establish the legal framework for decentralization. The two parallel decentralization/de-concentration initiatives (the establishment of branch offices for line ministries in the mid 1980s, and the creation of semi-autonomous local

governments - only urban communes have been created yet-) could be expected to impact the ways in which the public sector is organized. This, however, assumes that a common understanding of the decentralization initiative is developed and implementation options are explored, before moving forward. In reality, there is still a gap between the stated vision of decentralization and the actual restructuring of the public sector.

The PRCA builds on the recommendations of a December 2002 report, "Improving services at the local level: the reform of public administration and its challenges", well-received within the administration. The strong centralist culture, reflected in existing structures and systems, impedes efficient implementation of national strategies, and the public administration suffers from top-down processes (planning or budget preparation), and from a lack of a solid result-based approach. The absence of a culture of checks-and-balances impedes transparency and creates opportunities for corruption. Control institutions work on an ad hoc basis and very few reports are made public. Publication and dissemination of information is still scarce. The proposed areas of focus for public sector reform and capacity building are therefore the following:

- Clarification and above all implementation of the decentralization reform agenda, through deconcentration of some functions, and organization of transfers of responsibilities and resources for others.
- De-concentration of responsibilities between core ministries (budget, personnel) and line ministries, and de-concentration from central offices to deconcentrated offices and frontline units.
- Accountability and transparency (implementation of staff evaluation policy, support to control institutions).

2. 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 to 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 financing of recurrent costs linked to newly established systems to the national budget (including through the PRSC series).

3. Higher level objectives to which the project contributes

The project is directly relevant to the 2000 Country Assistance Strategy (CAS). The CAS supports (a) good governance and institutional reform, including the improvement of public sector capacity and the improvement of public expenditure management, and (b) mechanisms that ensure that the procedures for allocation and use of financial resources put a special emphasis on basic social services. The 2003 CAS

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

Progress Report explicitly anticipated the PRCA operation. A result-based CAS for FY06-09 is being prepared, in which the importance of governance and capacity issues in implementing the government's agenda will continue to be highlighted. The project is directly linked to the implementation of the PRSP development priorities and especially the promotion of good governance, as well as the improvement of access to public services. It complements the PRSCs, and its objective of improving the performance of the administration.

B. PROJECT DESCRIPTION

1. Lending instrument

The instrument is a five-year Technical Assistance Grant. The use of a Grant for the PRCA is based on the fact that this project is central to Burkina's medium- and long-term development strategy. As donors continue to move towards higher levels of financing in the form of budget support in Burkina Faso, an increasing percentage of poverty-reduction activities will be channeled through the public sector. Improving the public sector's ability to deliver services in a cost-effective manner will therefore have a multiplicative effect. By improving accountability, rationalizing human resource management, and modernizing the structure and processes of government, the PRCA will make a crucial contribution to improved public service delivery and thus to poverty reduction. It was thus decided to use part of the FY05 grant allocation for the country for the PRCA project.

2. The developmental goal of the project and key indicators

The development goal of the project is to improve administration structures and processes in light of the decentralization policy. 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).

The project will support the implementation of decentralization and deconcentration of responsibilities and resources, and the strengthening of cross-cutting public sector management systems (human resources management, public expenditure management, formulation, monitoring and evaluation of public policies) following the principles of transparency, accountability and performance.

The benefits expected from the project are the improvement of the performance of the administration to enable it to implement key strategic choices of the GoBF, and in particular an improvement of services to the public. It targets essentially the service beneficiaries, i.e. the citizens of Burkina Faso. The intermediary target are the civil servants, since they will be the actors in the change process.

The result agreement (Annex 3) describes the following key proposed performance indicators:

Overall:

- Number of line Ministries with satisfactory program budgets and medium term expenditure frameworks, which are reflected in annual credit allocations, aligned with PRSP objectives and the national MTEF, with budget execution monitored annually according to priority programs.
- Percent of national budget transferred to and executed by local governments.

Component One: Support to the Ministry of Civil Service and State Reform

- Number of ministries implementing staff evaluation policies (including defining annual result agreements and basing promotions on the results of annual evaluations).
- Number of ministries managing their personnel through a fully operational and deconcentrated SIGASPE system (human resources database).

Component Two : Support to Ministry of Finances and Budget

- Number of regions directly connected to Computerized Integrated Circuit (CID).
- Number of controls performed by the Auditing Body (IGF), number of follow-up missions performed by IGF, and number of formal communication on implementation of recommendations sent by controlled public institutions within one year of control.

Component Three: Support to the Ministry of Economic Development

- Number of regions where regional PRSP is prepared and monitored according to procedures and schedule.

Component Four: Support to the Ministry of Territorial Administration and Decentralization

- Number of implementation texts adopted and implemented for the transfer of competences and resources of the decentralization law.
- Percent of elected local governments officials, staff of the territorial civil service, and actors of technical and financial support trained according to capacity building strategy

Component Five: Support to the Ministry of Health

- Percentage of Health Regional Directorates and District (CDPS, CMA, ECD) which receive their notice of budget allocation before mid-February.
- Number of contracts with the private sector for health care delivery effectively implemented by Central and Regional Health Authorities.

Component Six: Support to the Prime Minister Office

- Percentage of agreed recommendations of the completed organizational audit implemented.

3. Project components

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 State Reform, 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 (MATD) - Framework Laws on Decentralization (TODs) and new Decentralization Code-, and for the Health Ministry (MS) - 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 of activities in Annex 4). Proposed activities reflect an analysis of the weaknesses and challenges of these institutions. They are based on an 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. Technical Assistance (TA) financing will be made available according to the five Ministries demands, and will follow their implementation rhythms, with possible 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.

Component 1: Support to the Ministry of Civil Service and State Reform (US\$0.7 million)

The project will mainly finance: i) the strengthening of the ministry's role of guiding the deconcentration process of the administration, in light of the decentralization; ii) the implementation of HRM deconcentration (main activities: establish various responsibilities for human resources management, update and improve the SIGASPE system and deconcentrate system to line ministries and possibly to regions); and iii) the increase of civil service performance, through implementation of the 1998 evaluation policy (main activities: prepare guidelines for evaluation and train staff in evaluation policy, assist public institutions such as the ENAM and ENAREF to strengthen their supply of professional training and assist ministries to prepare training strategies).

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.

Component 2: Support to Ministry of Finances and Budget (US\$2.3 million)

The project will mainly finance: i) the Ministry's restructuring efforts to improve internal efficiency (main activities: implement the Directorate General of the Treasury and Public Accounts (DGTCP) audit and finalize the Directorate General of Budget (DGB) and Central Directorate for Financial Control (DCCF) organizational audits); ii) the strengthening of links between budget programming and PRSP process; iii) the strengthening of public expenditures management deconcentration (main activity: expand the CID in seven more regions); iv) the strengthening of accountability mechanisms (notably through strengthening of the internal audit capacity through support to Internal Audit Office(IGF)); and v) the strengthening of revenue collection.

Component 3: Support to the Ministry of Economic Development (US\$0.68 million)

The project will mainly finance: i) the focusing of the work of the Ministry on a few key products and the establishment of procedural manuals for these productions, in order to use more rationally the Ministry's limited capacity; ii) the establishment of a single methodology for elaborating, monitoring and evaluating sectoral and local policies, preparing procedural manuals and training staff in their use.

Component 4: Support to the Ministry of Territorial Administration and Decentralization (US\$0.75 million)

The project will mainly finance: i) the restructuring of the Ministry to better adapt its structure to its mission (adoption and implementation of a new organizational chart); ii) the strengthening of the leadership role of the Ministry in establishing and implementing basic guidelines for the implementation of the decentralization policy (main activities: drafting, adopting and disseminating the Decentralization Code implementing decrees, developing adequate financial resource transfer mechanisms for local governments, and developing a conducive framework for dialogue involving all key actors of decentralization); and iii) the strengthening of local governments' capacity to fulfill their role by preparing, adopting and implementing a capacity building strategy for local governments.

Component 5: Support to the Ministry of Health (US\$1.0 million)

The project will mainly finance activities to implement the decentralization strategy and strengthening the Ministry's role as regulator and planner, through: i) the support to health districts (clarifying rules for transfer to local governments, clarifying the role of local health committees and helping health committee members understand those roles, and periodically updating the health map); ii) the support to contracting with the private sector and among the public sector entities (evaluating existing contracts and how they help improve health care coverage, equity and quality; and providing technical assistance to improve the existing contracting mechanisms); and iii) the strengthening of the management capacity of the MS (short-term support on procurement, a study to make recommendations to improve the efficiency of the training system, a study on health financing to ensure national coverage of medical care through a sectoral approach, the design of the hospital master plan, the update of the computerization plan for the MS to harmonize the management information system between all levels, including the sanitary information system).

Component 6: Support to the Prime Minister Office (SGPM) (US\$0.68 million)

The main activities for the Prime Minister's Office will focus on improving internal efficiency and interministerial coordination through implementation of the recommendations of an organizational audit.

4. Lessons learnt and reflected in the preparation of the project

IDA's experience with similar projects demonstrates the need for: (i) an approach which targets people, institutions, practices and policies (especially the incentive structure); (ii) a high level of commitment to the project objectives by the government; (iii) well defined project objectives consistent with the country's absorptive capacity; and (iv) thorough preparation and accurate assessment of needs.

The project incorporates these lessons by linking the project tightly to the PRSCs. Project activities provide support to the administration to put in place key reforms, highlighted in the PRSCs, while the PRSCs provide some leverage to the project objective by supporting key steps that need to be taken by the Government to achieve these policy objectives.

Project design benefited from a demand-driven process. Participation of actors in the design of their ministry's action plans ensured buy-in into project activities. The validation of each ministry's action plan by the PRCA steering committee will ensure high level support for the actions undertaken, and necessary synergies between activities.

In order to ensure ownership of activities and to rely on national capacity for their implementation, the project is anchored directly at the Prime Minister's office. 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 accountable to the SGPM Permanent Secretary. Emphasis has been given to using national procedures in designing the project institutional and implementation arrangements, and to use and strengthen national competencies. A focal point has been appointed in each ministry to steer the process, in coordination with the PCU. And national procedures and staff will be used, to the extent possible, for procurement and financial management activities.

This emphasis on using national staff and procedures takes into account another key lesson of capacity building project implementation, that capacity building is more effective if it is done through learning-by-doing.

5. Alternatives considered and reasons for their rejection

The alternative considered was to continue support to the reform process only through dialogue on the PRSCs. However, as mentioned above, accompanying the reforms through budget support does not provide all the assistance needed in a context of limited capacity. The option of a project has thus been proposed to accompany the process for a period of five years. This will set the basis for a process of permanent capacity building in the administration, in which the capacity building activities will be undertaken by national structures as soon as possible. Special emphasis will be put, during implementation, on the inclusion of "institutional development" components in the program budgets of the ministries in order to give them clear visibility and ensure sustainability.

C. IMPLEMENTATION

1. Partnership arrangements

Many donors are active in the area of institutional reforms in the country. Some sectors already benefit from a structured coordination system, i.e. health, public expenditures management reform, and decentralization. These donor's coordination mechanisms were initially set up with the objective of allowing exchange of information between donors supporting a given ministry. They then became a tool for policy dialogue, discussion of sectoral programs, and monitoring of projects, within the donor community and between the donor community and the Government. The World Bank's staff at the country office in Ouagadougou participates in the meetings of the coordination groups for their respective sectors with inputs/contributions from colleagues from Headquarters when necessary.

Pooling of fund for TA in the country was envisioned among a group of donors in parallel with the preparation of the first budget support operation. However, it did not take place due to the complexity of harmonizing various donor procedures. The team will continue to coordinate with various donors and look for opportunities to successfully establish such mechanisms.

During the preparation of this operation, the IDA team held various debriefing meetings on the overall program, involving major donors active in the areas supported by the project. During implementation of the project, periodic meetings with donors will be organized by the PCU and/or by each participating ministry, to continuously ensure that there are no duplications between donor financed activities and ensure relevant synergies. These meetings will also be an opportunity to request supplementary funding to finance defined activities. This will strengthen the Government's role in leading and coordinating donor support. The IDA team will continue to communicate with various donors on project progress, through supervision mission and its country office.

The action plans of the ministries were designed taking into account the activities financed by other donors supporting these ministries. The European Union, France and the AfDB are active in supporting implementation of the PRGB. UNDP is providing support to the MEDEV reform program. On the decentralization side, many donors provide support through projects (Danida, GTZ, UNDP) or a pooled support (support to the decentralization national commission and to local governments civil work by Canada, Switzerland, Danida, and the Netherlands). The health sector main partners are the Netherlands, Sweden, Belgium, GTZ and AfDB. The MFPRE is not assisted by any partner. The contents of the main TA projects are summarized below.

Financial management

The governance support project financed by AfDB provides support to:

- The directorate of cooperation (DGCOOP) for the collection and dissemination of data on donors' financing,
- The control institutions (*Cour des Comptes*, IGE and IGF) for the acquisition of equipment, the training of their staff, and the revision of their legislative and regulatory texts with a view to making them more effective.

The French cooperation's assistance is directed towards:

- The restructuring of the statistical institute and a better definition of the functions of the services in charge of the budget preparation and execution,
- The support to budget deconcentration,
- The establishment of an information center,
- The automation of revenue collection (customs and taxes).

The European Union supports the following activities.

- The modeling of buildings and equipment for the treasury, the Information Technology (IT) directorate, and the cooperation directorate,
- An assistance to comply with WAEMU's guidelines for the harmonization of public finances,
- The provision of TA to some directorates (statistics, treasury, IT directorate and DGCOOP).

Decentralization

- The Danish cooperation provides TA to the MATD, and finances local development projects in three provinces through its decentralization and deconcentration project,
- The German cooperation project finances social and economic infrastructures in two provinces,
- The UNDP project provides infrastructures to some municipalities,
- The Canadian APREL finances development plans for a subset of urban communes.

Regional and local development

The projects in execution in the ministry of economy and development (MEDEV) finance the execution of CDD- type local development projects in some provinces. The ministry has recently secured funds for the preparation of the national and regional long term development plans. The PRGE, financed by UNDP, provides technical assistance for the design of the framework of the long term development program.

Health

The donors' projects presently under implementation have two main focus:

- The financing of the action plans of the health districts and health regional directorates through the health sector development project (PADS, financed by Sweden and the Netherlands). This project serves as a vehicle for the transfer of TAP resources to the districts,
- Capacity building activities for the directorates of planning (DEP) and finances (DAF) of the ministry (financed respectively by Belgium and the Netherlands).

2. Institutional and implementation arrangements

Institutional arrangements

The main rationale for the proposed institutional and implementation arrangements is to rely, as much as possible, on 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 types of actors 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 in 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. The Project Coordination Unit or PCU counts three key staff, 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. These arrangements are described in a Prime Minister's *Arrêté*, dated February 3, 2005. Respective roles and responsibilities follow.

Steering Committee

The Steering Committee is chaired by the Secretary General of the SGPM and composed of the Permanent Secretaries (SGs) of participating ministries, the focal points appointed in each ministry, and the heads of the Directions of the SGPM involved in the PRCA implementation. 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 chaired by the Secretary General of the SGPM, and composed of the heads of the Directions of the SGPM involved in the PRCA implementation, 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 responsibilities of the PCU as regards financial management and procurement are detailed below.

Implementation arrangements

Types of activities to be financed

The project will mostly finance consultancy services, training, and process streamlining (including through the use of computerized tools, but with a clear timetable for changes in practice, procedures and systems in conjunction with necessary training activities). All "heavy duty" operations (essentially investments) which the reforms would entail would need to be covered through the national budget. The Grant will not finance constructions and vehicles, which will be financed from the national budget, if the need arises, neither will it finance maintenance and recurrent costs, that need to be part of normal budgetary allocations.

Procurement Implementation Arrangement

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 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.

Financial Management, respective responsibilities of the PCU and the participating ministries

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.

3. Monitoring and evaluation of outcomes/results

An integrated management system will be put in place at the PCU prior to effectiveness. The system requirements will allow for close monitoring of activities, and will link them to expected outputs and results. The PCU will be responsible to coordinate data collected at the ministry level to track progress of indicators as described in Annex 3 (Results framework and monitoring). Progress will be discussed at the Technical Committee level, and presented yearly at the Steering Committee.

Monitoring and evaluation is a specific area of focus of the project, due to its importance in strengthening public administration, and it is being supported through various activities included in the participating ministries' action plans. These activities include among others specific training in and installation of monitoring and evaluation systems for ministry' programs, and/or use of periodic surveys for monitoring specific outcomes (public expenditure tracking surveys for health sector).

4. 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, and 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.

5. Critical risks and possible controversial aspects

Critical risks for meeting the PDO are mainly associated with the risks associated with slow or reluctant implementation of decentralization policies. Latest developments in the country, and in particular the long-awaited clarification of the decentralization framework, send a promising signal that this agenda is moving ahead. Inside the participating ministries, the MFB and MATD permanent secretaries are strongly committed to jointly define and implement financial transfers to local governments, which is a very good prospect for the success of the decentralization reform. As for critical risks for intermediate results, they are mostly linked with implementation challenges, for which various mitigating measures have been adopted, some of which are already in place. Critical risks are summarized below.

Risk	Risk rating	Risk Mitigation measure
<i>Critical risks for meeting PDO</i>		
<i>General</i>		
Lack of focus during election period	M	Use of detailed action plans per ministry and clear identification of focal points should help to continue timely implementation.
Difficulty in maintaining personnel once they are trained	M	The project will support actions to link career management with received training, and study possibilities for specific on-the-job rewards for acquired skills.
<i>Decentralization</i>		
Continued wavering on decentralization policy	M	Decentralization laws have been modified three times since 1998, but implementation is lagging behind. With the recent adoption of the new Decentralization Code, some key decisions have been taken on the decentralization structure,

		which lift uncertainties and should allow for progress towards implementation.
Slow or haphazard implementation of decentralization policy	H	Implementation of decentralization has proven challenging in most countries engaged in this process. Assistance provided through the Grant will provide timely advice on technical issues.
Reluctance of central ministries to delegate some of their functions to line ministries and reluctance of central ministries and line ministries to delegate certain functions to decentralized units and local governments	M	For financial management and human resources management, adopted policies are clear on the goal of deconcentrating. The project will provide support to clarify modalities of decentralization and to install needed tools for implementation.
Difficulties in posting agents outside main urban centers	H	Some sectors are already working on options and/or specific incentives for retaining staff outside the center.
Critical Risks for meeting intermediate results		
Implementation risks		
Insufficient capacity of the SGPM	H	In order to offset delays resulting from a limited capacity at the SGPM, a coordination unit, the PCU, composed of three contracted staff, has been hired: an administrator, an FMS and a procurement officer. Moreover, the SGPM will also benefit from capacity building actions under the project.
Fiduciary risk: weak capacity in procurement in all ministries	H	Various on-the-job training have been planned and are being carried out that will strengthen capacity in the various ministries, while larger procurement will be centralized at the PCU, under the responsibility of the procurement officer recruited for the project.
Overall Risk Rating	H	

6. Loan/Grant conditions and covenants

Loan/Grant conditions

Negotiations:

- i. Official document (*Arrêté*) on institutional arrangements for PRCA.
- ii. Appointment of the *Inspection Générale de l'Etat* (IGE) as an internal auditor of the project.
- iii. Agreement on format for FMRs.
- iv. General Procurement Plan for implementation period of project, and detailed procurement plan for at least the first 18 months prepared.
- v. Proposal of an administrative solution to solve lack of availability of procurement commissions members.
- vi. Identification of the key procurement contact points of the five participating ministries for the PRCA.

Effectiveness conditions

- i. The Borrower has put in place a customized financial management software for the project at the PCU, including a software adapted to the project and an Administrative and Financial Procedures Manual.
- ii. The external auditor for the project has been appointed.
- iii. The project's 2005 work program and budget has been adopted.
- iv. The Borrower has opened a Project account and deposited the initial amount of US\$25,000.
- v. The Implementation Manual of the Project has been adopted, in a form acceptable to IDA.

Covenants applicable to project implementation

Financial covenants are the standard ones as stated in Article IV of IDA's Development Financing Agreement, including:

- i. The PCU needs to be compliant with all the rules and procedures required for withdrawals from the Grant Account.
- ii. The PCU will maintain or cause to be maintained records and accounts to reflect in accordance with sound accounting practices the operations, resources and expenditures.
- iii. The records, accounts, special accounts, Statement of Expenditures (SOE) shall be audited by independent auditors acceptable to IDA on a yearly basis and no later than six months after the end of the fiscal year.
- iv. The PCU will produce quarterly Financial Management Reports (FMRs).

D. APPRAISAL SUMMARY

1. Economic and financial analyses

Cf. annex.

2. Technical

Not applicable.

3. Fiduciary

Financial management

The objective of the Financial Management Assessment was to determine whether the entities responsible for the implementation of the PRCA had acceptable financial management arrangements as required by IDA's policies and procedures (OP/BP 10.02), including entities' system of accounting, reporting, auditing and internal controls. The assessment was conducted based on the Guidelines to Staff issued by the Financial Management Sector Board, dated October 15, 2003.

The financial management arrangements of the PRCA are mainly characterized by a de-concentrated approach, as regards the related duties and activities to be generated by the project implementation. During the appraisal mission, the team of the PCU, i.e. the Project Administrator and the Procurement Specialist were in place, and the recruitment of the Financial Management Specialist (FMS), who will carry the primary financial management responsibility, had just been finalized. The recruited FMS is a professional and as such, is expected to carry out duties and activities of a sound financial management system. This will ensure compliance with IDA procedures and fulfillment of the project's needs.

Within the ministries, the DAFs – who have some experience in public accounting – and their accountant will be responsible for the design of their annual PRCA budgets with the assistance of the PCU's FMS. The budgets will be consolidated by the FMS into a single yearly budget under the supervision of the Administrator of the PCU, and will subsequently be submitted to IDA for review. A Special Account (SA) will be opened at a commercial bank acceptable to IDA and managed by the SGPM. The PCU will organize periodic advance facilities from the Special account to the five participating ministries for the implementation of activities. A counterpart funds account, namely the Project Account (PA) will be opened and managed by the PCU.

The PCU will use an accounting software, adequately customized to the project needs, and accompanied by a financial management manual. The manual will describe controls and procedures for flows of funds, financial information, accountability, and audits between the PCU and the five ministries. Due

consideration was given to the monitoring by the PCU of the appropriate use of the project's resources by the participating ministries. The disbursement of funds will be linked to the physical progress and procurement activities once the project is ready for FMR-based disbursements. A computerized arrangement will enable the PCU to produce the Financial Monitoring Reports (FMRs) required by IDA, which will be subject to an internal audit carried out by the Internal Audit Office (*Inspection Générale de l'Etat* - IGE).

The PCU will be required to submit project audited financial statements to IDA within six months after the year-end. These financial statements will be consolidated from the simple statements received from the five participating ministries. An internal audit will be regularly done and will ensure conformity of project activities with the proposed plans. The internal audit will be conducted by the Internal Audit Office (IGE), which is already staffed but needs its technical capacity to be strengthened. An external audit will be organized annually in conformity with international auditing standards and in agreement with IDA guidelines, through hiring of an independent and competent auditor.

In conclusion, the evaluation of the financial management system of the SGPM and the five participating Ministries indicates that the related arrangements in place do not meet IDA's minimum financial management requirements as specified in OP/BP 10.02. It is expected that this will not be the case once all measures defined in the agreed action plan (cf. annex 7, and Grant conditions) are completed by effectiveness. In terms of risks, the mission's conclusion is that country risks are moderate and entity risk moderate, with an overall risk rating for the project rated as substantial, since some of the mitigating measures have not been completed yet. A financial management strengthening plan has been agreed upon with the SGPM, and its completion by effectiveness will ensure a tolerable risk level for the project. Annex 8 describes the assessed risks in detail.

Procurement

During project preparation, a procurement capacity assessment was carried out both at the newly created PCU and at the five ministry levels. The mission found that the PCU Procurement specialist, a former staff of the National Tender Board, has the required background to carry out his task, provided he follows a short-term course on IDA's procedure for consultants selection.

The assessment done at the five ministerial levels revealed that the DAF and DEP are both in charge of procurement processes in each ministry. The levels of experience of the ministerial procurement agents (PA) are variable. The PAs from the MFB, the MEDEV and the MS have in the past benefited from sub-regional training institute's courses on Bank's procedures but still need coaching especially on procurement of consultant procedures. The number of procurement agents in each Ministry is related to the volume of procurement that the ministry faces per year. For efficiency purposes, each ministry will name for the project, a formal focal point for procurement matters from among its procurement agents. This person will be the main interlocutor of the PCU's procurement specialist during the project.

Based on the above assessment, the overall project procurement risk has been set as high. To mitigate the risk, an action plan has been prepared. This action plan mainly includes : (i) strengthening the PCU's procurement specialist capacity by courses on consultant selection (Bank's procedures); (ii) preparing the General Procurement Notice (GPN) for project life and a detailed procurement plan for the first 18 months of implementation ; (iii) preparing the project's manual of procedures; (iv) training of PA on IDA's consultant selection procedures; (v) training on procurement filing system.

4. Social

Not applicable.

5. Environment

Not applicable.

6. Safeguard policies

Not applicable

Safeguard Policies Triggered by the Project	Yes	No
<u>Environmental Assessment (OP/BP/GP 4.01)</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Natural Habitats (<u>OP/BP 4.04</u>)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pest Management (<u>OP 4.09</u>)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Cultural Property (<u>OPN 11.03</u> , being revised as OP 4.11)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Involuntary Resettlement (<u>OP/BP 4.12</u>)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Indigenous Peoples (<u>OD 4.20</u> , being revised as OP 4.10)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Forests (<u>OP/BP 4.36</u>)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Safety of Dams (<u>OP/BP 4.37</u>)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects in Disputed Areas (<u>OP/BP/GP 7.60</u>)*	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects on International Waterways (<u>OP/BP/GP 7.50</u>)	<input type="checkbox"/>	<input checked="" type="checkbox"/>

7. Policy Exceptions and Readiness

Policy exceptions: none.

Readiness:

The following actions took place to ensure readiness for implementation.

Through a PHRD grant (closing in March 2004) and an ongoing PPF advance, two types of activities have been supported: (i) capacity building of the PCU at the SGPM, to enable it to successfully coordinate and manage project activities, and (ii) upstream preparation activities for the design and content of the project, including for instance support from a consulting firm to the five participating ministries to prepare their detailed action plans, or support to the Government to disseminate the newly adopted Decentralization Code.

Both procurement and financial management capacity have been assessed, and detailed action plans to strengthen the PCU and the five ministries staff mandated for procurement and financial management activities were agreed upon with the Authorities and will be carried out prior to effectiveness.

The institutional structure to lead and monitor the project is in place and regulated by a Prime Minister's *Arrêté*. The Steering Committee, the Technical Committee, including the designated focal points, and the PCU have already been functioning during the preparation stage.

Activities to be implemented in early stages of implementation have been clearly identified, and relevant terms of reference for these activities are being prepared, under the coordination of the PCU.

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

Annex 1: Country and Sector or Program Background

Burkina Faso Administration Capacity Building Project

Principal sector problems and Government strategy

Burkina Faso is one of the poorest countries in the world. Burkina Faso's economy is characterized by a low per-capita income of about \$250 in 2003, very limited human capital, high vulnerability to external shocks owing to its dependency on cotton production, and strong dependence on external aid. As a result, progress in improving living conditions has been slow and fragile, and Burkina Faso continues to rank very low on the United Nations Development Program (UNDP) Human Development Index, with human development indicators lower than those of most other Sub-Saharan Africa countries. The poor quality and small coverage of social services largely account for these poor indicators. Attempts at public sector reforms have not yet led to an improvement of service delivery, since they only yielded changes at the centre of an extremely centralized system. Inefficiencies are reflected in poor social outcomes, as well as low execution rates for sectoral budgets. Burkina Faso's economy has in recent years been negatively affected by adverse weather conditions, the rise in oil prices, and the deterioration of the political situation in Ivory Coast (the country is heavily dependent on the Abidjan port for imports and exports and on Ivorian inputs for certain industrial activities, as well as on remittances from the three million Burkinabè residing in Ivory Coast). Fiscal capacity is lower than the WAEMU targets, and public administration consistently operates under severe financial constraints.

The political environment in Burkina Faso remains stable. The government headed by Prime Minister Paramanga Ernest Yonli is supported by the parliamentary majority of the party of President Blaise Compaoré. Opposition parties, after gaining more than 40 percent of the seats in the National Assembly in 2002, have successfully used their parliamentary representation to publicly challenge the government and promote their political agenda during the past two years. Presidential elections are scheduled for 2005.

Burkina Faso has a continuous record of public sector management reforms since independence, although the design of the first comprehensive programs began only in the early 1980s under the Revolution regime. The "first generation" public sector reforms did not address the Public Sector Management (PSM) system as a whole, only some parts of it. The reforms were aimed at adapting the public sector to a market-based economy, but had in fact little impact on the structures of the system. In the 1990s, results were uneven. Civil service reform was not enacted; the improvements in the judicial system were still at their beginnings; and procurement reform was stalled because of internal power struggles. The main reform achieved at that time was the comprehensive computerization of public finance management, though even this had not been completed yet because two directorates within the Ministry of Finance and Budget (Debt and Foreign Aid Directorates) succeeded in resisting connection to the overall system. For the most part, the reforms up to the end of the 1990s have consisted of technical improvements at the level of the central administration. They have not had an impact on regional or provincial branch offices of the government, and 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.

The "second generation" PSM reforms begun in 1998 with a decision to establish the legal framework for decentralization. The two parallel decentralization/de-concentration initiatives - establishment of branch offices for line ministries in the mid 1980s, and the creation of semi-autonomous local governments (only urban communes have been created yet) could be expected to impact the ways in which the public sector is organized. This, however, assumes that a common understanding of the decentralization initiative is developed and implementation options explored, before moving forward. In reality, there is still a gap between the stated vision of decentralization and the actual restructuring of the public sector.

A 2002 World Bank Report, "Improving service delivery at the local level: Challenges for Public Management Reform" (December 2002), which was discussed with Government in June 2001, has outlined 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 decentralization leading to improvisation in its preparation; (ii) an over-centralization of major cross-cutting systems (public finance and personnel); (iii) an over-centralization of the management of service delivery systems; and (iv) a weak monitoring, evaluating, auditing and reporting capacity.

1. Incomplete Vision of Decentralization Reforms Requirements

a) Decentralization

Decentralization reforms were thought mainly in terms of power-sharing with the local authorities, and have therefore been very 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 decentralization actually refers in Burkina Faso to a limited form of delegation: decentralization is perceived as the creation of elected bodies that are far from independent of central government. The central government retains control over these entities, ex ante and ex post, depending on the circumstances, notably as regards budget matters.

According to the 1998 Decentralization Laws revised in 2003, the main levels of local governments will be the region and the commune. 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 organizations; (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 decentralization would depend on prior capacity and progress made by each local government. As of today, only city councils have been elected and have taken office. The overall organization of local governments is therefore not complete, as the regional councils have yet to be elected and inaugurated. 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. Adoption at the end of 2004 of the new *Code Général des Collectivités Territoriales au Burkina Faso* has provided some clarification in some areas, in particular final clarification of various levels for deconcentration and decentralization. The region and the communes remain the two levels of local governments, the region, the provinces and the departments will be the three levels of deconcentrated administration (see box below).

b) Changes in Central Government's Modus Operandi

Decentralization 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 missions. If the transfer of responsibilities is to be comprehensive, as planned in the long term, branch offices might 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 decentralization process. All resources currently devoted by the centre to the periphery have to be clearly identified up-front and per provincial/regional branch offices, to prepare for the transfer of responsibilities and, simultaneously, as specified by the Decentralization Laws, of the corresponding amount of resources. Seminars have been conducted in 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 yet to go into the details and draw a road-map for the transfers. The change in the central administration roles 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 and on the future role of local governments, branch offices, and their respective relations.

2. Weak, Yet Over-Centralized, Cross-Cutting Systems

In the Burkina Faso system, sector ministries function in an externally-constrained environment, insofar as they have little leverage over their own resources, since decisions on resources are made by the core ministries and by donors. Major decisions on human resources depend on the Ministry of Civil Service and State Reform (MFPRE). Most decisions regarding financial resources are made by the Ministry of Finance and Budget (MFB), not only for budget allocations but also for day-to-day budget execution.

Personnel management is even more centralized than budget management in theory at least. In principle, only the MFPRE 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 for civil servants are made neither by the MFPRE nor by the employer ministry. 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 MFPRE, jointly with the MFB, 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 profile has 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 MFB is omnipotent (and omnipresent) in budget management and can represent an obstacle to efficient budget allocation. Line ministries themselves are not organized (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 MFB 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 MFB and substantially altered. The MFB has the last say in the budget proposal submitted to the Cabinet for approval before the Parliament. The Cabinet rarely modifies the budget proposal submitted by the MFB. Program-budgeting, introduced in main ministries since 1999, has not been integrated in the actual budget process and is not used as a management tool. 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 MFB, although since 1998, this responsibility has been delegated within some ministries (to MFB agents). The MFB is the sole authority for authorizing budget expenditures, including those incurred by branch offices, and has delegated his power to only two directorates (budget and foreign aid), both located in Ouagadougou.

3. Over-Centralized, 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 centralization 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) remains 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, the health districts and the provincial directorates of education which control a very small number of poorly-funded expenditure items and can post the staff within the limits of their territories. After a successful pilot, the deconcentration of *ordonnancement* (commitment and payment phases) has been established in five regional capitals since April 2004. 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. Worse, it does not 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. Since 2004, new hires for the education ministry have been made on a regional basis, but the system still needs to be improved.

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

The challenge of strengthening branch offices as part of the overall decentralization 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 Decentralization 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 administration). 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. In 2004, the appointment of governors in the regions has been welcomed as an important step to further the deconcentration process.

4. Weak Monitoring, Evaluating, Auditing and Reporting Capacity

A culture of monitoring and evaluation exists at the centre in donor-financed Project Implementation Units (PIUs), not for national budget expenditures. Program budgeting is still at its onset and the evaluation of results and impact is almost nonexistent. 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 nonexistent: for instance, when reports are sent to Ouagadougou for the donors, 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 corruption (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.

The recently established General Auditor's office (*Cour des comptes*) is the independent body with the responsibility of auditing the state's accounts, including the decentralized entities and state owned enterprises. A summary of their annual reports is made available to the public.

The internal units responsible for evaluating service quality (General Inspectorates of sector ministries) are also weak, both in terms of mandate, organization, staffing and financial resources. They are activated under the same circumstances at the General Finance Inspectorate, with the same uncertainty about the outcome of their investigations.

Brief on the new « Code Général des Collectivités Territoriales au Burkina Faso » (replacing « Textes d'Orientation de la Décentralisation »)

This note is a brief summary of key changes and new directions the above mentioned new law, adopted by Parliament on December 21, 2004, has introduced to the 1998 "*Textes d'Orientation de la Décentralisation*" (TOD). It is not, therefore, an exhaustive review of all key provisions of the new law and their possible impact on the implementation of the decentralization reform, which have been very slow since the promulgation in 1998 of the TOD.

1. Confirmation of the new territorial system of Burkina Faso. The first positive key change with the 1998 TOD, confirmed now by the new Code, is the final clarification of the status of the "province", which will remain only a deconcentrated level. This lifts the uncertainty and ends a long and distracting debate as to whether or not the "province" should remain a "*collectivité décentralisée*" (like the communes) as well as a "*circonscription administrative*", as originally envisioned by the government (1998 TOD, Art.1 and maintained as such in the "Loi Modificative" of July 2001) despite the opposition of the parliament and the mayors of existing communes.

Therefore, the configuration of Burkina Faso territorial system is now the following:

- *Collectivités Décentralisées* (or local governments) levels:
 1. The Région
 2. The Commune
- *Circonscriptions Administratives* (or deconcentrated administration) levels:
 1. The Région
 2. The Province
 3. The Département

Another important change is the requirement for the rural communes councils to establish a "*Conseil Villageois de Développement*" (CVD, village development council). However, the composition, organization and functioning of the CVD will have to be defined by a Decree issued by the Cabinet (Articles 223 and 224). Furthermore, the CVD will not be responsible directly to the rural commune mayor and his deputies.

2. The transfer of competencies and resources

The new Code does not differ significantly from the TOD on these matters. The 1998 TOD already stated that the transfer of competencies from the State to the "collectivités" will be based on the principle of "subsidiarité" and if possible will be done by "blocs de compétences" (packages) (cf. Art. 59 of the TOD). The same applied with the collectivités (TOD, Art. 59 and 60).

The Code does state, as the TOD did, that "all transfers of competencies must be accompanied by the *concomitant* transfer of resources required for the normal exercise of the new competencies transferred to them" (Art. 61 of the ToDs, Art. 36 of the Code). Art. 62 of the TOD and Art. 37 of the new Code state that the required new resources will come from three sources: fiscal transfers, grants or a combination of both. The TOD also stated (art. 64 and 65), like the Code in its art. 40 and 41, that any transfer of competencies must be accompanied by the permanent or

temporary transfer of all or part of the corresponding “services”, formally exercised by the local branches of sector ministries.

Regarding the nature and scope of the competencies to be transferred, there is no major changes between the two texts, and the same number is transferred (eleven), cf. Art. 57 to 91 in the TOD, and Art. 79 to 105 in the Code.

A key change from the TOD is the creation of a permanent “Fund” (Code, Art. 141) to assist the *collectivités*. Its mission, size and criteria of eligibility will be specified by a Decree.

3. The operational implementation of the reform and modalities for the transfers

Here, both texts are silent about specific operational modalities of the above transfers. The Code (Art. 72) simply repeats the same prudent guiding principles of the TOD for the operational modalities of the transfers, based on “la règle de la progressivité” (the progressive approach).

When the TOD were adopted in 1998 (and then modified in 2001), it was envisioned that all transfers to the provinces and the communes would be effective five years at the latest after the adoption of the Law (Art. 2 and 5 of the “*Loi de Programmation* – 43-98).

The new Code (Article 73) states that:

“the establishment of the regions and communes councils must be effective in 2007 at the latest. In the meantime, and until such a time their mandates be exercised by the “délégations spéciales régionales”, composed of central government appointees from various ministries³ under the authority of the governors, for the regions and the préfets for the communes.

Moreover, and regarding more specifically the pace of the transfer of competencies and resources, Article 75 indicates that for the region, this transfer must be effective three years after the establishment of regional councils (planned for 2007). For urban communes, the transfer in sectors such as health, basic education, illiteracy, youth policy, culture, sport and recreational activities, must be effective in 2005 at the latest. For rural communes, Article 77 indicates that the transfer must be effective three years at the latest after their establishment in 2005.

4. Concluding Remarks

First, the major merit of the New Code is to put an end to the debates of the last few years on the final shape of the territorial system of Burkina Faso, which were paralyzing the operational implementation of the reform. Now that the Province final status has been clarified and that communal elections are planned for 2005, and regional ones in 2007, it will be possible to re-focus on the difficult tasks of the concrete operational mechanisms for the implementation of the reform.

Most important are the issues of transfers of competencies and especially resources. All ministries are confronted with the rationalization of their structures and the deconcentration of their human and budgetary resources. Another important aspect is the challenges facing the MATD in building, almost from scratch, the human and technical capacity in all of the new entities in order for them to be able to properly assume their new responsibilities.

In addition, in the absence of the implementing decree, and in respect to the transfer of resources, it is too early to say whether the creation of a permanent “Fund” for the investments needs of the *collectivités locales* will work. But this is a major innovation of the new Code, which reflects discussions held within the MATD and the MFB. It is inspired by the experience of the “*Agence Nationale pour l’investissement des Collectivités Locales*” in Mali.⁴ The Fund will be funded from two major sources: the national budget and the pooling of some donors funding, some of whom are already funding the “*Fonds de développement des Communes*” (FODECOM) and the “*Fonds d’Investissements des Communes*”(FICOM).

³ A draft decree is being prepared by the MATD regulating the composition, the functioning and the scope of the authority of the *Délégations Spéciales*.

⁴ Interview with the SG of the MATD in April 2003.

**Annex 2: Major Related Projects Financed by IDA and/or other Agencies
Burkina Faso Administration Capacity Building Project**

Related Bank Projects				
Project	Cr. # or Project ID	Sector Issues	IP Rating	DO Rating
Basic education	CR. 3597	Development of basic education	S	S
Transport sector	CR. 3745	Development of the transport sector	S	S
PRSC 4	CR. 3900	Support to major reforms	--	--
STATCAP	CR. 3878	Statistical system	--	--
Urban infrastructure & decentralization	P084027	Capacity Building for mid-size cities	--	--
Community based Rural Development 2	CR. 3436	Capacity building for the production of statistics, support to the production, collection and processing of data.	S	S
GDLN	CR. 3707	Development of a distance learning center	S	S
Related International Agency Projects				
Donor	Project Name (and amount)	Sector Issues Addressed		
Financial Management				
UNDP	PRGE	Capacity Building in economic and financial sectors		
France	PAREF	Reforms in economic and financial sectors		
AfDB	PABG	Good Governance Support project		
EU	PARI	Regional Integration Project		
Health				
Netherlands/ Sweden	Health Sector Development Program (PADS)	Support for action plans of health districts, health regions, hospitals, and central directorates.		
Netherlands	Health/Financial Directorate Capacity Building	Capacities in the financial department of MS		
Belgium	Health/Studies and Planning Directorate Capacity Building	Capacities in the planning department of MS		
AfDB	Health services development	Development of health services		
GTZ	Health Sector Maintenance Project	Technical assistance to improve management and maintenance of equipment and infrastructure		
Decentralization				
Danida	PAPDD II	Support to decentralization and deconcentration		
GTZ	PADDC	Support to municipal development and decentralization		
UNDP	PRCCU	Urban Municipalities capacity building		
Multi donors (Netherlands, Danida, Canada, Switzerland)	Decentralization National Commission	Prospective research, assessment of decentralization implementation		
UNESCO	Regional program for local democracy	Training in local governance		
ACDI	APREL	Support to local economies		

Other		
Multi-donor	SRAT/SNAT	Design of regional & national master plans
Multi-donor	PDLs	Local development projects
Multi-donor (Netherlands, Danida, Canada, Switzerland)	Local Communities Development Fund (FODECOL)	Support to local communities civil works

**Annex 3: Results Framework and Monitoring
Burkina Faso Administration Capacity Building Project**

Results Framework

Relevant PRSP Objectives	Selected PRSP Impact indicators	Use of PRSP Impact indicators
<p>Axis 2: Increase access to basic social services for the poor.</p>	<ul style="list-style-type: none"> - Child vaccination coverage (DCT3) - Girls' primary school enrollment 	<p>Trends in vaccination and girl's primary education coverage -- monitored nationally and in local governments following decentralization -- will serve as important indicators of whether decentralization improves actual service delivery for the poor.</p>
<p>Axis 4: Improve governance.</p>	<ul style="list-style-type: none"> - Implement RGAP (Comprehensive Reform of Public Administration) including through operationalizing decentralized SIGASPE. - Implement Decentralization laws implementing decrees. 	<p>These PRSP indicators are also result indicators for Component 1 and 4, see below.</p>
PDO	Outcome Indicators	Use of Outcome Information
<p>Improve administration structures and processes in light of the decentralization policy.</p>	<ul style="list-style-type: none"> - Number of line Ministries with satisfactory program budgets and medium term expenditure frameworks, which are reflected in annual credit allocations, aligned with PRSP objectives and the national MTEF, with budget execution monitored annually according to priority programs. - Percent of national budget transferred to and executed by local governments. 	<ul style="list-style-type: none"> - If no adequacy to strategic orientations/financing, need to review articulation between policy making and budget formulation. - No increase would show lack of commitment to put in place an adequate financial resources transfer mechanism.
Intermediate Results One per Component	Results Indicators for Each Component	Use of Results Monitoring
<p>Component One: Support to the Ministry of Civil Service and State Reform</p> <p>The Ministry of Civil Service and State Reform effectively implements its decentralization and evaluation policy.</p>	<p>Component One:</p> <ul style="list-style-type: none"> - Number of ministries implementing staff evaluation policies (including defining annual result agreements and basing promotions on the results of annual evaluation). - Number of ministries managing their personnel through a fully operational and decentralized SIGASPE system. 	<p>Component One:</p> <ul style="list-style-type: none"> - Absence of results agreements impedes rational organization of services and prevents accountability of staff. If not implemented, redefinition of training program and communication program. - Centralized human resources management creates inefficiencies in staff posting and management, and absence of a modern management tool impedes dynamic management of scarce capacity. No access calls for technical

<p>Component Two: Support to Ministry of Finances and Budget</p> <p>The Ministry effectively implements the PRGB.</p>	<p>Component Two :</p> <ul style="list-style-type: none"> - Number of regions directly connected to CID - Number of controls performed by the Auditing Body (IGF), number of follow-up missions performed by IGF, and number of formal communication on implementation of recommendations sent by controlled public institutions within one year of control. <p>Component three:</p> <ul style="list-style-type: none"> - Number of regions where regional PRSP is prepared and monitored according to procedures and schedule. <p>Component Four:</p> <ul style="list-style-type: none"> - Number of implementation texts adopted and implemented for the transfer of competences and resources of the decentralization law. - Percent of elected local governments officials, staff of the territorial civil service, and actors of technical and financial support trained according to capacity building strategy. <p>Component Five:</p> <ul style="list-style-type: none"> - % of Health Regional Directorates and District (CDPS; CMA, ECD) which receive their notice of budget allocation before mid-February. - Number of contracts with the private sector for health care delivery effectively implemented by Central and Regional Health Authorities. <p>Component Six:</p> <ul style="list-style-type: none"> - Organizational audit completed and percentage of agreed recommendations implemented 	<p>answers (accelerate extension to ministries and training program) but also strong signal from Ministry that this is indeed a priority.</p> <p>Component Two:</p> <ul style="list-style-type: none"> - Increase transparency and effectiveness of the budget. If not done, review procurement and work plan. - Increase the responsibility of budget managers. If not done, review work program. <p>Component three :</p> <ul style="list-style-type: none"> - If the goal is not achieved, review ministry's and DRED's organization and staffing <p>Component Four:</p> <ul style="list-style-type: none"> - If implementing decrees are not adopted and local governments are not able to assume properly their new mandates, provide external expertise on main issues and/or local governments put pressure on leadership - Capacity building strategy for local governments is not being implemented, need to accelerate activities and secure appropriate funding. <p>Component Five:</p> <ul style="list-style-type: none"> - Yearly PETS will help identify what the bottlenecks are and if there is any progress in the flux of money to its intended destination; if no progress, additional actions to support financial management reform. - Low numbers signify lack of commitment to work with private sector to increase coverage and efficiency of the health system. <p>Component six :</p> <ul style="list-style-type: none"> - Completion of audit will show commitment for change, and implementation of reform recommendations will improve interministerial coordination, the main mandate of the SGPM.
<p>Component three: Support to the Ministry of Economic and Development</p> <p>The ministry focuses on its key products, using adequate tools.</p> <p>Component Four: Support to the Ministry of Territorial Administration and Decentralization</p> <p>The MATD effectively implements the decentralization policy and restructured/deconcentrated its structures and resources.</p> <p>Component Five: Support to the Ministry of Health</p> <p>The Ministry of Health effectively implements decentralization.</p> <p>Component Six Support to the SGPM</p> <p>The SGPM is better equipped and organized for intergovernmental coordination.</p>	<p>Component Two :</p> <ul style="list-style-type: none"> - Number of regions directly connected to CID - Number of controls performed by the Auditing Body (IGF), number of follow-up missions performed by IGF, and number of formal communication on implementation of recommendations sent by controlled public institutions within one year of control. <p>Component three:</p> <ul style="list-style-type: none"> - Number of regions where regional PRSP is prepared and monitored according to procedures and schedule. <p>Component Four:</p> <ul style="list-style-type: none"> - Number of implementation texts adopted and implemented for the transfer of competences and resources of the decentralization law. - Percent of elected local governments officials, staff of the territorial civil service, and actors of technical and financial support trained according to capacity building strategy. <p>Component Five:</p> <ul style="list-style-type: none"> - % of Health Regional Directorates and District (CDPS; CMA, ECD) which receive their notice of budget allocation before mid-February. - Number of contracts with the private sector for health care delivery effectively implemented by Central and Regional Health Authorities. <p>Component Six:</p> <ul style="list-style-type: none"> - Organizational audit completed and percentage of agreed recommendations implemented 	<p>answers (accelerate extension to ministries and training program) but also strong signal from Ministry that this is indeed a priority.</p> <p>Component Two:</p> <ul style="list-style-type: none"> - Increase transparency and effectiveness of the budget. If not done, review procurement and work plan. - Increase the responsibility of budget managers. If not done, review work program. <p>Component three :</p> <ul style="list-style-type: none"> - If the goal is not achieved, review ministry's and DRED's organization and staffing <p>Component Four:</p> <ul style="list-style-type: none"> - If implementing decrees are not adopted and local governments are not able to assume properly their new mandates, provide external expertise on main issues and/or local governments put pressure on leadership - Capacity building strategy for local governments is not being implemented, need to accelerate activities and secure appropriate funding. <p>Component Five:</p> <ul style="list-style-type: none"> - Yearly PETS will help identify what the bottlenecks are and if there is any progress in the flux of money to its intended destination; if no progress, additional actions to support financial management reform. - Low numbers signify lack of commitment to work with private sector to increase coverage and efficiency of the health system. <p>Component six :</p> <ul style="list-style-type: none"> - Completion of audit will show commitment for change, and implementation of reform recommendations will improve interministerial coordination, the main mandate of the SGPM.
<p>Component Three: Support to the Ministry of Economic and Development</p> <p>The ministry focuses on its key products, using adequate tools.</p> <p>Component Four: Support to the Ministry of Territorial Administration and Decentralization</p> <p>The MATD effectively implements the decentralization policy and restructured/deconcentrated its structures and resources.</p> <p>Component Five: Support to the Ministry of Health</p> <p>The Ministry of Health effectively implements decentralization.</p> <p>Component Six Support to the SGPM</p> <p>The SGPM is better equipped and organized for intergovernmental coordination.</p>	<p>Component Two :</p> <ul style="list-style-type: none"> - Number of regions directly connected to CID - Number of controls performed by the Auditing Body (IGF), number of follow-up missions performed by IGF, and number of formal communication on implementation of recommendations sent by controlled public institutions within one year of control. <p>Component three:</p> <ul style="list-style-type: none"> - Number of regions where regional PRSP is prepared and monitored according to procedures and schedule. <p>Component Four:</p> <ul style="list-style-type: none"> - Number of implementation texts adopted and implemented for the transfer of competences and resources of the decentralization law. - Percent of elected local governments officials, staff of the territorial civil service, and actors of technical and financial support trained according to capacity building strategy. <p>Component Five:</p> <ul style="list-style-type: none"> - % of Health Regional Directorates and District (CDPS; CMA, ECD) which receive their notice of budget allocation before mid-February. - Number of contracts with the private sector for health care delivery effectively implemented by Central and Regional Health Authorities. <p>Component Six:</p> <ul style="list-style-type: none"> - Organizational audit completed and percentage of agreed recommendations implemented 	<p>answers (accelerate extension to ministries and training program) but also strong signal from Ministry that this is indeed a priority.</p> <p>Component Two:</p> <ul style="list-style-type: none"> - Increase transparency and effectiveness of the budget. If not done, review procurement and work plan. - Increase the responsibility of budget managers. If not done, review work program. <p>Component three :</p> <ul style="list-style-type: none"> - If the goal is not achieved, review ministry's and DRED's organization and staffing <p>Component Four:</p> <ul style="list-style-type: none"> - If implementing decrees are not adopted and local governments are not able to assume properly their new mandates, provide external expertise on main issues and/or local governments put pressure on leadership - Capacity building strategy for local governments is not being implemented, need to accelerate activities and secure appropriate funding. <p>Component Five:</p> <ul style="list-style-type: none"> - Yearly PETS will help identify what the bottlenecks are and if there is any progress in the flux of money to its intended destination; if no progress, additional actions to support financial management reform. - Low numbers signify lack of commitment to work with private sector to increase coverage and efficiency of the health system. <p>Component six :</p> <ul style="list-style-type: none"> - Completion of audit will show commitment for change, and implementation of reform recommendations will improve interministerial coordination, the main mandate of the SGPM.

Arrangements for results monitoring

Outcome Indicators	Target Values					Data Collection and Reporting					Responsibility for Data Collection
	Baseline	YR1	YR2	YR3	YR4	YR5	Frequency and Reports	Data Collection Instruments			
Number of line Ministries with satisfactory program budgets and medium term expenditure frameworks, which are reflected in annual credit allocations, aligned with PRSP objectives and the national MTEF, with budget execution monitored annually according to priority programs.	0	0	2	4	6	10	Annual	Line ministries draft program budgets	DGB, MFB		
Percent of national budget transferred to and executed by local governments	0	Baseline	Baseline +20%	Baseline +50%	Baseline +75%	Baseline +100%	Annual	MATD annual activity reports (DGDCL), MATD annual administrative Accounts, Special Reports from Regional Council Presidents	DGDCL DGCAT Regional Treasuries		
Results Indicators for Each Component											
Component One: Support to the Ministry of Civil Service and State Reform											
Number of ministries implementing staff evaluation policies (including defining annual result agreements and basing promotions on the results of annual evaluations).	0	1	5	10	15	25	Semi annually in project implementation reports	Reporting from PRCA focal points for their ministry	MFRPE (DGRE)		
Number of ministries managing their personnel through a fully operational and deconcentrated SIGASPE system	0	4	9	12	15	18	Annually, project implementation reports	MFRPE DSI reports.	MFRPE (DSI)		
Component Two: Support to Ministry of Finances and Budget											
Number of regions directly connected to CID	5	5	7	9	12	13	Annual	DGB Report	MFB/DGB		
Number of controls performed by the Auditing Body (IGF)	35	40	40	50	60	60	Annual	IGF Report	MFB/IGF		
Number of follow-up missions performed by IGF		35	40	40	50	60					
Number of formal communication on implementation of recommendations sent by controlled public institutions within one year of control.		75%	80%	85%	90%	100%					
Component Three: Support to the Ministry of Economic Development											

Number of regions where regional PRSP is prepared and monitored according to procedures and schedule.	0%	0%	0%	50%	75%	100%	Annual	Units' reports	Central and regional directorates
Component Four: Support to the Ministry of Territorial Administration and Decentralization									
Number of implementation texts adopted and implemented for the transfer of competences and resources of the decentralization law.	0	0%	50%	100%	100%	100%	Annual	Annual implementation status reports of decentralization from the MATD	DGDCL/TS
Percent of elected local governments officials, staff of the territorial civil service, and actors of technical and financial support trained according to capacity building strategy	0%	0%	20%	50%	80%	100%	Annual reports on the training activities funded by the PRCA	MATD (DGDCL) and ENAM ENAREF	MATD (DGDCL)
Component Five: Support to the Ministry of Health									
% of Health Regional Directorates and District (CSPS, CMA, ECD) which receive their notice of budget allocation before mid-February	0%	30%	100%	100%	100%	100%	Annual	Yearly report from consultant to be hired for monitoring	Yearly monitoring meeting of Health Regions & Districts
Number of contracts with the private sector for health care delivery effectively implemented by Central and Regional Health Authorities.	0	0	8	13	18	23	Annual	Yearly Report from regional health directors	Sub-directorate for private sector
Component Six: Support to the Prime Minister's office									
Percentage of agreed recommendations of the completed organizational audit implemented	0	0	10%	30%	50%	100%	Annual	PCU report	SGPM

Annex 4: Detailed Project Description

Burkina Faso Administration Capacity Building Project

Activities within each component focus on the following main axis of reform:

Axis 1: Rationalization of structures and administrative procedures.

The project will support design and implementation of core reform initiatives in each ministry, such as: (i) defining the appropriate role and responsibilities of the central, de-concentrated and decentralized levels; (ii) rationalizing the distribution of functions between central offices, deconcentrated offices and frontline facilities; and (iii) designing and putting in place administrative structures and systems to improve operating efficiency and effectiveness.

Axis 2: Support for policy formulation and monitoring and evaluation.

The project will support the development of administrative capacity for the public policy cycle: collection and analysis of information, decision-making process, operational management, coordination, supervision, performance and relevance assessment. Emphasis will be put on increasing access to information for the citizens and public services users. The objective is to improve sector programming and procedures for the allocation of resources in order to obtain improved coverage and efficiency of service delivery, and improved accountability.

Axis 3: Support for deconcentration and improvement of human resource management.

Deconcentration: The project will support deconcentration of human resource management and especially: (i) adjusting employment to the appropriate role, functions and structure of the ministries in accordance to de-concentration pre-requisites; (ii) developing and implementing a strategy of dissemination of tools and knowledge in human resource management in the Human Resources Directorates (DRH) of the ministries and their deconcentrated offices.

Career management: The project will support reforms to increase transparency and competitiveness of personnel recruitment and career, and improve professionalism through in-service training and merit recognition. It will support the effective implementation of the evaluation policy (in parallel with the definition of job profiles) and the development of national capacity for human resource management based on the design of training plans and capacity building of local training institutions to provide professional training. This activity will include support to the ENAM and the ENAREF in order to assist them in implementing and sustaining professional training in key areas of public administration.

Axis 4: Support for deconcentration and improvement of public expenditure management.

The project will support the strengthening of the institutional framework and the human resources of the State by modernizing, de-concentrating and strengthening: (i) program-budgeting and the MTEF; (ii) budget execution (including procurement and external and internal auditing capacity); (iii) budget reporting (including measurement of poverty reduction impact), and (iv) budget deconcentration (commitment stage, simplification and acceleration of opening of the lines of credit). Priorities in these areas will be to strengthen the program-budgeting process by increasing responsibilities of deconcentrated offices in budget preparation and execution.

Activities will mainly consist of consultancy service, and training. They are regrouped per Ministry to simplify and clarify the accountability line.

Component I. Ministry of Civil Service and State Reform (MFPRE)

Three main documents spell out the Government policy on State Reform:

- The *Réforme Globale de l'Administration Publique* (Comprehensive Reform of Public Administration, RGAP) (1998),
- The National Good Governance Plan (1998-2003),
- The Decree 2002-253/PRES/PM adopted on July 18th 2002.

The “Comprehensive Reform of Public Administration” compiles various laws and decrees, detailing the modalities of State intervention, the sharing of responsibilities and mandates between State and other actors², the legal regime applicable to employments and agents of the civil service³, and the norms of creation, organization and management of State administrative structures.⁴

The “State Reform” decree gives the MFPRE the responsibility to initiate and coordinate institutional reform and capacity building in all State administration and bodies, including defining deconcentration policies, assisting public bodies to plan, monitoring and evaluating sectoral policies, implementing the Good Governance Plan, and initiating actions to increase the productivity of public services.

Even if some actions have been taken in this regard by the leadership of the MFPRE, the management of human resources continues to be its main (time-consuming) activity, and crowds out other responsibilities. The priority of the ministry remains the deconcentration of human resources management, through the deconcentration of the SIGASPE towards sector ministries and/or the regions. This would allow for the MFPRE to shift its workload from the processing of nominal and individual actions to a more advanced planning and monitoring role. The two other priorities for actions are the implementation of the existing policy on staff evaluation, and the fulfillment of its role as an initiator of public sector reform.

These three priorities aim at resolving some of the most pressing issues of human resources management in the country: over-centralization which creates delays and inadequacies in assigning posts, murky recruitment criteria and persistence of the seniority criterion for promotions, absence of regionalized recruitment creating a return movement towards the urban centers and therefore inadequate allocation of human resources nationwide, absence of HR planning and forecast policies, absence of training policies and professional training culture, difficult retention of trained staff in public structures.

State Reform

As regards the implementation of State reform, key issues are i) rationalizing functions between the State and the other actors, and allocating responsibilities among various levels of the administration in the context of a strengthening of decentralization, and ii) rationalizing procedures: procedures are too complicated and too centralized – too many decisions have to be approved by the minister him/herself, procedures are rarely codified into manuals of procedures; availability of information is insufficient and badly organized.

² Law 10/98/AN, 21st April 1998

³ Law n° 13/98/AN, 28th April 1998

⁴ Law n° 20/98/AN, 5th May 1998

Implementation of the evaluation policy

Implementation of an evaluation policy is often faced with resistance. Beyond this, practical issues delaying the implementation of a policy are linked with (i) insufficient training of the managers in charge of evaluating their staff, (ii) absence of job profiles, a key aspect of an objective assessment, (iii) lack of progress in establishing results-based contracts.

Decentralization of human resource management

Decentralization of human resources management started in 1998 with the creation of Human Resources Directorates (DRH) in all ministries and the creation of a computerized tool for human resource management, the SIGASPE.

Designed as a tool for decentralized management, the SIGASPE continues to be utilized in a centralized manner for two main reasons. First, the tool is scarcely operational: the system is very slow, the necessary equipment is not always available within the MFPRE – a computer for four agents, problem of insufficient network outlets –, with a consequence of slow and outdated update of the data. Second, the redeployment of agents from the MFPRE to the other ministries has hardly started, and HRM capacity outside the MFPRE is insufficient.

In order to solve these problems, the priorities of the MFPRE, detailed in the document “Elements for the strengthening of the SIGASPE and its extension to DRH of ministries and public institutions” are as follows: technical audit of the SIGASPE and recommendation for the improvement of its utilization (problem about maintenance contract); decentralization by (i) installing SIGASPE terminals in the various ministerial departments, starting in large ministries – Ministry of Basic Education and Literacy (MEBA), Agriculture, Health, and (ii) strengthening of DRH and their HRM capacity in these ministries.

One important issue is the evolution of the MFPRE’s role in light of the deconcentration and decentralization, and the modalities of its presence at the regional level. Since HRM is being deconcentrated in the sector ministries, the exact role of the MFPRE in the regions needs to be carefully assessed in order to avoid a re-centralization of the processes and unnecessary overlaps.

The SIGASPE tool will be updated to include a provisional management module, that will allow institutions to actively manage their staff.

Professional training

Professional training suffers from lack of resources and planning. It is done on an ad hoc basis, mostly through financing of donors, which often rely on external expertise with insufficient training of trainers; and not done in light of a thorough analysis of future needs. The selection of trainees does not always match the needs of their current appointments and occur without reference to skill profiles or job descriptions. Finally, knowledge acquired during training is not taken into account in staff career and professional development. The ENAM and the ENAREF are in the process of developing a systematization of the professional training offer, for which they will receive support through the project.

Activities

Axis 1 : Rationalization of structures and administrative procedures.

Legal framework for deconcentration of public administrations and implementation strategy prepared and adopted

- Prepare a study on feasibility and modalities of deconcentrating MFPRE at the regional level
- Establish and adopt guidelines on the deconcentration of public administrations
- Assist, monitor and evaluate deconcentration processes
- Provide support to five participating ministries in defining and implementing a system of signature and power delegations

Axis 2. Support for policy formulation, monitoring and evaluation.

Establish monitoring and evaluation system of the performance of the MFPRE units

- Prepare strategic M&E document
- Define for each structure its expected results within a given timeframe
- Establish a system for the transmission of information

Axis 3. Support for deconcentration and improvement of human resource management

3.1 Deconcentration and decentralization of GRH is effective

- Draft and adopt texts delegating HRM responsibilities to DRH in public administrations and regions
- Support and generalize regionalization of recruitments and HRM
- Develop and improve all SIGASPE sub-components
- Support the extension of SIGASPE to the DRH and the regions
- Train SIGASPE users in DRH and regions
- Provide regions with minimum equipment needed for SIGASPE

3.2 Incentive policy implemented

- Train people in the approved evaluation system
- Organize support to various public institutions for implementing system
- Establish a system of reward linked with performance

3.3 Support rationalization of professional training in five ministries

- Establish job descriptions and skills profiles
- Establish provisional table for jobs and skills
- Train HR managers in modern HRM techniques
- Establish training plans

Component II. Ministry of Finance and Budget (MFB)

Status and constraints

The MFB is at the core of numerous public management innovations: the WAEMU framework, the adoption of the PRGB, the implementation of the MTEF and of program budgets, and procurement reform. The Budget Management Reform Plan (PRGB) was adopted by the Government on July 31st 2002, after a thorough diagnosis jointly conducted by the GoBF, the International Monetary Fund (IMF)

(RONC), the World Bank (CFAA, PER) and the European Union. A first reorganization of the Ministry was launched with the decree 2002-466 (October 29, 2002) and sub-decrees were enacted in 2003 for each of the MFB directorates. Additional analytical work include the recent HIPC-AAP and World Bank PER, that assisted the MFB in prioritizing the PRGB actions. The PRCA will provide the means to implement and strengthen these ongoing reforms.

Specific challenges include:

On the expenditure side: i) the fact that the main directorates are functionally independent of each other, thus presenting the danger of fragmentation of the overall vision for public finances reform, and creating resistance to mobility within and outside the MFB; ii) resistance to change in the MFB, in particular a certain distrust towards the management capacity of line ministries, their deconcentrated offices and even more towards local governments. This is reflected in the uneven progress made since 2002 in the implementation of the PRGB program, and the fact that financial control is still not deconcentrated in all ministries, and that it remains completely centralized for some expenditures.

On the revenue side: two major constraints undermine Burkina Faso's tax collection system. The most important is the narrow tax basis, and the second is the weak performance of the tax administration units. The project will help raise the tax level in two ways. A study will be carried out to propose concrete measures to broaden the tax basis, and the project will contribute to the financing of the computerization of the tax administration units in order to improve their performance.

Activities

Axis 1 : Rationalization of structures and administrative procedures

Audits and implementation of their recommendations

- Support to implementation of DGTCP audit recommendations (audit already completed)
- Conduct an organizational audit of some central directorates (DGB, DCCF, DGI)
- Conduct an organizational audit of some support structures (DRH, DAF, DEP)
- Conduct an organizational audit of all DAFs

Axis 2. Support for policy formulation, monitoring and evaluation

- Increase links between budget programming and PRSP process by improving resources allocation through a better design of the global MTEF
- Establish sectoral MTEF and program-budget in seven lines Ministries
- Monitor and evaluate PRCA implementation
- Support the management of foreign aid financing and improve communication with various donors

Axis 3. Support for deconcentration and improvement of human resource management

3.1 Strengthen the DRH

- Establish HR strategy and prepare multi-year action plan for DRH
- Identify HR focal points in various directorates, prepare training plans for HR managers and implement
- Organize working group on HR for coordination and implementation of new policies

3.2 Improve day-to-day management

- Install SIGASPE in DRH office
- Update MFB data in SIGASPE database

Axis 4. Support for deconcentration and improvement of public expenditure management

4.1 Strengthen MTEF and budget programming

- Improve model for macroeconomic programming
- Define a strategy for implementation of budget programming
 - Organize working group
 - Establish training needs and provide training
 - Introduce program code in budget nomenclature
- Carry out a PER for the Ministry of Finances and Budget
- Carry out PER for sectors with a big share of the budget (5%-10%)

4.2 Strengthen MFB deconcentration

- Extend the CID system in 7 more regions
- Extend the deconcentration of expenditure commitment phase
- Extend the delegation of credits to all ministries with deconcentrated units

4.3 Support implementation of new procurement code

- Disseminate guidelines and standard document for the implementation of the new Procurement Code
- Train staff in new Code

4.4 Improve control systems

- Strengthen the a priori control
- Strengthen the a posteriori control: support to IGF (internal audit), through training, proposal to rationalize donor support for audit of projects, proposal to strengthen IGF autonomy in managing recurrent budget

4.5 Strengthen the state assets management and reduce wastes

- Carry-out a census of public properties
- Carry-out a census of water, phone and electricity outlets in public structures

4.6 Increase public revenue

- Prepare and implement a training program (incl. for Sydonia++)
- Contribute to the CIR Project (integrated revenue system)

Component III. Ministry of Economics and Development (MEDEV)

The mandates of the ministry are: (i) strategic planning and forecasting, and (ii) implementation and monitoring of economic and development policy of the country. The MEDEV plays a key role in the PRSP process, and especially in the regionalized PRSP monitoring. Integrating the PRSP monitoring with program budget monitoring is essential to avoid duplications.

Status and constraints

The MEDEV branch offices, the regional directorates (DRED), have a key role at the deconcentrated level in stimulating the regional economy. In the medium term, the ministry expects them to play a greater role in accompanying decentralization and undertaking local development. However, at this stage, some key prerequisites remain unclear: (i) respective responsibilities of central structures versus deconcentrated branch offices and local governments; (ii) coordination between central directorates.

In order to avoid overlap and strengthen efficiency, it is necessary to clarify respective responsibilities of the central and regional levels. The strategic option is to shift from a top-down approach to a bottom-up approach, with obvious impact in terms of structures, staff and resources allocation, as well as availability of adequate tools for collecting and analyzing data. This shift in the allocation of resources will make it possible for the ministry to ensure that all the planning and management tools (MTEF, program budget and annual budgets) are fully used and are reinforcing each other.

Due to the policy to control recruitments (the MEDEV is not recognized as a “priority ministry” benefiting from new hires), the MEDEV HR capacity is severely constrained, since: (i) some skills needed by the ministry cannot be found on the job market; and (ii) the use of short-term contract for specific skills needs is not allowed by public administration rules.

Internalization of key State reforms, such as the civil service reform and the implementation of MTEF and program-budgeting, is still missing, for lack of guidance, guidelines and/or capacity.

Activities

Axis 1 : Rationalization of structures and administrative procedures.

1.1 Rationalize organizational chart

1.2. Focus various services and directorates (incl. DRED) on priority productions:

- Clarify respective responsibilities of various directorates (correct existing overlaps) and focus on the main tasks
- Establish for each directorate a document detailing expected outputs and needed job profiles
- Generalize use of annual “*lettres de mission*” (specific outputs expected for year y), in a renewed format highlighting links with annual budget

1.3 Prepare “management chart” for the Ministry

- Define and implement signature delegations and reporting requirement between various units
- Prepare procedures manual for main activities

Axis 2. Support for policy formulation, monitoring and evaluation.

Rationalize processes for elaborating, monitoring and evaluating sectoral and local policies

- On the basis of the experience accumulated in the country, develop a methodology for the formulation of sectoral policies
- Train the staff of the ministries and the DREDs for the use of the methodology.

Axis 3. Support for deconcentration and improvement of human resource management.

3.1 Strengthen the DRH capacity to fulfill its mission

3.2 Identify short-term training needs for key skills currently lacking (planning experts, sociologists, demographers, environmentalists, etc.):

- Identify staff to be re-trained according to job position
- Provide short-term training for key skills
- Link training completion with specific on-the-job rewards

Axis 4. Support for deconcentration and improvement of public expenditure management.

4.1 Strengthen capacity for economic modeling

- Strengthen economic modeling program (IAP)
- Strengthen staff skills in using model

4.2 Strengthen capacity to prepare own budget

- Formalize linkage between traditional budget and program budget
- Align production of *letters de mission* and action plans with budget process to ensure linkages and consistency

Component IV. Ministry of Territorial Administration and of Decentralization (MATD)

Status Update as of December 2004

Since the adoption of the “*Textes d’Orientation de la Décentralisation*” (TOD) in 1998 and their modifications in 2001, 2003 and 2004, the institutional architecture of Burkina Faso territorial system is as follows:

- At the decentralized level, 13 regions, 49 urban municipalities and from 2005, 302 rural municipalities
- At the deconcentrated level (*circonscriptions administratives*): 13 regions, 45 provinces, and 350 districts (*départements*)

Operational implementation of the reform was difficult in the absence of the implementing decrees of the TOD, especially in the key and challenging area of transfer of competencies and financial resources. However in September 2003, an inter-ministerial committee was created to draft a number of texts.

In addition, the implementation of the reform has suffered from a lack of inter-ministerial coordination resulting in poor coordination efforts to deconcentrate sector ministries human and budgetary resources in light of the decentralization policy.

In December 2004, the new “*Code Général des Collectivités Territoriales*”, modifying again the TOD of 1998, was adopted by the Parliament. After final review by the “Constitutional Court”, it is expected to be promulgated in early 2005.

The promulgation of the new “Code” is a significant step forward, since it ends a long and distracting debate as to whether or not the “province” should remain a “collectivité décentralisée” (like the communes) as well as a “circonscription administrative”, as originally envisioned by the government (1998 TOD, Art.1) and maintained as such in the “Loi Modificative” of July 2001 despite the opposition of the parliament and the mayors of existing communes. Moreover, as of December 2004, 41 implementation decrees were already drafted and will be adopted soon after the promulgation of the “Code”.

The central role of the MATD in the implementation of the reform

Since 2000, the MATD has been playing the role of a true “master architect” for the whole implementation of the decentralization policy, from the design to monitoring and evaluation of the implementation process. Its mission was broadened in 2002. It was reorganized (Decree n° 2002- 484 of November 2002), and the National Commission for Decentralization (CND), created in November 1993 with a mission to “design, anticipate and guide government action concerning decentralization”, was incorporated into the ministry. The MATD received technical and financial support instruments. Since its reorganization, apart from the traditional management structures such as the office of administration and finance (DAF), the office of human resources (DRH), and the office of studies and planning (DEP), the key structures of the MATD to successfully implement decentralization policy are the:

- *General Directorate of local governments (DGDCL)*
- *General Directorate of Coordination of Territorial Affairs (DGCAT)*

In addition, the following incorporated structures have a specific mandate for decentralization.

- *The agency for the development of local governments (AGEDECOL):* technical and institutional support for the local governments (municipalities and regions)
- *The und for the development of municipalities (FODECOM)*
- *The investment fund for municipalities (FICOM)*

The Strategic Orientations of the MATD⁵

In order to solve the decentralization policy implementation problems, the MATD developed in 2003 a strategic framework structured around three major axis addressing all the cross-cutting dimensions of decentralization within the on-going reconfiguration of the country central administration and its current decentralization. These are:

- i. *Reform leadership:* improvement of the overall legal and institutional reform framework through better consultation among all stakeholders,

⁵ cf. MATD, Programme d'Ensemble du MATD, avril 2003.

- ii. *Financial and technical support*: strengthening and, above all, harmonization of existing support so as to ensure continuity and coherence,
- iii. *Capacity building for local governments*: organizing professional training systems as well as initial training for managers and selected staff from the local governments in all areas of local development management.

Internal Constraints within the MATD

In order to fulfill effectively its central role in the implementation of the decentralization reform, the MATD needs to address some of its internal constraints resulting, as in other ministries, from its current administrative structures and poor management procedures. A rapid assessment undertaken in April 2004 revealed the following key constraints⁶:

- **Poor human resources management** due to the absence of: (i) a computerized tool for human resources management (staff management is done manually at both the central and regional levels and there is no reliable information on the exact number of staff in the ministry); (ii) trained staff in most directorates aggravated by inadequacies in staff allocation between directorates; (iii) a career plan linked with staff performance.
- **Lack of clear and transparent administrative procedures** due to: (i) poor circulation of information within the ministry because of bureaucratic red tape in processing of information; (ii) lack of clear distribution of responsibilities between directorates and absence of procedures manuals, due to the excessive centralization of decisions and a prevalent hierarchical culture.
- **Lack of resources** due to: (i) insufficient resources, especially for the recurrent budget, (ii) frequent freezing of budget lines in the course of their execution, resulting in too much reliance on donors financing for most key activities of the ministry (studies, training and equipment).

Proposed Activities for the Component

Based on the above institutional and policy implementation constraints, the following activities were prepared and agreed on with MATD:

Axis 1: Rationalization of structures and administrative procedures

- Support the establishment of the “*Inspections Régionales*”
- Strengthen the «*Direction Générales des Circonscriptions Administratives Territoriales*» (DGCAT) and the «*Direction Générales des Collectivités Locales* (DGDCL) » and their restructuring
- Design management tools and information system for the «*Circonscriptions Administratives*»
- Strengthen internal coordination and monitoring capacity of directorates in the implementation of the decentralization policy
- Assess activities to be contracted to the private sector
- Design and implement procedures of contracting out to the private sector

⁶ The institutional assessment of the MATD completed in November 2004 (COWI report) provides a detailed analysis of these structural constraints, and further confirms IDA’s team own assessment of April 2004.

Axis 2. Support for policy formulation, monitoring and evaluation

- Strengthen the DGCAT et General Inspection for Territorial Administration (IGAT) in monitoring and evaluation of the ministry central and deconcentrated structures
- Support a system of inter-communal communications
- Develop a monitoring/evaluation system on the implementation of decentralization (including monitoring indicators and a data base linked to local governments)
- Support the MATD in the reproduction and diffusion of the new “*Code des Collectivités Locales*”
- Support the MATD in the design of an information system geared to assist local governments
- Develop a permanent mechanism for delegation of credits for governors and transfer of resources for local governments
- In light of the new «Code», support the update of the Strategic Implementation Framework of the Decentralization Policy
- Support the creation of a more efficient framework of inter-ministerial coordination
- Support the MATD in drafting the implementation decrees of the new Code not yet drafted
- Develop a training strategy for both local governments and deconcentrated units through professional training, relying on the training capacities of national public training institutions
- Strengthen training supply through support to selected national training institutions, such as ENAM and ENAREF

Axis 3. Support for deconcentration and improvement of human resource management

- Support the development of a training strategy for the ministry’s staff in collaboration with ENAM and ENAREF
- Support the creation of a computerized system of HR management
- Support the development and implementation of new HRM procedures manuals and train staff in their use
- Support the connection to the SIGASPE
- Train HR managers at all levels in use of SIGASPE
- Support the elaboration of Decrees for staff deconcentration

Axis 4. Support for deconcentration and improvement of public expenditure management

- Support the integration of the ministry budget (operating/investment budgets) and planning activities (program budget approach)
- Support the creation of a budget implementation monitoring and reporting system
- Support the creation of a monitoring of local governments budgets implementation
- Support the development and implementation of new manuals of procedures for financial resources management

Component V. Ministry of Health (MS)

The National Health Development Plan (PNDS) 2001-2010 is the leading strategic document guiding the reform of the MS. Other important documents include a study on institutional capacity building for the Ministry (December 1999), a synthesis report of the working group on institutional reinforcement of the ministry (October 2002), a document on a support project for the reinforcement of the Directorate for Studies and Planning of the ministry (PARDEP), a study on health personnel motivation (November 2003), the Public Expenditure Review – Health (2004), and the Health and Poverty in Burkina Faso report (2003).

The PNDS goal is to decrease morbidity and mortality. To attain this goal, the MS has set eight objectives, namely: (i) increase health coverage; (ii) improve the quality and utilization of services; (iii) strengthen the fight against communicable and non communicable diseases; (iv) decrease HIV transmission; (v) develop human resources; (vi) improve the efficiency of health services; (vii) increase financing to the health sector; (viii) reinforce the institutional capacities of the MS. The present project will contribute to achieve two of those objectives, namely increase health coverage and reinforce the institutional capacities of the MS. In addition, improvement of coordination between the MS and the cross-cutting central ministries (MFB, MFPRE) are also key priorities for support.

Status and priority actions

Structure: In a context of further decentralization, the priority will be to strengthen the mandate and capacity of regions and districts in managing resources (financial and human) and to monitor the PNDS. In light of the Decentralization Code and related transfer of primary health care to local governments, it becomes crucial to increasing the MS capacity to develop and monitor contractual relationships.

Human resources management : The role of the recently created DRH remains limited and its capacity needs to be strengthened. The study on health personnel motivation raises the following issues: poor career management and training, delays in processing individual files, lack of transparency in assignment criteria, and concentration of agents in the main urban centers. These issues are common to many ministries, and will be dealt with under the present project as a cross-ministerial issue to be managed by the MFPRE, namely deconcentration of HRM responsibilities from the MFPRE to the MS, concomitantly with actions of capacity building of the DRH and the health regional branch offices.

Public expenditure management: the following priorities have been identified: (i) capacity building of the DAF, given the deconcentration of expenditure management from the MFB to the MS, (ii) capacity building of the MS to lead and coordinate donor support, in order to reduce transaction costs and strengthen the sector wide approach, (iii) support to program budgeting (the Ministry is developing its first program budget), through the definition of priorities linked with the objectives of the PNDS, (iv) support to MS in order to articulate better its requests for budgetary allocations, and increase its negotiation power with the MFB, and (v) support capacity to implement the new procurement procedures.

Policy formulation, monitoring and evaluation: Support to the overhaul of the M&E system (ongoing establishment of a steering committee, joint reviews, technical committee of the PNDS) will be done through the identification and analysis of indicators and the production of statistical reports following a standard format and published within reasonable delays. Supporting capacity building at the decentralized and deconcentrated level (regions, districts) will be another priority (including solving the issue of the non compatibility of the computerized systems used at the central and district level, which is creating delays in the production of statistical directories).

Activities financed by the present project

Axis 1 : Rationalization of structures and administrative procedures.

1.1. Strengthen management capacity of regional structures and of local health committees (COGES)

- Train local health committees in the new decentralized procedures (improved autonomy, training, clarification of respective responsibilities within team, sharing of responsibilities between local authorities and MS) along with design of new information and management tools such as standard conventions between COGES, Health district and municipality.
- Train the health inspectorates in the new control procedures in the context of decentralization.

1.2 Regulate and improve private sector participation:

- Prepare improved standard contracts between State and private health services providers. An open repertory of private providers (NGOs and for-profit) will be put in place in order to help the MS decide which providers are able to manage government money and have the capacity to deliver services. Only the providers which are in the repertory will be able to be contracted by the MS.
- Evaluate the MS public-private partnerships arrangements to identify weaknesses and strengths of this new approach.

1.3. Computerize MS : update the strategy for MS computerization at all levels, based on existing capacity and ensure that a computerized network is put in place.

Axis 2. Support for policy formulation, monitoring and evaluation

2.1. Inform all levels of the updated health map: the 1997 health map is being updated with the help of other donors to clarify and formalize geographical limits of lower level health structures (CSPS) and of referral structures as well. The present project will ensure that all levels are informed of the new map so that no new infrastructure is built outside the map.

2.2. Feasibility study on national coverage of medical care: this study will help the MS define the options and policies needed to ensure that a maximum of people are covered for medical care.

Axis 3. Support for deconcentration and improvement of human resource management.

3.1. Strengthen DRH capacity: this will be done as a cross-ministerial activity and will involve the following:

- Train staff
- Install SIGASPE in DRH office
- Update MS data in SIGASPE database

3.2: Implement recommendations of study on health staff motivations:

- Design an on-the-job training strategy
- Establish system for result-based rewards within operational units

Axis 4. Support for deconcentration and improvement of public expenditure management

4.1 Improve program budgeting:

- Strengthen capacity of regional units of MS to design annual budget proposal within the limits of the MTEF
- Set up transparent criteria for the allocation of funds among regions through the MTEF

4.2 Improve deconcentrated execution of expenditures

- Carry out a yearly public expenditures tracking survey (PETS) to identify the bottlenecks which need to be lifted in order to ensure that delegated credits are available by mid-February

Monitoring of the component:

The MS will be monitoring the implementation of this component. The rationale behind each indicator is as follows:

1. Percentage of Health Regional Directorates and District (CDPS; CMA, ECD) which receive their notice of budget allocation before mid-February:

The situation in 2002⁷ shows that delegated funds were given to health districts during the first four months of the year (50 percent of districts), while 33 percent of districts received them in May, and 17 percent in June. Nonetheless, the execution rate by year's end was 96 percent, although it varied between 67 percent and 100 percent depending on the district. Those delegated funds can amount up to the equivalent of US\$24,000 per district.

2. Number of contracts with the private sector for health care delivery effectively implemented by Central and Regional Health Authorities

The MS of Burkina is a leader in West Africa in terms of setting up structures and procedures to enter into public-private partnerships for health care delivery. It set up an office on the private sector in the Directorate of Hospital Services, and now wants to go further. The PRCA will finance some activities as a way to catalyze more work in this area, to start partnerships (with studies so that both sectors, the public and the private, start to better understand each other, with standardization of contracts, by including the private sector in training on government norms). This area needs strong support to start and to become mainstreamed. In 2003, among the two poorest quintiles, when someone is sick, 62 percent go to a public sector provider, 27 percent go to a traditional healer and 11 percent to another type of private provider. The richest quintile use even more the public sector than the private sector as 72 percent do so, 18 percent use the private sector and 10 percent go to traditional healers. Basically, government is subsidizing the rich who use the public sector. Public-private partnerships will help (a) improve quality of services in the private sector and pooling of resources so that the money spent by the poor there is used more efficiently, and (b) ensure cross-subsidies so that the money which can be harnessed from the rich would use more the private sector help finance care for the poorest quintiles.

Component VI. Prime Minister Office (SGPM)

The main activities for the Prime Minister's Office will focus on improving internal efficiency and interministerial coordination through implementation of the recommendations of an organizational audit. Among the issues studied by the organizational audit will figure the implementation of a mechanism that would allow the High Authority Against Corruption (*Haute Autorité de Lutte contre la Corruption*) to effectively follow the implementation of recommendations made to public institutions by the control institutions.

⁷ 2002 is the latest year for which data is available, according to the report: MEDEV, National Institute on Statistics and Demography, "Enquete sur le suivi du CSLP: services déconcentrés du MS et du MEBA", December 2003.

Annex 5: Project Costs
Burkina Faso Administration Capacity Building Project

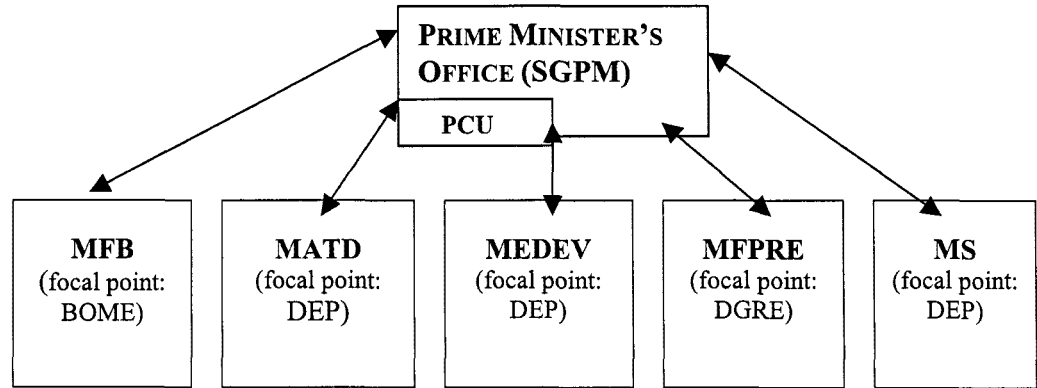
Project Cost By Component and/or Activity	Local US\$ millions	Foreign US\$ millions	Total US\$ millions
1. Support to the Ministry of Civil Service and State Reform	0.55	0.15	0.7
2. Support to Ministry of Finances and Budge	1.8	0.5	2.3
3. Support to the Ministry of Economic Development	0.21	0.47	0.68
4. Support to the Ministry of Territorial Administration and Decentralization	0.67	0.08	0.75
5. Support to the Ministry of Health	0.68	0.32	1.0
6. Support to the SGPM	0.55	0.12	0.67
7. Refinancing PPF	0.3	0.3	0.6
Total Baseline Cost	4.78	1.93	6.7
Physical Contingencies			0.3
Price Contingencies			0.3
Total Project Costs			7.0
Interest during construction			
Front-end Fee			
Total Financing Required			7.0

Allocation of Grant Proceeds

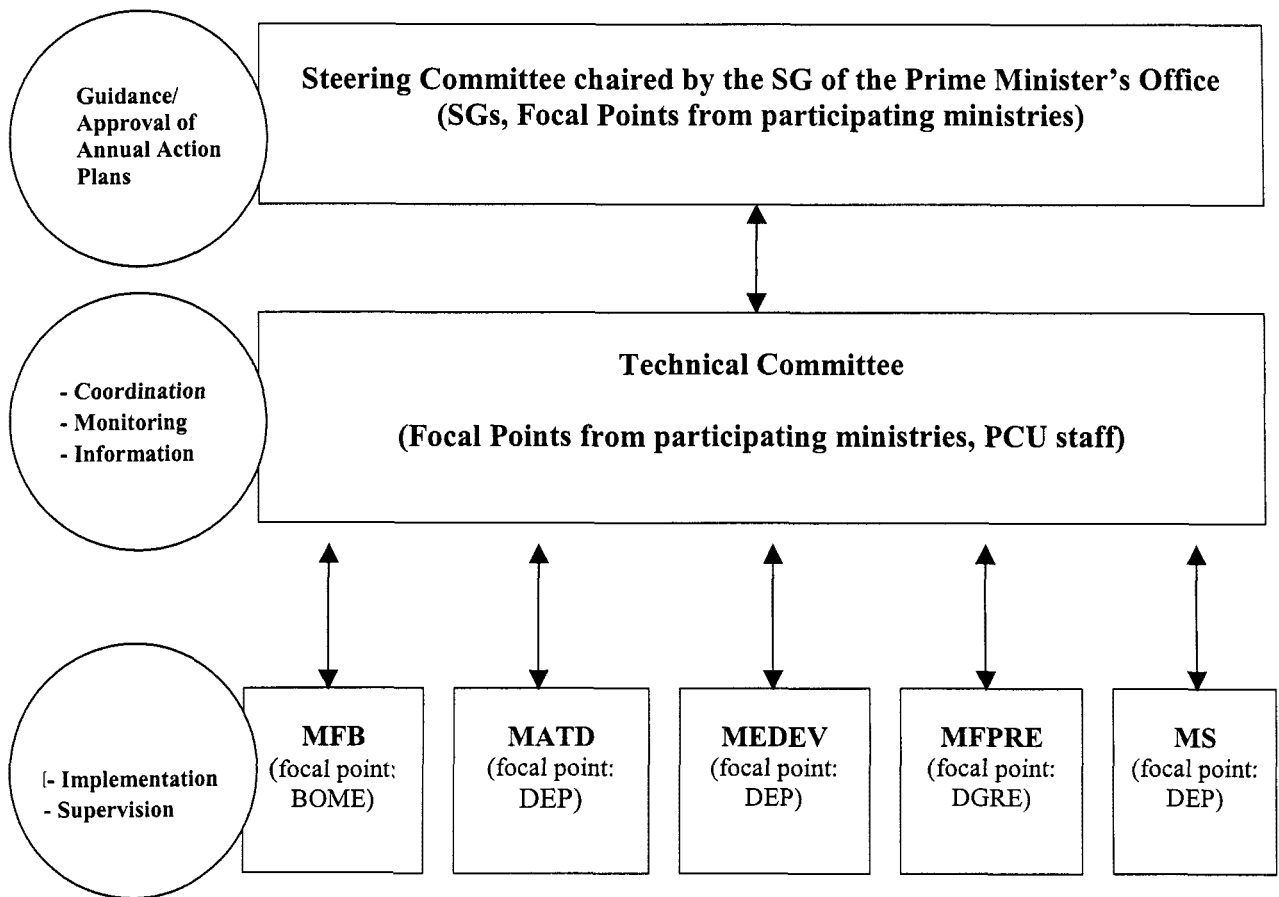
Expenditure Category	Amount in millions USD	Financing percentage
Goods	1.2	100%
Consultants' services and audits	3.0	100%
Training and Workshops	1.9	100%
Refunding of Project Preparation Advance	0.6	
Unallocated	0.3	
Total	7.0	

Annex 6: Implementation Arrangements
Burkina Faso Administration Capacity Building Project

INSTITUTIONAL SETTING



VARIOUS RESPONSIBILITIES



Annex 7: Financial Management and Disbursement Arrangements

Burkina Faso Administration Capacity Building Project

The objectives of the project's financial management system are:

- to ensure that funds are used only for their intended purposes in an efficient and economical way while implementing agreed activities;
- to enable the preparation of financial reports that show costs budgeted and incurred for the current period and the total budget and cost of the project to date;
- to enable project management to monitor the efficient implementation of management; and
- to safeguard the project assets and resources.

Country issues.

Country Risk

A CFAA was carried out for Burkina Faso in October 2001. Its report has been finalized in June 2002. The following country risk were raised:

- a very serious staffing problem in the public and private sectors accounting services, causing a dramatic drop in the quantity and quality of staff;
- delay and irregularity in the audit of the public entities annual accounts because of a weak capacity of the public sector control institutions;
- a liquidity problem noted at the Public Treasury, which impacts implementation of the budget;
- a weak non financial assets management: absence of non financial assets accounting and of annual physical inventory; and
- an absence of an integrated computerized public circuit of revenue.

GoBF has made great steps in improving financial management, notably through the Budget Management Strengthening Action Plan (PRGB) which sets out a methodology to carry the process forward. These initiatives are significantly supported by the donor community. As regards IDA's involvement, beyond the PRCA project, an IDF to strengthen the capacity of the Public Sector Control Institutions is being prepared.

Burkina Faso 2004 CPPR report points at weaknesses in the accurate and timely financial information (i.e. production of financial monitoring reports and annual financial reports) by most of the projects financed by IDA. The situation of compliance by IDA projects in Burkina Faso however indicates no overdue audit reports as of December 2004.

At present, the overall country risk rating is moderate in Burkina Faso despite some areas of concern. The situation described above would have some effects on the PRCA's implementation because its internal audit will be ensured by IGE, one of the Public Sector Control Institutions.

Entity risk

The rating is moderate since the overall project's financial management will be under the responsibility of the PCU in connection with the DAFs and Accountants of the five ministries. It is difficult therefore to predict the performance of the PCU and the DAF and Accountants of the ministries during project implementation as well as to ensure the work will be of high quality. As far as the five ministries are concerned, the major part of disbursement activities will be conducted by the PCU or DAF and Accountants of the ministries in the second phase.

Project Risks

The key financial management related risks that project management may face, and the manner in which it should be addressed are summarized below:

<i>Type of Risk</i>	<i>Risk Rating</i>	<i>Risk Mitigating Measures</i>
Inherent Risk		
Corruption (funds may not be used in an efficient and economical way and exclusively for purposes intended) and poor governance.	M	The team of appropriately qualified and experienced staff reduces this risk. Strong internal control procedures through the Procurement and Financial Management manual in place. Periodic financial monitoring reporting subjected to internal audit (FMR reviewed by IGE). External audit performed at interim.
Liquidity problem noted at the Public Treasury, which impacts a better implementation of the budget (counterpart fund may not be paid to PRCA on time).	M	Existence of PRGB and significant progress made in its implementation supported by the donor community. Small amount of counterpart funds needed.
Delay and irregularity in the audit of the public entities annual accounts because of a weak capacity of the Public Sector Control Institutions (IGE may not be capable to conduct the internal audit for PRCA).	M	Existence of PRGB and significant progress made in its implementation supported by the donor community. Bank's IDF on the Public Sector Control Institutions in preparation and will be effective in FY05.
Overall inherent risk	M	
Control Risk		
Implementing Entities.	M	Existence of the PRCA's PCU under the supervision of the Permanent Secretary of the Prime Ministry. Specialized on-the job-training scheduled for the five participating ministries.
Funds Flow.	S	FM Action plan sufficiently addresses this issue through Procurement and Financial Management Manual.
Staffing.	M	Training plan will be drawn up and a consultant will be in charge to carry out training sessions to the benefit of the PCU and the five ministries DAF and Accountants before PRCA's effectiveness.
Accounting Policies and Procedures.	S	FM Action plan sufficiently addresses this issue through Procurement and Financial Management Manual.
Internal Audit.	M	Existence of PRGB and a significant progress made in its implementation supported by the donor community. Bank's IDF in preparation will be effective in FY05.
External Audit.	S	FM Action plan sufficiently addresses this issue.
Reporting and Monitoring.	S	FM Action plan sufficiently addresses this issue through Procurement and Financial Management Manual.
Information Systems.	S	FM Action plan sufficiently addresses this issue through Procurement and Financial Management Manual.
Overall control risk	S	

Implementing Entity

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. The PCU will also be required to set-up an appropriate financial management system and will coach and assist the five participating ministries in their related duties (simple cash budget and monthly financial reporting etc.). All these activities are planned for under a PHRD grant and a PPF, and will be completed by effectiveness. The PCU, composed of three skilled professionals, will be adequately equipped. It will manage a special account opened in a commercial bank and be audited by an external auditor.

Flow of Funds

The Grant proceeds will be disbursed to the special account to be managed by the PCU. Funds deposited in the special account will be used to finance eligible expenditures for activities implemented by the PCU and the five participating ministries. Advances would be made directly by the PCU into each ministry's bank account for goods and services procured to implement each ministry action plan. For each category of disbursements, there will be clear eligibility criteria, thresholds as well as requirements for contributions. From the special account, ninety day advances will be made to each of the five ministries based on its cash budget. But a monthly report on the use of funds by activity will be required from each ministry and will be transmitted at the time requested to the PCU. The counterpart funds will be deposited in a project account also managed by the PCU. The flow of counterpart funds is similar to the one described above except for the direct payment method which is not applicable.

Staffing and Training

The PCU is already provided with the team assigned to coordinate the PRCA implementation (Administrator, Financial Management Specialist and Procurement Specialist) with the right mix of number and qualification. However an Administrative Assistant designated by the Prime Minister would be helpful for administrative duties and activities. In the five ministries, a minimum staff exists, i.e. a Finance Officer (DAF) and an Accountant. A yearly training program will be done by the PCU, to be mainly conducted through local or sub-regional training institutions (CESAG and ISADE in Dakar). Before the PRCA's effectiveness, the PCU will engage a consultant to conduct procurement and financial management training for the PCU and the five ministries DAF and Accountants⁸.

Accounting Policies and Procedures

At the time of the December mission, the project accounting policies and procedures are not fully in place yet at the PCU and at most of the five ministries. For this reason, the risk associated to the accounting policies and procedures was rated *substantial*. The project's financial management system will be installed by the PCU with the collaboration of a consultant appointed in terms and conditions acceptable to IDA. The terms of reference were agreed at appraisal. They specify the preparation of the project's operations manual as well as accounting policies and procedures manual and a right customization of the software. This is a condition for Grant effectiveness.

⁸ This activity will be included in the terms of reference for the development of the computerized financial management system and its installation and the elaboration of the procedures manual.

Internal Audit

There is no existing internal audit procedures. The responsibility of the internal audit function is not clearly defined. It is expected that internal control mechanisms will be built in the PRCA's operations manual. To mitigate the fiduciary risks, linked to the absence or weak experience of the SGPM and of the five ministries in project financial management and flows of financial information, the IGE will be an internal auditor for the PRCA and will be officially nominated or designated by the Prime Minister Office.

External Audit

The situation of compliance by World Bank projects portfolio in Burkina Faso indicates no overdue audit reports as of today.

The project's accounts will be subject to annual external audit by a reputed auditing firm based on terms of reference appropriate for the project's scope to be approved by IDA. These terms of reference will cover the audit of yearly consolidated financial statements produced by the PCU and will request a letter to management from the auditors. This external audit will be organized in conformity with international auditing standards and in agreement with IDA guidelines, through hiring of an independent and competent auditor. The selection of said auditor is a condition of effectiveness.

Reporting and Monitoring

The PCU would have to prepare quarterly FMR during project implementation. The reporting format and procedures will have to be documented in the FM and Procurement manual. As described in the FMR Guidelines issued by IDA, the reporting format corresponding to the project's features and needs is Annex A, Example V which discloses:

- financial reports: (i) sources and uses of funds by funding source and (ii) uses of funds by project activity/component;
- physical progress (output monitoring) report; and
- procurement report.

This will be done as part of the financial management strengthening action plan, and the format of the FMR is a negotiation condition. The quarterly financial management reports and annual financial reports will cover all activities financed under the project regardless of the source of funding. The quarterly reports will cover financial management, procurement and physical progress monitoring. The annual project consolidated financial statements will be subject to external audit as described above.

The Annual Financial Statements⁹ will comprise of:

- A simplified *Balance Sheet* reflecting the assets, liabilities and funding of the project based on the accrual bases.

⁹ It should be noted that the project financial statements should be all inclusive and cover all sources and uses of funds and not only those provided through IDA funding. It thus reflects all project activities, financing, and expenditures, including funds from other donors/parties and contributions in kind such as labor and accommodation, irrespective of whether the project implementing agency controls the funds for a particular aspect of the project. However, the IDA components would have to be identified separately.

- *A Statement of Sources and Uses of Funds / Cash Receipts and Payments* which recognizes all cash receipts, cash payments and cash balances controlled by the entity for this project; and separately identifies payments by third parties on behalf of the entity.
- *The Accounting Policies Adopted and Explanatory Notes.* The explanatory notes should be presented in a systematic manner with items on the Balance Sheet and Statement of Cash Receipts and Payments being cross referenced to any related information in the notes. Examples of this information include a summary of fixed assets by category of assets and a summary of SOE Withdrawal Schedule, listing individual withdrawal applications.
- *Management Assertion* that Bank funds have been expended in accordance with the intended purposes as specified in the relevant World Bank legal agreement.

Information Systems

An accounting software, adequately customized to the project needs, will be installed. The FM and Procedure manual and the accounting software for the project will have to be procured by the PCU. The terms of reference for the selection of the Consultant responsible for the installation of the software and for the development of the manual (production, training and assistance) have already been agreed at appraisal stage. They specify that the financial management system should be capable of producing the necessary financial management reports, as referred to in the reporting and monitoring section. The completion of this assignment is a condition of Grant effectiveness.

Disbursement Arrangements

Method of Disbursement. The PCU overall project financial management system will include project management reporting capabilities from the beginning of project's implementation. However, the fact that the SGPM system is not fully operational yet does not favor the use of disbursement method based reports from the onset of the project. However, quarterly FMR, including financial, procurement and physical progress, will be prepared as soon as the project is effective. These FMR will be reviewed and the financial management capacity will continually be strengthened. It is expected that the project will be capable of producing reliable FMR that could be used as a basis for disbursement within a year of implementation. The project could also opt for traditional disbursement methods among other, the SOE or transactions based disbursements.

Special Accounts Allocation and Procedures

a) Special Account under Traditional Disbursement Procedures : To facilitate disbursements, a special account will be opened at a commercial bank for IDA 's share of eligible expenditures. The authorized allocation of this account will amount to four months expenditures. The authorized allocation shall be limited initially to 50% of the respective authorized amounts until the aggregate amount of withdrawal from the Grant account plus the total amount of all outstanding commitments entered into by the Association shall equal or exceed the equivalent amount set up in the Grant Agreement document. Each replenishment request will be accompanied, as necessary, by an up-to-date bank statement and a reconciliation statement.

b) Special Account for Withdrawal made on the basis of FMRs : Upon receipt of each application for withdrawal of an amount of the Grant, the Association shall, on behalf of the Borrower, withdraw from the Grant Account and deposit into the Special Account an amount equal to the lesser of: a) the amount so requested; and b) the amount which the Association has determined, based on the FMR accompanying said application, is required to be deposited in order to finance eligible expenditures during the three month period following the date of such report; provided, however, that the amount so deposited, when

added to the amount indicated by said FMR to be remaining in the special accounts, shall not exceed a certain amount.

c) At the beginning of the project implementation, the Borrower will use traditional disbursement procedure to replenish the Special Account.

Disbursement Mechanisms. All replenishment applications should be submitted at least on a monthly basis. All replenishment or reimbursement applications will be fully documented except for expenditures against: (a) contracts of less than US\$ 150,000 for goods and consulting firms; SOE documentation and other financial transactions supporting documents will be retained at the SGPM for review by Bank staff and annual audits.

Action Plan agreed with Borrower

Actions	Responsibilities	Due date	Conditionality
Designation of the <i>Inspection General d'Etat</i> (IGE) as an internal auditor of the project.	GoBF	Negotiation	Copy of the Prime Minister's letter designating the IGE as internal auditor transmitted to IDA on February 3, 2005.
Appropriate terms of reference (TOR) for the external auditor to be developed and agreed.	SGPM/UCP	February	None.
Agree on format for FMRs.	SGPM/PCU	Negotiations	Letter from SGPM dated January 13, confirming agreement on FMRs format.
Computerization Financial Management System (including Customization, Training and short term Assistance) and Production FM and Procurement Manual.	Consultant/ SGPM/UCP	Effectiveness	Condition: software customized, manual available and training completed.
Training of five ministries DAF and accountants on FM and Procurement Manual.	Consultant/ SGPM/UCP	August	None.
Appointment of the external Auditor.	SGPM/UCP	Effectiveness	Condition: signed contract available.
Development of project's 2005 work program and budget and opening of bank Accounts (Special Account and Counterpart Funds Account).	GOBF/SGPM /UCP	Effectiveness	Condition: transmission of work programs and budgets approved by Steering Committee to IDA. Transmission of Accounts information to IDA.

Since the project financial management system is not fully in place yet at the PCU, the fiduciary risk of the project is rated substantial. The key mitigating measure is capacity building of the PCU, which will be responsible for overall coordination and implementation. As a result, the performance of the PCU is a key factor to ensure that IDA fiduciary requirements are complied with. Bank's supervision should concentrate during the early phase of project implementation on ensuring that the PCU is performing as expected. The supervision of the PCU should focus on : (i) the mix and number and qualifications of the staff working on the project, (ii) quality and timeliness of reports produced, (iii) the processing speed of administrative and financial matters, particularly payments processing and application of audit and Bank's SOE review recommendations. Bank's supervision should also include the five ministries to evaluate how they manage and account for project resources.

Given the above, the project requires intensive financial management supervision which should be budgeted for. Supervision missions should be done at least every six months with the first mission occurring within three months after Grant effectiveness. But prior to that, a clear understanding must be reached with the SGPM on its work plan and approach. The quality of the audit (internal and external) is also to be monitored closely to ensure that it covers all relevant aspects and provide enough confidence on the appropriate use of funds by recipients.

Financial management supervision will be carried out by the Financial Management Specialist (FMS) upon the Task Team Leader's request. The FMS will also:

- conduct an FM supervision before effectiveness/disbursement;
- review the financial component of the periodic monitoring reports; and,
- review the Audit Reports and Management Letters from the external auditors and follow-up on material accountability issues by engaging with the TTL, Client, and/or Auditors.

Annex 8: Procurement

Burkina Faso Administration Capacity Building Project

Country procurement reform background

The CPAR 2000 (carried out by IDA) pointed out many weaknesses in the national procurement code (Decree N°96-059/PRES/PM/MEF signed in May 1996) in use at the time of the review. Main weaknesses found by the CPAR 2000 were: (i) multiplicity of decision makers (Central Procurement Directorate – DCMP- ; DGCOOP) that makes the proceeding heavy; (ii) the incompatible combined role of the DCMP as controller and policy maker and at the same time executor (member of the Internal Procurement Commissions and Procurement Commissions, CIAM and CAM); (iii) the incomplete existing mechanisms for sanctions; (iv) the absence of procurement Audit for locally financed contracts. To address these weaknesses identified by the 2000 Country Procurement Assessment Review (CPAR), a national reform task force was created in 2002 by the government. This task force prepared a new procurement code (N° 2003-269/PRES/PM/MFB), adopted in May 2003 and currently in use. Noticeable progress has been made since then. However, many aspects still have to be improved or clarified to ensure transparency and competitiveness needed in anticipation of the WAEMU regional reform and harmonisation.

For this objective, a new CPAR process (CPAR 2005) has been launched by a joint AFDB/IDA's mission in October 2004. This ongoing CPAR is based on a participative approach and will involve all partners (public administration, civil society as well as private sector) concerned by the public procurement system in Burkina Faso. At the end of the process scheduled for March 2005, a joint (country/IDA & others financial partners) Action Plan will be drafted to implement recommendations in order to improve the procurement system in the country.

Use of Bank Guidelines

Procurement of works and goods financed under Burkina's PRCA will be carried out in accordance with IDA's *Guidelines for Procurement under IBRD Loans and IDA Credits (May 2004 edition)*. Bank's Standard Bidding Documents and Standard Evaluation forms for works and goods under International Competitive Bidding (ICB) will be used.

National Competitive Bidding would be carried out in accordance with the country's procurement system acceptable by IDA and provided that key principles such as economy, transparency, efficiency and fair competition in line with IDA's Guidelines are respected. Since the Government is preparing Standard Bidding Documents (SBD) for procurement of works and goods, these documents could be used if acceptable by IDA. Otherwise, IDA's SBD will be used with the necessary adaptation.

Selection of Consultants will be carried out in accordance with the *Guidelines: Selection and Employment of Consultants by the World Bank Borrowers (May 2004 edition)*. Bank's Standard Request for Proposals and evaluation forms will be used where applicable.

Advertisement

In order to get the broadest interest possible from eligible bidders, a General Procurement Notice (GPN) would be prepared upon Board approval and published in the UN Development Business (UNDB) online, Development Gateway's Market (dgMarket), and in a national newspaper of wide circulation to advertise for major consulting assignments (above US\$200,000 equivalent) and ICB for which specific contracts

are expected as recommended by the guidelines. The Borrower will keep a roster of the responses received from the potential bidders interested in the contracts.

Specific Procurement Notices (SPN) for goods and works to be procured under ICB and NCB and for consultant services will be published in at least one national newspaper of national circulation (or official gazette). Moreover, for all ICB and all request for EOI relating to large consulting services (above US\$200,000 equivalent) the SPN will be published in the UNDB online and the dgMarket. At least two weeks will be allowed for submission of expression of interest.

Procurement Implementation Arrangement

The Burkina's Administration Capacity building project has been designed to support the reform program in five key ministries, the MFB; the MEDEV, the MFPRE, the MATD and the MS and to assist the Prime Minister's office to strengthen its key role of inter-ministerial coordination. It has been decided after consultation between the project preparation team and the government that the General Secretariat of the Prime Minister (SGPM) will host a Coordination Unit (PCU) of the project. The PCU will be directly in charge of procurement of large, complex and/or pooled procurement across ministries while each ministry will be directly in charge of procurement process for simple items and studies. 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) estimated at less than US\$ 50,000. However, even done at the ministerial level all project's procurement processes will be under the overall responsibility of the PCU procurement specialist who will have a mentoring, accompaniment and support role to the ministerial procurement agents (civil servants working in the DAF and the DEP) for capacity building purpose. These arrangements have been made by taking into account project objectives (capacity building) and also by anticipation of IDA's programmatic approach which needs capacity at each ministerial level in order to succeed. The internal approval procedure will be described in the Financial & administrative manual.

Based on the arrangements described above and in line with the capacity assessment, the SGPM procurement specialist has recently been recruited through a competitive selection and is already on board. His tasks include : (i) assisting each of the five ministries to prepare its respective procurement plan (ii) consolidating a procurement plan for the entire project (in coordination with the five ministries involved); (iii) processing all procurement at the PCU level; (iii) building the required capacity where needed by training ministry staff and assisting the procurement process for their respective activities especially for the first years of the project (iv) maintaining registers of all interested bidders; (v) monitoring and updating the Procurement plan; (vi) consolidating all project procurement information; and (vii) monitoring of contracts implementation, etc.

Under the Project Preparation Facility all procurement process (workshop and training excluded) will be done by the PCU's procurement staff (regardless of the contract amount).

Tender Committee

According to the country procurement act, each Ministerial Tender Board (MTB) is responsible for bids opening and adjudication of contract award for any process run by its ministry. Based on that, the Prime Ministry Tender BOARD (PMTB) will be in charge of the procurement process conducted at the PCU level. To ensure that the five ministries are involved in the procurement process, each of them will be included in the PMTB by using the beneficiaries position provided for in the public procurement act.

Moreover, the PCU's procurement specialist may use his right (and will do it systematically the first 6 months) to ensure quality of evaluation report of process run at ministerial level by participating as observer in specific ministerial technical evaluation sub-committees.

Procurement Capacity

During project preparation, a procurement capacity assessment was carried out both at the newly created PCU and at the five ministry levels. The mission found that the PCU Procurement specialist, a former staff of the National Tender Board, has the required background to carry out his task, provided he follows a short-term course on IDA's procedure for consultants selection.

The assessment done at the five ministerial levels revealed that the DAF and DEP are both in charge of procurement processes in each ministry. The levels of experience of the ministerial procurement agents (PA) are variable. The PAs from the MFB, the MEDEV and the MS have in the past benefited from sub-regional training institute's courses on Bank's procedures but still need coaching especially on procurement of consultant procedures. The number of procurement agents in each Ministry is related to the volume of procurement that the ministry faces per year. For efficiency purposes, each ministry will name for the project, a formal focal point for procurement matters from among its procurement agents. This person will be the main interlocutor of the PCU's procurement specialist during the project.

Based on the above assessment, the overall project procurement risk has been set as high. To mitigate the risk, an action plan has been prepared (cf. attachment 2). This action plan mainly includes: (i) strengthening the PCU's procurement specialist capacity by courses on consultant selection (Bank's procedures); (ii) preparing the General Procurement Notice (GPN) for project life and a detailed procurement plan for the first 18 months of implementation ; (iii) preparing the project's manual of procedures; (iv) training of PA on IDA's consultant selection procedures; and (v) training on procurement filing system.

Procurement Plan

A detailed consolidated procurement plan containing all procurement to be carried out for the first 18 months and the General Procurement Plan (GPN) for the project's life will be drafted and finalized by the borrower and submitted to IDA before negotiation. The detailed plan will include relevant information on all things to be procured, estimated costs, selection method, timing, review status (Prior or Post reviews) etc. The detailed procurement plan will be updated on an annual basis or as required (to reflect implementation needs) in agreement with the project team. The procurement plan will be available in the project's database (and on IDA's external website). During project implementation, all procurement will be carried out in accordance with the formally agreed procurement plan (original and formally updated).

Procurement Methods

Procurement of works : No civil works contracts is foreseen under this project.

Goods : Goods under the project will include computers, office equipment, furniture, editing and printing, etc. These goods will be included in the subsequent procurement plan approved by IDA. In such case, procurement of goods will be bulked where feasible into packages worth at least US\$150,000 and procured through International Competitive Bidding (ICB) method.

Goods estimated to cost more than US\$50,000 but less than US\$150,000 will be procured through National Competitive Bidding (NCB).

Goods estimated to cost US\$50,000 equivalent or less per contract may be procured on the basis of comparison of writing quotation from at least three (preferably more (6 recommended) to insure full competition and to anticipate limited response) eligible suppliers. The request for quotation will be in writing and will include key information needed by the suppliers such as : description and quantities of the goods, time and place of delivery. For transparency purpose, quotations will be in sealed envelopes and opened at the same time. The award would be made to the supplier with the lowest price quotation, provided the goods have met the technical specifications included in the request for quotation.

Two contracts (US\$49,000 and US\$142,000) of non consultants services related to the installation of Local Area Network (LAN) are foreseen. Due to the specificity of the service and expertise required, the LAN contract estimated at \$142,000 will be procured specially through International Competitive Bidding Process (ICB) and submitted to IDA's Prior review.

Consulting services: Consulting services financed under the project (estimated about US\$2,834 million) would be for the following type of activities: technical assistance, feasibility studies, diagnosis studies, audits. Consulting services under the project will be procured with the most appropriate following method allowed by IDA Guidelines and included in the approved procurement plan: (a) Quality and Cost Based Selection (QCBS); (b) Least Cost Selection (LCS) for financial audit; (c) selection based on the Consultant's Qualification (CQ) if contract amount is less than US\$50,000 (*QCBS is not excluded*); (d) Single Source (SS) Selection shall be used with agreement of IDA based on pertinent argument. All terms of references will be subject to IDA's prior review. Consulting assignments estimated to cost less than US\$100,000 equivalent may be procured on the basis of short-lists featuring only national firms (in accordance with paragraph 2.7 of the Consultant Guidelines) provided a sufficient number of qualified national firms are available and no foreign consultants desiring to participate has been barred from participation.

Individual consultants and project staff that will be recruited will be selected in accordance with part V of the Consultant's Guidelines.

The use of civil servants as individual consultants or a team member of firms will strictly follow the provisions of Article 1.9 to 1.11 of the Guidelines

Training, workshop: As a capacity building project the Grant will finance a package of training and workshops for a total amount estimated at US\$1.89 million. All training or workshops will be conducted on the basis of programs previously approved by IDA each semester. The training or workshop programs submitted to IDA should clearly specify: (i) the purpose of the training or workshop; (ii) personnel to be trained; (iii) institution which will conduct the training; (iv) duration; and (v) training or workshop estimation, etc.

Operational costs:

The PCU key Staff (three persons) salaries will be financed under the category consultant. Operating costs of the PCU and the project will be entirely financed by counterpart funds.

Financial & Administrative Manual (FAM) : Procurement Aspects

A project Manual of Procedures will be prepared to fix the project administrative and financial process and relation between all parties involved in the PRCA. This manual should be submitted for IDA's review and finalized before effectiveness. It will include a specific section relating to procurement with details such as : (i) procedures for planning, (ii) procurement responsibility and procurement information flow between ministries and PCU; (iii) calling for bids, selecting contractors, consultants, and vendors, and awarding contracts; (iv) internal organization for procurement control; and (v) filing system for audit purposes (Post Procurement Review & IPR) .

Frequency of Procurement Supervision

A mandatory post review mission will be carried out yearly. Furthermore, a supervision mission will take place twice a year (every 6 months) to visit the field and address all procurement pending issues faced by the project.

Attachment 1: Details of the Procurement Arrangement involving international competition.

1. Goods and Works and non consulting services.

(a) List of contract Packages which will be procured following ICB and Direct contracting:

1	2	3	4	5	6	7	8
Ref. No.	Contract (Description)	Estimated Cost (10 ³ \$)	Procurement Method	P-Q	Domestic Preference (yes/no)	Review by Bank (Prior / Post)	Expected Bid-Opening Date
1	Computer and IT equipment (MS; MFB; MATD)	560	ICB		Yes	Prior	2005
2	Computer and IT equipment (MEDEV, MFB, MFPRE)	550	ICB		Yes	Prior	2006
3	Computer and IT equipment (MFPRE, MEDEV)	228	ICB		Yes	Prior	2007
4	Installation of Local Area Network For 5TP, 9CF & 2 DR	142	ICB		Yes	Prior	2006

(b) ICB Contracts estimated to cost above [US\$150,000 for Goods] per contract and all Direct contracting will be subject to prior review by IDA.

2. Consulting Services.

(a) List of Consulting Assignments with short-list of international firms.

1	2	3	4	5	6
Ref. No.	Description of Assignment	Estimated Cost	Selection Method	Review by Bank (Prior / Post)	Expected Proposals Submission Date
1	Elaboration and implementation of a monitoring and coordination system for donor-funded and NGOs projects	155	QCBS	Prior	2005
2	Update of Health ministry IT system	141	QCBS	Prior	2005
3	Public expenditure tracking surveys	134	QCBS	Prior	2006
4	Organizational audit of DCCF and DGCOOP	126	QCBS	Prior	2005
5	Support for local community budget preparation, implementation & follow-up	106	QCBS	Prior	2006

(b) Consultancy services estimated to cost above [US\$100,000 (for firms) and US\$50,000 (for individual)] per contract and the 2 first firms selection process done at ministries level [regardless of contract amount] will be subject to prior review by IDA. As mentioned above, the ICB process related to LAN contracts will also be subject to IDA's prior review.

(c) **Short lists composed entirely of national consultants:** Short lists of consultants for services estimated to cost less than [US\$100,000] equivalent per contract, may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Attachment 2: Procurement Action Plan

Action	Responsibility	Timing
Strengthen the PCU's procurement specialist (PCU/PS) capacity by courses on consultant selection (Bank's procedures)	Project Coordination Unit (PCU)	May 31, 2005
Prepare a General procurement plan for the project live and detail plan for at least the first 18 months	PCU's Procurement Specialist (PCU/PS) Based on Ministries Input	Negotiation condition
Procure the minimum equipment need by the coordination Unit	PCU	April 30, 2005
Prepare a Manual of administrative and financial procedures	PCU	Effectiveness condition
Train Ministries Procurement Agents on IDA's procedure on consultant selection	PCU/PS with IDA's Country Office (CO) support if necessary	June 30, 2005
Train Ministries Procurement Agents on planning and procurement plan building	PCU/PS with IDA's CO support if necessary	July 31, 2005
Propose an Administrative solution to address issues of CAM's difficulty to meet for non availability	SGPM & ministries involved	Negotiations condition

reason		
Train CAM's member involved in the project to IDA's procedures	DCMP/IDA & PCU/PS	June 30, 2005
Plan a training on Procurement document filling technique	IDA's Country Office	March 30, 2005
Give by writing, name of ministries procurement Agents responsible for the PRCA	SGPM/Ministries involved	Negotiation condition
Train Procurement Agents on 5 modules related to national procedure	DCMP	Up on Module's finalization

Annex 9: Economic and Financial Analysis
Burkina Faso Administration Capacity Building Project

The PRCA supports public sector reforms and capacity building to improve the performance of key public institutions in implementing the PRSP. Thus, much of the return on investment under the PRCA will be in the form of better performing public institutions that employ financial and human resources in a transparent and accountable manner to implement the PRSP and improve service delivery to the population.

Economic. The project is expected to contribute significantly to improved economic management, and thus to more effective PRSP implementation, by promoting transparency and accountability in the management of public resources, and increasing efficiency through deconcentration of key public finance functions.

Specifically, the project will have a positive economic impact by supporting: (i) the extension of the integrated financial management system in seven more regions, (ii) the training and dissemination of guidelines and standard document for the implementation of the new Procurement Code; (iii) the improvement of ministries' performance through support to strategic planning and implementation of annual work plans; and (iv) the restructuring of public sector institutions in light of ongoing decentralization.

Financial. Improvement in budget execution and public procurement and strengthened capacity of the institutions responsible for tax collection will contribute to a reduction of the fiscal deficit, an improvement of the predictability and flow of allocated budget resources to PRSP priority sectors and activities, and an improvement in the quality of public expenditures.

Annex 10: Safeguard Policy Issues
Burkina Faso Administration Capacity Building Project

Not applicable.

Annex 11: Project Preparation and Supervision
Burkina Faso Administration Capacity Building Project

	Planned	Actual
PCN review		
Initial PID to PIC		01/30/2003
Initial ISDS to PIC		01/23/2003
Appraisal	12/02/2004	12/02/2004
Negotiations	02/01/2005	01/02/2005
Board/RVP approval	03/22/2005	
Planned date of effectiveness	08/15/2005	
Planned date of mid-term review	03/01/2008	
Planned closing date	08/31/2010	

Key institutions responsible for preparation of the project:

Prime Minister's Office
 Ouagadougou, Burkina Faso

Bank staff and consultants who worked on the project included:

Name	Specialty
Helene Grandvoinet (AFTPR)	Team leader
Ellen Goldstein (AFMBF)	Country Manager
Bepio Bado (AFTPR)	Sr. Operations Officer
Ezzedine Moudoud (AFTPR)	Consultant
Madeleine Chungkong (AFTPR)	Sr. Program Assistant
Catherine Laurent (MNSD)	Sr. Public Sector Specialist
Eavan O'Halloran (AFC15)	Sr. Country Officer
Sybille Crystal (MNC01)	Operations Analyst
Lucie Poirier (AFTPC)	Sr. Procurement Specialist
Aguiratou Savadogo-Tinto (AFTPC)	Procurement Analyst
William Dakpo (AFTPC)	Procurement Specialist
Tim Johnston (AFTH2)	Sr Human Development Specialist
Tonia Marek (AFTH2)	Lead Health Specialist
Helene Bertaud (LEGAF)	Sr. Counsel
Mamadou Yaro (AFTFM)	Sr. Financial Management Specialist
Wolfgang Chadab (LOAG2)	Finance Officer
Juvenal Nzambimana (LOAG2)	Finance Analyst
Siaka Coulibaly (AFMBF)	Economist
Suzanne Rayaisse (AFMBF)	Program Assistant

Bank funds expended to date on project preparation:

1. Bank resources: US\$304,585
2. Trust funds: N/A
3. Total: US\$304,585

Estimated Approval and Supervision costs:

1. Remaining costs to approval: US\$20,000
2. Estimated annual supervision cost: US\$85,500

Annex 12: Documents in the Project File
Burkina Faso Administration Capacity Building Project

- BTORs and Aide Memoires : identification mission (September 24 to October 4, 2002) technical missions (October 2003, February 2004), Pre-appraisal (May 2004), Appraisal (December 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, de l’Administration Territoriale et de la Décentralisation et de la Santé, Drafts, October 2004.
- HIPC Public Expenditure Tracking Assessment and Action Plan (HIPC-AAP), September 2004.
- Burkina Faso – Le budget, élément crucial de l’exécution du CSLP – Revue des dépenses publiques, 25 juin 2004, PREM 4, Région Afrique, Report No. 29154-BUR.
- Burkina Faso – Joint IDA-IMF Staff Assessment of the Poverty Reduction Strategy Paper – Annual Progress Report, January 30, 2004, Report No. 27655-BUR.
- Program Document for a proposed Fourth Poverty Reduction Support Credit in the amount of SDR 40.9 million to Burkina Faso, April 14, 2004, PREM 4, Africa Region, Report No. 28293-BUR.
- Burkina Faso – Program Document for a Proposed Grant in the amount of SDR 35.4 million to Burkina Faso - Third Poverty Reduction Support Operation, June 16, 2003, PREM 4, Africa Region, Report No. 25782-BUR.
- Memorandum of the President of the International Development Association to the Executive Directors on a Country Assistance Strategy Progress Report for Burkina Faso, AFC15, Africa Region, March 12, 2003, Report No. 25458-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).

Annex 13: Statement of Loans and Credits
Burkina Faso Administration Capacity Building Project

<u>Active Projects</u>		<u>Last PSR</u>		<u>Fiscal Year</u>	<u>Original Amount in US\$ Millions</u>				<u>Difference Between Expected and Actual Disbursements^{1/}</u>		
<u>Project ID</u>	<u>Project Name</u>	<u>Supervision Rating</u>			<u>IBRD</u>	<u>IDA</u>	<u>GRANT</u>	<u>Cancel.</u>	<u>Undisb.</u>	<u>Orig.</u>	<u>Frm</u>	Rev'd
		<u>Development Objectives</u>	<u>Implementation Progress</u>								
P076159	AFTKL: BF Dev. Learning Center - LIL	S	S	2003	0.00	2.30	0.00	0.00	1.93	1.06	0.26
P000306	BF-OUAGADOUGOU WATER SUPPLY PROJECT	S	S	2001	0.00	70.00	0.00	0.00	67.41	25.19	0.00
P069126	BF-Power Sector Development Project	#	#	2005	0.00	63.58	0.00	0.00	66.90	0.00	0.00
P000297	BF-URBAN ENV	S	S	1995	0.00	59.00	0.00	0.00	8.43	-13.95	-4.01
P000309	BF-Basic Edu Sec SIL (FY02)	S	S	2002	0.00	32.60	0.00	0.00	26.81	10.69	0.00
P071443	BF-Competitiveness & Enterprise Develop	S	S	2003	0.00	30.70	0.00	0.00	31.51	4.01	0.00
P052400	BF-GEF Nat Res Mgmt Prtnrshp APL (FY02)	S	S	2002	0.00	0.00	7.50	0.00	4.75	0.81	0.00
P071433	BF-HIV/AIDS Disaster Response APL (FY02)	S	S	2002	0.00	22.00	0.00	0.00	6.60	-1.83	-6.03
P085230	BF-STATCAP SIL	S	U	2004	0.00	10.00	0.00	0.00	10.21	2.08	0.00
P074030	BF-Transport Sec SIM (FY03)	S	S	2003	0.00	92.10	0.00	0.00	92.38	25.71	0.00
P070871	BF-Sahel Int Lowland Ecosystem Mgmt	S	S	2004	0.00	0.00	4.50	0.00	4.50	0.33	0.00
P035673	BF-COMMUNITY-BASED RURAL DEVELOPMENT	S	S	2001	0.00	66.70	0.00	0.00	39.17	-35.44	-3.14
Total :					448.98	12.00	0.00	360.5946	18.66135	-12.91243	

Burkina Faso
Statement of IFC's
Held and Disbursed Portfolio
As of 12/31/2004
(In US Dollars Millions)

FY Approval Company	Held				Disbursed			
	Loan	Equity	Quasi	Partic	Loan	Equity	Quasi	Partic
1998 AEF STCBF	0.45	0.00	0.00	0.00	0.24	0	0.00	0.00
Total Portfolio:	0.45	0.00	0.00	0.00	0.24	0.00	0.00	0.00

Approvals Pending Commitment

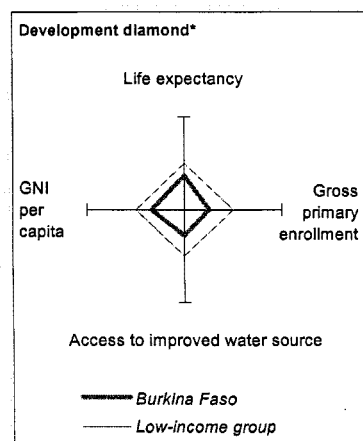
FY Approval Company	Loan	Equity	Quasi	Partic
Total pending commitment:	0.00	0.00	0.00	0.00

Annex 14: Country at a Glance
Burkina Faso Administration Capacity Building Project

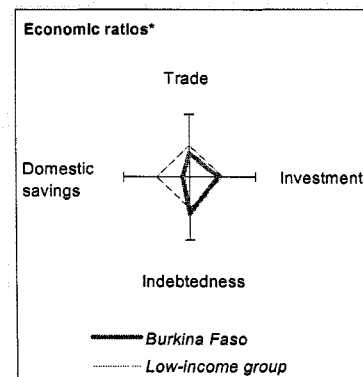
Burkina Faso at a glance

9/15/04

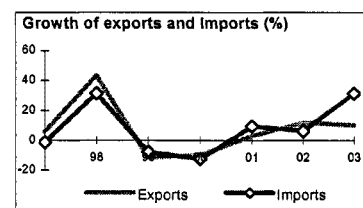
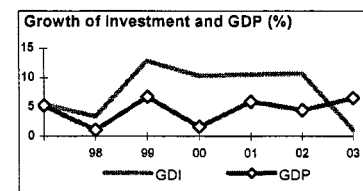
POVERTY and SOCIAL	Burkina Faso	Sub-Saharan Africa	Low-income
2003			
Population, mid-year (millions)	12.1	703	2,310
GNI per capita (Atlas method, US\$)	300	490	450
GNI (Atlas method, US\$ billions)	3.6	347	1,038
Average annual growth, 1997-03			
Population (%)	2.4	2.3	1.9
Labor force (%)	2.0	2.4	2.3
Most recent estimate (latest year available, 1997-03)			
Poverty (% of population below national poverty line)	45	..	..
Urban population (% of total population)	18	36	30
Life expectancy at birth (years)	43	46	58
Infant mortality (per 1,000 live births)	107	103	82
Child malnutrition (% of children under 5)	34	..	44
Access to an improved water source (% of population)	42	58	75
Illiteracy (% of population age 15+)	..	35	39
Gross primary enrollment (% of school-age population)	48	87	92
Male	..	94	99
Female	..	80	85



KEY ECONOMIC RATIOS and LONG-TERM TRENDS	1983	1993	2002	2003	
GDP (US\$ billions)	1.6	2.3	3.2	4.2	
Gross domestic investment/GDP	17.1	18.1	17.8	18.7	
Exports of goods and services/GDP	7.9	10.1	8.5	8.5	
Gross domestic savings/GDP	-4.6	5.2	4.7	3.9	
Gross national savings/GDP	..	12.7	7.2	5.8	
Current account balance/GDP	-14.1	-6.9	-11.0	-11.6	
Interest payments/GDP	0.5	0.7	0.5	..	
Total debt/GDP	24.9	47.7	49.3	..	
Total debt service/exports	6.7	8.3	16.0	..	
Present value of debt/GDP	..	..	14.5	..
Present value of debt/exports	..	..	140.0	..
(average annual growth)					
GDP	3.3	4.4	4.4	6.5	4.6
GDP per capita	0.9	1.9	1.9	4.1	2.0
Exports of goods and services	3.6	2.7	11.7	10.1	3.5



STRUCTURE of the ECONOMY	1983	1993	2002	2003
(% of GDP)				
Agriculture	27.6	30.1	31.0	31.0
Industry	20.4	19.7	18.0	18.9
Manufacturing	16.0	13.7	12.3	12.9
Services	52.0	50.2	50.9	50.1
Private consumption	90.2	81.6	82.2	83.4
General government consumption	14.4	13.3	13.1	12.8
Imports of goods and services	29.6	23.0	21.6	23.4
(average annual growth)				
Agriculture	4.4	2.8	8.3	0.0
Industry	2.6	3.0	0.7	0.0
Manufacturing	1.4	0.9	-0.3	0.0
Services	2.9	5.8	3.6	12.1
Private consumption	3.1	3.9	2.4	14.0
General government consumption	2.3	-1.4	2.5	2.7
Gross domestic investment	4.7	10.5	10.6	1.1
Imports of goods and services	3.0	4.3	6.1	31.3



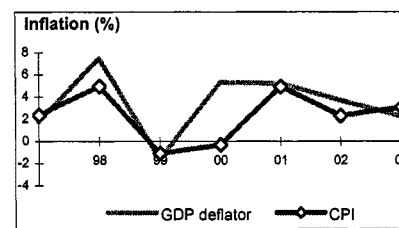
Note: 2003 data are preliminary estimates.

This table was produced from the Development Economics central database.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

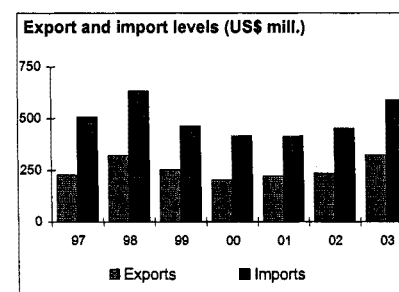
PRICES and GOVERNMENT FINANCE

	1983	1993	2002	2003
Domestic prices				
(% change)				
Consumer prices	6.2	-0.6	2.3	3.1
Implicit GDP deflator	5.4	-2.5	3.7	2.2
Government finance				
(% of GDP, includes current grants)				
Current revenue	..	12.6	13.0	15.1
Current budget balance	..	-0.4	1.6	4.1
Overall surplus/deficit	..	-7.1	-8.6	-6.9



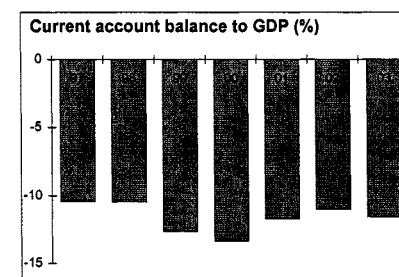
TRADE

	1983	1993	2002	2003
(US\$ millions)				
Total exports (fob)	..	263	236	324
Cotton	..	78	140	210
Livestock products	..	29	49	34
Manufactures
Total imports (cif)	..	1	454	592
Food	..	0	70	86
Fuel and energy	..	0	102	139
Capital goods	..	0	179	243
Export price index (1995=100)	..	46	94	94
Import price index (1995=100)	..	55	124	114
Terms of trade (1995=100)	..	84	76	82



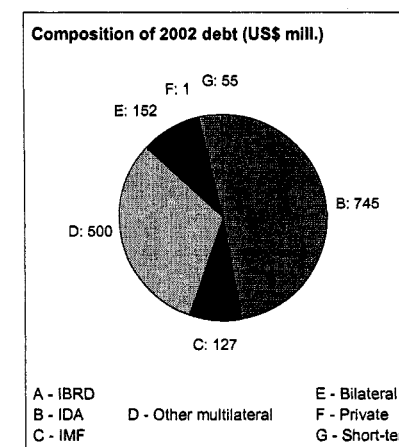
BALANCE of PAYMENTS

	1983	1993	2002	2003
(US\$ millions)				
Exports of goods and services	151	322	273	408
Imports of goods and services	456	732	707	973
Resource balance	-305	-410	-434	-564
Net income	-10	-14	-7	-3
Net current transfers	89	261	89	84
Current account balance	-226	-163	-353	-483
Financing items (net)	263	235	371	435
Changes in net reserves	-36	-72	-18	48
Memo:				
Reserves including gold (US\$ millions)	..	..	..	..
Conversion rate (DEC, local/US\$)	381.1	388.5	697.0	581.2



EXTERNAL DEBT and RESOURCE FLOWS

	1983	1993	2002	2003
(US\$ millions)				
Total debt outstanding and disbursed	398	1,119	1,580	..
IBRD	0	0	0	..
IDA	113	425	745	..
Total debt service	18	38	53	..
IBRD	0	0	0	..
IDA	1	6	7	..
Composition of net resource flows				
Official grants	73	227	228	..
Official creditors	67	119	106	..
Private creditors	15	0	0	..
Foreign direct investment	2	3	8	..
Portfolio equity	0	0	0	..
World Bank program				
Commitments	7	11	92	..
Disbursements	19	64	68	..
Principal repayments	0	3	2	..
Net flows	18	61	65	..
Interest payments	1	3	4	..
Net transfers	18	58	61	..



Note: This table was produced from the Development Economics central database.

9/15/04

