

Document of
The World Bank

Report No: ICR0000621

IMPLEMENTATION COMPLETION AND RESULTS REPORT
(IDA-39000)

ON

PROGRAMMATIC CREDITS

IN THE AMOUNT OF SDR 113.3 MILLION
(US\$166.1 MILLION EQUIVALENT)

AND A GRANT

IN THE AMOUNT OF SDR 9.3 MILLION
(US\$13.9 MILLION EQUIVALENT)

TO

THE REPUBLIC OF BURKINA FASO

FOR THE

POVERTY REDUCTION SUPPORT CREDITS 4, 5 and 6
(PRSC-4, PRSC-5, PRSC-6)

February 20, 2008

Poverty Reduction and Economic Management 4
Country Department AFCW1
Africa Region

CURRENCY EQUIVALENTS

Exchange Rate Effective as of February 20, 2007

Currency Unity = CFA franc (CFAF)
US\$1.00 = CFAF 443

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AFD	<i>Agence Française de Développement</i> (French Development Agency)
AfDB	African Development Bank
AICB	<i>Association Inter-Professionnelle du Coton du Burkina Faso</i> (Inter-professional Cotton Association of Burkina Faso)
ARTEL	Telecommunication Regulatory Agency
BCEAO	<i>Banque Centrale des Etats de l'Afrique de l'Ouest</i> (Central Bank of West African States)
CAS-PR	Country Assistance Strategy Progress Report
CEDEAO	<i>Communauté Economique des Etats de l'Afrique de l'Ouest</i> (Economic Community of West African States - ECOWAS)
CEM	Country Economic Memorandum
CFAA	Country Financial Accountability Assessment
CFAF	<i>Communauté Financière Africaine Franc</i> (Franc of the African Financial Community)
CGAB	<i>Cadre Général d'Organisation des Appuis Budgétaires</i> (General Framework for Budget Support)
CID	Computerized Expenditure Circuit
CIE	Government Integrated Accounting Software
COGES	Health Management Committee
CONAGESE	National Council for Environmental Management
CPAR	Country Procurement Assessment Report
CSPs	Community Health Centers
CSLP	<i>Cadre stratégique de lutte contre la pauvreté</i> (Strategic Framework for the Fight against Poverty)
CRA	Regional Agriculture Chambers
DAAF	Directorate of Administrative and Financial Affairs
DAGRIS	<i>Groupe Développement des Agro-industries du Sud</i> (Group for Agro-industrial Development of the South)
DCMP	Central Directorate for Public Procurement
DEP	Directorate for Planning and Studies
DGB	General Directorate for the Budget
DGE	General Directorate for the Environment
DGCCOP	General Directorate for International Cooperation
DGTCP	General Directorate of the Treasury and Public Accounts
DPs	Development Partners
DHS	Demography and Health Survey
DSA	Debt Sustainability Analysis
ECOWAS	Economic Community of West Africa States
EMP	Environmental Management Plan
ENEP	Teachers' Training Colleges
FASOCOTON	The local private cotton company
GTZ	<i>Gesellschaft für Technische Zusammenarbeit</i> (German Agency for Technical Cooperation)
HIPC	Heavily Indebted Poor Countries
HIPC-AAP	HIPC Accountability Assessment and Action Plan

ICA	Investment Climate Assessment
ICT	Information, Communication and Telecommunications
IFC	International Finance Corporation
IGE	General State Inspectorate
IGF	General Finance Inspectorate
INSD	National Institute of Statistics and Demography
JSAN	Joint Staff Advisory Note
LDP	Letter of Development Policy
MDGs	Millennium Development Goals
MEBA	Ministry of Basic Education
MEDEV	Ministry of Economy and Development
MFB	Ministry of Finance and Budget
MOH	Ministry of Health
MTEF	Medium-Term Expenditure Framework
ONAPAD	National Poverty and Development Observatory
ONATEL	National Telecommunication Company
OPA	Producer Organization
PAMS	Poverty Analysis Macroeconomic Simulator
PAP	Priority Action Plan
PDDEB	Ten-year Basic Education Development Plan
PER	Public Expenditure Review
PNDS	National Health Care Development Plan
PNDSA	National Program for the Development of Agricultural Services
PNGT	National Program for the Management of Territory
PRGB	Budget Management Reform Plan
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
PRSP-APR	Poverty Reduction Strategy Paper Annual Progress Report
PTF	<i>Partenaires techniques et financiers</i> (Technical and Financial Partner)
ROSC	Report on the Observance of Standards and Codes
SDR	Special Drawing Rights
SECAC	Sectoral Adjustment Credit
SIGASPE	Budget Payroll Management System
SOCOMA	<i>Société Cotonnière du Gourma</i> (Cotton Company of Gourma)
SOFITEX	<i>Société Burkinabè des Fibres Textiles</i> (Burkina Fiber and Cotton Company)
SONABEL	National Electricity Company
SONABHY	National Petroleum Product Distribution Company
SP-PPF	Permanent Secretariat for the Supervision of Financial Policies and Programs
STC-PDES	Technical Secretariat for the Coordination of Social and Economic Development
TOD	Decentralization Laws
TOFE	Government Financial Operation Table
UNDP	United Nations Development Program
WAEMU	West African Economic and Monetary Union
WHO	World Health Organization

Vice President: Obiageli K. Ezekwesili

Country Director: Ishac Diwan

Sector Manager: Antonella Bassani

Task Team Leaders: Jan Walliser (PRSC-4), Abdoulaye Seck (PRSC-5 and 6)

ICR Team Leader: Wilfried Engelke

BURKINA FASO
IMPLEMENTATION COMPLETION AND RESULTS REPORT ON THE
FOURTH, FIFTH AND SIXTH POVERTY REDUCTION SUPPORT CREDITS

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A. Basic Information			
Program 1			
Country	Burkina Faso	Program Name	Poverty Reduction Support Credit (4)
Program ID	P078994	L/C/TF Number(s)	IDA-39000
ICR Date	02/29/2008	ICR Type	Core ICR
Lending Instrument	PRC	Borrower	BURKINA FASO
Original Total Commitment	XDR 40.9M	Disbursed Amount	XDR 40.9M
Implementing Agencies			
Ministry of Finance and Budget			
Cofinanciers and Other External Partners			
Program 2			
Country	Burkina Faso	Program Name	Poverty Reduction Support Credit (5)
Program ID	P078995	L/C/TF Number(s)	IDA-40530,IDA-H1580
ICR Date	02/29/2008	ICR Type	Core ICR
Lending Instrument	DPL	Borrower	BURKINA FASO
Original Total Commitment	XDR 39.9M	Disbursed Amount	XDR 39.9M
Implementing Agencies			
Ministry of Finance and Budget			
Cofinanciers and Other External Partners			
Program 3			
Country	Burkina Faso	Program Name	Poverty Reduction Support Credit (6)
Program ID	P078996	L/C/TF Number(s)	IDA-41940
ICR Date	02/29/2008	ICR Type	Core ICR
Lending Instrument	DPL	Borrower	GOVERNMENT OF BURKINA FASO
Original Total Commitment	XDR 41.8M	Disbursed Amount	XDR 41.8M
Implementing Agencies			
Ministry of Finance and Budget			
Cofinanciers and Other External Partners			

B. Key Dates

Poverty Reduction Support Credit (4) - P078994

Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	01/12/2004	Effectiveness:	07/21/2004	07/21/2004
Appraisal:	03/30/2004	Restructuring(s):		
Approval:	05/11/2004	Mid-term Review:		
		Closing:	06/30/2005	06/30/2005

Poverty Reduction Support Credit (5) - P078995

Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	01/31/2005	Effectiveness:	08/25/2005	08/25/2005
Appraisal:	03/29/2005	Restructuring(s):		
Approval:	05/03/2005	Mid-term Review:		
		Closing:	06/30/2006	06/30/2006

Poverty Reduction Support Credit (6) - P078996

Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	02/15/2006	Effectiveness:	08/31/2006	08/31/2006
Appraisal:	05/01/2006	Restructuring(s):		
Approval:	06/20/2006	Mid-term Review:		
		Closing:	06/30/2007	06/30/2007

C. Ratings Summary

C.1 Performance Rating by ICR

Poverty Reduction Support Credit (4) - P078994

Outcomes	Satisfactory
Risk to Development Outcome	Moderate
Bank Performance	Satisfactory
Borrower Performance	Satisfactory

Poverty Reduction Support Credit (5) - P078995

Outcomes	Satisfactory
Risk to Development Outcome	Moderate
Bank Performance	Satisfactory
Borrower Performance	Satisfactory

Poverty Reduction Support Credit (6) - P078996	
Outcomes	Satisfactory
Risk to Development Outcome	Moderate
Bank Performance	Satisfactory
Borrower Performance	Satisfactory

C.2 Detailed Ratings of Bank and Borrower Performance (by ICR)			
Poverty Reduction Support Credit (4) - P078994			
Bank	Ratings	Borrower	Ratings
Quality at Entry	Satisfactory	Government:	Satisfactory
Quality of Supervision:	Satisfactory	Implementing Agency/Agencies:	Satisfactory
Overall Bank Performance	Satisfactory	Overall Borrower Performance	Satisfactory

Poverty Reduction Support Credit (5) - P078995			
Bank	Ratings	Borrower	Ratings
Quality at Entry	Satisfactory	Government:	Satisfactory
Quality of Supervision:	Satisfactory	Implementing Agency/Agencies:	Satisfactory
Overall Bank Performance	Satisfactory	Overall Borrower Performance	Satisfactory

Poverty Reduction Support Credit (6) - P078996			
Bank	Ratings	Borrower	Ratings
Quality at Entry	Satisfactory	Government:	Satisfactory
Quality of Supervision:	Satisfactory	Implementing Agency/Agencies:	Satisfactory
Overall Bank Performance	Satisfactory	Overall Borrower Performance	Satisfactory

C.3 Quality at Entry and Implementation Performance Indicators			
Poverty Reduction Support Credit (4) - P078994			
Implementation Performance	Indicators	QAG Assessments (if any)	Rating:
Potential Problem Program at any time (Yes/No):	No	Quality at Entry (QEA)	None
Problem Program at any time (Yes/No):	No	Quality of Supervision (QSA)	None
DO rating before Closing/Inactive status			

Poverty Reduction Support Credit (5) - P078995			
Implementation Performance	Indicators	QAG Assessments (if any)	Rating:
Potential Problem Program at any time (Yes/No):	No	Quality at Entry (QEA)	None
Problem Program at any time (Yes/No):	No	Quality of Supervision (QSA)	None
DO rating before Closing/Inactive status	Satisfactory		

Poverty Reduction Support Credit (6) - P078996			
Implementation Performance	Indicators	QAG Assessments (if any)	Rating:
Potential Problem Program at any time (Yes/No):	No	Quality at Entry (QEA)	None
Problem Program at any time (Yes/No):	No	Quality of Supervision (QSA)	None
DO rating before Closing/Inactive status	Satisfactory		

D. Sector and Theme Codes		
Poverty Reduction Support Credit (4) - P078994		
	Original	Actual
Sector Code (as % of total Bank financing)		
Central government administration	35	35
General energy sector	15	15
Health	20	20
Primary education	15	15

Telecommunications	15	15
Theme Code (Primary/Secondary)		
Administrative and civil service reform	Secondary	Secondary
Education for all	Secondary	Secondary
Health system performance	Primary	Primary
Public expenditure, financial management and procurement	Primary	Primary
State enterprise/bank restructuring and privatization	Secondary	Primary

Poverty Reduction Support Credit (5) - P078995		
	Original	Actual
Sector Code (as % of total Bank financing)		
Agro-industry	15	15
General agriculture, fishing and forestry sector	15	15
General education sector	15	15
General public administration sector	35	35
Health	20	20
Theme Code (Primary/Secondary)		
Administrative and civil service reform	Secondary	Secondary
Decentralization	Secondary	Secondary
Population and reproductive health	Secondary	Not Applicable
Public expenditure, financial management and procurement	Primary	Primary
Regulation and competition policy	Secondary	Secondary

Poverty Reduction Support Credit (6) - P078996		
	Original	Actual
Sector Code (as % of total Bank financing)		
General agriculture, fishing and forestry sector	15	15
General public administration sector	35	35
Health	20	20
Other industry	15	15
Primary education	15	15
Theme Code (Primary/Secondary)		
Administrative and civil service reform	Secondary	Secondary

Decentralization	Secondary	Secondary
Poverty strategy, analysis and monitoring	Primary	Primary
Public expenditure, financial management and procurement	Primary	Primary
State enterprise/bank restructuring and privatization	Secondary	Secondary

E. Bank Staff

Poverty Reduction Support Credit (4) - P078994

Positions	At ICR	At Approval
Vice President:	Obiageli Katryn Ezekwesili	Callisto E. Madavo
Country Director:	Ishac Diwan	A. David Craig
Sector Manager:	Antonella Bassani	Robert R. Blake
Task Team Leader:	Wilfried Engelke	Jan Walliser
ICR Team Leader:	Wilfried Engelke	
ICR Primary Author:	Wilfried Engelke	

Poverty Reduction Support Credit (5) - P078995

Positions	At ICR	At Approval
Vice President:	Obiageli Katryn Ezekwesili	Gobind T. Nankani
Country Director:	Ishac Diwan	A. David Craig
Sector Manager:	Antonella Bassani	Robert R. Blake
Task Team Leader:	Wilfried Engelke	Abdoulaye Seck
ICR Team Leader:	Wilfried Engelke	
ICR Primary Author:	Wilfried Engelke	

Poverty Reduction Support Credit (6) - P078996

Positions	At ICR	At Approval
Vice President:	Obiageli Katryn Ezekwesili	Gobind T. Nankani
Country Director:	Ishac Diwan	Mats Karlsson
Sector Manager:	Antonella Bassani	Robert R. Blake
Task Team Leader:	Wilfried Engelke	Abdoulaye Seck
ICR Team Leader:	Wilfried Engelke	
ICR Primary Author:	Wilfried Engelke	

F. Results Framework Analysis

Program Development Objectives (from Program Document)

The series of three annual programmatic operations (PRSC-4, PRSC-5 and PRSC-6) was designed to support the implementation of Burkina Faso's poverty reduction strategy as

set out in the June 2000 and November 2004 PRSPs. The PRSCs supported the PRSP objectives of: (i) increasing economic growth and employment creation in a stable macroeconomic environment; (ii) increasing access to and quality of basic social services; and (iii) improving governance with a particular emphasis on public sector management.

Revised Program Development Objectives (as approved by original approving authority)
Not applicable

(a) PDO Indicator(s)

Poverty Reduction Support Credit (4) - P078994				
Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 :	Growth rate of cotton production			
Value (quantitative or Qualitative)	8.3 percent	not specified	2004: 6.6 percent 2005: 5.0 percent 2006: 5.0 percent	2004: 32.8 percent 2005: 13.0 percent 2006: -8.0 percent
Date achieved	12/31/2003	12/31/2006	10/20/2004	04/30/2007
Comments (incl. % achievement)				

Poverty Reduction Support Credit (5) - P078995				
Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 :	Poverty headcount is reduced by 2 percentage points per annum.			
Value (quantitative or Qualitative)	46.4 percent in 2003	41.0 percent in 2006		40.8
Date achieved	12/31/2003	12/31/2006		12/31/2006
Comments (incl. % achievement)	The production decline in cotton for the 2006/2007 season sector and other adverse weather factors slowed down poverty reduction in rural areas			

Poverty Reduction Support Credit (6) - P078996				
Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 :	Access to and quality of education improved as measured by the primary completion rate.			
Value (quantitative or Qualitative)	31.3 percent in 2003	Initial target of 33.8 percent in 2006 was exceeded in 2004		36.4 percent
Date achieved	12/31/2003	12/31/2006		12/31/2006
Comments (incl. % achievement)				
Indicator 2 :	Access to and quality of health services improve as illustrated by a reduction in maternal mortality rate in hospitals.			
Value (quantitative or Qualitative)	484 (per 100,000 births in 2003)	313 in 2006		Not yet known
Date achieved	12/31/2003	12/31/2006		12/31/2006
Comments (incl. % achievement)	Data on this indicator will only become available in the context of the new demographic and health survey, shceduled to be c onducted in 2008.			

(b) Intermediate Outcome Indicator(s)

Poverty Reduction Support Credit (4) - P078994				
Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 :	Private investment has entered the cotton sector			
Value (quantitative or Qualitative)	All investment in the cotton sector is government owned.	All 3 cotton growing zones are managed by privately or partly privately owned cotton companies.		
Date achieved	06/30/2004	08/31/2004		
Comments (incl. % achievement)				

Poverty Reduction Support Credit (5) - P078995				
Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 :	Per capita real GDP growth increases by 3 percent per annum.			
Value (quantitative or Qualitative)	5.5 percent in 2003	At least 3.0 percent in 2006		3.3
Date achieved	12/31/2003	12/31/2006		12/31/2006
Comments (incl. % achievement)				

Poverty Reduction Support Credit (6) - P078996				
Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 :	School enrollment rate.			
Value (quantitative or Qualitative)	52.3 percent in 2003 (46.0 percent for girls)	60.2 percent in 2006 (51.9 for girls)		66.5 percent (61.2 for girls)
Date achieved	12/31/2003	12/31/2006		12/31/2006
Comments (incl. % achievement)				
Indicator 2 :	School enrollment rate in the 20 most disadvantaged provinces.			
Value (quantitative or Qualitative)	37.6 percent in 2003	49.1 percent in 2005		52.4 percent
Date achieved	12/31/2003	12/31/2006		12/31/2006
Comments (incl. % achievement)				
Indicator 3 :	Percentage of medically assisted births.			
Value (quantitative or Qualitative)	30.9 percent in 2003	55 percent in 2006		43 percent
Date achieved	12/31/2003	12/31/2006		12/31/2006
Comments (incl. % achievement)	The outcome value for 2006 is estimated. A demographic and health survey will be conducted in 2008, verifying this indicato r.			

G. Ratings of Program Performance in ISRs

Poverty Reduction Support Credit (4) - P078994
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No.	Date ISR Archived	DO	IP	Actual Disbursements (USD millions)
1	12/30/2004	Satisfactory	Satisfactory	60.21

Poverty Reduction Support Credit (5) - P078995

No.	Date ISR Archived	DO	IP	Actual Disbursements (USD millions)
1	05/31/2006	Satisfactory	Satisfactory	58.25

Poverty Reduction Support Credit (6) - P078996

No.	Date ISR Archived	DO	IP	Actual Disbursements (USD millions)
1	10/05/2006	Satisfactory	Satisfactory	62.12

H. Restructuring (if any)

1. Program Context, Development Objectives and Design

1.1 Context at Appraisal

Background - Burkina Faso - a poor landlocked country of about 12 million inhabitants with a very narrow resource base – had built a solid track record of reforms on the economic and structural fronts and achieved substantial economic growth by early 2004 when the Bank began the preparation of the second series of PRSCs (PRSC-4 to 6). However, progress in improving living conditions had been slow and fragile. Burkina's low administrative capacity and vulnerability to exogenous shocks such as climatic conditions and changes in world market prices for cotton (Burkina's main export) were important obstacles to translating growth into developmental gains. It was clear that continued Bank support for PRSP implementation, building on the reform agenda supported by the first PRSC series, was needed to support government reforms to further encourage growth and employment creation, develop human resources and improve governance. The second PRSP and its priority action plan, adopted by the government in November 2004, provided the policy and results framework for this second PRSC series.

On the macroeconomic front, Burkina had implemented a wide range of economic reforms under a series of stabilization and structural reform programs supported by the Bank, the IMF and other donors since 1991. It had maintained a stable macroeconomic environment as evidenced by the approval in June 2003 (following four successive IMF supported programs) of a new three-year PRGF arrangement and the successful completion of its first review in March 2004. The PRGF supported the implementation of the government's program in 2003-06. Real GDP growth averaged 5.8 percent annually between 2000 and 2004, among the highest growth rates in sub-Saharan Africa. Growth was mainly driven by the agricultural sector, and in particular by the expansion of cotton production, which doubled from 2000 to 2004. Real per capita income increased by 28 percent during 2000-04 and stood at US\$350 in 2004. Inflation, as measured by the consumer price index, averaged 1.7 percent on an annual basis between 2000 and 2004 and remained low compared to other countries in the WAEMU and Sub-Saharan Africa.

Burkina Faso reached the completion points under the original and enhanced HIPC Initiatives in June 2000 and April 2002, respectively. Granted debt relief totaled more than US\$550 million in net-present value terms, including a topping-up at completion point. As a result of the debt relief and prudent macroeconomic policies, Burkina decreased its debt service in terms of exports from 28.5 percent in 2000 to 5.8 percent in 2004. The primary fiscal deficit widened from 2.8 to 3.6 percent of GDP during 2000-04, largely due to WAEMU-wide custom reforms lowering custom revenues and increased social spending following debt relief since 2000. The deficit was covered by an increase in grants received and debt relief granted.

On the structural front, Burkina Faso had made headway in implementing key reforms under the PRSP's strategic pillars, notably on public sector reform and governance, and sectoral policies for the poor. The first included reforms to strengthen the budgetary process, improve auditing functions, revise procurement regulations, decentralize the budget and reform the civil service. The second incorporated measures to improve service delivery in education and health and strengthen income-generating agricultural activities. Expenditure policies were increasingly aligned with the first Poverty Reduction Strategy Paper (PRSP) adopted in June 2000. The

PRSP priorities and debt relief allowed for an increasing share of poverty reducing expenditures from 3.8 percent of GDP in 2000 to 5.3 percent in 2004. The increase benefited mainly the health and education sectors (75 percent) as well as social welfare expenditures. The rise in poverty reducing expenditures facilitated increased investment across all priority sectors to 1.9 percent of GDP in 2004, albeit from a very low level of 0.5 percent in 2000.

With broad-based growth in agriculture, poverty was substantially reduced, from an estimated 54 percent in 1998 to 46 percent in 2003. However, the country's social indicators continued to rank below Sub-Saharan averages: in 2003 the adult literacy rates was 32 percent and life expectancy at birth was 43 years compared to 35 percent and 46 years for Sub-Saharan Africa. In 2004, Burkina Faso ranked 174 out of 177 countries in the UNDP Human Development Index.

The successful implementation of the first PRSC series (PRSC-1 to 3) laid the ground for further reforms in economic growth and employment creation, human resource development and good governance. The second PRSC series was designed to deepen and broaden these reforms. This PRSC series was in line with donor efforts to gradually harmonize their support. Several donors offering budget support including the Bank agreed with the government in January 2005 on a revised framework for collaboration. The framework gave the government's second PRSP a central role in measuring progress and defining disbursement criteria.

1.2 Original Program Development Objectives (PDO) and Key Indicators (as approved)

1. Development Objectives

The series of three annual programmatic operations (PRSC-4, PRSC-5 and PRSC-6) was designed to support the implementation of Burkina Faso's poverty reduction strategy as set out in the June 2000 and November 2004 PRSPs. The PRSCs supported the PRSP objectives of: (i) increasing economic growth and employment creation in a stable macroeconomic environment; (ii) increasing access to and quality of basic social services; and (iii) improving governance with a particular emphasis on public sector management.

Over the period 2004-06, it was expected that the reform program under the series of the three PRSCs would help the government to achieve a 5 percentage point reduction of poverty incidence, and increase private sector participation in the cotton, telecommunication and energy sectors, thus accelerating growth through higher investment and improved competitiveness. It would also help the government make progress toward reaching the MDGs, namely, increase school enrollment and literacy rates, reduce child and maternal mortality, increase access to safe water, and strengthen the sustainability of development efforts.

The key indicators for such development objectives are stated in Annex Table 1 (PRSC-4 to 6 Policy Matrix). Objectives, policy reforms and indicators for the PRSC-4 to 6 series were based on and aligned with the PRSP II, respectively the Priority Action Program (PAP, a policy document, which updates the PRSP on an annual basis), and the CGAB joint performance matrix. Consistent with the 2003 CAS Progress Report and the 2005 CAS, PRSC-4 to 6 were one-tranche programmatic development policy operations each in the amount of US\$60 million equivalent. PRSC-4 and 6 were IDA credits, while PRSC-5 provided US\$13.9 million

equivalent as a grant and US\$46.1 million equivalent as a credit. Since 2004, development policy lending to Burkina Faso rose from around 30 percent of IDA commitments to around 45 percent.

1.3 Revised PDO and Key Indicators, and Reasons/Justification

The objectives of providing support to the implementation of Burkina Faso's PRSP remained the same throughout the three annual PRSCs.

Throughout the PRSC series, about 20 indicators were revised to align them better with the evolving government's monitoring framework for its PRSP in the form of the Priority Action Program (PAP). Four indicators covering the area of social protection, public sector reform and decentralization were revised to provide more specificity. One indicator relating to the energy policy area was eliminated to better reflect the expected short to medium-term outcomes of this PRSC series, instead of long-term electricity production costs. Similarly, an indicator for private sector development was changed to focus on parameters directly under the control of the government. Regarding the water and sanitation sector, in 2005 the baseline data for the given indicators were revised in the context of formulating an action plan towards meeting the MDGs in this sector (see also Annex 1 with the earlier data in brackets). With regard to the decentralization policy area, a training indicator was replaced with another indicator which was more relevant to the unfolding of the decentralization reform program. In the area of environment, one of the four original indicators was eliminated because the indicator turned out to be unrealistic and exceeded existing capacity. Finally, some indicators were added or detailed out in 2005 to cover evolving policies concerning the diversification of agro-production, the privatization program in telecommunication and the energy sector more closely. These revisions reflect efforts by the government and donors to gradually improve the link between policy actions and the PRSP monitoring and evaluation framework by increasing the specificity, relevance and realism of the outcome and impact indicators. PRSCs drew on these efforts by incorporating these revisions throughout the series.

1.4 Original Policy Areas Supported by the Program (as approved):

The policy areas supported by PRSC-4 to 6 are detailed as follows:

1. *Economic Growth and Employment Creation*: under this objective PRSC-4 to 6 supported policy reforms in the following areas:
 - (i) improving the competitiveness of the cotton sector by assisting the government to finalize the liberalization of the cotton growing and ginning industry in Burkina Faso through the creation of three exclusive zones for cotton growing, and the establishment of self-governing bodies for the industry;
 - (ii) developing action plans to diversify agricultural production, and taking steps to facilitate export of oilseeds, fruits, vegetables, poultry and other meat;
 - (iii) enhancing private sector participation in the telecommunications, electricity and petroleum distribution sectors; and

(iv) supporting private sector development by improving labor market regulations, supporting trade institutions, enhancing the capacity of the justice system, and reducing the costs of establishing a business.

2. *Human Resource Development*: under this objective PRSC-4 to 6 supported policy reforms in the following areas:

(i) improving access to basic education services, especially in rural areas, by increasing the resources available for the sector and managing the same more effectively, including through development of a sector MTEF;

(ii) enhancing access to public health services, especially in rural areas, and ensuring a more efficient use of public resources for the sector by elaborating a MTEF for the health sector, improving the health expenditure monitoring system, increasing health center staffing in general but in particular in the underserved regions through decentralization, ensuring free vaccination, as well as reducing treatment costs for popular illnesses and for disadvantaged districts, and improving the nutrition status of children;

(iii) developing a strategy to improve social protection of vulnerable groups (especially children); and

(iv) increasing access to water services by providing an enhanced public framework for private investment, especially in under provided provinces.

3. On *Good Governance*, the PRSC-4 to 6 supported the following policy reform areas:

(i) improving budget formulation through the development of sector MTEFs (education and health) and consolidating budget classification (also in line with regionally agreed standards), enhancing budget execution by empowering the deconcentrated level and by improving the integration of external aid flows in the budget execution process, and improving public sector human resource management and decentralization;

(ii) strengthening the oversight institutions (Supreme Audit Courts, State Inspection and Finance Inspection) and the verification of state property (inventory), and improving adherence to prescribed reporting duties on closed public accounts;

(iii) improving the transparency and efficiency of the public procurement system by simplifying its governing rules and aligning it with international practices;

(iv) enhancing decentralization of public service delivery by creating the legal framework and introducing related administrative decrees, and empowering the sub-national level through the transfer of functions, assets and resources; and

(v) enhancing the government's capacity to assess the environmental impact of its policies and activities.

In the areas mentioned above, each PRSC built on the achievements of the previous one, thus supporting a continuum of reform actions and activities.

1.5 Revised Policy Areas

The policy area *Public Sector Reform and Decentralization* was revised to allow for the evolving discussion in Burkina on how best to decentralize resources and authority in the context of preparing specific application decrees and administrative procedures after the adoption of the decentralization law of 2004. In this regard, the development of rural ministries was dismissed in favor of focusing on the decentralization reform. The development of rural ministries was covered by an investment project in the agricultural sector.

1.6 Other Significant Changes

There were no changes in financing or implementation arrangements.

2. Key Factors Affecting Implementation and Outcomes

2.1 Program Performance

While PRSC-4 to 6 supported a large number of measures covering the areas detailed in annex 1 of this Implementation Completion and Results Report, each PRSC included as tranche release conditions a sub-set of these measures (detailed in table 1 below) selected on the basis of their importance and government's expected implementation capacity.

All but three of the 11 triggers for PRSC-4 were fully met at the time of Board presentation in May 2004. Bringing the assets of SOFITEX (the cotton monopoly) to the point of sale in the central and eastern zones was slowed by delays in validating the pre-qualification outcome but assets were transferred to private investors in two zones in August 2004. Also, the adoption of the electricity and petroleum sector strategies took more time than expected due to delays in the work of consultants and in the adoption of changes to the legal and regulatory framework (these eventually served as a trigger for PRSC-5). Implementation of the region as a deconcentrated entity and adoption of the application texts for the TODs were met in substantial part but not in full.¹

All but 2 of the 10 triggers for PRSC-5 were fulfilled at the time of Board presentation in May 2005. All but 3 of the 9 triggers for PRSC-6 were fulfilled at the time of Board presentation in June 2006. In both cases, delays were encountered in improving the monitoring of externally financed investment spending and operationalizing an accounting system for government property. Actions for the treatment and monitoring of externally financed investment spending

¹ Several actions were taken to meet this trigger, including adoption of texts for the regions in March-April 2003 defining the role and resources of governors, adoption of the decentralization law in August 2003 by the National Assembly and preparation of a variety of application texts to regulate resources and personnel transfers and define the role of different entities; however, the nomination of governors for the 13 regions was delayed due to the intense inter-ministerial discussions on the financial and human resource implications of decentralization.

were mostly implemented, although the full installation of the required computerized information system took longer than expected due to difficulties in procuring a project manager. The physical verification of government property was completed in 43 of the 45 provinces and in the commune of Ouagadougou prior to PRSC-6 while the operationalization of the accounting system for government property was delayed, although the government had hired a private firm to finalize such system before PRSC-6.

Table 1: PRSC-4 to 6 Prior Actions

PRSC-4 PRIOR ACTIONS		
Policy Area	Original Measures PRSC-4	Status
Macroeconomic Framework	Maintain a stable macroeconomic framework during the program period.	Fulfilled
GROWTH AND EMPLOYMENT CREATION		
A. Rural sector Open the cotton sector for private investors	Continue implementing the action plan of opening the cotton sector for private investors, as signified by bringing the assets in two zones to the point of sale.	Mostly fulfilled
B. Telecommunication sector Privatization of ONATEL	Prepare sector for privatization and launch bids for ONATEL as signified by: (i) adoption of the privatization strategy by the council of ministers. (ii) launch the pre-qualification process. (iii) launch the bidding process on the basis of draft bidding documents. (iv) finalize evaluation of technical bids.	Fulfilled
C. Energy sector Private sector involvement in management of SONABEL and SONABHY	Prepare sector for private sector participation as signified by: (i) adoption by the council of ministers of the revisions to the 1998 law to adapt the legal and regulatory framework of the electricity sector. (ii) adoption of the development strategies for the electricity and petroleum sectors by the council of ministers.	Partially fulfilled
HUMAN RESOURCE DEVELOPMENT		
A. Health	Ensure the provision of essential medication and care by: - continuing the distribution of free vitamin A supplements after the discontinuation of the polio vaccination days; - verifying randomly the application of the new price structure for generic drugs and essential medical services and taking of corrective measures in cases of non-application; - providing sufficient budgetary resources in 2004 for the provision of subsidized health services. Establish a framework for annual monitoring and evaluation of the PNDS on the basis of its indicators and key objectives, jointly with national partners and donors by: - naming a committee for the PNDS implementation; - organizing through the committee bi-annual reviews showing the achievements of objectives, status of disbursements, absorption rates, and supporting and constraining factors; - joint evaluation of the PNDS implementation by way of indicators.	Fulfilled Fulfilled

GOOD GOVERNANCE		
A. Budget: Formulation	Adopt the draft budget and program budgets for 2004 on the basis of sectoral ceilings of the 2004-06 MTEF and in line with the priorities of the PRSP.	Fulfilled
B. Budget: Execution	Operationalize the extension of the CID to a total of 5 regional capitals with a connection to the government accounting system (CIE).	Fulfilled
C. Budget: Procurement	Verification of application of the new procurement decree, the manual of procedures and the standard documents for a sample of public procurement during 2003 by the IGF.	Fulfilled
D. Budget management and ex post control	Satisfactory implementation of PRGB measures in this area, in particular: (i) application of the WAEMU budget classification; (ii) preparation of treasury account balances on a monthly basis and preparation of the account balances for 2002; (iii) strict application of the timetable for budget operations to reduce the level of expenditure committed and not yet paid; (iv) elaborate and begin implementation of an action plan for the creation of an accounting system for government property; (v) continue the capacity reinforcement at the IGE and IGF and adopt a coherent status for staff in all control services.	Fulfilled
E. Public sector reform and decentralization	Implementation of the region as deconcentrated entity and adoption of the application texts for the TODs.	Not fulfilled at time of PRSC-4 approval
PRSC-5 PRIOR ACTIONS		
Policy Area	Original Measures PRSC-5	Status
Macroeconomic Framework	Maintain a stable macroeconomic framework during the program period.	Fulfilled
GROWTH AND EMPLOYMENT CREATION		
A. Rural sector Reinforce the competitiveness of agricultural and agro-food sectors	Transfer of assets of SOFITEX in the central and eastern zone and begin of activities of the two new operators.	Fulfilled
B. Energy sector Private sector participation in the energy and petroleum sectors	Adopt the changes to the regulatory and legal framework in line with the electricity sector strategy.	Fulfilled
HUMAN RESOURCE DEVELOPMENT		
A. Health Increase efficiency in use of resources	Elaborate a sectoral MTEF for 2005-07, in line with PNDS objectives and MDGs. Develop a system of subsidies for obstetrical emergencies.	Fulfilled Fulfilled
GOOD GOVERNANCE		
A. Budget: Formulation	Adopt the draft budget for 2005 on the basis of sectoral ceilings of the 2005-07 MTEF and in line with the priorities of the PRSP.	Fulfilled

B. Budget: Execution	Satisfactory implementation of actions for the treatment and monitoring of externally financed investment spending based on the AFRITAC report: - clarify the roles of different departments and establish procedures and supporting documentation for DGCOOP, DGTCP, DGB, DCCF, and DGEP - constitute a project database - Verify the table of credit and grant agreements.	Mostly implemented
C. Budget: Procurement	Adopt a decree for the regulation of concession and leasing contracts to ensure best international practice in this area.	Fulfilled
D. Budget management and ex post control	Satisfactory implementation of the action plan for the creation of a government property accounting system: - purchase software - train agents in procedures and the new software - begin the physical verification of government property Finalize the software for the integrated accounting system for local communities (CICL).	Partially implemented Fulfilled

PRSC-6 PRIOR ACTIONS		
Policy Area	Original Measures PRSC-6	Status
GROWTH AND EMPLOYMENT CREATION		
Macroeconomic management.	Maintain a stable macroeconomic framework during the program period.	Fulfilled
Rural Sector	Prepare standards and labels for oleaginous products (sesame, cashew nuts, shea butter) and niebe (cowpeas).	Fulfilled
HUMAN RESOURCE DEVELOPMENT		
Education	Finalize the sectoral MTEF, including secondary education, considering resources needed to attain the PDDEB objectives and the MDGs.	Fulfilled
Health	Implement a system of subsidies for obstetrical emergency care and reduce costs of assisted birth.	Fulfilled
GOOD GOVERNANCE		
Budget Formulation	Adopt the draft budget for 2006 on the basis of sectoral ceilings of the 2006-08 MTEF and in line with the priorities of the PRSP.	Fulfilled
Budget Execution	An accounting system for government property is operational. The physical verification of government property is completed. Improved monitoring of externally financed investment spending: -design and implement an action plan for a complete information system based on the software SYGADE -customize SYGADE for the monitoring of external financing -develop interface between SYGADE, the computerized expenditure circuit (CID) and the State integrated accounting system (CIE) - form operators for the use of SYGADE.	Partially implemented Partially implemented
Procurement	Adopt the action plan based on the recommendation of the 2005 CPAR.	Fulfilled
Decentralization	Finalize the framework for the transfer of resources and competences to communes.	Mostly implemented

2.2 Major Factors Affecting Implementation

Factors outside the control of government or implementing agency:

The implementation of the program supported by this PRSC series was adversely affected by a series of severe external shocks, notably deteriorating terms of trade and the protracted crisis in Cote d'Ivoire. International cotton prices declined in 2004-05 and oil prices shot up in 2004-06, with an appreciating franc CFA further undermining export earnings. This resulted in a decline of the export price for 1 kg of ginned cotton from Franc CFA781 in 2004 to Franc CFA637 in 2006, which deteriorated the financial situation of the cotton ginning companies. In addition, international oil prices increased from about 30 dollars at the end of 2003 to 60 dollars per barrel at the end of 2006, a price increase which was barely offset by the appreciating franc CFA, and resulted in unexpected expenditures, including for higher electricity subsidies. Also, the protracted crisis in Cote d'Ivoire (historically the main transit route for Burkina Faso to global markets and a source for remittances from migrants) contributed to high transport costs for the country's trade and reduced worker remittances, undermining competitiveness and adding to the pressures on the balance of payments. Finally, the extension of country-of-origin rules from WAEMU to ECOWAS negatively affected revenue levels. Despite these developments, economic growth proved resilient, inflation declined and the fiscal stance was broadly as targeted.

Factors generally subject to government control:

The government was generally in control of the speed of implementation of reforms, notably in the cotton sector, health, education, and public finance management. Although delays in completing studies or technical assistance work slowed implementation at times, they often reflected weak capacity and/or the fact that government agencies were overloaded with a multitude of donor programs. In the electricity and telecoms sectors and in implementing decentralization, delays in implementing reforms reflected the need for a longer time to build consensus within the government. In these cases, PRSCs were generally flexible enough to adjust to government's implementation and consensus-building capacity.

Factors generally subject to implementing agency control:

Several ministries and government agencies were responsible for implementing the reform program under the PRSCs. The Permanent Secretariat for the Monitoring of Financial Programs and Policies (SP-PPF) at the Ministry of Finance and Budget coordinated the contributions of all ministries and public agencies. SP-PPF generally did very well in mobilizing those contributions, although a deeper and earlier exchange with line ministries would have helped avoid delays in coordinating sectoral activities under the PRSCs.

The design and implementation of this series of PRSCs were increasingly coordinated with the budget support provided by other donors. This coordination took place through the *Cadre Général d'Organisation des Appuis Budgétaires* (General Framework for Budget Support, CGAB) established in 2005, which succeeded a less formalized coordination approach. CGAB annual progress reports on PRSP implementation and the joint performance matrix provided a

framework to harmonize the efforts of Burkina Faso's development partners with government's strategy by: (i) supporting implementation of the second PRSP through the budget; (ii) developing a common framework to assess progress; (iii) reducing transaction costs to government of negotiating and reporting to multiple donors by promoting programmatic approaches; (iv) improving the predictability of budget support for Burkina Faso; and (v) conducting joint progress reviews acceptable to the government and its development partners (DPs).² This provided an effective framework against which to align this PRSC series. The close coordination between the government and CGAB members allowed for early entry points in the policy dialogue and identification of corrective measures or solutions to implementation bottlenecks. Examples would be the privatization process for ONATEL and for the energy sector but also the complex decentralization reforms. Furthermore, close and continuous dialogue with the government allowed CGAB members to better understand the constraints on the reform process (e.g., for cotton reform) and build government ownership on the reform program. However, the formalization of the CGAB process over time does present potential for emerging rigidities and may limit flexibility and partners' ability to adjust rapidly to an evolving reform environment. The on-going evaluation of the CGAB process presents a good opportunity to analyze this issue.

2.3 Monitoring and Evaluation (M&E) Design, Implementation and Utilization

The monitoring and evaluation framework for the PRSC-4 to 6 series was based on the PRSP three year forward looking Priority Action Program (PAP) and the annual assessment reports on PRSP implementation (Annual Progress Reports, APR), issued by the SP-PPF. The SP-PPF relies for such monitoring primarily on the Ministerial Steering and Monitoring Committee (CMOS) which draws on the services of sector and thematic commissions (CSTs) to establish adequate and up-to-date information on policy implementation and related statistical data. The CSTs in turn draw on decentralized agencies at the regional Consultative Council (CCRD). The objectives and measures of the PRSC series were also increasingly aligned with the CGAB performance matrix. Discrepancies between the two matrices indicate inconsistencies between the preparation calendar of the PRSCs and the multi-donor review process (see lessons learned), a problem which is being addressed.

The PRSP and PRSC monitoring and evaluation framework drew on work undertaken and reports issued by the National Institute for Statistics and Demography (INSD). While the most recent household survey is from 2003, information is updated through annually conducted surveys on Core Welfare Indicators (CWIQ). Other sectoral data on agriculture, education, health, water and other areas are either produced as part of a regular schedule by the government or in conjunction with analytical sector work, as recently carried out in education. Concerning health, the most recent Demographic and Health Survey (DHS) dates from 2005 and is to be updated in 2008.

² Evaluation of PRSP implementation is permanent but three mandatory sessions are reserved per annum for a joint assessment by CAB members and the government on reform measures and their status. One formal session is held at the time of the annual review of the PRSP progress report in late April. A second session is held during late September/early October to allow for a mid-term review and another review session is held in early February, prior to finalizing the government's own annual PRSP review report.

The M&E framework improved each year under the PRSC-4 to 6 with respect to coverage and quality. The formation of the CGAB and the government's ownership in the PRSP process greatly contributed to improve the M&E framework. APRs have been completed for each year during PRSC implementation and their quality has improved over time. Also, the alignment of the PRSCs' outcome indicators with the government's monitoring process, in the form of the annual PRSP review/PAP within the CGAB framework, facilitated monitoring of the series' implementation for all participants and strengthened government ownership of the reforms supported by the PRSC series.

Other improvements in M&E implementation include: (i) better dissemination of the APRs, including to Parliamentarians, regional planning and operation officers, and rural communities, including through the use of radio programs and video presentations; (ii) better usage of the APRs to inform the budget process (beginning with the 2005 budget); and (iii) the introduction of participatory M&E which started on a pilot basis in late 2004 to obtain feedback from citizens about the extent to which enhanced access to basic services was being achieved at the community level, and also included the development of citizens report cards to assess satisfaction with the delivery of basic services (water, education, and health). In addition, the government has strengthened its policy planning unit at the MFB over the last few years to be able to review and improve PRSP indicators and targets as measures for progress in policy implementation.

Going forward, further improving the M&E framework will require strengthening the capacity of the CSTs. The commission members rely on work done by research and planning units in ministries or other relevant government units. The quality of the work in these units is diverse, with some data not being provided on a timely basis. The government has recognized this weakness and taken action in 2006 to improve CST operations. In addition, the M&E framework for the next series of PRSCs could gradually increase its focus on qualitative improvements (such as efficiency for basic services and agricultural production) as well as further streamline the indicators coverage.

2.4 Expected Next Phase/Follow-up Operation

Building on the PRSC-1 to 3 series, the PRSC-4 to 6 progressively focused on challenging growth objectives, notably diversification, competitiveness and efficiency. The series is being followed by a third series of three annual one tranche PRSCs (PRSC 7 to 9) covering the period 2007-2009. The new series continues to be closely aligned with the PRSP and aims at pursuing and deepening the reforms introduced in this series: reducing factor costs (electricity and transport), helping improve the competitiveness of the cotton sector, and supporting government efforts to enhance the business climate and diversify exports. This series will also further improve access to social services through greater decentralization and institutional strengthening and enhance the efficiency and accountability of public financial management. The first operation in the series, PRSC-7 (US\$90 million equivalent), was approved by the Board in July 2007. The design of the new series was coordinated with other DPs that participate in the CGAB framework. This third PRSC series incorporated key lessons from the second PRSC series, including the need to adjust the government strategy in the cotton sector to increase the sector's competitiveness.

3. Assessment of Outcomes

3.1 Relevance of Objectives, Design and Implementation

The PRSC-4 to 6 objectives, design and implementation are consistent with the country's current development priorities as detailed in the second PRSP and the CAS. Specifically, the PRSC-4 to 6 objectives supported 3 out of 4 objectives of the CAS and were closely aligned with PRSP objectives: (1) accelerating broad-based growth; (2) improving access to basic social services for the poor; (3) increasing employment and income-generating activities for the poor; and (4) promoting good governance. Particularly notable in this respect was the series' support for implementing the national action plans in education and health sectors, as well as the government's *Program to Strengthen Budget Management*. Preparation of PRSC-4 to 6 was increasingly aligned with the budget cycle and the support provided by other donors through the General Framework for Budget Support in Burkina Faso (CGAB). The CGAB coordination framework allowed for regular monitoring and assessment of the PRSC series' objectives and outcomes, thus ensuring continuous relevance of PRSC objectives and measures supporting such objectives. The relevance of PRSC-4 to 6 objectives and measures was enhanced by the substantial analytical work carried out during its implementation (see below).

Under the PRSCs, disbursements took place at effectiveness based on the government's satisfactory implementation of prior actions identified as critical for the implementation of the overall reform program. This ensured that key reforms needed to support the objectives of the three PRSCs would be taken up-front, giving a clear overall time line for the most important reforms and predictability of external support for the budget. As seen in Table 1 above, the prior actions show a consistent unfolding of the reform program designed to support the implementation of the PRSP, and ensuring a high level of continuity from operation to operation. In the cases where originally set targets were partly missed, such as in the cotton and the energy sectors, the government either achieved the set targets shortly afterwards (cotton sector), or made credible efforts to achieve them (energy sector - where the complexity of issues took time to be resolved). The channeling of a large share of resources through the budget, instead of through projects, strengthened decision-making by the Ministry of Finance, in conjunction with sector Ministries, Cabinet, and Parliament, and enhanced sound financial management and accountability. Ownership was further supported by the high quality of the policy dialogue and the policy content, which was sensitive to country constraints. An indicator for the high degree of ownership and the appropriately chosen design for the series was, among others, that program implementation continued broadly as expected despite of presidential election of 2005.

The PRSC series was complemented by a number of investment and technical assistance projects to support program implementation in the areas of health, education, agriculture, energy, water, private sector development and public administration. Projects supporting the PRSC reform agenda are: (i) the Administration Capacity Building project (US\$7 million, FY05) which aims to build capacity in public administration for policy formulation and implementation, streamlining public administration, modernizing personnel management, and enhancing the poverty focus of expenditure; (ii) the Statistical Capacity Building project (US\$10 million, FY04) which addresses shortcomings in the M&E system by strengthening data collection and reporting; (iii) the Competitiveness and Enterprise Development Project (US\$31 million, FY03), aiming, among others, at privatization of the state owned energy and telecommunication assets;

(iv) the Power Sector Development Project (US\$64 million, FY04) financing a regional electricity interconnection with Côte d'Ivoire and Ghana to lower energy costs; (v) the Agricultural Diversification and Market Development Project (US\$66 million, FY06) to increase productivity in the cotton sector, expand irrigation and support measures to diversify farm outputs; (vi) the HIV/AIDS Disaster Response Project (FY02) and the Health Sector Support and AIDS Project (FY06), together for a total of US\$75 million, and the Basic Education Sector Loan (US\$33 million, FY02) and a Post Primary Education Loan (US\$23 million, FY06). In addition, the decentralization objectives and related financial management reforms supported by this series are being pursued by the recently approved Decentralized Urban Capacity Building project (US\$10 million, FY07) which aims to support decentralization in urban areas (municipalities) by strengthening urban management capacity, financial resource mobilization and financial management of municipalities.

The cotton sector's reform objectives of the series were highly relevant to enhance Burkina's growth and competitiveness. PRSC-4 aimed at increased efficiency in the cotton sector through the introduction of two additional private ginners, who would operate in the west and central areas of the country, with SOFITEX, the former monopoly covering the remainder. PRSC-5 and 6 aimed at enhancing competitiveness by liberalizing input markets and improving transparency and information flows among sector stakeholders through the strengthening of professional stakeholder associations and the creation of an inter-professional association to take on sectoral management responsibilities. The overall strategy was one of progressive reform in light of (i) the difficulties in rapidly modifying the industrial structure of the sector without threatening its survival and (ii) the risk of imposing abrupt social adjustments as 2.5 million persons depend on the sector.

Policy actions succeeded in creating transparency and introducing the need to treat all ginners on even footing, thereby reducing the privileged relationship between SOFITEX and the government. In addition, the creation of the inter-professional association allowed producers to have a voice in sector organization and management as well as better information on the financial structure of the industry. However, the policy action aimed at liberalization and commercial behavior on the part of cotton ginners did not bring about fully the expected results. With the former stabilization fund defunct from 2004, a pricing mechanism influenced by political considerations and the deterioration of international market conditions (the decline of international cotton prices in 2004-05 and an appreciation of the franc CFA against the dollar), the ginning companies accumulated losses. The cotton reforms implemented aimed at shifting the risk from government to ginners and generate incentives sufficient for companies to adjust to market conditions (for example by calling for lower producer prices early on). However, such behavior did not materialize in 2006-07. A better reading of the political economy of reform in the sector would likely have shown that companies felt relatively confident that government could eventually be pushed to cover the financial gap, in the face of a significant risk of sector collapse. Prices were adjusted downward between 2005 and 2006, but insufficiently to compensate for the fall of export prices. The reduction of producer prices was also offset by a substantial increase in production volumes, leading to further losses for the companies.

The youth of the inter-professional association (AICB) and its weak capacity made it difficult for the organization to play its full role in translating market developments into adequate

commercial decisions. Such decisions did not come early enough to avoid significant financial risks. The AICB took decisive action to reform the pricing mechanism and to adjust prices to market conditions (November 2006 and May 2007) only after the need for the recapitalization of the ginning companies surfaced as the only solution to keep the sector afloat. The government bailout of SOFITEX could not be avoided and its cost (franc CFA35 billion or 1 percent of GDP) was affected by the decision of DAGRIS (the private shareholder in SOFITEX) not to recapitalize its shares. In line with these developments and on the basis of lessons learned, PRSC-7 and its successor operations concentrated on ensuring the soundness of the pricing mechanism, enhancing competitiveness of the sector through efficiency gains, and improving the operation of SOFITEX, including through the sale to private investors of the shares held by government in SOFITEX. In parallel, another Bank operation helps build AICB's capacity and supports productivity enhancements for cotton and other crops.

3.2 Achievement of Program Development Objectives

PRSC-4 to 6 achieved most of their development objectives as evidenced by government performance in targeted qualitative and quantitative outcome indicators. Outcomes under the PRSCs, including poverty trends, are discussed below and detailed in Annex 1.

Macroeconomic Stability, Growth and Employment Creation

Macroeconomic performance. Against a background of unfavorable natural conditions and exogenous shocks, Burkina Faso maintained a stable macroeconomic environment during 2004-07 aided by fiscal discipline, sound policy implementation and significant inflows of external support of about 9 percent of GDP. During the same period, real GDP growth averaged a commendable 6 percent (above the targeted average rate of 5 percent and compared to a WAEMU average of 4 percent), implying per capita growth of 3.3 percent. Real GDP growth is estimated at 4.2 percent in 2007. Poverty reduction continued, from 46 percent in 2003 to an estimated 41 percent in 2006, broadly in line with the targeted outcome (see Annex 1). Growth was mainly driven by the agricultural sector, which explains its impact on poverty reduction given that most of the population depends on agriculture.³ Average inflation during 2004-06 stood at 2.8 percent and was below the West African Economic and Monetary Union (WAEMU) convergence target of 3 percent, even though the terms of trade deteriorated by 9 percent between 2004 and 2006. Despite continuing high oil and low cotton prices, the current account deficit improved, mainly because of booming cotton exports, encouraged by high domestic producer prices for cotton.

The authorities pursued prudent fiscal policies with the fiscal deficit largely covered by foreign assistance. However, the level of fiscal revenues has improved marginally over the years and requires strengthening. During the PRSC-4 to 6 period (2004-06), Burkina Faso passed successfully the reviews of the then applicable PRGF arrangement and concluded it in September 2006. A fifth PRGF arrangement was approved by the IMF Board in April 2007 and is currently being implemented satisfactorily. Debt has become considerably more sustainable during the period as a result of substantial debt relief under the enhanced Heavily Indebted Poor

³ A more explicit analysis of the links between growth and poverty reduction will be part of the upcoming Country Economic Memorandum. However, a thorough poverty impact analysis of this PRS series will only be possible once the 2007 census data, which includes poverty data, become available; estimated to be in early 2009.

Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI), with the latter granted in March 2006, which further freed fiscal space for priority expenditures and strengthened debt sustainability.

The cotton sector. Under PRSC-4 to 6 the cotton sector liberalization was advanced with (i) the abolition in 2004 of the exclusive rights (monopoly) for the former monopoly company SOFITEX to service the sector, thus allowing the entry of two new private operators (SOCOMA and FASO COTON which now hold 15 percent of the market) in the central and eastern cotton growing zone; and (ii) the creation in 2005 of an institutional set-up for self-governance of the sector by its stakeholders (producers and ginning companies) without participation of the state, and subsequent discussion on a reform of the producer price mechanism, which was finalized in May 2007. At the end of 2006, the role of the state in the cotton sector was reduced to a minority shareholding in SOFITEX, compared to the period prior to 1999 when SOFITEX was a state owned monopoly.

The performance of the cotton sector is characterized by a remarkable increase in cotton production and high value added during the PRSC-4 to 6 period, followed by a set back in 2006-07 when the ginning companies faced a severe financial crisis. Over the past decade, cotton production increased by an average of 17 per cent per annum making Burkina the largest producer of cotton in sub-Saharan Africa. This was largely driven by the input credit system and high national producer prices. Over the period of this PRSC series, cotton production increased from 480,000 tons in 2003/04 to 713,123 tons of seed cotton in 2005/06 and decreased to 656,750 in 2006/07. Except for 2005, fiber exports were above the PRSC targeted outcomes (see Annex 1). However, a significant output fall (by a third, to about 437,000 tons) is expected for the current 2007/08 season, primarily due to adverse climate conditions (late and geographically uneven rainfalls, causing flooding in certain regions and drought in others) and to a 12 percent decline of the producer floor price reflecting international price trends (franc CFA145). A delay in payments to farmers for the last campaign and the late announcement of the producer floor price may also have contributed to the output decline. It needs to be noted, however, that the decline in cotton production is not unique to Burkina Faso. Mali and Cote d'Ivoire have experienced the same trend in cotton production since the 2004/2005 season, with Burkina Faso remaining the largest producer in the region. Despite the fall in production the cotton sector in Burkina Faso is expected to return to profitability in 2008, supported by the 2007 producer price adjustment and favorable international cotton price developments.

The decline of the export price for cotton and the franc CFA appreciation vis-à-vis the US dollar, together with the absence of an adequate price setting mechanism to more closely align the producer price with the declining world price, caused substantial financial difficulties for the cotton companies and put the sector under financial stress, further compounded by the absence of a functioning and market-based producer price stabilization fund.⁴ As a result, the three ginning companies accumulated deficits over 2004 to 2006, amounting to about US\$93 million. During

⁴ The producer price set in 2004, at the onset of the sector's opening to new private investors, was expected to be applicable for 3 years and the understanding of the sector's private stakeholders was, that a stabilization fund would support such prices. The stabilization fund materialized only during late 2007 and its financing is being assured. The operating mechanism of this stabilization fund aims to support financial sustainability by adhering strictly to market mechanism, without any government involvement.

2006-07 three sets of actions were implemented by sector operators in Burkina Faso to restore the financial viability of the sector: (1) SOFITEX and Faso Coton recapitalized in 2007; SOCOMA, the third cotton ginning company, envisages to do so during the first quarter of 2008; (2) the domestic producer price setting mechanism was reformed to more closely align the producer price with the international cotton price, and to broker a better commercial risk sharing between producers and cotton companies; and (3) efforts continued to improve the productivity of cotton production in Burkina Faso aiming at using new technology in the production of cotton (genetically manipulated seed), reducing the transaction costs of companies (building of rural roads) and improving the efficiency of business operation. To allow the sector to work out its financing needs and recapitalization negotiations in 2007, the government decided to provide a guarantee of US\$100 million to the commercial banks to facilitate adequate financing of the 2007 season.⁵ It is estimated that, with the new sector parameters and current positive international cotton price developments, the cotton companies will generate a financial surplus from the 2007/08 season.

The largest cotton company, the ex-parastatal SOFITEX, launched its recapitalization effort in late 2006. In early 2007, its largest private investor, DAGRIS decided not to participate in the recapitalization, the main reason being that DAGRIS, a company then held by the French State, was in the process of being privatized and could therefore not commit to avoid prejudicing its potential buyer. The government agreed to refinance SOFITEX by covering its shares (35 percent) and an additional 26 percent to make up for the non-subscription of DAGRIS, to meet the 75 percent minimum capital subscription mandated by the OHADA rules, which are law in Burkina Faso. The direct costs to the government amounted to franc CFA 35 billion to date (or 1 percent of GDP). After the recapitalization, the government share in SOFITEX was kept at 35 percent. The shares of the capital subscription forgone by the private investor DAGRIS were temporarily taken over by the state-owned *Fond Burkinabé de Développement* to make the future re-entry of a private investor easier. The government of Burkina Faso continues to pursue private sector participation in the sector as the best way to enhance the sector's long term growth potential and competitiveness. Thus, the government has confirmed its commitment to sell its shares held in SOFITEX to a private investor. It is currently actively exploring foreign investor interests with the aim to conclude the sale by end 2008.⁶ This position is underlined by its stance on commercial financing mechanisms for the cotton price stabilization fund meant to complement the reform of the cotton producer price mechanism.

Lessons from the cotton sector reform experience show that these reforms can not be limited to discrete measures. Rather, they entail transition processes that are long and complex and require adapted strategies and instruments and the need to continue to invest to improve productivity, strengthen capacities and regulatory frameworks, and adopt policies aimed at agricultural diversification. Also, this experience highlights the strengths of the reform model pursued by

⁵ Moral hazard from the contingent liability thus incurred by the state is limited since SOFITEX's production stocks and sales contracts are collateralized at the request of the banking pool and fully dedicated to reimburse the campaign's credit within a year of its disbursement. Moreover, the banking pool is granted preferential creditor status, with SOFITEX's legal obligation to repay its loan before any other financial obligation; and by contractual obligation, SOFITEX's budget is provisioned each year for the principal and interests due to the banking pool.

⁶ For a more detailed discussion of recent developments in the cotton sector, see also the Project Document of PRSC 7, Report No. 38008-BF, Annex 5.

Burkina Faso (built on a highly integrated approach to cotton supply chain development, common to the Central and West African cotton producers) as well as remaining challenges. First, the model has generated strong returns to a very large number of farmers and has made a substantial contribution to poverty reduction. The model's ability to provide input credit and extension and generate high value added per capita has been particularly relevant, given the input and credit market failures of rural Burkina Faso. The crop has also played a major role in rural development, facilitating input supply for other crops in cotton zones and helping farmers invest in animal traction and other equipment that improved overall farm productivity and incomes. However, poor cost efficiency, notably in the ginning companies, has undermined this sector's competitiveness, while rigidities in pricing systems, which have only recently been addressed, have undermined financial sustainability. This highlighted the importance of a flexible pricing mechanism, building up the operational capacity of farmer organizations and efficiency/productivity improvements at the farm and ginning companies' levels.

Economic diversification. Measures were also implemented to diversify agricultural production and facilitate agricultural exports. Specifically, the government (i) formulated a rural development strategy focused on the diversification of crop production; (ii) prepared a text consolidating and harmonizing the principles and rules of the execution of missions transferred or delegated to regional agricultural chambers, producer professional organizations, the inter-professions and the private sector; (iii) adopted standards and labels for oilseed products and enacted a law on seeds to facilitate trade and transfer of technology; and (iv) adopted a restructuring plan for the Ministry of Agriculture, Water and Fisheries, in line with the implementation of an institutional audit. Also, progress was made in the preparation of an action plan for the promotion of poultry and meat exports (including the definition of standards, label, conditioning, and training of professional exporters). Next, the government enhanced land tenure security and access to land, thereby improving production conditions for small holders. Other measures included the support of private competition in extension services and supplies to farmers through the establishment of self governing institution for stakeholders, similar to the cotton sector, and the building of 95 rural roads to facilitate, among others, the raising of and trade in cattle. With respect to agricultural products, the production of sorghum, millet, corn, and cowpea (niébé) increased by between 30 and 60 percent since 2004.

Despite sustained growth and poverty reduction achieved over the last decade, the principal challenge for Burkina in the agriculture sector remains the improvement of productivity. The vast majority of the rural poor continue to depend on agricultural production characterized by low mechanization and vulnerability to rainfall variation, and most of the increased production, notably for cotton, has taken place due to the extension of the cultivation area. Indeed, productivity in the cotton sector declined slightly over the three years from an average of 1,124 kg/ha to 991 kg/ha, but largely in line with the trend observed by other producers in the region. The government's focus in agriculture has been mainly on efficiency enhancing measures, but it has recently started efforts to identify ways and adequate technologies to boost productivity, including though genetically changed seed for cotton. Results of these efforts will show only gradually over the medium term.

Telecommunications. The telecommunication sector was liberalized and cell phone companies were allowed to enter the market in 2000 which greatly helped to reduce consumer costs and

widen services. Cellular phone subscribers increased from 239,600 in 2003 to one million in 2006 (above the targeted outcome; see Annex Table 1). The costs for communicating between fixed and cellular lines have decreased by more than 30 percent from 2004 to 2006, remaining slightly above the targeted cost level (Annex Table 1). The telecommunication sector is regulated by an independent regulatory agency ensuring interconnection with the state-owned fixed lines under fair conditions. The reform of the sector has led to the creation of the Ministry for Postal Services, Information Technology, and of Communication (MPTIC), which assumes also a regulatory function. The rural telephone service was liberalized at end-2005 and the government has requested expression of interests for private participation in this segment.

The privatization process of ONATEL, the state-owned telecommunications company, was initially delayed because of unfavorable terms offered for the initial privatization, which included privatization of only up to 40 percent of the capital. No bid was received at the deadline of the bidding period. As a consequence, the government repeated the sale of ONATEL shares. For the second tender, an outright majority (51 percent) of the shares was offered to the new private investor. While this delayed privatization by about two years, the privatization process was concluded successfully in late 2006 with 51 percent being sold to a foreign buyer for CFAF 139 billion (4.0 percent of GDP)--much more than expected. The government plans to sell in 2008 a further 20 percent of the shares in a second bidding process, and 6 percent of the shares to ONATEL employees.

Energy. Burkina's industrial development potential is still constrained by high factor costs, particularly for energy. The measures supported under PRSC-4 (development of a privatization strategy) and PRSC-5 (improving the framework for the electricity regulatory authority) aimed at promoting private sector participation in the electricity and petroleum sectors to improve management, increase supply and reduce production costs. In 2004, the government prepared a reform strategy for the electricity and petroleum sectors and in 2005 it adopted a legal and regulatory framework to introduce private participation in the energy sector and bring additional production capacity into the power sector. It was expected that the government would issue tender for the selection of a private operator for the management of SONABEL (the national electric power company), as well for private participation in the capital of SONABHY (the national petroleum product distribution company). Progress was limited to the launching of accounting and financial audits of these two companies which are required for the privatization bidding documents. While audits for some years are completed, other audits are still on-going, in part due to difficulties in obtaining external funding for them. A completed set of audits is required for the actual privatization to move ahead, which is now expected for late 2008/2009. In addition, improvements in the regulatory framework were needed before advancing with privatization. While the Council of Ministers adopted a draft law on the regulatory framework in late 2004, the National Assembly did not adopt it. In early 2007 the government decided to opt for a holding company structure for SONABEL and to seek private shareholding participation for SONABHY. A revised law on the regulatory framework was approved by the National Assembly in November 2007. It is expected that the regulatory authority will be established in 2009.

The government is preparing, with advice from the World Bank, a transparent electricity tariff mechanism to ensure price adjustments in line with costs. This mechanism will draw on a tariff

policy assessment expected to be finalized by June 2008. Since 1994 tariffs have been adjusted only twice, in both cases during the PRSC-4 to 6 implementation period (in 2004 by 10 percent, and in 2006 by 12.5 percent). Nonetheless, regional electricity tariffs are highest in Burkina Faso (Table 2). Given the high petroleum import prices and at current electricity tariff levels, SONABEL requires subsidies of about 0.7 percent of GDP that increase with electricity consumption and are not targeted. However, in 2006 the fuel subsidy mechanism was reformed to (i) cap the total annual subsidy to about franc CFA21 billion a year, and, (ii) create an incentive for SONABEL to search for the most effective thermal power generation.

Table 2: Electricity Tariffs in selective West African Countries in 2006
(in U.S. cents/kwh)

Country	Average Household Tariff	Social Tariff	Industry Tariff
Burkina Faso	26.20	22.30	21.20
Mali	17.95	14.84	18.12
Benin	12.44	10.41	11.22
Togo	10.68	10.55	10.95
Côte d'Ivoire	8.52	5.00	5.54
Average in European countries	8.14	5.68	8.73
Ghana	5.14	3.38	7.44

Source : World Bank staff calculations.

Contrary to other countries in the sub-region (including Ghana, Senegal, Togo, Benin, and to some extent Mali), Burkina Faso has been able to maintain the financial viability of its power utility, SONABEL. This is partly due to its operational performance, which is the best of the sub-region for the key parameters: transmission and distribution losses, and revenue collection. Also, SONABEL has maintained a disciplined approach to investment planning allowing it to expand access aggressively without causing power shortages. Significant progress in reducing generation costs are expected with the completion of the ongoing project to link Burkina Faso's electricity grid to the grid in Côte d'Ivoire (scheduled for end 2008). The related cost savings will gradually eliminate the need for subsidies.

Investment climate and labor market reform. Under PRSC-4 to 6 the government supported private sector development by improving labor market regulations, reducing the costs and delay for establishing a business, obtaining a building license and transferring property, and enhancing the capacity of the justice system. Specifically, the authorities took steps, assisted by FIAS, to improve the indicators monitored by the *Doing Business* reports by: (i) creating in mid 2005 the CEFORE (*Centre de Formalité des Entreprises*-the Business Registration Center), a one stop shop, in Ouagadougou and another one in the second largest city in Bobo-Dioulasso; (ii) reducing formalities needed to register a business; (iii) strengthening the real estate administration in urban areas to secure titles; (iv) reforming the urban code in 2006; and (v) improving the legal framework for urban construction work. In the justice sector, the government also continued to implement the National Action Plan for the Reform of Justice. The IDA-financed PACDE has provided assistance on judicial institutional reforms (e.g.,

improving the operations of the commercial registry, strengthening the judicial inspection function and setting up an arbitration court). As a result of the above measures, the cost and delay in starting a business have been significantly reduced as evidenced by the Doing Business relevant indicators.⁷ Future PRSC operations are expected to support further improvements.

The government also supported the strengthening of trade and business facilitation institutions, including the Trade Point (trade information exchange) and FASANORM (advice on standards and norms), which were both selected for best practices by the CEDEAO concerning the development of electronic trade. It also made operational the Burkina Faso Entrepreneurs' Center that provides business development services and established a Competitiveness Committee, composed of public and private sector representatives, to make recommendations and monitor progress in this area.

A new labor law was adopted in 2004 but delays were encountered in the preparation of application decrees because of resistance from unions. PRSC-4 supported the preparation of a comparative study on labor market laws and regulations (completed in 2006) as an input for tripartite discussions on reform options among the employers, unions and the government. The discussion on the application decrees was concluded in early 2007 with the adoption of 3 decrees regulating overtime work, modalities on the implementation of the 40 hours week in non agricultural enterprises, and the conditions for dismissals. The government wishes to further revise the labor law by end of 2008 in order to further reduce labor market rigidities.

Human Resource Development

Progress on human resource development was satisfactory. A rapid growth in basic education and an improvement in health indicators were observed. However, because of the very low initial conditions and weak administrative capacity, Burkina Faso still faces challenges for increasing access to basic services.

In the *education sector*, PRSC-4 supported the implementation of the ten year basic education development program (PDDEB) by ensuring sufficient budgetary allocations for the sector, finalizing the transfer of responsibilities for the recruitment and assignment of teachers to the regions, initiation of the system of sub-cycles and preparation of a draft MTEF for education. PRSC-5 pursued these reforms, including through the finalization of a MTEF for the basic education sector and the completion of a PER for the secondary education sector, preparation of a study on effective teaching hours with the objective to increase them and thus improve the quality and efficiency of education, as well as evaluating the execution of expenditure and the availability of school material. Finally, PRSC-6 supported the finalization of a sectoral METF for primary and lower secondary education which brought resources more in line with the medium term sector strategy (the PDDEB) and its objectives as well as the education MDGs. It

⁷ The number of procedures for starting a business declined from 15 in 2003 to 8 in 2006 and 6 in 2007. The number of days was reduced from 136 in 2003 to 34 in 2006 and 18 in 2007 (see Doing Business 2004, 2007 and 2008). The improvements qualify Burkina Faso to rank among the 5 best reformers in Africa in 2007 as assessed by the IFC.

also supported the updating of the ten-year education sector program (PDDEB, for 2006-10), and the introduction of the delegation of credits to lower secondary education which enhanced budgetary transparency and efficiency of the supply of educational services. Furthermore, under PRSC-5 and 6 the increase in the resource envelope for education allowed the government to continue the subsidization of schooling in the 20 provinces with the lowest school enrollment rates. Throughout the period, the government also expanded teacher training by ending the automatic hiring of graduates of teacher training colleges into the civil service and expanded the number of schools equipped with running water and sanitation facilities.

Gross primary enrollment rates increased from 52.3 percent in 2003 to 66.5 percent in 2006, as compared to the 60.2 percent targeted outcome. Access to secondary and higher education has also increased. At the same time, gender and regional disparities have decreased. For girls, the gross primary enrollment rate increased from 46 percent in 2003 to 61.2 in 2006, as compared to the targeted 51.9 percent. Also, the school enrollment rate in the most disadvantaged provinces increased substantially from 37.6 percent in 2003 to 52.4 percent in 2006, above the target of 49.1 percent. While increasing student enrollment has been successful, the quality of education lags behind. The completion rate improved in primary education from 31.3 percent in 2003 to 36.4 percent in 2006, above the targeted 33.8 percent. The ratios impacting the quality of education (books/pupil and pupils/teacher ratios) remained largely stagnant since 2004 but given the rapid and significant expansion of the system maintaining the ratio can be considered a temporary success.

Education expenditures increased as a share of the government budget from 12.1 percent of total expenditure in 2004 to 12.4 percent in 2006, but are estimated to have declined to 10.8 percent in 2007. As a share of GDP, education expenditures increased from 2.6 percent in 2004 to 2.9 percent in 2007. Nonetheless, given the overall solid economic growth in Burkina Faso, expenditures per capita increased by 22 percent in real terms. Weak administrative capacity in combination with the problem to attract and retain teaching personnel for rural areas contributed to the slowing in sectoral investment. The initiated decentralization strategy is expected to create a framework to gradually address this constraint.

Table 3: Public Expenditures 2004 to 2006 in Selected Priority Areas

	2004	2005	2006	2007 est.
Education expenditures				
In percent of total public expenditures ¹	12.1	12.2	12.4	10.8
In percent of GDP	2.6	2.7	2.9	2.9
Investment as a share of total education expenditures	54.0	50.5	43.3	41.9
Salary expenditures as a share of total education expenditures	45.2	42.8	44.4	
Per capita education expenditure in 2004 franc CFA	5,555	6,050	6,770	6,721
Health expenditures				
In percent of total public expenditures ¹	7.4	7.1	8.0	9.4
In percent of GDP	2.0	1.9	2.1	2.8
Investment as a share of total health expenditures	37.0	29.0	41.0	43.0
Salary expenditures as a share of total health expenditures	26.8	26.4	20.4	18.5
Per capita health expenditure in 2004 franc CFA	3,369	3,505	4,363	5,867
Water & Sanitation expenditures				
In percent of total public expenditures ¹	1.1	1.8	2.9	3.1
In percent of GDP	0.3	0.5	0.8	0.9
Investment as a share of total water & sanitation expenditures	96.3	97.5	98.7	
Salary expenditures as a share of total water & sanitation expenditures	2.9	2.1	0.9	
Per capita water & sanitation expenditure in 2004 franc CFA	504	890	1,584	1,927

Source: Burkinabé authorities and World Bank staff calculations.

¹ The data in this series pertain to effective expenditures. The data provided in Annex 1 record budget allocations.

In the *health sector*, PRSC-4 supported measures to strengthen the linkages between health sector objectives, budgets and monitoring of results, by taking first steps towards a sector MTEF, establishing a framework for annual monitoring and evaluation of the national health plan (PNDS), and by enhancing the resources available at the deconcentrated level, including health personnel. PRSC-5 continued the emphasis on increasing the efficiency of public resource use through the completion of the sectoral MTEF for 2005-07 which brought resources more in line with the medium term sector strategy objectives and the MDGs. It also supported the implementation of a monitoring system for the cash advance accounts, the drafting of texts for local committees managing the revolving drug funds to enhance community participation in decision making, the approval of new statutes for public hospitals and the development of performance indicators, adoption of an action plan to attract more health personnel to underserved areas, and the launch of a study on child/youth malnutrition. Under PRSC-6, a national social protection strategy was finalized providing a consolidated and comprehensive framework for social risk management.

Increased resources to the health sector allowed the government to continue distribution of free vitamin A supplements (PRSC-4), subsidization of vaccination and obstetrical emergencies (PRSC-5 and PRSC-6) and lowering the cost of childbirth through the adoption of a decree regulating the subsidies for obstetrical emergency care and delivery (PRSC-6). Under PRSC-5 and 6 the government rendered all preventive services at the primary health care level free of

charge while also offering a significant extension of public health services (health centers). The government introduced the delegation of credits to district managers. Applying a decentralization strategy similar to the education sector empowered district managers, improved the availability of health funding at the district level and strengthened service delivery. Under PRSC-5 a study was conducted to review the established fee structure and service contract system for hospitals. The revised fee structure and service contracts helped to widen access to essential health services at acceptable costs. PRSC-5 also supported strengthening local participation in the management of health centers by supporting the forming of local health management committees, with a vote over services provided and fees charged. However, government efforts to apply an incentive based system to enhance the mobility and geographical range of health sector employees have not had an impact yet (similar to the education sector). The reform required for a more adequate human resource management system and incentive structure. This is part of the new PRSC series 7 to 9, to be implemented in the context of the ongoing decentralization reform.

The vaccination rates for BCG remained on a high level of 110 percent coverage in 2004 to 103 percent in 2006; from 77 percent in 2003 to 91 percent in 2006 for DTCP3; from 71.6 in 2003 to 88 percent in 2006 for measles, and from 71.3 to 88 percent for yellow fever. Prices of essential generic drugs were reduced through a cut in the profit margins of the National Drug Procurement and Distribution Company (CAMEG) in 2002. Tracking surveys conducted as part of the PRSP process indicate that the measure resulted in a 15-30 percent decline in the costs of standard medical interventions. Efforts against the spread of HIV/AIDS resulted in a relatively low prevalence rate of 2 percent in 2006, against 1.8 percent in 2004. Treatment of people living with HIV/AIDS has exceeded government and CAS targets. The percent of health centers satisfying minimum (personal) standards remained fairly constant with 75.2 percent in 2006. The Ministry of Health (MOH) has increased allocations to regions and health districts by 10 percent annually. Under the PRSC-4 to 6, the maternal mortality rate was targeted to increase from 484 to 313. Similarly, the child mortality rate was targeted to be reduced from 184 to 162.7. It should be noted that information on the two indicators is obtained through the national demographic and health survey, which is conducted every 4 to 5 years. The survey is scheduled to be undertaken this year in Burkina Faso and will provide an update of key health indicators, notably maternal and child mortality.

Public health expenditures increased from 7.4 in 2004 to 9.4 percent as a share of overall budget expenditures (Table 3).⁸ A decline in investment occurred in 2005 by about 14 percent, followed by a strong recovery in 2006 and 2007. As for the education sector, weak capacity and the difficulty to attract and retain personnel explains a large part of this relative decline. It is expected that capacity building in the regions through deepened decentralization will improve outcomes.

With regards to the water and sanitation sector, PRSC-4 supported the preparation of a roadmap for reaching the MDGs in the water supply and sanitation sector and a related action plan (Programme National d'Alimentation en Eau Potable et d'Assainissement – PN-AEPA). The roadmap

⁸ The increase in public health expenditures from 2004 to 2006 amounted to 30 percent in real terms on a per capita basis.

required collecting comprehensive new baseline data (e.g., water users, location and amount of rural drillings), which led to a revision of the original PRSC policy performance indicators (see also section 1.3 and Annex 1). PRSC-5 accompanied the design of a new water management framework to advance public-private partnerships for operating and maintaining water systems, especially in urban and semi urban areas. The government also completed sanitation strategy plans for four secondary cities, while the completion of the remaining six plans was delayed by weak capacity and inadequate funding. The water sector action plan was updated in 2006 to reflect the advances made on private sector participation in the sector and allow for adequate forms of participation (leasing of operations – *affirmage*, and performance contracts – *contrat plan*). DPs and the government agreed in early 2007 to support the revised water sector action plan through a program approach based on a sector MTEF. Achievements of the targeted indicators have been mixed, with urban areas so far benefiting more than rural areas (see Annex 1). However, the PRSC series has been instrumental in preparing for detailed measures to improve safe water delivery in rural areas in the medium term, especially through a stock taking exercise for rural water infrastructure and the introduced changes in the legal framework to enhance private sector participation in water delivery.

As a result of adopting the PRSC supported roadmap toward the water and sanitation MDGs in combination with large-scale investments in urban and rural areas and increased emphasis on village water management and social water connection programs, access to potable water has risen from 54 percent in 2004 to 74 percent in 2006 urban areas (as per the revised baseline resulting from a new definition of “access to water”; Annex 1). Progress in rural areas has been less visible during the period of this second PRSC series. Access to potable water in rural areas increased from 60 percent in 2005 (revised baseline) to 62 percent in 2006. However, the water sector policy reforms implemented under this series helped to lay the ground for a reasonable outlook meeting the respective MDGs. The number of provinces reaching a coverage in safe drinking water of at least 75 percent of households increased to 24 in 2005 (more recent data are not available), missing the benchmark and indicating the persistent problem of widening service coverage in rural areas. Nonetheless, Burkina is estimated to be in the position to meet the Millennium Development Goal in this sector.

Of the three priority sectors supported by this PRSC series the water and sanitation sector benefited most in relative terms from an increase in budget resources. The share of the sector expenditure in total expenditures tripled from 2004 to 2006 (Table 3). However, most of the resources available were financed by development partners. Budget execution was affected by weak absorption and administrative capacity.

Good Governance

The third objective of the PRSC series focused on improvements in public financial management, public sector reform and building capacity in environmental assessment.

Budget management system. Burkina Faso made significant progress in implementing an ambitious reform agenda since its adoption in 2002 of a consolidated action plan to improve the budget management system, directly supported by PRSC-4 to 6. Achievements to date include: (i) improved alignment of budget allocation with PRSP priorities with the introduction of a

global medium-term expenditure framework (MTEF) based on program budgeting (PRSC-4); (ii) the broadening of the MTEF to key sector ministries such as health and education (PRSC-4 to 6); (iii) enhanced budget execution with the introduction of a computerized expenditure management system (CID) capturing all domestically financed expenditures, with functional and social classification of expenditures in accordance with national regulation (WAEMU standards) (PRSC-4 to 6), a revenue management system (CIR) (PRSC-4) and an accounting system (PRSC-5; CIE, and CICL for the regions); (iv) software for combining the payroll management (MFB) with the personnel management was first introduced in 1999 but then extended to line ministries (PRSC-4) and to regions (PRSC-6); (v) the preparation of an inventory of government assets (PRSC-4 and 5) as prerequisite to improved property accounting; (vi) the establishment of a computerized system (SYGADE) to monitor external aid flows and to integrate such flows in the budget information system (PRSC-5 and 6), with coverage progressively extended to 70 percent of total external flows; (vii) improved budget reporting and auditing through the preparation of timely reports on budget execution and strengthening of the control mechanism and capacity at the Audit Court (*Cour des comptes*); and (viii) capacity building in public financial administration supported by various DPs, including the Bank.

These reforms have led to more transparency and accountability as budget data are now more comprehensive, and consolidated data become available in a timely fashion (45 days after end of the period). Since 2005, the National Assembly approves the law of the executed budget (*loi de règlement*) two years after its execution (WAEMU standard), adding to transparency and discipline of budget management through legislative oversight. The global and sector MTEFs have improved alignment of budget allocation with PRSP priorities. About 40 percent of the budget is now covered by program budgets according to more (health and education) or less (justice, security, rural development) developed sector MTEFs. The government plans to further strengthen its oversight bodies by setting up a new institution, the Higher Authority for State Control (Autorité Supérieure de Contrôle d'Etat) integrating and coordinating the oversight functions with a higher degree of independence. However, the lack of qualified accountants (IGF, DCCF) and of financial resources (*Cour des comptes*) still constrains these institutions' ability to fulfill their respective mandates.

Decentralization. The PRSC series also supported measures to enhance decentralization of public service delivery by creating the legal framework and introducing related administrative decrees, and by empowering the sub-national level through the transfer of functions, assets and resources. In fact, decentralization emerged as an important element of this PRSC series. In 2004, the decentralization law was adopted. Under PRSC-4 texts were completed for the application of the decentralization law, notably to define the relationship of different institutions (elected regions and municipalities, appointed heads of deconcentrated administration, village councils), their revenue bases and their spending authority. Under PRSC-6, the framework for the transfer of resources and competencies to communes was finalized, notably through the adoption of a draft law defining the resources and expenses for sub-national governments, the definition of the accounting and financial regime for sub-national governments, the adoption of the draft devolution decrees for effective transfers of functions and assets to urban communes, and of a priority action plan to assist regional councils and rural communes.

Progress also included the deconcentration of the payment authority to some deconcentrated offices at the regional level, the progressive establishment of regional civil service offices, and

the extension to sector ministries of the computerized civil service administration information system (SIGASPE, PRSC-4). The targeted transfer of responsibilities and resources to local government to finance operation expenses in health and education has been supported by the entire PRSC series.

The adoption of the Decentralization Code in 2004 and the organization of the first full local elections in April 2006 have sent strong signals that the government is committed to implementing decentralization. The challenges for the government now are: (i) to ensure a successful transition in the transfer of responsibilities and resources to the elected local bodies, and (ii) to realign its central and deconcentrated government to accompany, not duplicate or constrain, decentralization implementation. The adoption of a strategy for accelerating decentralization includes four objectives: (i) improving ownership of decentralization implementation by actors; (ii) transferring responsibilities and resources to local government; (iii) developing capacities of local governments; and (iv) improving coordination of the process. The most urgent measure to take would be to transfer the assets corresponding to the six areas of responsibilities transferred at the local level, by adopting the remaining texts related to individual asset transfers to municipalities. The new PRSC series (PRSC-7 to 9) will support the government in continuing to implement the decentralization strategy. Already in 2007, the government allocated resources to regions and communities, established an Investment Fund for local governments, and adopted a legal framework for the transfer of human resources.

Procurement reform began under the first PRSC series. PRSC-4 to 6 continued to support the government to: (i) finalize the administrative measures to build fully on the new procurement law of 2003 (PRSC-4); (ii) the nomination of a procurement reform committee with public sector and civil society representatives to enhance transparency and scrutiny, the adoption of a decree regulating concessions and leasing in line with best international practice, the development of a computer application for the monitoring of procurement processes, and the adoption of a regulatory text for the issuance and withdrawal of accreditation of public works (PRSC-5); and (iii) the adoption of a procurement reform action plan based on the 2005 CPAR recommendations (PRSC-6) with implementation expected to be supported by the third series of PRSCs. In addition, procurement contracts have been audited regularly by the *Inspection Général des Finances* (IGF) with a view to greater transparency and accountability.

Responding to rising perception of *corruption*, in 2005 the government adopted a national policy and action plan for good governance, established a High Authority to Combat Corruption, reorganized and expanded the judiciary, and, in May 2006, adopted a national policy to fight corruption. A good governance plan was prepared and disseminated to all provincial authorities. Most recently, the government agreed to review the institutional framework for the supreme audit institutions and other oversight bodies to ensure sufficient independence and authority. Recent developments are encouraging; for instance, the 2005 annual report of the Supreme Audit Court, which denounced the mayor of Ouagadougou for serious governance weaknesses while also highlighting weaknesses in the national procurement system, based on 2000-2001 data, was finally issued in 2007. As a result, the case about the mayor was transferred to the judiciary, as would be expected from a system where public accountability is well enforced.

Despite these efforts, corruption in Burkina Faso is perceived to be on the rise, which has led to a 9-point decline in the country's ranking on the Transparency International's Corruption

Perception Index between 2005 and 2006. Ranked 105th out of 179 countries in 2007, Burkina Faso, nonetheless, remains among the better-ranked countries in Africa. Problems remain as evidenced by the IDA-funded investment climate assessment, which shows bribes and informal payments to be very high, while rules governing civil service ethics are weakly enforced and the judicial system is considered broadly inefficient.

The significant progress made in public financial management led the government to adopt in 2007 a new *Strategy to Strengthen Public Finances*, broader in scope than its 2002 national *Program to Strengthen Budget Management*. This new strategy helps articulate and harmonize donor assistance around a second generation of PFM reforms, supported in particular by the third PRSC series (7 to 9). It aims to address remaining weaknesses identified by the *Public Expenditure and Financial Accountability Assessment* (PEFA) report, including: (i) the credibility of domestic revenue projections; (ii) access to budget information; (iii) domestic revenue collection and budget controls; and (v) the predictability of resources and the use of country systems by donors. In addition, the new Prime Minister has asked for Bank assistance to tackle aggressively governance issues and a Governance and Corruption study has been launched while the new PRSC series (7 to 9) has increased emphasis on these issues.

Concerning the environment, PRSC-4 and 5 supported increasing resources for environmental assessments and improving guidelines and capacity to assess environmental impact of government activities.

3.3 Justification of Overall Outcome Rating

PRSC-4: Satisfactory

PRSC-5: Satisfactory

PRSC-6: Satisfactory

All three of these operations are rated satisfactory. The operations' development objectives were broadly achieved and the sustainability of the reforms implemented is likely over the medium-term. Objectives, design, implementation and outcomes were relevant to country circumstances and development priorities and to the Bank strategy. The government has continued implementation of the reforms in the context of the third series of PRSCs, with PRSC-7 having already advanced government reforms in the relevant areas.

3.4 Overarching Themes, Other Outcomes and Impacts

(a) Poverty Impacts, Gender Aspects, and Social Development

The measures supported by PRSC-4 to 6 had a significant positive impact on poverty reduction. Specifically, the improvement in the investment climate contributed to sustained economic growth. The reforms in public service provision through decentralization and institutional strengthening broadly improved access of the poor to health, education, water and sanitation services supporting progress towards the MDGs. The strengthening of public financial management enhanced efficiency, transparency and accountability in public resource use and the country's absorption capacity for external resources. As discussed above, a number of measures under the PRSCs focused on more effective targeting of the poor by removing financial barriers to health and education. These included: (i) subsidization of government-controlled school fees for primary school pupils in deprived areas (PRSC-4 to 6), (ii) reforming the exemption system

to provide health system subsidies for the poorest (PRSC-4 to 6); and (iii) funding of maternal delivery exemptions (PRSC-4 to 6).

In addition, there were a number of broader measures to address non-income dimensions of poverty, also in accordance with achieving the MDGs. These include: (i) increasing resources for education going to disadvantaged districts (PRSC-4 to 6); (ii) implementing community-based health centers (PRSC-4 to 6); (iii) implementing a high impact rapid delivery program for improving the under-five child mortality and maternal mortality rates (PRSC-4 to 6); (iv) implementing a teacher retention scheme and improving the respective training (PRSC-4 to 6). Drawing from the findings of the Risk and Vulnerability Assessment Report,⁹ PRSC-5 supported the introduction of social protection measures (OVC). All of these measures were especially targeted at the most disadvantaged regions in order to address regional disparities in poverty. The positive outcomes are detailed above in section 3.2.

The findings of the Poverty Assessment with regard to the trade-off between growth, poverty and inequality provided additional rationale for the PRSC-5 and 6 to focus on a growth path driven by improved productivity in the rural and cotton sector, and broader private sector participation in the secondary and tertiary sectors, including in the utilities sector. Indeed, the assessment shows that growth has a significant impact on poverty (with a one percent growth resulting in a 2 percent decline in the poverty gap) and that the growth-inequality trade-off is fairly small in Burkina Faso (a 1 percent increase in inequality would need to be compensated by about 1.4-1.5 percent more growth, and by about 0.8-1.1 percent in rural areas). The assessment also shows that the MDG target of halving poverty by 2015 could be achieved under a growth scenario of about 5 percent. Variations to the baseline scenario show the importance of cotton and agricultural production for accelerating poverty reduction. A 20 percent increase in the level of cotton production would give rise to a 4 percentage point decline in the poverty headcount. A 20 percent increase in the level of non-tradable agricultural production would reduce the poverty headcount by about 9 percentage points by 2015 and reduce inequality as additional income would have been created for a larger share of the population. Finally, a growth scenario with the same overall growth rates but a different composition—a larger contribution from the primary sector—reaffirms the previous findings, namely that participation of the rural population in growth is crucial for accelerating poverty reduction and reducing inequality.

With inputs from a Bank supported work on gender-responsive budget outreach, seeking a dialogue with civil society and other partners, a gender-responsive budget actions plan has been prepared. An important topic of this plan is the strengthening of the real estate law (droit foncier) in rural areas with a view to ascertain the rights and titles/deeds of women within families in support of their economic activities.

(b) Institutional Change/Strengthening

The institutional development impact of the reform measures implemented under this PRSC series was substantial. Several of these measures represented important institutional innovations (e.g., cotton sector reform, decentralization and trade and agricultural institutions). Many

⁹ Burkina Faso. Risks and Vulnerability Assessment. Report No. 28144-BUR, January 30, 2004.

measures also contained elements of capacity building and systems strengthening. For instance, the global and sector MTEFs greatly contributed to improved alignment of budget allocation with PRSP priorities; also, the PRSC series supported the reform of budget information systems, deconcentration of budgetary processes and public procurement reform. These efforts are complemented by support provided for capacity and institution building by the IDA-funded Public Administration Capacity Building project. The PRSC, as part of the CGAB process, has also strengthened the ability of the Ministry of Finance and Budget (MFB) to champion and coordinate the design and implementation of critical reforms, as well as the national budget management reforms and key reforms touching the private sector. The role of the MFB in the reform process was furthermore supported by the enhanced predictability of budget support, reaching 99 percent according to a recent OECD report.¹⁰

(c) Other Unintended Outcomes and Impacts (*positive or negative*)

Not known at this stage.

3.5 Summary of Findings of Beneficiary Survey and/or Stakeholder Workshops

N.A.

4. Assessment of Risk to Development Outcome

PRSC-4: moderate

PRSC-5: moderate

PRSC-6: moderate

Several considerations weigh positively on the assessment of risk to the development outcomes of PRSC-4, 5 and 6. First, the government's sustained track record of sound macroeconomic performance, even against severe external shocks, represents a critical element for continued economic growth and poverty reduction. Also, donor commitment remains strong, which augurs well for sustained inflows of external assistance. In addition, the institutional strengthening occurred under the PRSCs series is expected to contribute to the sustainability of the development outcomes. The increasing involvement of civil society in the PRSP process, the growing use of participatory M&E, and the increased harmonization and alignment of donors around the PRSP priorities make sustainability of the development outcomes achieved more likely. Implementation of successor operations (PRSC-7 to 9), and continuation of the CGAB framework will help sustain and advance the development outcomes achieved under PRSC 4-6.

Notwithstanding these favorable elements, several factors remain that could jeopardize the sustainability of development outcomes. First, Burkina Faso remains vulnerable to commodity price (cotton, gold and oil) and real exchange rate fluctuations. High oil prices drain international reserves and increase petrochemical, electricity and transportation costs with adverse impact on the overall economy. Lower cotton prices on international markets hurt the country's economic and fiscal performance, and negatively affect about two and a half million persons in rural areas, where most of the poor live. The continued appreciation of the franc CFA

¹⁰ OECD, Enquête 2006 de suivi de la mise en oeuvre de la Déclaration de Paris; Paris, 2007.

against the dollar would put additional pressure on the country's competitiveness, notably for cotton exports. The government is implementing a three-pronged approach to address its vulnerability to external shocks, including: (i) lowering energy costs by connecting with lower-cost regional producers and opening the electricity and petroleum sectors to private management and investment; (ii) revising the cotton producer price-setting mechanism to ensure adequate pass-through of world price trends and better risk sharing between producers and ginning companies, as well as enhancing productivity and competitiveness of the cotton sector; and (iii) supporting economic diversification through reform of the investment climate and promotion of mining and irrigated agriculture. The government is accompanied in these reform efforts by the third series of PRSCs, other IDA operations, the recently approved IMF PRGF and support from a range of other development partners.

Second, lack of private sector interest could undermine ongoing reforms to restore the financial viability and improve the competitiveness of the cotton sector. The government considers its current increased involvement in the sector as transitory and necessary in the face of the severe exogenous shock, and is committed to maintain a majority private participation in the sector to enhance its growth potential and competitiveness. The various measures already implemented (the recapitalization of the cotton companies and the revision of the cotton price mechanism) as well as the planned independent financial and operational audit of SOFITEX for 2004-07, the reduction in SOFITEX' operating costs and other ongoing and planned measures to enhance the productivity and competitiveness of cotton producers and companies, will improve the sector's growth potential and its attractiveness for private investment. The newly established *fond de lissage* could enhance private interests in the sector as the *fond* potentially mitigates market risks. However, to ensure sustainability of the *fond* and to provide for only market conducive incentives in its operations, the *fond's* use needs to be strictly limited to the smoothing of price volatility. Such is likely to require application of strict commercial conditions and transparent governance for its operations. In addition, the reformed cotton producer price-setting mechanism and the *fond's* operating mechanism would need to be closely coordinated to ensure compatibility without distorting the desired market-conducive incentives embedded in this overall institutional set-up for the sector.

Third, the implementation of the decentralization strategy poses significant challenges. Officials working at the center may resist the transfer of responsibilities to local governments, while local governments may not have sufficient resources and capacity to carry out their new responsibilities. To address these challenges, the government has adopted a participatory and gradual decentralization approach that should ensure stakeholder consensus on major issues and fiscal sustainability over time. Several donors support decentralization in Burkina, including IDA through several operations, most notably the Public Administration Capacity Building Project, the Community-based Rural Development Project, and the planned Decentralized Urban Capacity Building Project.

Fourth, risks stemming from regional political instability remain. Since 1999, the political and security context in neighboring Côte d'Ivoire has negatively affected trade and transport routes, worker remittances, and government revenues in Burkina Faso. However, the economy has adjusted to this shock by opening new trade routes to Benin, Togo and Ghana. Also, Burkina

Faso's mediating role in the conflict contributed to the recent peace agreement among opposing parties in Côte d'Ivoire.

5. Assessment of Bank and Borrower Performance

5.1 Bank Performance

(a) Bank Performance in Ensuring Quality at Entry

PRSC-4: satisfactory

PRSC-5: satisfactory

PRSC-6: satisfactory

The identification and design of the PRSCs built on the overall program outlined in Burkina Faso's poverty reduction strategy as well as the CAS. The reform program underpinning the PRSCs is based on a solid body of Bank analytical work and related work by government and other aid agencies.¹¹ Lessons learned from previous PRSCs were factored in the design of subsequent PRSCs.

As indicated above, the Bank team worked closely with the government and with other donors (notably those in the CGAB), as documented in the program documents, during preparation and appraisal of the operations. This allowed the Bank to increasingly harmonize and coordinate its support with the assistance provided by other donors in the areas covered by this PRSC series. Specifically, during preparation of PRSC-5, development partners formed the CGAB, an important step in deepening the harmonization of donor practices through the alignment of policy advice and support for reforms, mission schedules and timing of future assessment reviews. In addition, the appraisal mission for PRSC-6 was carried out during the joint 2006 CGAB supervisory missions in February 2006, ensuring close coordination with the Burkina's development partners. This joint work further deepened the cooperation among donors, thereby ensuring a strong alignment of reform programs for 2006. Also, the Bank exchanged regularly with the IMF team, including through joint mission work. PRSC-6 appropriately included a specification of future program measures and indicators (PRSC-7 triggers) to lay out future Bank collaboration under PRSCs but did not specify a new three-year program to align the new series fully with the revised PRSP and give sufficient space for donor harmonization.

Appraisals appropriately assessed and confirmed the implementation of key reform measures and recognized the most likely risks. The changes in PRSCs leadership were adequately addressed and did not disrupt team continuity. Several members of the team remained the same throughout this series and into the next one, assuring continuity and consistency in the dialogue with the authorities. Team continuity also benefited from a strong and stable Bank office in

¹¹ These include a Poverty Assessment (FY05), a Risk and Vulnerability Assessment (FY04), an investment climate study by FIAS (FY04) and an Investment Climate Assessment (FY06), a labor market study (FY06), a Gender Assessment (FY04), and a study on pro-poor growth, jointly conducted with several other DPs. In late 2005, the Bank also carried out technical missions to support the design of the decentralization reform and a social protection strategy. A PER (FY04), a CPAR (FY05) and an Accountability Assessment and Action Plan (AAP, FY05) on the tracking of poverty expenditure under the HIPC Initiative assisted the government in designing and implementing its 2002 *Program to Strengthen Budget Management*.

Ouagadougou, including a locally based economist who played an active role in the three operations and then became the team leader for PRSC-7.

The Bank and the Borrower worked closely to review the Borrower readiness for addressing potential environmental impacts of the PRSCs programs, and devise ways to strengthen the Borrower's capacity to address environmental safeguard issues. PRSC-6 was classified as a structural adjustment credit and, accordingly, the appraisal mission reviewed Burkina Faso's environmental policies and practices to confirm that there were no negative linkages between the reforms proposed under PRSC-6 and environmental outcomes as well as identifying priority measures that can be supported by future PRSCs.

PRSC-4 and PRSC-5 were classified as sectoral adjustment credits (SECACs) at the concept stage by the Bank-wide PRSC Working Group, based on their sectoral coverage. In accordance with OP 4.01 "Environmental Assessment", the operations were classified as Category B and built on PRSC-2 and PRSC-3 environmental analyses conducted for health, education and rural development. Environmental analyses consistent with the requirements of OD 8.60 and OP 4.01 were undertaken and annexed to the Program Documents. In accordance with the Bank's revised disclosure policy, the environmental analyses were disclosed through the World Bank InfoShop, and in Burkina Faso prior to the appraisal of the credit.

(b) Bank Supervision

PRSC-4: satisfactory

PRSC-5: satisfactory

PRSC-6: satisfactory

Bank supervision performance is rated satisfactory. Supervision of progress under each PRSC took place jointly with the preparation of the follow-on operation, and the monitoring of PRSP implementation in general. Supervision missions included an appropriate mix of staff relevant to the policy areas of each PRSCs. The supervision of the PRSCs drew on the M&E mechanisms put in place by the authorities for the broader PRSP, including annual progress report on the implementation of the PRSP (PRSP-PR) and related IMF-Bank Joint Staff Assessment/Advisory Notes (JSANs). During supervision activities, Bank staff coordinated closely with IMF missions and other donors. Following the set up of the CGAB, supervision of PRSC-5 and PRSC-6 took place increasingly through joint CGAB missions. In this respect, monitoring of program implementation benefited from the evolving standardized reports produced under the reporting requirements of the CGAB framework. In addition, the Bank joined the IMF in carrying out regular reviews of the macroeconomic framework. The preparation of selected analytical work, including a Public Expenditure Review (completed in June 2004) and a Poverty Assessment (completed in July 2004), was also an integral part of measuring progress in the implementation of the PRSP and the effectiveness of PRSC support.

Overall Bank Performance

PRSC-4: satisfactory

PRSC-5: satisfactory

PRSC-6: satisfactory

As Bank performance for both quality at entry and supervision was rated satisfactory, overall Bank performance is rated satisfactory in accordance with the ICRR harmonized evaluation criteria guidelines.

5.2 Borrower Performance

PRSC-4: satisfactory

PRSC-5: satisfactory

PRSC-6: satisfactory

Overall Borrower performance is rated satisfactory. Government contribution to the preparation of the PRSCs starts with the finalization of the June 2000 Poverty Reduction Strategy Paper (PRSP) and the November 2004 second PRSP. Reviewing these PRSPs (IDA Report No. 31749-BF), IMF and Bank staffs concluded that they presented clear objectives, which are set within a coherent program of poverty reduction, and are grounded in a sound assessment of poverty characteristics and trends in Burkina Faso. The preparation of these PRSPs involved numerous participatory events and processes. Stakeholders such as Ministers, civil servants, parliamentarians, civil society groups, representatives of the media, and donors had opportunities to contribute to the analytical building blocks of the PRSP, including discussions and decisions on sectoral strategies, the study of growth and competitiveness and public expenditure reviews. The strategy set out in these PRSPs is consistent with Burkina Faso's macroeconomic, structural, and social policies. The government has also regularly monitored and updated its poverty strategy, as evidenced by the annual preparation of PRSP progress reports. The high quality of these PRSPs provided a solid basis for the preparation of PRSC-4 to 6.

The government was fully committed to the PRSC-supported program measures, as evidenced by its track record of policy implementation. The government response to the worsening external economic conditions was notable. Despite significant terms of trade shocks and the severe disruptions of trade due to the continued crisis in Cote d'Ivoire, macroeconomic stability was maintained and implementation of the program continued. In addition, the M&E framework and government capacity improved throughout the series and the government increasingly incorporated M&E data and outcomes into its own decision-making process, especially in the context of its work on the PAP and its alignment with budget programming. Government's strong ownership of the development program supported by the PRSCs has also been recognized in the mid-term review of the 2005 CAS.

Government officials have indicated that the greater ownership fostered by the PRSP framework and its implementation, including the support provided by this PRSC series, has sharpened their focus on setting priorities and strengthening intra-government coordination. Similarly, government officials have noted that the need to identify policy targets and monitor outcomes has increased their commitment to reform design and implementation. Government relations with the CGAB and PRSP partners continue to be excellent, setting the stage for subsequent operations.

The Secretary of the Permanent Secretariat for the Monitoring of Financial Programs and Policies (SP-PPF) at the Ministry of Finance and Budget (MFB) coordinated all relevant government agencies and departments in the definition of the time-bound action plan to

implement the PRSCs' prior actions. The SP-PPF has developed into an effective agency for coordinating and monitoring PRSP implementation, leading the dialogue with the CGAB members and the donor community, and coordinating PRSCs implementation progress. Implementing agencies in different ministries were generally effective. As indicated in section 2, a deeper and earlier exchange of line ministries with the SP-PPF would have helped at times to avoid delays in coordinating sectoral activities under this PRSC series.

6. Lessons Learned

Key lessons drawn from the implementation of PRSC-4 to 6 are detailed below. These lessons have been reflected in the design of the third PRSC series.

Country ownership. The use of the PRSC instrument to support implementation of the poverty reduction strategy has contributed to strengthen country ownership. Specifically, this PRSC series greatly reinforced the importance of the budget and the country's own capacity for the success of government policies. PRSC-4 to 6 continued to strengthen the focus on the budget as the main instrument for PRSP implementation and contributed to clarifying the government's own role in defining a programmatic agenda to achieve its objectives. The importance of the MTEF in formulating the government's budget grew substantially. Moreover, expenditure systems and controls were reinforced. In the social sectors, the PRSCs continued the process of reorientation to program budgets started under the first PRSC series as tools to translate priorities expressed in long-term sectoral programs into budgetary allocations. However, a further reinforcement of capacity is necessary to underpin this process and ensure that program budgets are closely aligned with the executed administrative budget and fully integrated in the evaluation and monitoring mechanism of each ministry's planning department.

Harmonization of budget support among donors. The creation of the CGAB and its unified framework for budget support and joint performance matrix provided an effective framework to harmonize the dialogue and efforts of Burkina Faso's development partners, including this PRSC series, with the government's own strategy. In particular, it allowed for early entry points in the policy dialogue with the government and the identification of corrective measures or solution to implementation bottlenecks. It also allowed for all actors to make good use of analytical work. Furthermore, close and continuous dialogue with the government allowed CGAB members to better understand the constraints on the reform process and build government ownership. This was particularly relevant for some complex reform areas, like cotton, decentralization, privatization and the reduction of factor costs. To further improve donor harmonization, the government and IDA plan to further align the calendar of PRSCs preparation with the budget cycle and CGAB annual reviews. This would result in PRSC-8 being presented to the Board in less than 12 months from PRSC-7 approval.

Primacy of the cotton sector. Recent developments in the cotton sector have highlighted the importance of the sector for the country's macroeconomic stability and growth, the need to adjust the government strategy in the cotton sector to reflect recent exogenous shocks and the importance of continued Bank involvement in this sector. The increased focus of the third PRSC series on reforms in the cotton sector reflects the need to flexibly adjust the strategic orientation and emphasis of the PRSCs. The lessons drawn from the experience with cotton sector reform

also show the need to broaden the analysis of the risks inherent in the development of this sector. While important sector reforms during 1999-2005 contributed to a significant increase in cotton production and exports, these reforms took place against increasingly difficult market conditions for cotton which caused substantial financial difficulties for the cotton companies in Burkina and put the sector under financial stress. This required a renewed government involvement to stabilize the sector over the short term and additional reforms to enhance productivity and competitiveness of cotton producers and companies. As an input into the design of PRSC-8 and 9, a detailed review of the cotton sector challenges and prospects is being undertaken as part of an ongoing Country Economic Memorandum. This review benefits from a broader comparative study of cotton sector reforms and systems in African countries which has recently been completed.

Reinforcing capacity. While gradually improving, the capacity of the administration to formulate and execute programs remains weak and points to the need for continued technical assistance from the Bank and other donors in the PRSC areas. The preparation and implementation of program budgets can only advance further if the capacity of the civil service is improved. In this respect, the Bank prepared a PER in FY04 to give advice for further improvements in the budget process, especially with regard to integrating the budget and PRSP processes and objectives. A new PER is planned for FY09 to take stock of recent progress and identify further needed public financial management reforms. In addition, the IDA-financed capacity building project is providing technical assistance for capacity assessment, streamlining public administration, modernizing personnel management, strengthening the poverty focus of expenditure and policy formulation. In the statistical area, the Bank finances a statistical capacity building credit (STATCAP). As indicated in section 3.1, the Bank continues to provide technical assistance and analytical underpinning for the reforms supported by this and the next PRSC series.

Improving the link between policy actions and the M&E framework. The link between PRSC measures and the PRSP impact indicators has been gradually strengthened as a result of government's increased efforts to improve the monitoring framework of PRSP II. In developing this PRSP, the government more closely integrated objectives with government policies by preparing a matrix of costed policy actions and intermediate outputs that are linked with PRSP outcome and impact indicators. The PRSCs drew on this work. In addition, the CGAB and its joint performance matrix further contributed to increase the focus on evidence-based policy making and facilitated monitoring of the PRSC series implementation for the government and the Bank. The M&E framework for the next series of PRSCs could gradually increase its focus on qualitative improvements (such as efficiency for basic services and agricultural productivity) as well as further streamline the coverage of outcome indicators. Furthermore, a focused policy matrix, including priority measures central to the operation, is recommended to ensure a manageable policy dialogue and success of implementation.

The focus of reforms. The PRSCs were an effective instrument to support a number of cross-cutting reforms. These included the application of deconcentration policies in budget and personnel management, which are part of the policies to improve social service delivery. In addition, the improvement of PRSC-related sectoral dialogue has been achieved through the development of sectoral MTEF for the health (PRSC-5) and education (PRSC-6) sectors.

7. Comments on Issues Raised by Borrower/Implementing Agencies/Partners

7.1. Comments on Issues Raised By the Borrower (see also annex 5)

The Borrower has evaluated its experience with the second series in a written note (see Annex 5). While expressing satisfaction with the support provided by the series, the borrower points to the need to continue to listen carefully to the Government in the context of defining policy actions for triggers, so as to ensure ownership, realism and feasibility. The Bank agrees that keeping an open dialogue with a high level of trust between parties is essential to the continuation of successful budget support. The borrower also notes that the implementation of projects supporting actions underpinning the second PRSC series could have been more timely. In particular, the Administrative Capacity Building project (PRCA) and the Competitiveness and Enterprise Development project (PACDE) are referred to under which demanding and complex administrative procedures affected the sequencing of the reform processes and led to implementation delays. Also, greater efforts by the Bank to coordinate with other partners within the given framework for budget support (CGAB) were seen as critical.

The Bank agrees that the implementation of the PRCA was not as timely as expected. PRCA relies on the various supported ministries and institutions to define their capacity building and other needs for implementing the medium term public finance reform program (SRFP), as laid out in their respective annual reform implementation plans. This approach, which favors the internal decision making process of each involved institution proved time consuming. However, it was chosen to ensure maximum ownership on the part of participants. Activities under PACDE included a number of privatizations and analytical work underpinning sector reforms, such as in electricity for example. Key elements of the project required complex domestic discussions to consolidate ownership of the reform process. In the case of utility privatization, the pace of reform was also affected by unsuccessful privatization attempts in neighboring countries. The Bank recognizes the need to better ensure that supporting activities managed in the context of projects are implemented at a speed and rhythm consistent with the calendar set for reforms.

Government enjoins the Bank to enhance coordination with the CGAB further. The Bank has made considerable efforts since PRSC 5 to harmonize its preparation calendar with the CGAB calendar (see also box 2, page 26, of the PRSC 7 project document, Report-no. 380008-BF). Concerning the definition of policy actions against which PRSCs are disbursed, the Bank has made visible efforts to reduce the quantity and complexity of PRSC triggers since PRSC 4 to focus on key reforms only. The increasing alignment of PRSC conditionality with PRSP (PAP) measures and the highly coordinated policy performance matrix supported by the CGAB should help foster further harmonization.

7.2 Comments on issues raised by the development partners (CGAB; see also Annex 6)

The CGAB comments focus on ambitious budget process reforms (program budgeting), revenue enhancing measures, and equity questions.

The CGAB comments point to the risks and costs of implementing program budgeting in parallel with sector MTEFs, in addition to the general MTEF. The Bank agrees that due to weak

administrative capacity the policy objective to implement program budgeting by 2011 to better link budget resources and the PRSP remains very ambitious. Introducing small changes in the functional budget classification would harmonize budgeting approaches across ministries, reduce transaction cost, and constitute a first step toward the overall goal.

The general concern raised by the CGAB regarding the need to improve the fiscal revenue outcome in Burkina Faso is shared by the Bank. While the IMF is in the lead on this question, all development partners are called upon to support the IMF's work in this area, especially through the provision of technical assistance and possible additional advice. Although the recent stagnant trend in revenue performance has been largely caused by the economic problems faced by the cotton sector, the Bank supports the call for improved revenue administration.

The contribution of the PRSC-4 to 6 series to improved equity has been largely through its growth supporting measures, especially those supporting efficiency gains in the cotton sector and those aiming at reducing factor costs through liberalization of (factor) markets (energy, telecommunications). The 2005 poverty assessment shows that growth has a significant impact on poverty and that the growth-inequality trade-off is fairly small, and even smaller in rural areas (see page 28 and the report "Burkina Faso: Reducing Poverty Through Sustained Equitable Growth", report-no. 29743-BUR) Once poverty outcome data of the 2007 census become available, future evaluations of the series would be in the position to also analyze the poverty impact of specific measures.

This ICR does not evaluate the reliability and regular updating of poverty indicators, although the Bank agrees that strengthening government capacity in this area is a continuous concern. Many efforts are being made to produce data that is reliable, timely, and of good quality. Improvements in methodology of calculating poverty statistics are desirable.

Annex 1: Policy Matrix and Indicators for PRSC-4 to 6

Medium Term Objectives	Policy Actions			Indicator	Base (Year)	Benchmark	Outcome	Benchmark	Outcome	Benchmark	Outcome		
	PRSC-4	PRSC-5	PRSC-6			2004	2004	2005	2005	2006	2006		
Accelerate real growth and reduce the incidence of poverty	Maintain a stable macroeconomic framework during the program period.	Maintain a stable macroeconomic framework during the program period.	Maintain a stable macroeconomic framework during the program period.	Poverty Headcount	46.4 percent.	45	44.4	43	42.7	41	40.8 (estimate)		
				Real GDP growth rate	8 percent	6	4.6	4.4	7.1	5.2	5.7		
FIRST COMPONENT: GROWTH AND EMPLOYMENT CREATION													
A. Rural Sector: Reinforce the Competitiveness of Agricultural and Agro-Food Sectors.													
Improvement of the competitiveness and economic performance of the cotton sector.	Continue with the implementation of the action plan for the opening of cotton sector for private investors as signified by bringing the assets in two zones to the point of the sale.	Transfer of assets of SOFITEX in the central and eastern zone and begin of activities of the two new operators.	The new interprofession for the cotton sector including the new operators for the two zones has been established.	Growth rate of cotton production	8.3 percent (1998-2003)	6.6	32.8	5	13	5	-8		
Improvement of the coordination in the inter-profession				Growth rate of cotton fiber exports	10 percent	6.6	32.5	5	-6	5	27		
Limit the state to supervisory functions and transfer other functions to professionals in the sector or to the private sector. Producers and their organizations take a larger role. Improvements in the economic performance of the sector Facilitate private investment and export of agricultural products			Prepare a draft text consolidating and harmonizing the principles and rules of the execution of missions transferred or delegated to regional agricultural chambers (CRA), professional organizations (OPA), the interprofession, and the private sector, including the modalities and conditions for such a transfer.	The adoption of the text on the principles and rules of the execution of missions transferred or delegated to CRA, OPA, inter-professions, and the private sector, has been delayed	Evolution of the number of professional agricultural organizations with economic vocation.		30,515 (2002)		34,953		36,929	40,000	39,145
						Facilitate private investment and exports of agricultural	Reduce vulnerability of agricultural activity	Growth of agricultural exports	13.3 percent (1998-2003)	10 (-15)	34.9	10(-15)	2.4

Medium Term Objectives	Policy Actions			Indicator	Base (Year)	Benchmark	Outcome	Benchmark	Outcome	Benchmark	Outcome	
	PRSC-4	PRSC-5	PRSC-6			2004	2004	2005	2005	2006	2006	
products.				Number of hectares of hydro-agricultural installations per year	66,504 ha in 2000-2001	1,000	1,360	1,000	1,180	1,000	5,528	
				Number of manure pits built per year	42,444 in 2000-2001	150,000	240,476	150,000	601,280	150,000	n.a.	
				Improve access to rural areas	Feeder Roads built (kilometers)	1,207 in 2000-2002	500		850	336	850	577
					Number of kilometers of departmental roads maintained		4,300	4,300	4,450	4,450	4,600	4,450
Improve efficiency and quality of basic services of the rural development ministries		Finalize the institutional audit of the Ministry of Agriculture, Water, and Fisheries (MAHRH)	Implement the Recommendations of the institutional audit, in consultation with stakeholders and the private sector: in particular, the institutional reform of the ministry has started.									
Diversification of agricultural production	Develop action plans to support crop diversification.	Implementation of action plans for cereals.	Prepare standards and labels for oleaginous products (sesame, cashew nut, shea) and cowpeas (niébé).	Growth of cereal production	4 percent (1999-2003)	3	16.5	3	24.7	3	2.2	
			Support the emergence of professional exporters with the Oilseeds Council of Burkina Faso and the actors of the cowpeas stream.	Growth of cowpea production	17.3 percent (1998-2003)	7	-40	6	59.7	6	-4.5	

Medium Term Objectives	Policy Actions			Indicator	Base (Year)	Benchmark	Outcome	Benchmark	Outcome	Benchmark	Outcome
	PRSC-4	PRSC-5	PRSC-6			2004	2004	2005	2005	2006	2006
			Begin implementation of action plan for fruits and vegetables.								
Intensification and diversification of animal production		Adopt an action plan to increase the efficiency of the livestock ministry based on the review of the livestock sector	Adopt and initiate the implementation of an action plan for the promotion of poultry and meat exports (standards, label, conditioning, and training of professional exporters).	Growth of exports of meat and poultry							
				Coverage rate of vaccination against Newcastle disease	22% 2003	24	12.7	25	19.5	26	23
				Coverage rate of vaccination against contagious bovine pleuro-pneumonia	39.3%	58	26	66	28	74	21
B. Telecommunication Sector											
Promote Private sector participation in the telecommunications sector in order to increase the density of the fixed network and reduce the cost of fixed and mobile telephone services, in particular the connection costs between fixed line and mobile phones	Prepare sector for privatization and launch bids for ONATEL as signified by: - Adoption of the privatization strategy by the council of ministers - Launch the pre-qualification process - Launch the bidding process on the basis of draft bidding documents - Finalize evaluation of technical bids	ONATEL was brought to the point of sale but the transfer of assets to new private operators did not take place because of privatization terms deemed unsatisfactory.	Modification of the terms of the privatization in order to bring ONATEL to the point of sale and transfer assets to the new operator	Evolution of average costs of telecommunication between fixed lines and mobile	CFAF269 (US\$0.53)	170	226	170	212	150	188
				Subscribers to the fixed line (thousands)	66.6	80	80		90	100	n.a.
				Subscribers to the mobile (thousands)	239.6	400	400		633.5	450	1,017

Medium Term Objectives	Policy Actions			Indicator	Base (Year)	Benchmark	Outcome	Benchmark	Outcome	Benchmark	Outcome
	PRSC-4	PRSC-5	PRSC-6			2004	2004	2005	2005	2006	2006
C. Energy Sector											
Promote private sector participation in the electricity and petroleum sectors to improve the management of the electricity and petroleum distribution companies, in order to reduce production costs and tariffs	Prepare sector for private participation as signified by: - Adoption by the council of ministers of the revisions to the 1998 law to adapt the legal and regulatory framework of the electricity sector - Adoption of the development strategies for the electricity and petroleum sectors by the council of ministers	Adopt the changes to the regulatory and legal framework in line with the electricity sector strategy	The bidding documents for the selection of a private operator for the management of the electricity sector were not issued. The Government has started the preparation of the bidding documents through the undertaking of accounting and financial audits.	Bidding documents are finalized and tender is issued						Yes	This policy action is not yet finalized. However, the national assembly has passed a law in late 2007 providing for the regulation of the sector. The law defines the framework for private participation in the sector.
			Begin works on the power line Bobo-Ouagadougou	The power line Bobo-Ouaga is built					(2007)	Expected to be completed by end 2008	
		Prepare bidding documents for a sale of SONABHY shares	The bidding documents for the private participation in the capital of SONABHY are not issued yet. These bidding documents are being finalized with the completion of financial and accounting audits.	Private investors own shares of SONABHY						December	Not yet; a law has been passed by the national assembly in late 2007 allowing for private participation.
D. Private Sector Development											
Identify strength and weaknesses of the existing labor market laws and regulations	Hold tripartite discussions on labor code revision	Adoption of the changes to the labor code	Implement the action plan for the change in labor regulations.	Number of administrative steps to create businesses		13	13	4	4	4	8
		Preparation of a comparative study on labor laws and									

Medium Term Objectives	Policy Actions			Indicator	Base (Year)	Benchmark	Outcome	Benchmark	Outcome	Benchmark	Outcome
	PRSC-4	PRSC-5	PRSC-6			2004	2004	2005	2005	2006	2006
Facilitate trade		regulation and preparation of an action plan.									
		Revise the regulation for wholesale and external commerce.	Adoption of the revised texts for wholesale and external commerce.								
		Put in place the project to strengthen Fasonorm and train Trade point staff	Provide FASONORM and Trade-Point with logistics and financial resources.								
Improve performance of the justice system		Create commerce tribunals.	Strengthen the Chambers of Commerce within the Higher Court (<i>Tribunal de Grande Instance</i>)								
Reduce cost to start new firms		Allocation of logistical and human resources to the one-stop service center for new investors	Reduce the time for completing the formalities for the creation of new businesses	Number of days needed to accomplish the formalities to create a new business	15 (2004); or 136 according to the Banks' Doing Business report for 2004		7	7	7	7	7; or 34 according to the Bank's Doing Business report for 2007

E. Mining

Mining sector development			Enforce the new Mining Code, starting with the adoption of the implementation decrees.	Gold exports (tons)	0.78 (2003)		0.25		0.2	10	0.225	
			Produce Geographical Maps	Maps are available								Yes
			Increase access to mining zones	Finalize the feasibility study of the railroad Kaya-Tambao railway								Not done yet

Medium Term Objectives	Policy Actions			Indicator	Base (Year)	Benchmark	Outcome	Benchmark	Outcome	Benchmark	Outcome
	PRSC-4	PRSC-5	PRSC-6			2004	2004	2005	2005	2006	2006
				(450 kms).							

F. SME/SMI

			Adopt an innovative Artisans' Code	Code is adopted							Yes
			Support the Chamber of Craft Trades (Chambre des Métiers)	The Chamber is operational							Yes

SECOND COMPONENT: HUMAN RESOURCE DEVELOPMENT

A. Education

<p>Improve the public service in particular in rural areas.</p> <p>Improve the school enrolment rate in rural zones.</p> <p>Achieve higher literacy rates for the poor</p>	<p>Reduce teacher training time and remove automatic hiring procedures, increase budget allocations, give special treatment to disadvantaged areas, increase number of schools and school equipments, provide free textbooks, begin personnel deconcentration., prepare draft sectoral MTEF, implement sub-cycle</p>	<p>Finalize the sectoral MTEF, including secondary education including the resources to attain the PDDEB objectives and MDGs</p>	<p>Strengthen the program budget for the sector and finalize the sectoral MTEF, including secondary education and considering the resources to attain the PDDEB objectives and MDGs</p>	<p>School enrolment rate of 60.2 percent (51.9 percent for girls) by 2006</p>	<p>52.3 percent in 2003 (46.0 percent for girls)</p>	<p>56 (48.3)</p>	<p>56.8 (51)</p>	<p>58.1 (50.1)</p>	<p>60.7 (55.05)</p>	<p>60.2 (51.9)</p>	<p>66.5 (61.2)</p>	
			<p>Update the PDDEB</p>									
			<p>Introduce delegation of credits for the secondary education</p>									
			<p>Continue the policy of subsidizing schooling in the 20 provinces with the lowest school enrolment</p>	<p>Continue the policy of subsidizing schooling in the 20 provinces with the lowest school enrolment rates</p>	<p>School enrolment rate in the 20 most disadvantaged provinces</p>	<p>37.6 percent (2003)</p>	<p>41.1</p>	<p>42.19</p>	<p>44.9</p>	<p>46.74</p>	<p>49.1</p>	<p>52.43</p>

Medium Term Objectives	Policy Actions			Indicator	Base (Year)	Benchmark	Outcome	Benchmark	Outcome	Benchmark	Outcome
	PRSC-4	PRSC-5	PRSC-6			2004	2004	2005	2005	2006	2006
		rates									
		Prepare a study on effective teaching hours	Adopt and implement an action plan to increase teaching hours.	Admission rate for first grade (girls)	66.0 percent (37.0) (2003)	69.3 (64.7)	70 (64.1)	70.7 (66.7)	70.74 (64.35)	74.7 (69.5)	78.3 (73.2)
		Evaluate the execution of expenditure and the availability of school materials using existing administrative statistics and INSD tracking surveys prepared for PRSP monitoring		Admission rate in the 20 most disadvantaged provinces	52.4 percent (2003)	56	42.19	60	46.74	64.2	52.43
				Primary completion rate	31.3 percent		32.8		34.1	33.8	36.4
				Literacy rate	32 percent		28.4		30.5	36	n.a. ¹
				Literacy rate for women					22	n.a. ¹	
				Ratio textbooks to student	0.3	0.5	0.5	0.5	0.5	0.5	n.a.
B. Health											
Increase efficiency in use of resources	Prepare a national health development plan, Establish a framework for annual monitoring and evaluation of the PNDS on the basis of its indicators and key objectives, jointly with national partners and donors by: - naming a	Elaborate a sectoral MTEF for 2005-07, in line with PNDS objectives and MDGs. Implement the monitoring system for the <i>régies d'avance</i> (including Ministries of Health and Finance)	Develop a monitoring system for the use of resources by hospitals, regions, districts (DRS), and health management committees (COGES). Strengthen the program –based budgeting of the sector in line with the sectoral MTEF.	Increase the availability of resources on the regional and provincial level	24.6 percent	27	27	28	28	At least 30	n.a.

¹ Literacy data have been collected in the context of the 2006 census survey. The related report is expected to be published by early 2009.

Medium Term Objectives	Policy Actions			Indicator	Base (Year)	Benchmark	Outcome	Benchmark	Outcome	Benchmark	Outcome
	PRSC-4	PRSC-5	PRSC-6			2004	2004	2005	2005	2006	2006
	<p>committee for the PNDS implementation;</p> <ul style="list-style-type: none"> - organizing through the committee bi-annual reviews showing the achievements of objectives, status of disbursements, absorption rates, and supporting and constraining factors; - joint evaluation of the PNDS implementation by way of indicators. <p>Institute <i>régies</i> d'avance, increase deconcentrated credits.</p>										
Improvement of access to health services	<p>Ensure the provision of essential medication and care by:</p> <ul style="list-style-type: none"> - Continuing the distribution of free vitamin A supplements after the discontinuation of the polio vaccination 	<p>Develop a system of subsidies for obstetrical emergencies</p>	<p>Implement a system of subsidies for obstetrical emergencies and reduce costs of assisted birth</p>	Maternal mortality rate in hospitals (per 100,000 births).	484 (2003)					313	n.a. ²
		<p>Revise the fee structure for physicians and hospital services</p>	<p>Implement an system of integrated subsidies for child diseases (PCIME) in 15 districts</p>	Percentage of assisted births	35.9 (2002)	45	33.49	50	37.79	55	43

² The demographic and health survey scheduled for 2008 will provide for outcome indicators.

Medium Term Objectives	Policy Actions			Indicator	Base (Year)	Benchmark	Outcome	Benchmark	Outcome	Benchmark	Outcome							
	PRSC-4	PRSC-5	PRSC-6			2004	2004	2005	2005	2006	2006							
	days; - Verifying randomly the application of the new price structure for generic drugs and essential medical services and taking of corrective measures in cases of non-application; - Providing sufficient budgetary resources in 2004 for the provision of subsidized health services		Verify the implementation of the fee structure for physicians and hospital services	Child mortality rate (per 1000 live births)	184 (2003)					162.7	n.a. ³							
		Revise the texts of local health management committees (COGES), stressing community participation in decision making, public health, and fees	Revise the texts for the subsidization of indigents and illnesses of public health interest (notably malaria) and implement pilots in several districts															
	Implement vaccination program, increase health center staffing, reduce costs of preventive care, strengthen health center management, verify application of new tariffs	Develop a contracting system for hospitals on the basis of actions plans and performance indicators	Effective Implementation of the strategy for the fight against malaria, including subsidization of impregnated bed nets		Vaccination rates (percent):													
													Continue the policy of free vaccination	Continue the policy of free vaccination	DTCP3:	77 (2003)	88.39	96.29
		Measles:	71.6 (2003)												78.34	84	85	88
		Yellow fever:	71.3 (2003)												76.02	84.09	87.5	88
		BCG:	(2003)												110.95	111.72	93	103
				CPN2 coverage rate:	54.1 percent (2002)	70	62	75	63.3	80	61.2.							

³ The demographic and health survey scheduled for 2008 will provide for outcome indicators.

Medium Term Objectives	Policy Actions			Indicator	Base (Year)	Benchmark	Outcome	Benchmark	Outcome	Benchmark	Outcome
	PRSC-4	PRSC-5	PRSC-6			2004	2004	2005	2005	2006	2006
Increase the number of staff in the remote areas	Prepare study on health worker motivation	Adopt an action plan for the application of recommendations regarding health worker motivation	Implement the action plan for health worker distribution and motivation	Percentage of health centers satisfying personnel standards	78 (expected) (2003)	80	75.8	85	77	90	75.2
Improve nutrition status of child and youth	Continue free distribution of vitamin A	Develop an efficient strategy for the distribution of vitamin A	Implement an efficient strategy for the distribution of vitamin A	Percentage of children aged 6-59 months with adequate intake of vitamin A (at least)	70 (2003)					85	97
			The design a National Nutrition Policy and Program is underway	National Plan is adopted							Yes
		Conduct a study on the basis of household data, DHS on the increase in child/youth malnutrition and its regional variation, and develop and action plan	The creation of a multicultural consultation framework for nutrition and food security, including health, agriculture, education, economy and development has been delayed.	Percentage of children with insufficient weight	49.7 (2003)	40	40	35	35	30	< 40

C. Social Protection

Better protection of vulnerable groups		Preparation of a strategic framework for the government financial responsibilities for orphans and other vulnerable children	A National Strategy for social Protection has been prepared	Number of children in foster care	273 (2003)	700	2,285	900	2,128	1900	3,532
		Preparation of a strategic framework for subsidization of schooling for the social cases		Number of children benefiting of educational support	4,867 (2003)	9,000		10,000		12,000	

Medium Term Objectives	Policy Actions			Indicator	Base (Year)	Benchmark	Outcome	Benchmark	Outcome	Benchmark	Outcome		
	PRSC-4	PRSC-5	PRSC-6			2004	2004	2005	2005	2006	2006		
D. Water Infrastructure													
	Develop an action plan for attaining the MDGs	Preparation of an action plan for public-private partnerships in urban areas	The operation of new water concessions in 13 provinces has been postponed.	Number of provinces with a safe drinking water coverage over 75 percent:	10 (1999) (outcome data are based on old definitions)	35		37	24	37	n.a.		
		Definition of the investment program, and financing plan for the implementation of the action plan to reach the MDGs		Percentage of houses with access to safe drinking water in rural and semi-urban areas	[85] (2003) Revised baseline: 60 (2005)	[88]	[70]	[90]	[69]	[92]	60	62	
		Revision of the framework document for the reforms and equipment maintenance in semi-urban areas		Percentage of houses with access to safe drinking water: in urban areas	[75] (2003) Revised baseline: 54 (2003)	[75]	[80]	[78]	[74]	[80]	54	56	74
		Preparation of a national water program for rural and semi-urban areas											
	Revision of the national strategy for sanitation	Implementation of a strategic sanitation plan for 10 urban communes is incomplete: 4 strategic plans are available.	Percentage of households with hygienic latrines in urban areas	33.3 (2003)	35	33.3	39	n/a	43	n.a.			
Begin verification of government water users	Identify water users belonging to the administration and eliminate those not eligible.												

Medium Term Objectives	Policy Actions			Indicator	Base (Year)	Benchmark	Outcome	Benchmark	Outcome	Benchmark	Outcome
	PRSC-4	PRSC-5	PRSC-6			2004	2004	2005	2005	2006	2006
		Continue the verification of public buildings for leaks.									
THIRD COMPONENT: GOOD GOVERNANCE											
A. Budget formulation											
<p>Improve budget formulation and the link between program budgets, MTEF, and budget.</p> <p>Reinforce the link between public expenditure and growth and the link between objectives, resource allocation, and results.</p> <p>Improve the transparency of public expenditure management.</p> <p>Increase the responsibility of budget managers.</p>	<p>Adopt the draft budget and program budgets for 2004 on the basis of sectoral ceilings of the 2004-06 MTEF and in line with the priorities of the PRSP.</p>	<p>Adopt the draft budget for 2005 on the basis of sectoral ceilings of the 2005-07 MTEF and in line with the priorities of the PRSP</p>	<p>Adopt the draft budget for 2006 on the basis of sectoral ceilings of the 2006-08 MTEF and in line with the priorities of the PRSP</p>	Share of the budget allocated to social sectors (excluding HIPC resources and external financing):							
				Health	9.4	10.2	10.4	10.9	13.6	11.0	12.3
				Education	12.4	14.3	15.4	14.3	14.7	14.5	15.0
				Social Actions	0.8 (2003)	0.8	n.a.	0.9	0.9	1.0	1.2
			Prepare an action plan to introduce delegated credits to the Ministry of Justice								
			Implement the recommendations of the audit of HIPC resources carried out in 2004								
B. Budget Execution											
<p>Improve budget execution.</p> <p>Increase the level of delegated credits and the speed of their execution.</p>	<p>Operationalize the extension of the CID to a total of 5 regional capitals with a connection to the government accounting system (CIE)</p>	<p>Satisfactory implementation of actions for the treatment and monitoring of externally financed investment spending based on the AFRITAC report:</p>	<p>Improved monitoring of externally financed investment spending:</p> <p>- Design and implement an action plan for a complete information</p>	Budget execution rate in priority ministries (percent)	69 (2003)	75	70	80	70	85	n.a..
				Percentage of external financing (budget support and projects loans) managed under SYGADE		70		60		80	100

Medium Term Objectives	Policy Actions			Indicator	Base (Year)	Benchmark	Outcome	Benchmark	Outcome	Benchmark	Outcome
	PRSC-4	PRSC-5	PRSC-6			2004	2004	2005	2005	2006	2006
		<ul style="list-style-type: none"> - Clarify the roles of different departments and establish procedures and supporting documentation for DGCOOP, DGTCP, DGB, DCCF, and DGEP, - Constitute a project database - Verify the table of credit and grant agreements 	<ul style="list-style-type: none"> system based on the software SYGADE, - Customize SYGADE for the monitoring of external financing; -Develop interfaces between SYGADE, the computerized expenditure circuit (CID) and the State integrated accounting system (CIE) -form operators for the use of SYGADE 	Absorption rate of external resources exceeds 77 percent	66 percent (2003)	70		72		77	82.2
	Begin development of a computerized revenue management system (CIR)	Pursue the preparation of the CIR: establish choices for possible solutions and a demonstration	Develop CIR and put in place first modules	Revenue to GDP ratio (percent)	12.1 (2003)	12.4	12	13.3	11.3	14.0	12.3
		Evaluate budget deconcentration and prepare recommendations to increase its efficiency	Notify deconcentrated services of their budgets at the latest 10 weeks after putting in place the budget	Number of ministries receiving delegated credits	4 (2003)	4	4	4	4	6	7
				Time between the start of the fiscal year and actual transfer of delegation of credit to district authorities.	5 month (2003)			10 weeks		10 weeks	12 weeks
C. Budget Procurement											
Improve the transparency of public resource management. Efficient and	Verification of application of the new procurement decree, the manual of	Adopt a decree for the regulation of concession and leasing contracts to	Adopt the Action Plan based on the recommendations of the 2005 CPAR	For 80% of public tenders, 30 days maximum between the opening of the bids and the notification to the		n.a.	n.a.	n.a.	n.a.	n.a.	> 100 days Indicators was considered not realistic

Medium Term Objectives	Policy Actions			Indicator	Base (Year)	Benchmark	Outcome	Benchmark	Outcome	Benchmark	Outcome	
	PRSC-4	PRSC-5	PRSC-6			2004	2004	2005	2005	2006	2006	
simplified procurement system.	procedures and the standard documents for a sample of public procurement during 2003 by the IGF.	ensure best international practice in this area		winner.							as formulated by the National Directorate for Public Procurement	
		Put in place a tripartite committee for monitoring procurement reforms										
		Adopt the <i>arrêtés</i> concerning the conditions for the issuance and withdrawal of accreditation for public works, corresponding to norms of transparency and equity										
		Define the framework for the developing a computer application to set up a database and a software application to follow the procurement process consistent with the existing expenditure framework (CID)	Begin implementing the software application to monitor the procurement process in the CID									
		Continue the auditing of procurement contracts by IGF	Continue the auditing of procurement contracts by IGF	Number of audited procurement contracts		10	10	12	12	15	24	

Medium Term Objectives	Policy Actions			Indicator	Base (Year)	Benchmark	Outcome	Benchmark	Outcome	Benchmark	Outcome
	PRSC-4	PRSC-5	PRSC-6			2004	2004	2005	2005	2006	2006
D. Budget management and ex-post control											
<p>Improve budget reporting and public accounting.</p> <p>Dispose of a functional classification of expenditure.</p> <p>Follow more closely the use and location of government property.</p> <p>Reinforce the ex post control</p>	<p>Satisfactory implementation of PRGB measures in this area, in particular:</p> <ul style="list-style-type: none"> - Application of the WAEMU budget classification; - Preparation of treasury account balances on a monthly basis and preparation of the account balances for 2002; - Strict application of the timetable for budget operations to reduce the level of expenditure committed and not yet paid; - Elaborate and begin implementation of an action plan for the creation of an accounting system for government property; - Continue the capacity reinforcement at the IGE and IGF and adopt a coherent status for staff in all 	<p>Satisfactory implementation of the action plan for the creation of a government property accounting system:</p> <ul style="list-style-type: none"> - Purchase software - Train agents in procedures and the new software - -Begin the physical verification of government property 	<p>The physical verification of government property is completed in 43 provinces (out of 45 provinces) and in the commune of Ouagadougou.</p> <p>A private firm was hired to build the accounting system for government property</p>								
		Adopt the 2003 budget execution report	Adopt the 2004 budget execution report	The draft Budget Execution report is submitted to the parliament		Dec.	October	June	March	June	March
		Submit the final account statements for 2001-2003 to the Supreme Audit Court	Submit the 2004 final account statements to the Supreme Audit Court	The final account statements are submitted		Dec.	June	June	June	June	June
		Train magistrates of the Supreme Audit Court	Reinforce the staff and budget of control services								

Medium Term Objectives	Policy Actions			Indicator	Base (Year)	Benchmark	Outcome	Benchmark	Outcome	Benchmark	Outcome
	PRSC-4	PRSC-5	PRSC-6			2004	2004	2005	2005	2006	2006
	control services										
E. Public sector reform and decentralization											
Improve personnel management and data on wage bill. More effective management of human resources	Implementation of the region as decentralized entity and adoption of the application texts for the TODs.	Consolidation of SIGASPE and extension to line ministries. Implement performance evaluation system	Continue the deployment of SIGASPE to government entities	Number of Ministries with access to SIGASPE database		3	8	4	13	5	23
Decentralization (Improve local service delivery and empowerment of local communities)	Prepare texts for decentralization and deconcentration of central government functions; define the role and organization of governates.	Finalize the software for the integrated accounting system for local communities (CICL)	Deploy the CICL software	Number of Regions where the software is operational.		3		3		13	10
		Adopt the judicial framework for the deconcentration and implementation of the region as decentralized entity									
		Begin pilot transfers of resources and competencies to communes	Finalize the framework for the transfer of resources and competences to communities⁴	Number of ministries having transferred tasks and resources to local communities						4	5 ^{3*}

⁴A law has been approved in 2007:

- setting the rules for resources available and expenses made by sub-national governments; and
- defining the accounting and financial regime for sub-national governments, including budget and accounting classification;

Medium Term Objectives	Policy Actions			Indicator	Base (Year)	Benchmark	Outcome	Benchmark	Outcome	Benchmark	Outcome	
	PRSC-4	PRSC-5	PRSC-6			2004	2004	2005	2005	2006	2006	
F. Environment												
<p>Improve capacity to assess environmental impact of government activities and protect environment.</p> <p>The environmental dimension is systematically taken into account in the development and implementation of new projects through environmental evaluation</p>	<p>Prepare a capacity building plan and reinforce procedures at the ministerial level, create focal points and cells, begin supervision of environmental management plan of IDA projects</p>	<p>Implement capacity building plan for environmental assessment</p>	<p>Continuous Implementation of capacity building plan for environmental assessment</p>	<p>New ministries environmental cells created</p>		3		4		6	1	
<p>Better management of natural resources. Better biomass energy supply</p>		<p>Continue the creation of cells in selected line ministries</p>	<p>Control of the application of national regulation for environmental assessments</p>									
		<p>Continue the supervision of IDA EMPs and other donor-financed projects</p>	<p>Continue the supervision of IDA EMPs and other donor-financed projects</p>	<p>Proportion of new industrial units and projects having received the opinion of the Ministry of Environment as regards their environmental and social feasibility</p>							50	n.a.
	<p>Ensure a better management of forestry resources owing to efficient organization and the promotion of biomass energy</p>	<p>Take stock of forestry resources and elaborate an investment program permitting a sustainable management</p>	<p>Increase in forestry surfaces for energy production</p>	<p>667,000 ha (in 2003)</p>	15 %	17.2 %	15 %	36.7 %	15 %	14.2 %		

Annex 2: Bank Lending and Implementation Support/Supervision Processes

(a) Task Team Members

P078994 - Poverty Reduction Support Credit (4)			
Names	Title	Unit	Responsibility/ Specialty
Lending			
Bepio C. Bado	Sr Operations Off.	AFTPR	
Siaka Bakayoko	Sr Financial Management Specialist	MNAFM	
Wolfgang M. T. Chadab	Finance Officer	LOAFC	
Siaka Coulibaly	Economist	AFTP4	
Pascale Helene Dubois	Evaluation and Suspension Officer	OES	
Judite Fernandes	Language Program Assistant	AFTP4	
Kwawu Mensan Gaba	Sr Power Engineer	AFTEG	
Helene Grandvoinet	Senior Public Sector Specialist	AFTPR	
Timothy A. Johnston	Sr Health Specialist	EASHD	
Remi Kini	Sr Environmental Economist	AFTEN	
Patrick Labaste	Lead Agriculture Economist	AFTAR	
Daniel Moreau	Sr Agriculturist	AFTS4	
Francois Nankobogo	Sr Operations Officer	AFTPS	
Ibrahim B. Nebie	Sr Agric. Extension Spec.	AFTAR	
Emmanuel Y. Nikiema	Sr Natural Resources Mgmt. Spec.	AFTEN	
Eavan O'Halloran	Senior Country Officer	AFMMG	
Eustache Ouayoro	Sector Manager	AFTU2	
Lucie Poirier	Consultant	MNAPR	
Suzanne Rayaisse	Program Assistant	AFMBF	
Aguiratou Savadogo-Tinto	Operations Officer	AFTTR	
Mercy Miyang Tembon	Sr Education Spec.	HDNED	
Jean-Jacques Verdeaux	Sr Counsel	LEGIA	
Supervision			
Boubker Abisourour	Research Analyst	AFTP4	
Bhanoumatee Ayoung	Lead Procurement Specialist	OPCPR	
Bepio C. Bado	Sr Operations Off.	AFTPR	
Emmanuel Diarra	Operations Officer	AFTPS	
Beloue Ido	Driver	AFMBF	
Ephraim Kebede	Consultant	AFTP3	
Francois G. Le Gall	Lead Livestock Specialist	AFTAR	
Daniel Moreau	Sr Agriculturist	AFTS4	
Francois Nankobogo	Sr Operations Off.	AFTPS	
Emmanuel Y. Nikiema	Sr Natural Resources Mgmt. Spe	AFTEN	
Eavan O'Halloran	Senior Country Officer	AFMMG	
Eustache Ouayoro	Sector Manager	AFTU2	
Aguiratou Savadogo-Tinto	Operations Officer	AFTTR	
Bintou Sogodogo	Program Assistant	AFMBF	
Gaston Sorgho	Sr Public Health Spec.	WBIHD	
Abdoulaye Toure	Senior Rural Development Speci	AFTAR	
Mamadou Yaro	Sr Financial Management Specia	AFTFM	

P078995 - Poverty Reduction Support Credit (5)			
Names	Title	Unit	Responsibility/ Specialty
Lending			
Bhanoumatee Ayoung	Lead Procurement Specialist	OPCPR	
Bepio C. Bado	Sr Operations Off.	AFTPR	
Helene Bertaud	Sr Counsel	LEGA	
Wolfgang M. T. Chadab	Finance Officer	LOAFC	
Siaka Coulibaly	Economist	AFTP4	
Sybille Crystal	Country Officer	AFCF2	
Safaa El Tayeb El-Kogali	Senior Economist	MNSE	
Judite Fernandes	Language Program Assistant	AFTP4	
Glauca Reis Ferreira	Language Program Assistant	AFTP4	
Kwawu Mensan Gaba	Sr Power Engineer	AFTEG	
Helene Grandvoinet	Senior Public Sector Specialis	AFTPR	
Timothy A. Johnston	Sr Health Spec.	EASHD	
Pierre Joseph Kamano	Sr Education Spec.	AFTH2	
Remi Kini	Sr Environmental Econ.	AFTEN	
Patrick Labaste	Lead Agriculture Economist	AFTAR	
Francois Nankobogo	Sr Operations Off.	AFTPS	
Ibrahim B. Nebie	Sr Agric. Extension Spec.	AFTAR	
Emmanuel Y. Nikiema	Sr Natural Resources Mgmt. Spe	AFTEN	
Eustache Ouayoro	Sector Manager	AFTU2	
Suzanne Rayaisse	Program Assistant	AFMBF	
Aguiratou Savadogo-Tinto	Operations Officer	AFTTR	
Gaston Sorgho	Sr Public Health Spec.	WBIHD	
Moukim Temourov	Human Development Economist	AFTH2	
Kadiatou Pate Toure	Consultant	AFMBF	
Irene S. Xenakis	Operations Adviser	AFTQK	
Supervision			
Boubker Abisourour	Research Analyst	AFTP4	
Bhanoumatee Ayoung	Lead Procurement Specialist	OPCPR	
Bepio C. Bado	Sr Operations Off.	AFTPR	
Emmanuel Diarra	Operations Officer	AFTPS	
Beloue Ido	Driver	AFMBF	
Ephraim Kebede	Consultant	AFTP3	
Francois G. Le Gall	Lead Livestock Specialist	AFTAR	
Daniel Moreau	Sr Agriculturist	AFTS4	
Francois Nankobogo	Sr Operations Off.	AFTPS	
Emmanuel Y. Nikiema	Sr Natural Resources Mgmt. Spe	AFTEN	
Eavan O'Halloran	Senior Country Officer	AFMMG	
Eustache Ouayoro	Sector Manager	AFTU2	
Aguiratou Savadogo-Tinto	Operations Officer	AFTTR	
Bintou Sogodogo	Program Assistant	AFMBF	
Gaston Sorgho	Sr Public Health Spec.	WBIHD	
Abdoulaye Toure	Senior Rural Development Speci	AFTAR	
Mamadou Yaro	Sr Financial Management Specia	AFTFM	

P078996 - Poverty Reduction Support Credit (6)			
Names	Title	Unit	Responsibility/ Specialty
Lending			
Boubker Abisourour	Research Analyst	AFTP4	
Kofi Amponsah	Consultant	AFTH2	
Siaka Coulibaly	Economist	AFTP4	
Glaucia Reis Ferreira	Language Program Assistant	AFTP4	
Patrick Labaste	Lead Agriculture Economist	AFTAR	
Suzanne Rayaisse	Program Assistant	AFMBF	
Hoon Sahib Soh	Senior Economist	AFTP4	
Abdoulaye Toure	Senior Rural Development Speci	AFTAR	
Supervision			
Boubker Abisourour	Research Analyst	AFTP4	
Kofi Amponsah	Consultant	AFTH2	
Andrew Osei Asibey	Sr Monitoring & Evaluation Spe	AFTRL	
Bhanoumatee Ayoung	Lead Procurement Specialist	OPCPR	
Bepio C. Bado	Sr Operations Off.	AFTPR	
Helene Bertaud	Sr Counsel	LEGA	
Boubacar Bocoum	Sr Mining Spec.	COCP	
Jean-Christophe Carret	Sr Natural Resources Econ.	AFTEN	
Alain Jean Catalan	Sr Financial Management Specia	AFTFM	
Wolfgang M. T. Chadab	Finance Officer	LOAFC	
Siaka Coulibaly	Economist	AFTP4	
Christophe Crepin	Lead Environment Specialist	AFTEN	
William Dakpo	Procurement Spec.	AFTPC	
Sylvie Debomy	Sr Urban Planner	AFTU2	
Emmanuel Diarra	Operations Officer	AFTPS	
Ousseynou Diop	Sr Water & Sanitation Spec.	ETWAF	
Olivier Durand	Sr Agricultural Spec.	AFTAR	
Christian Vang Eghoff	Consultant	AFTU2	
Koffi Ekouevi	Senior Economist	AFTEG	
Wilfried Engelke	Senior Economist	AFTP4	
Matar Fall	Lead Water and Sanitation Spec	ETWWA	
Glaucia Reis Ferreira	Language Program Assistant	AFTP4	
Kwawu Mensan Gaba	Sr Power Engineer	AFTEG	
Helene Grandvoinet	Senior Public Sector Specialis	AFTPR	
Beloue Ido	Driver	AFMBF	
Timothy A. Johnston	Sr Health Spec.	EASHD	
Pierre Joseph Kamano	Sr Education Spec.	AFTH2	
Gwladys Nadine Isabelle Kinda	Team Assistant	AFMBF	
Patrick Labaste	Lead Agriculture Economist	AFTAR	
Michel E. Layec	Lead Energy Economist	AFTEG	
Francois G. Le Gall	Lead Livestock Specialist	AFTAR	
Nadege Leboucq	Livestock Specialist	AFTAR	
Song Li	Consultant	AFTEN	
Francois Nankobogo	Sr Operations Off.	AFTPS	
Ibrahim B. Nebie	Sr Agric. Extension Spec.	AFTAR	

Emmanuel Y. Nikiema	Sr Natural Resources Mgmt. Spe	AFTEN	
Nyaneba E. Nkrumah	Sr Natural Resources Mgmt. Spe	AFTEN	
Christophe Prevost	Sr Water & Sanitation Spec.	AFTU2	
Christophe Ravry	E T Consultant	AFTAR	
Suzanne Rayaisse	Program Assistant	AFMBF	
Andre Ryba	Lead Financial Sector Speciali	AFTFS	
Per Axel Ryden	Consultant	SASDN	
Aguiratou Savadogo-Tinto	Operations Officer	AFTTR	
Bintou Sogodogo	Program Assistant	AFMBF	
Hoon Sahib Soh	Senior Economist	AFTP4	
Moukim Temourov	Human Development Economist	AFTH2	
Kadiatou Pate Toure	Consultant	AFMBF	
Amadou Tidiane Toure	Lead Procurement Specialist	AFTPC	
Abdoulaye Toure	Senior Rural Development Speci	AFTAR	
Seydou Traore	E T Consultant	ETWAF	
Virginie A. Vaselopulos	Language Program Assistant	AFTEN	
Mamadou Yaro	Sr Financial Management Specia	AFTFM	

(b) Staff Time and Cost

P078994 - Poverty Reduction Support Credit (4)		
Stage	Staff Time and Cost (Bank Budget Only)	
	No. of staff weeks	USD Thousands (including travel and consultant costs)
Lending		
FY04		219.30
FY05		1.37
FY06		0.00
Total:		220.67
Supervision		
FY04		0.00
FY05		28.74
FY06		27.66
Total:		56.40

P078995 - Poverty Reduction Support Credit (5)		
Stage	Staff Time and Cost (Bank Budget Only)	
	No. of staff weeks	USD Thousands (including travel and consultant costs)
Lending		
FY05	61	249.42
FY06		0.24
Total:	61	249.66
Supervision		
FY05		0.00
FY06	3	6.43
Total:	3	6.43

P078996 - Poverty Reduction Support Credit (6)		
Stage	Staff Time and Cost (Bank Budget Only)	
	No. of staff weeks	USD Thousands (including travel and consultant costs)
Lending		
FY06	84	371.27
FY07		5.02
Total:	84	376.29
Supervision		
Total:		0.00

Annex 3: Beneficiary Survey Results

N.A.

Annex 4: Stakeholder Workshop Report and Results

N.A.

Annex 5: Summary of Borrower's ICR and/or Comments on Draft ICR

MINISTERE DE L'ECONOMIE
ET DES FINANCES

BURKINA FASO
UNITE - PROGRES - JUSTICE

**SECRETARIAT PERMANENT POUR LE SUIVI DES POLITIQUES ET PROGRAMMES FINANCIERS
(SP-PPF)**

APPRECIATION PAR LA PARTIE NATIONALE
DE LA DEUXIEME SERIE DES CREDITS D'APPUI
A LA STRATEGIE DE REDUCTION DE LA PAUVRETE (CASRP IV A VI)
DE L'ASSOCIATION INTERNATIONALE
DE DEVELOPPEMENT

DECEMBRE 2007

I- INTRODUCTION

La première génération de Crédits d'appui à la stratégie de réduction de la pauvreté (CASRP 1 à 3) de l'IDA a soutenu des réformes déterminantes dans tous les quatre piliers du Cadre stratégique de lutte contre la pauvreté (CSLP), pour offrir des bases solides pour la fourniture par l'Etat de services publics de qualité aux usagers dans tous les domaines. Dans le rapport d'achèvement de cette première série de CASRP, le gouvernement a manifesté sa satisfaction pour la grande flexibilité de l'instrument, qui permet notamment, sur la base d'actions « déclencheurs » un appui continu sur le long terme, une avancée des réformes à un rythme variable selon les secteurs et la capacité du gouvernement.

D'une manière générale, la principale force du CASRP réside dans sa recherche permanente d'une cohérence entre les mesures soutenues avec les objectifs et plans d'actions des politiques nationales. Cette démarche a contribué à renforcer son appropriation progressive par les ministères sectoriels et favorisé la mise en œuvre des mesures. Ce résultat a pu être atteint grâce à une patience remarquable de l'équipe macro économique de l'IDA en charge du Burkina et de la volonté des acteurs au niveau national, notamment au sein du ministère chargé des finances, d'œuvrer à une véritable appropriation par les acteurs de l'administration de ce puissant outil de financement du programme de lutte contre la pauvreté.

Cependant, le gouvernement avait relevé des facteurs limitant à l'instrument de se développer rapidement, au nombre desquels :

- sa faible acceptation (voire son rejet) par certains acteurs déterminants tant au sein du gouvernement (ministères sectoriels) que dans les services de la banque (sectoriels) ;
- la faiblesse des capacités humaines et matérielles de l'administration
- la faiblesse de l'appareil statistique national, qui rend difficile l'accès aux statistiques et indicateurs requis pour apprécier les résultats ;

Dans ce contexte, il a souhaité que les prochaines séries de crédits de l'espèce prennent en compte ces facteurs dans le design des mesures et actions afin d'appuyer le renforcement des capacités et consolider les acquis obtenus.

Le rapport d'achèvement de la première série ayant coïncidé également avec la mise en place du Cadre général d'organisation des appuis budgétaires en soutien à la mise en œuvre du CSLP (CGAB-CSLP), il a été fortement recommandé à l'IDA de veiller à assurer une cohérence et une coordination de ses futurs programmes d'aide budgétaire avec les orientations du CGAB-CSLP auquel il était partie prenante.

II - QUELQUES RESULTATS SIGNIFICATIFS DE LA DEUXIEME SERIE DE CASRP

Les CASRP 4 à 6 ont permis de consolider les progrès en matière de gestion budgétaire et de renforcer l'obligation de rendre compte.

Dans les domaines de la programmation et d'exécution budgétaires, les CASRP de la seconde série ont appuyé l'extension des CDMT à des ministères des secteurs prioritaires que sont l'éducation et la santé, et la mise en œuvre de la déconcentration de l'ordonnancement au niveau régional qui a permis d'améliorer sensiblement la mise en œuvre du mécanisme de délégation de crédits. Engagé en 2003 avec le site pilote de Bobo Dioulasso, la déconcentration de l'exécution budgétaire est effective actuellement dans dix régions et couvrira d'ici fin 2008 l'ensemble des treize régions du pays.

L'obligation de rendre compte est rentrée dans les habitudes de l'administration financière qui respecte désormais les prescriptions de l'UEMOA en matière de production de comptes publics et de projets de lois de règlements, donnant ainsi à la Cour des comptes de la matière pour exercer sa mission d'audit des finances publiques. Le rôle de cette institution supérieure de contrôle des finances publiques s'est renforcé grâce notamment aux mesures soutenues par les premiers CASRP avec notamment l'élaboration et la mise en œuvre d'un plan d'actions pour son opérationnalisation dès 2002.

L'amélioration de la gestion budgétaire a eu un impact sur les résultats dans les secteurs sociaux de base, domaines par où le rôle de l'Etat est essentiel pour la vie nationale. En particulier, l'effort budgétaire en faveur de l'éducation de base et de la santé est resté soutenu, ce qui a permis d'améliorer de manière sensible les indicateurs dans ces deux secteurs.

III- APPRECIATION DE LA SECONDE SERIE DES CASRP

Cette appréciation est faite en se référant aux préoccupations exprimées ci-dessus lors de l'évaluation de la première série de CASRP, avec éventuellement une ouverture les nouvelles préoccupations qui ont émergé en cours d'exécution.

1- Il est heureux de relever que le CASRP est aujourd'hui mieux compris au sein de l'administration, quand bien même l'effort doit être poursuivi pour convaincre davantage d'acteurs qui marquent encore des préférences pour les projets sans justification valable. Le CASRP est un appui direct au budget et comme tel, ne s'accommode pas des lourdeurs qui caractérisent la supervision des projets (sectoriels), quand bien même il peut s'appuyer sur des mesures de type sectoriel. Il y a un impératif à travailler à une véritable convergence des acteurs macro et sectoriels sur les objectifs recherchés à travers le CASRP, instrument qui

doit conserver toute la flexibilité qui fait sa force par rapport aux autres canaux de délivrance de l'aide. Cependant l'on note un changement progressif d'attitude sur ce point, avec l'organisation régulière des semaines de la banque à Ouagadougou associant l'ensemble des intervenants de l'institution dans la mise en œuvre de la stratégie d'assistance pays.

2- La Banque a pris en compte le besoin de renforcement de capacités qui constitue une forte contrainte à la mise en œuvre des programmes, en mettant en place le Programme d'appui au renforcement des capacités de l'administration (PRCA) pour accompagner le gouvernement dans ce domaine crucial. Toutefois, les modalités d'intervention de ce programme devraient à notre avis être améliorées pour accroître son impact sur la conduite des programmes d'actions sectoriel qu'il soutient, la mise en œuvre de certaines actions constituant des critères de mobilisation d'appuis budgétaires.

3- dans le même ordre d'idées, les délais de réalisation de certaines actions phares (stratégiques) retenues dans la matrice de performance et de décaissement du CGAB-CSLP se sont souvent révélés difficiles à respecter parce que leur réalisation dépendent de financements de projets de la Banque dont les procédures requièrent souvent des avis de non objection qui ne sont pas toujours délivrés à temps par les chargés de projet. Cela occasionne souvent des retards dans la conduite de nombreuses réformes clé (réformes dans les secteurs des télécommunications, de l'énergie, stratégie de promotion des exportations, etc.). Afin de remédier à ces situations déplorables et accroître les performances du portefeuille, une plus grande responsabilisation de la mission résidente pourrait être envisagée si des spécialistes du secteur y sont disponibles.

4- Un effort de renforcement du système national de statistique est en cours avec l'appui de la Banque, mais les résultats nous paraissent trop lents au regard des nombreuses et fortes attentes dans ce domaine. Il conviendrait de réfléchir à des mesures à impact rapide susceptible d'améliorer la production des statistiques essentielles telles que l'indice des prix à la consommation, l'indice de la production industrielle, l'indice du commerce intérieur, etc. ces mesures à impact immédiat peuvent être conduite concomitamment avec celle de plus long terme comme les formations et l'amélioration du cadre de travail des statisticiens, qui semblent à notre avis, privilégié dans le programme.

5- Il faut une plus grande écoute de la part des équipes de la Banque vis-à-vis des interlocuteurs nationaux pour augmenter le taux de réussite des programmes ou, en d'autres termes, en accroître l'impact. En effet, les acteurs nationaux qui sont au cœur de la mise en œuvre sur le terrain des programmes sont mieux à même d'anticiper les difficultés d'exécution ou l'impact prévisible des actions envisagées. Les problèmes d'exécution et les incompréhensions quelquefois rencontrées découlent souvent d'une non prise en compte suffisante des avis de la partie nationale relatifs aux problèmes prévisibles de l'application de certaines mesures. Cela peut refléter également quelquefois un problème de coordination au

sein des équipes macro et sectorielles de l'IDA, qui induit une incohérence entre les actions préconisées de part et d'autre.

6- La Banque doit faire l'effort :

- d'une part, de mieux coordonner le processus du CASRP avec le processus CGAB-CSLP afin d'éviter les difficultés avec les autres partenaires membres du groupe ; En effet, ces derniers perçoivent la préparation du CASRP comme un processus parallèle alors que la Banque est partie prenante au CGAB-CSLP.; Dans l'idéal, l'identification des mesures devrait être effectuée assez tôt pour permettre des discussions approfondies avec les secteurs concernés dans le cadre des réunions préparatoires de la revue annuelle du programme d'actions prioritaires du CSLP par les commissions sectorielles et thématiques du dispositif de pilotage du CSLP.

- d'autre part éviter, dans le choix de ses déclencheurs, des mesures dont la mise en œuvre échappe à la maîtrise totale du gouvernement, quand bien même de telles mesures peuvent être suivies parce qu'essentielles pour la réalisation des objectifs globaux poursuivis. Le gouvernement peut travailler à encourager les autres partenaires à mener des réformes sensibles, mais ne peut pas toujours influencer sur le rythme de la mise en œuvre de celles-ci s'il n'en est pas le maître du jeu.

Nonobstant ces remarques, la partie nationale est tout à fait satisfaite de l'appui des programmes soutenus par la seconde série de CASRP qui ont permis de consolider les acquis obtenus antérieurement (programmation et exécution du budget, délivrance des services publics sociaux de base, etc.) et de jeter les bases pour avancer dans d'autres domaines prioritaires comme la décentralisation, la compétitivité, promotion du secteur privé). Les résultats obtenus sont certes remarquables, mais des défis importants restent à relever pour l'atteinte des objectifs du millénaire pour développement (OMD), exigeant une intensification des efforts et, surtout, la recherche d'une meilleure efficacité dans l'utilisation des ressources. Ces aspects sont inscrits dans les priorités des programmes d'actions prioritaires du CSLP et de la stratégie de renforcement des finances publiques, lesquels bénéficient d'un soutien de la troisième série de CASRP en cours.

- Non-official Translation -

MINISTRY OF ECONOMICS
AND FINANCE

BURKINA FASO
UNITY – PROGRESS JUSTICE

Permanent Secretariat for the Monitoring of Financial Policies and Programs
(SP-PPF)

APPRAISAL BY THE NATIONAL GOVERNMENT OF THE
INTERNATIONAL
DEVELOPMENT ASSOCIATION POVERTY REDUCTION SUPPORT
CREDIT SECOND SERIES (PRSC IV TO VI)

DECEMBER 2007

395, avenue du Burkina Faso 11 B.P. 695 Ouagadougou 11 Tél.: (226) 50.30.12.64 Fax : (226) 50.30.12.63

I- INTRODUCTION

The first IDA generation of Poverty Reduction Support Credits (PRSC 1 to 3) supported decisive reforms in all four pillars of the Strategic Framework of Poverty Reduction (PRSP), in order to build a solid base for the supply of quality public services to users by the government, in all areas. In the first PRSC series' completion report, the government expressed its satisfaction for the great flexibility of the instrument, which allows –particularly on the basis of “triggers”- the provision of continuous support in the long term, as well as to move forward with reforms at a variable pace, according to sectors' and the government's capacity.

Generally, the PRSC's main strength lies in its permanent search for coherence between the type of measures supported, and the national policies objectives and action plans. This approach contributed to progressive ownership of the PRSC by line ministries and facilitated the implementation of (agreed) measures. Results were reached thanks to the remarkable patience of the IDA macroeconomic team in charge of Burkina Faso, and (thanks) to the good will of the actors at the national level, in particular within the Ministry of Finance, who have strived for true ownership by government administration officials of this powerful financing tool in the fight against poverty.

However, the government has noted that some factors are preventing the instrument to be used efficiently, such as:

- its weak acceptance (even its rejection) by some key actors within the government (in line ministries) and Bank services (sectoral);
- the administration's weakness in terms of human and material resources;
- the national statistical service's weakness, which makes it difficult to access statistics and indicators, necessary to assess the results.

In this context, the government is hoping that the next series of credits will take into account these factors, particularly in relation to the measures and actions designed to support capacity building, and consolidate achievements.

Since the completion report of the first series also coincided with the implementation of the General Framework for Budget Support (CGAB) for the implementation of the PRSP, IDA was strongly advised to ensure coherence and coordination of its future budgetary assistance with CGAB orientations.

II - SOME SIGNIFICANT RESULTS WITH REGARD TO THE SECOND PRSC SERIES

The PRSC-4 to 6 made it possible to consolidate progress with regard to budget management and the strengthening of accountability.

With regard to budget programming and execution, the second PRSC series supported the extension of the MTEF to priority sectors ministries (education and health), and

allowed to proceed with the deconcentration (devolution) of (budget) programming at the regional level, which allowed for substantially improve the delegation of budget credit. The deconcentration of budget execution, which started in 2003 in the pilot site of Bobo Dioulasso, is currently effective in ten regions, and will cover all thirteen regions of the country, before the end of 2008.

Accountability became rooted in the financial administration common practices, which now complies with WAEMU rules regarding the publication of public accounts and settlement of bills, thus giving the Court of Auditors the material (information) to exert its public finance audit mission. The role of this institution was strengthened thanks in particular to measures supported by the first PRSCs, in particular the development and implementation of an action plan for its operationalization in 2002.

The improvement of budget management had an impact on results in basic social sectors, where the role of the state is essential. In particular, budget (supported) efforts in favor of basic education and health have been maintained, which made it possible to noticeably improve indicators in these two sectors.

III- EVALUATION OF THE SECOND PRSC SERIES

This evaluation takes into account concerns expressed above in the evaluation of the first PRSC series, and new ones which emerged during implementation.

1. It is good news that the PRSC is now better understood within the government administration, even though efforts should continue to be made to convince of the advantages (of this approach) actors, which maintain still a preference for projects without valid justification. The PRSC is a direct support to the budget and is not accompanied by the complex and administratively demanding processes (lourdeur), which characterizes the supervision of (sector) projects, but nonetheless can support typical sector measures. It is imperative that actors dealing with macroeconomic issues and those dealing with sector issues work toward a real convergence of the objectives supported by the PRSC, an instrument, which has to preserve all the flexibility, which constitutes its strength in relation to other channels of aid delivery. However, one notes a progressive change of behavior in this regard, with the organization of Bank meetings in Ouagadougou on a regular basis, including all the members of the institution involved in the implementation of the Country Assistance Strategy.
2. The Bank took into account the need for capacity building for effective program implementation by setting up the Administration Capacity Building Project (PRCA) to support the government in this key area. However, the implementation modalities of this program, in our view, would need to be improved in order to enhance its impact on the implementation of the sectoral action plans that it is supposed to support, and of which implementation of some of the actions constitutes triggers for the mobilization of some budget..
3. In the same way, meeting the deadlines of certain key actions (strategic) included in the CGAB performance and disbursement matrix, has often been difficult,

because their implementation depended on Bank project financing that often requires no-objection notices that are not always issued in time by the project manager. This caused often delays in the implementation of many key reforms (in the telecommunication, and energy sectors, as well as in relation to the reform of the export promotion strategy, etc.). In order to address this deplorable situation and enhance the portfolio performance, a larger role of the resident mission could be envisaged, if the sector specialists are available.

4. Efforts to strengthen the national statistical system are being developed with Bank support, but results are too slow considering high expectations in this area. It would be advisable to consider measures with quick impact that are likely to improve the production of essential statistics, such as the consumer price index, the industrial production index, the domestic trade index, etc. These actions with immediate impact may be considered along with other long term measures, like statisticians training and working conditions improvement, which, in our opinion, are given priority in the program.
5. It would be advisable that Bank teams pay more attention to their national counterparts in order to augment the degree of success of the programs, or, by the same token, to enhance the (program's) impact. Indeed, the national counterparts who are at the center of the implementation process on the ground, are more capable to anticipate implementation difficulties, or the likely impact of the actions considered. Implementation problems and misunderstandings sometimes encountered originate often of not taking into account the views expressed by national counterparts in relation to the anticipated application problems of certain measures. Sometimes such problems can also reflect coordination problems among the IDA macro and sector teams, resulting in inconsistencies with regard to the actions recommended on both sides.
6. The Bank should make efforts to:
 - on the one hand, better coordinate the PRSC process with the CGAB process, in order to avoid difficulties with the other partner members of the group. Indeed, these partners perceive the PRSC preparation as a parallel process, although the Bank is partner of the CGAB. Under ideal circumstances, the identification of measures would need to be advanced sufficiently early in order to allow for a profound discussion with the concerned sectors in the context of the preparatory meetings for the annual review of the priority action program (PAP) of the CSLP (Cadre stratégique de lutte contre la pauvreté) conducted by the sector and thematic commissions of the CSLP steering committee.
 - on the other hand, to avoid by the choice of triggers, choosing measures whose implementation is beyond the government's control and ability, even through such measures should be followed on because they are essential for achieving the overall pursued objectives. The government can encourage the other partners to carry out significant reforms, but cannot always influence their implementation pace, if it is not in charge.

Notwithstanding these remarks, the government is entirely satisfied with the support provided for the second PRSC series, which made it possible to consolidate achievements (budget programming and execution, delivery of basic social services, etc.) and to provide the foundations for other priority areas like decentralization, competitiveness, promotion of the private sector). The results obtained are certainly remarkable, but important challenges remain in order to meet the Millennium Development Goals (MDGs) that require intensified efforts and, especially, improved effectiveness in the use of resources. These aspects are included in the PRSP priority action plans, and the strategy for strengthening the public finances, which are supported by the ongoing PRSC's third series.

Annex 6: Comments of Cofinanciers and Other Partners/Stakeholders

The comments reported below were collected by the CGAB Presidency from members of the CGAB.

Cadre général d'organisation des appuis budgétaire en soutien à la mise en œuvre du CSLP (CGAB – CSLP)

Commentaires et observations sur rapport de fin d'exécution CARP 4-6

Les CARP mettent en pôle position l'axe 1 « accélérer la croissance et création d'emplois ». s'il est vrai que le taux de croissance est publié annuellement par le FMI, les questions d'emplois sont relativement moins documentées. Il est difficile d'apprécier de nos jours l'impact des politiques sur la création d'emplois. L'annexe 1 fournit des informations sur l'évolution du nombre des organisations professionnelles agricoles à vocation économique mais pas le nombre d'emplois créés.

Le cadre général d'organisation des appuis budgétaires a été établi en 2005 pour permettre une meilleure harmonisation et coordination des interventions des différents bailleurs faisant de l'ABG. Si la Banque perçoit des rigidités comme affirmé à la page 12 « *Cependant, la formalisation croissante du processus de CGAB a présenté un risque de rigidités naissantes, qui peuvent limiter la flexibilité réalisée et l'empêcher à terme de satisfaire les besoins.* » , il est impérieux que ces rigidités soient clairement identifiées et traitées. L'évaluation indépendante est en cours et c'est l'occasion d'en faire mention.

En ce qui concerne les instruments budgétaires, le Burkina Faso a été un des pays pilote pour le budget programme et le CDMT. Ces deux instruments sont très utiles, mais leur cohabitation au sein des ministères pourrait être source de confusion et de perte de ressources. En effet, ces instruments visent les mêmes buts. Le gouvernement ne devrait-il pas faire le choix d'un instrument et achever son application ?

Les performances économiques sont appréciables, avec un taux de croissance moyen supérieur à celui de la sous région et à la prévision du programme (5%). Cependant, des questions importantes demeurent:

- **la fiscalité** est qualifiée de « disciplinée » (page 17 dernier paragraphe), mais la pression fiscale est l'une des plus faible de l'UEMOA et les réalisations demeurent en deça des potentialités réelles. Nonobstant l'impact négatif des difficultés de la filière coton sur les recouvrements des ressources internes ces dernières années, l'informalisation de l'économie plombe les réalisations de recettes fiscales. Beaucoup d'entreprises sont déclarées sous le régime informel (CSI) alors qu'elles devaient être au RSI.

Les recouvrements de la TVA ont également une large marge d'amélioration. C'est à ce niveau que nous apprécions la collaboration entre la Banque, le FMI et les autres PTFs qui à terme, permettra d'adresser ces questions.

- **les questions d'équité** ne sont pas suffisamment abordées. Dans quelle mesure les CARP 4-6 ont contribué à améliorer l'équité ? La question du genre est abordée à la page 31 et demanderait à être considérée de façon plus transversale, par exemple impact de la libéralisation du secteur coton sur l'équité et la pauvreté ?. En effet, une des portes d'entrée pour la réduction de la pauvreté et l'amélioration de l'équité est le ciblage des plus pauvres qui au Burkina sont les femmes (52% de la population).
- Si l'éducation est suffisamment pris en compte, la question de l'Education Non Formelle qui est un volet du PDDEB et ayant un impact direct et immédiat sur le développement social et économique des plus pauvres, n'est pas abordée. Dans quelle mesure les CARP ont contribué à la réduction du taux d'analphabétisme ?

Quel a été l'impact écologique et économique (recul de la souveraineté alimentaire) de la libéralisation du secteur coton surtout à l'Est où l'on a assisté à une déforestation importante ?

Pendant la période évaluée, le PDDEB a rencontré certaines difficultés liées à la mise en place du système BPE. Cela n'a pas été évoqué dans le rapport.

Concernant la mesure de la pauvreté, le rapport d'évaluation de la Banque Mondiale sur les CASRP 4 à 6, fait notamment état d'un "projet de renforcement de la capacité statistique (10 millions USD, FY04), qui s'attaque aux imperfections dans le dispositif de S&E en renforçant la collecte des données et la diffusion". Il n'aborde cependant pas la question essentielle de la mesure de la pauvreté, qui est au centre des préoccupations et reste pour l'instant non résolue. En effet, que ce soit pour ce CASRP ou pour les autres programmes de stabilisation et de réformes structurelles appuyés par la Banque, le FMI et d'autres donateurs, il importe de pouvoir en estimer l'impact par l'évaluation du profil de pauvreté correspondant.. Depuis 1994, date à laquelle la première enquête sur les conditions de vie des ménages a été publiée, les appréciations sur les questions de méthodologie du calcul des indices de pauvreté ont été divergentes. Il est cependant nécessaire de s'accorder sur la méthode de calcul des indices de pauvreté ainsi que sur sa répartition entre les groupes socio-économiques.

D'autre part, ces indices devraient être calculés annuellement pour qu'on puisse constituer une série rétrospective longue. Il existe au sein du Ministère de l'économie et des finances, un Simulateur Macro-économique pour l'Analyse de la Pauvreté (Poverty Analysis Macro Simulator - PAMS), qui est très peu utilisé. Pourtant pour une année donnée, lorsqu'il n'existe pas d'enquête même rapide

sur les conditions de vie des ménages, il doit être possible d'estimer les agrégats usuels à l'aide de ce simulateur.

Pour répondre efficacement aux interrogations des autorités et des partenaires techniques et financiers impliqués dans la préparation et la mise en œuvre de la Stratégie de Réduction de la Pauvreté au Burkina Faso, il nous apparaît nécessaire de :

- Mener une enquête annuelle (rapide ou complète) sur les conditions de vie des ménages,
- Communiquer les résultats de cette enquête au grand public,
- Poursuivre les travaux d'affinement des méthodes d'estimation de la croissance économique, y compris celle à long terme ainsi que le calcul des indices de pauvreté
- Renforcer les capacités opérationnelles des cadres du Ministère de l'économie et des finances en matière de gestion stratégique de l'économie.

Le rapport gagnerait à traiter la question de la fiabilité et de la régularité du calcul des indicateurs de pauvreté. Ces propositions devraient contribuer à améliorer la qualité du suivi-évaluation du CSLP, en plus du simple calcul des indicateurs d'impact du CSLP.

- Non-official Translation -

The comments reported below were collected by the CGAB Presidency from members of the CGAB.

General Framework for Budget Support for the Implementation of CSLP (CGAB – CSLP)

Comments and observations on the implementation completion report concerning PRSC-4 to 6

The PRSCs place emphasis on the first axis: “Accelerating Growth and Employment Creation.” Although, it is true that the growth rate is published annually by the IMF, then the question of employment is less relatively well documented. It is difficult today to evaluate the impact of policies on employment creation. Annex 1 provides for information on the development of the number of professional agricultural organizations with an economic purpose but not the number of jobs created.

The general framework for budget support was established in 2005 to allow for better harmonization and coordination of assistance provided by the different donors engaged in budget support. If the Bank points on page 12 to rigidities: “However, the growing formalization of the CGAB process presents a risk for emerging rigidities, which can limit existing flexibility and hamper achieving [CGAB] objectives.”¹⁶ It is mandatory, that these rigidities are clearly identified and addressed. The independent evaluation is underway and this is the opportunity to raise the issue.

Regarding the budget instruments, Burkina Faso has been one of the pilot-countries for budget programming and the MTEF. These two instruments are very useful, but their cohabitation under the auspices of the ministries could be a source of confusion and a loss of resources. Yet, these instruments have the same aim. Should the government not choose one instrument and complete its application?

The economic performance is significant, with a medium growth rate superior to that of the sub-region and to program projections (5 %). However, there are still important questions:

- The **fiscal policy** is described as "prudent" (page 17 last paragraph; now page 14) but the fiscal revenue ratio is one of the weakest of the WAEMU countries and the achievement remains below the real potential. Regardless of the negative impact of the cotton sector’s difficulties on the collection of domestic resources during these past years, the informalization of the economy hinders the collection

¹⁶ This quote refers to an earlier French language version of the Implementation Completion Report.

of tax revenues. Many firms operate under the informal regime (CSI) while they should have been under the RSI. VAT collection, too, has a large margin for improvement. It is at this level that we appreciate the collaboration of the Bank, the IMF and other PTFs, which, over time, will allow to address these questions.

- **Questions on equity** are not sufficiently taken up. How did PRSC-4 to 6 contribute to improve equity? The gender question is raised on page 31 (now page 27) and would need to be considered in a more cross-cutting way, for instance, the impact of the liberalization of the cotton sector on equity and poverty? In fact, one of the entry points for poverty reduction and equity improvement is targeting the poorest who in Burkina are women (52 % of the population).
- If education is sufficiently taken into consideration, the question of informal (non conventional) education, which is a part of the PDDEB, and which has a direct and immediate impact on the social and economic development of the poorest, is not taken up. How have the PRSCs contributed to the reduction of illiteracy?

What has been the environmental and economic impact (reduction in the dependency of food imports) regarding the liberalization of the cotton sector, especially in the east where significant deforestation has taken place?

During the evaluated period, the PDDEB encountered some difficulties linked to the implementation of the BPE system (sector program budgeting). This was not mentioned in the report.

As for the poverty measurement, the World Bank evaluation report about PRSC-4 to 6 refers to the "Statistical Capacity Building project (\$10 million, FY04) which addresses shortcomings in the M&E system by strengthening data collection and reporting." However, it does not deal with the essential question of measuring poverty, which is at the centre of concerns and remains for the moment unresolved.

In fact, whether it would be for this PRSC or for other stabilization programs and structural reforms supported by the Bank, the IMF and other donors, it is important to be able to estimate the impact by evaluating the corresponding poverty profile. Since 1994, when the first survey on household living standards was published, the debate about the methodological questions for calculating the poverty indices has been divergent. However, it is necessary to agree on the calculation method of the poverty indices and on the distribution of poverty among the socioeconomic groups.

On the other hand, these indices need to be calculated annually in order to establish a historical series. In the Ministry of Economics and Finance exists a macroeconomic simulator for analyzing poverty (Poverty Analysis Macro Simulator or PAMS), which is hardly used. Yet, for a given year, when there exists not even a quick survey on the household living conditions, it should be possible to estimate usual aggregates with the help of this simulator.

To efficiently respond to questions raised by the authorities and the technical and financial partners supporting the preparation and the implementation of the poverty reduction strategy in Burkina Faso, it appears necessary to:

- conduct an annual survey (quick or complete) on household living conditions,
- share the survey results with the wider public,
- follow-up with a refining of the methods for estimating economic growth, including those for long-term growth as well as the calculation method for poverty indices,
- reinforce the operational capacity of high-level staff at the Ministry of Economics and Finance in the area of strategic management of the economy.

The report would benefit from solving the question of reliability and regularity of calculating the poverty indicators. These suggestions should contribute to improve the monitoring and evaluation quality of the CSLP, as well as the simple calculation of the CSLP impact indicators.

Annex 7: List of Supporting Documents

World Bank Documents

PRSC-4:

Memorandum for Regional Operations Committee (ROC) Review Meeting, Burkina Faso: Poverty Reduction Strategy Credit (PRSC), March 15, 2004.

Agreed Minutes of Negotiations, Fourth Poverty Reduction Support Credit (PRSC-4), April 9, 2004.

Program Document, "Burkina Faso: Fourth Poverty Reduction Support Credit," (Report No. 28293-BUR), April 14, 2004.

Implementation Completion Report, "Burkina Faso: Fourth Poverty Reduction Support Credit," (Report No. 34447-BF), December 28, 2005.

IEG ICR Review of the Poverty Reduction Support Credit (4), March 20, 2006.

PRSC-5:

Concept Review Meeting Minutes, "Burkina Faso: PRSC-5," February 9, 2005.

ROC Review Meeting Minutes, "Burkina Faso: Fifth Poverty Reduction Strategy Credit," March 22, 2005.

Program Document, "Burkina Faso: Fifth Poverty Reduction Support Credit (Report No. 31342-BF), April 7, 2005.

Agreed Minute of Negotiations, "Burkina Faso: PRSC-5," April 2, 2005.

Country Assistance Strategy, Republic of Burkina Faso, (Report No. 32187-BF), May 12, 2005.

PRSC-6:

Concept Review Meeting Minutes, "Burkina: Sixth poverty Reduction Support Credit," May 16, 2006.

ROC Review Meeting Minutes, "Burkina Faso: Sixth Poverty Reduction Support Credit," April 27, 2006.

Program Document, "Burkina Faso: Sixth Poverty Reduction Support Credit (Report No. 34045-BF), May 16, 2006.

Agreed Minutes of Negotiations: “Burkina Faso: PRSC-6,” May 5, 2006.
OED - CAS 2001-2005 Completion Report Review, Report-No. 32542.

Other Bank Documents:

Burkina Faso: *Une évaluation du Climat des Investissements*, June 2006 (Review draft).

Burkina Faso: *Creating Better Jobs for Poverty Reduction in Burkina Faso*, October 30, 2006.

Burkina Faso: *Diagnostic Trade Integration Study*, May 2007.

Country Assistance Strategy Progress report for Burkina Faso, Midterm, Period FY 2006-2009 (Report No. 39980-BF), June 13, 2007.

Comparative Analysis of Organizations and Performance of Africa Cotton Sectors: Learning from Experience of Cotton Reform in Arica, September 2007, (review draft).

Program Document, “Burkina Faso: Seventh Poverty Reduction Support Credit (Report No. 38008-BF), June 6, 2007.

Program Document: “Burkina Faso: Second Community Based Rural Development Project,” (Report No. 37871-BF), March 6, 2007.

Program Document: “Burkina Faso: Health Sector Support and Multisectoral AIDS Project,” (Report No. 35738-BF), March 30, 2006.

Program Document: “Burkina Faso: Second Community Based Rural Development Project in Support of the national program for Decentralized Rural Development (APL),” (Report No. 37871-BF), March 6, 2007.

Program Document: “Burkina Faso: Administration Capacity Building Project” (Report No. 29909-BF), February 17, 2005.

Program Document: “Burkina Faso: Decentralized Urban Capacity Building Project” (Report No. 39597-BF), May 2, 2007.

Program Document: “Burkina Faso: Energy Access Project,” (Report No. 39709-BF), June 22, 2007.

Program Document: “Burkina Faso: Decentralized Urban Capacity Building Project,” (Report No. 39597-BF), May 2, 2007.

Program Document: “Burkina Faso: Administration Capacity Building Project,” (Report No. 29909-BF), February 17, 2007.

Public Expenditure Review: “Burkina Faso: - The Budget as Centerpiece of PRSP Implementation,” (Report No. 29154-BUR), June 25, 2005.

Poverty Assessment: “Burkina Faso: Reducing Poverty through Sustained Equitable Growth,” (Report No. 29743-BUR), June 7, 2005.

Joint Bank-Fund Documents

Burkina Faso: Joint IDA-IMF Staff Advisory Note of the Poverty Reduction Strategy Paper Sixth Annual Progress Report, (Report No. 39200-BF), April 26, 2007.

Burkina Faso: Joint IDA-IMF Staff Advisory Note of the Poverty Reduction Strategy Paper Fifth Annual Progress Report, (Report No. 37010-BF), August 15, 2006.

Burkina Faso: Joint IDA-IMF Staff Advisory Note of the Poverty Reduction Strategy Paper and Annual Progress Report of the Poverty Reduction Strategy Paper, (Report No. 31749-BF), April 11, 2005.

IMF Documents

Burkina Faso: Staff Report – Request for a Three-Year arrangement under the Poverty Reduction and Growth Facility, April 2, 2007.

Burkina Faso: Sixth Review under the Arrangement under the Poverty Reduction and Growth Facility and Request for Waiver of Performance Criteria and Augmentation of Access, August 28, 2006.

Burkina Faso: Selected Issues and Statistical Appendix, August 23, 2005.

Burkina Faso: Ex Post Assessment of Longer-Term Program engagement, August 28, 2006.

Burkina Faso: 2005 Article IV consultation, Fourth Review Under the Poverty Reduction and Growth Facility Arrangement, and Request for Waiver of performance Criterion—Staff Report; Public Notice and Press Release on the Executive Board Discussion; and Statement by the Executive Director for Burkina Faso (Report No. 05/354), September 2005.

Burkina Faso: First Review Under the Three-Year Arrangement Under the Poverty Reduction and Growth Facility, and Request for Waiver of performance Criterion—Staff Report; Staff Supplement; Press Release on the Executive Board Discussion; and Statement by the Executive Director for Burkina Faso (Report No. 04/95), April 2004.

IMF Working Paper: Making Fiscal Space Happen: Managing Fiscal Policy in a World of Scale-Up Aid.

Other documents

African Development Bank and UNDP: Burkina Faso: Profil de Gouvernance-Pays (2005).

ADE: *Mission d'appui à l'élaboration de la Stratégie de Renforcement des Finances Publiques (SRFP)*, October 2006.

PEFA, *Mesure de la Performance de la Gestion des Finances Publiques au Burkina Faso*, April 2007.

Note sur la Stratégie Nationale d'Accélération de la Mise en Œuvre des OMD, *Ministère de l'Economie et du Développement du Burkina Faso*, Mars 2007.

ECORYS: *Le fonctionnement du CGAB-CSLP en 2005*.

ECORYS: *Le fonctionnement du CGAB-CSLP en 2006*.

Burkina Faso: Rapport de Synthèse Pour la Revue du PAP 2006, March 2007.