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PROJECT PERFORMANCE ASSESSMENT REPORT

BURKINA FASO

**POVERTY REDUCTION SUPPORT CREDIT 1
(CREDIT 3565)**

**POVERTY REDUCTION SUPPORT CREDIT 2
(CREDIT 3691)**

**POVERTY REDUCTION SUPPORT CREDIT 3
(TF-50516, GRTD-H0580)**

**POVERTY REDUCTION SUPPORT CREDIT 4
(CREDIT 3900)**

**POVERTY REDUCTION SUPPORT CREDIT 5
(CREDIT 4053, H1580)**

**POVERTY REDUCTION SUPPORT CREDIT 6
(CREDIT 4194)**

March 30, 2009

*Country Evaluation and Regional Relations
Independent Evaluation Group (World Bank)*

Currency Equivalents (annual averages)

Currency Unit = CFA Franc (CFAF)

2004	US\$1.00	526.7
2005	US\$1.00	529.4
2006	US\$1.00	521.5
2007	US\$1.00	479.6

Fiscal Year

Government: January 1 – December 31

Abbreviations and Acronyms

AfDB	African Development Bank
CAE	Country Assistance Evaluation
CAS	Country Assistance Strategy
CASCR	Country Assistance Strategy Completion Report
CC	Cour des Comptes
CET	Common External Tariff
CGAB	Cadre Général d'Appui Budgétaire
CID	Computerized Expenditure Network
CIE	Computerized Integrated Accounting System
CIR	Computerized Revenue Network
CPAR	Country Procurement Assessment Report
DHS	Demographic and Health Survey
EA	Environmental Assessment
EMRSO	Economic Management Reform Support Operation
GNP	Gross National Product
GOB	Government of Burkina
HIPC	Highly Indebted Poor Countries
ICR	Implementation Completion Report
IDA	International Development Association
IEG	Independent Evaluation Group
IEGWB	Independent Evaluation Group (World Bank)
IGE	Inspection Générale d'Etat
IGF	Inspection Générale des Finances
IFMS	Integrated Financial Management System
IMF	International Monetary Fund
LGC	Local Government Code
JSA	Joint Staff Assessment
MDG	Millennium Development Goals
MEBA	Ministère de l'Enseignement de Base et de l'Alphabétisation
M&E	Monitoring and Evaluation
MOF	Ministry of Finance
MOH	Ministry of Health
MTEF	Medium-Term Expenditure Framework
PB	Program Budget
PD	Program Document

PAP	Priority Action Plan
PER	Public Expenditure Review
PNDS	National Health Care Development Plan
PPAR	Project Performance Assessment Report
PPDEB	Ten-Year Basic Education Plan
PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Strategy Paper
SAC	Structural Adjustment Credit
SME	Small and Medium Enterprise
SOFITEX	Société des Fibres Textiles
SYGADE	Debt Analysis and Management System
SYGASPE	Budget Payroll Management System
TTC	Teacher Training College
WAEMU	West African Economic and Monetary Union
WHO	World Health Organization

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IEGWB Mission: Enhancing development effectiveness through excellence and independence in evaluation.

About this Report

The Independent Evaluation Group assesses the programs and activities of the World Bank for two purposes: first, to ensure the integrity of the Bank's self-evaluation process and to verify that the Bank's work is producing the expected results, and second, to help develop improved directions, policies, and procedures through the dissemination of lessons drawn from experience. As part of this work, IEGWB annually assesses about 25 percent of the Bank's lending operations through field work. In selecting operations for assessment, preference is given to those that are innovative, large, or complex; those that are relevant to upcoming studies or country evaluations; those for which Executive Directors or Bank management have requested assessments; and those that are likely to generate important lessons.

To prepare a Project Performance Assessment Report (PPAR), IEGWB staff examine project files and other documents, interview operational staff, visit the borrowing country to discuss the operation with the government, and other in-country stakeholders, and interview Bank staff and other donor agency staff both at headquarters and in local offices as appropriate.

Each PPAR is subject to internal IEGWB peer review, Panel review, and management approval. Once cleared internally, the PPAR is commented on by the responsible Bank department. IEGWB incorporates the comments as relevant. The completed PPAR is then sent to the borrower for review; the borrowers' comments are attached to the document that is sent to the Bank's Board of Executive Directors. After an assessment report has been sent to the Board, it is disclosed to the public.

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Outcome: The extent to which the operation's major relevant objectives were achieved, or are expected to be achieved, efficiently. The rating has three dimensions: relevance, efficacy, and efficiency. *Relevance* includes relevance of objectives and relevance of design. Relevance of objectives is the extent to which the project's objectives are consistent with the country's current development priorities and with current Bank country and sectoral assistance strategies and corporate goals (expressed in Poverty Reduction Strategy Papers, Country Assistance Strategies, Sector Strategy Papers, Operational Policies). Relevance of design is the extent to which the project's design is consistent with the stated objectives. *Efficacy* is the extent to which the project's objectives were achieved, or are expected to be achieved, taking into account their relative importance. *Efficiency* is the extent to which the project achieved, or is expected to achieve, a return higher than the opportunity cost of capital and benefits at least cost compared to alternatives. The efficiency dimension generally is not applied to adjustment operations. *Possible ratings for Outcome:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

Risk to Development Outcome: The risk, at the time of evaluation, that development outcomes (or expected outcomes) will not be maintained (or realized). *Possible ratings for Risk to Development Outcome:* High Significant, Moderate, Negligible to Low, Not Evaluable.

Bank Performance: The extent to which services provided by the Bank ensured quality at entry of the operation and supported effective implementation through appropriate supervision (including ensuring adequate transition arrangements for regular operation of supported activities after loan/credit closing, toward the achievement of development outcomes. The rating has two dimensions: quality at entry and quality of supervision. *Possible ratings for Bank Performance:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

Borrower Performance: The extent to which the borrower (including the government and implementing agency or agencies) ensured quality of preparation and implementation, and complied with covenants and agreements, toward the achievement of development outcomes. The rating has two dimensions: government performance and implementing agency(ies) performance. *Possible ratings for Borrower Performance:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

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Principal Ratings

	<i>ICR*</i>	<i>ES*</i>	<i>PPAR****</i>
POVERTY REDUCTION SUPPORT CREDIT 1 – P072106			
Outcome	Satisfactory	Satisfactory	Moderately Satisfactory
Institutional Development Impact**	Substantial	Modest	——
Risk to Development Outcome	——	——	Moderate
Sustainability***	Likely	Likely	——
Bank Performance	Satisfactory	Satisfactory	Moderately Satisfactory
Borrower Performance	Satisfactory	Satisfactory	Satisfactory
POVERTY REDUCTION SUPPORT CREDIT 2 – P075378			
Outcome	Satisfactory	Satisfactory	Moderately Satisfactory
Institutional Development Impact**	Substantial	Modest	——
Risk to Development Outcome	——	——	Moderate
Sustainability***	Likely	Likely	——
Bank Performance	Satisfactory	Satisfactory	Moderately Satisfactory
Borrower Performance	Satisfactory	Satisfactory	Satisfactory
POVERTY REDUCTION SUPPORT CREDIT 3 – P076908			
Outcome	Satisfactory	Satisfactory	Moderately Satisfactory
Institutional Development Impact**	Substantial	Substantial	——
Risk to Development Outcome	——	——	Moderate
Sustainability***	Likely	Likely	——
Bank Performance	Satisfactory	Satisfactory	Moderately Satisfactory
Borrower Performance	Satisfactory	Satisfactory	Satisfactory
POVERTY REDUCTION SUPPORT CREDIT 4 – P078994			
Outcome	Satisfactory	Moderately Satisfactory	Moderately Satisfactory
Institutional Development Impact**	——	——	——
Risk to Development Outcome	Moderate	Moderate	Moderate
Sustainability***	——	——	——
Bank Performance***	Satisfactory	Moderately Satisfactory	Moderately Satisfactory

	<i>ICR*</i>	<i>ES*</i>	<i>PPAR****</i>
POVERTY REDUCTION SUPPORT CREDIT 5 – P078995			
Outcome	Satisfactory	Moderately Satisfactory	Moderately Satisfactory
Institutional Development Impact**	——	——	——
Risk to Development Outcome	Moderate	Moderate	Moderate
Sustainability***	——	——	——
Bank Performance	Satisfactory	Moderately Satisfactory	Moderately Satisfactory
Borrower Performance	Satisfactory	Satisfactory	Satisfactory
POVERTY REDUCTION SUPPORT CREDIT 6 – P078996			
Outcome	Satisfactory	Moderately Satisfactory	Moderately Satisfactory
Institutional Development Impact**	——	——	——
Risk to Development Outcome	Moderate	Moderate	Moderate
Sustainability***			——
Bank Performance	Satisfactory	Moderately Satisfactory	Moderately Satisfactory
Borrower Performance	Satisfactory	Satisfactory	Satisfactory

* The Implementation Completion Report (ICR) is a self-evaluation by the responsible Bank department. The Evaluation Summary (ES) is an intermediate IEGWB product that seeks to verify independently the findings of the ICR.

**As of July 1, 2006, Institutional Development Impact is assessed as part of the Outcome rating.

***As of July 1, 2006, Sustainability has been replaced by Risk to Development Outcome. As the scales are different, the ratings are not directly comparable.

****In accordance with the revised guidelines, PRSC-IV was subject to a Simplified ICR and to an independent internal Bank review which rated Outcome and Bank Performance as Satisfactory. When the Full ICR covering the second series (PRSC IV –VI) was reviewed, the ratings of Outcome and Bank Performance for PRSC-IV were downgraded to Moderately Satisfactory. The PPAR reviews the first and second series (PRSC I-VI) as a whole and attributes the overall ratings back to each PRSC. This explains the apparent difference in ratings between the ES and this PPAR.

Key Staff Responsible

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Preface

This is the Project Performance Assessment Report (PPAR) on six lending operations to the Republic of Burkina Faso from 2001 to 2006, to assist the country in implementing its poverty reduction strategy. The lending instrument advocated by the Bank to assist Burkina Faso achieve this objective was budget-support in the form of Poverty Reduction Support Credits (PRSC). Two programmatic series of three PRSCs each are reviewed here. The purpose of this report is to assess whether these six operations have achieved their objective.

The first programmatic series (2001-2003) consisted of: (i) the First PRSC (Credit 3565-BUR), in the amount of SDR 36 million, approved on August 23, 2001. The Credit became effective and was fully disbursed on October 4, 2001. It was closed on June 30, 2002, the original date; (ii) the Second PRSC (Credit 3691-BUR), in the amount of SDR 28.1 million, approved on July 11, 2002. The Credit became effective and was fully disbursed on October 31, 2002. It was closed on June 30, 2003, the original date. There was parallel cofinancing by the Belgian Cooperation for US\$5 million; and (iii) the Third PRSC (Grant H058-BUR), in the amount of SDR 35.4 million, approved on July 15, 2003. The Grant became effective and was fully disbursed on September 29, 2003. It was closed on June 30, 2004, the original date.

The second programmatic series (2004-2006) consisted of: (i) the Fourth PRSC (Credit 3900-BUR), in the amount of SDR 40.9 million, approved on May 11, 2004. The Credit became effective and was fully disbursed on July 21, 2004. It was closed on June 30, 2005, the original date; (ii) the Fifth PRSC (Credit 4053-BUR and Grant H158-BUR), in the total amount of SDR 39.9 million (a Credit of SDR 30.6 million and a Grant of SDR 9.3 million), approved on May 3, 2005. The Credit and the Grant became effective and were fully disbursed on August 25, 2005. They were closed on June 30, 2006, the original date; and (iii) the Sixth PRSC (Credit 4194-BUR), in the amount of SDR 41.8 million, approved on June 20, 2006. The Credit became effective and was fully disbursed on August 31, 2006. It was closed on June 30, 2007, the original date.

The PPAR is based on all relevant Bank and Fund documents and on interviews with Bank and Fund staff. A mission, consisting of Monika Huppi, Lead Economist, and Ilka Funke, Consultant, visited Burkina Faso in May 2007 to discuss performance with officials who implemented the projects, representatives of civil society, members of the Bank resident mission, and local representatives of donors. Basic data sheets are in Annex A. The draft PPAR was sent to the Government for comments. No comments were received.

This report was prepared by Pierre de Raet (Consultant) with Claude Leroy-Thémèze as Task Manager. Cecilia Tan provided administrative support.

Summary

1. The purpose of this PPAR is to assess the extent to which two programmatic series of three PRSCs each (PRSCs I - III and PRSCs IV-VI), financed by the Bank from 2001 to 2006, helped Burkina Faso achieve its objective of reducing poverty in the country.

2. The Government's programs supported by the PRSCs must be seen against the background of developments in the second half of the 1990s. In 1991, after decades of economic mismanagement, the Government (GOB) undertook a wide range of economic reforms under stabilization and structural adjustment programs supported by the Bank, the IMF, and the donor community. After declining over the first half of the decade, growth picked up following the January 1994 CFA franc devaluation, reversing past trends. Real GDP growth reached an average of 7.5 percent p.a. between 1995 and 1999. Inflation was contained and the fiscal and current account deficits were broadly maintained within the IMF's programs limits. The programs of the 2000s and the PRSCs built upon the positive achievements of the 1990s.

3. In spite of the good performance of the late 1990s, social and human development lagged behind with poverty (defined as the population below the national poverty line) increasing from 44.5 percent in 1994 to 54.6 percent of the population in 1998.¹ The Government recognized that the country would not be able to reduce poverty and meet the 2015 Millennium Development Goals (MDGs), unless the pace of reforms was accelerated to liberalize and open up the economy further. To address this situation, it prepared and issued in mid-2000 a Poverty Reduction Strategy Paper (PRSP-I) built on four pillars: (i) accelerating broad-based growth; (ii) ensuring access to basic social services by the poor; (iii) expanding opportunities for employment and income-generating activities for the poor; and (iv) promoting good governance. PRSP-I covered a medium-term program over 2001-2003, supported by a first series of three PRSCs. In November 2004, the PRSP was revised, proposing a medium-term program covering 2004-2006 (PRSP-II). Although built upon the same pillars and objectives of the 2000 strategy, PRSP-II placed greater emphasis on achieving a higher level of growth and employment. The 2004-2006 program was supported by a second series of PRSCs. The donor community also provided budget support to assist in implementing the strategy.

4. The six PRSCs had the same overall objective, i.e., helping implement the PRSP. They also had the same three specific objectives consistent with the strategic pillars of the PRSP: (i) *accelerating broad-based growth and employment* (reforms in the cotton sector, agricultural diversification, telecom, energy, labor market, and business climate); (ii) *improving access to basic services* (reforms in education, health, and water infrastructure); and (iii) *promoting good governance* (reforms in budget management, fiduciary framework, civil service, deconcentration and decentralization, and

¹ The poverty incidence of 45.3 percent, recorded by the 1998 survey, was readjusted to 54.6 percent by the poverty assessment conducted jointly by GOB and the Bank in 2003. The ratio was revised by applying the same methodology to the 1998 and the 2003 data.

while the Government's policies on deconcentration and decentralization had not been formulated.

5. Since PRSCs are meant to provide more flexibility and predictability in implementing reforms over the medium-to long-term, performance must be assessed using the same time horizon as that of the reform programs themselves. Accordingly, the PPAR assesses achievements under each of the three objectives at the end of the second programmatic series, i.e., in mid-2007. This provides a better picture of performance after a period long enough to make a judgment, which is not the case if assessment is made year by year.

6. *Macro-economic stability* was maintained and performance was consistently satisfactory under the IMF's Poverty Reduction and Growth Facility (PRGF) programs throughout the period despite adverse exogenous factors, notably the increase in oil prices, the appreciation of the US dollar, and the serious deterioration of the political situation in Côte d'Ivoire. The Government is to be commended for its ownership of the reform program, particularly for its determination to adhere to sound fiscal policies, a considerable challenge in the circumstances.

7. *Accelerating broad-based growth and employment.* Overall, results were mixed. The growth objective was achieved, but there is no evidence that it was broad-based or that it had any impact on employment. Growth reflected the good performance of the cotton sector, which was due as much to the relatively good rainfalls over the six-year period as to the sector reforms. The large increase in production reflects increases in cultivated areas and not higher yields, which, according to the last Implementation Completion Report (ICR), have declined by over 10 percent in recent years. As the ICR notes, the good performance of the sector should not eclipse the fact that the industry continues to face many challenges in terms of efficiency and competitiveness. In contrast to cotton, progress was modest in agricultural diversification, a key condition for broadening the productive basis of the country. Although cereal production is estimated to have increased by between 30 and 60 percent over 2004-2006, productivity remains low as production is characterized by low mechanization and vulnerability to rainfall variation.

8. In the other reform areas expected to generate growth and employment, results were modest. The telecom company was privatized, but after long delays, while, in the energy sector, the process is not expected to be completed before 2008/09, with a much delayed impact on lowering power costs, one of the key factors to raise competitiveness. Progress in privatization proved to be much dependent on reaching a political consensus, while reforms in the labor market were also slow, reflecting pressures from labor unions. Progress was made in removing bureaucratic obstacles to the registration of businesses, in securing titles, in reforming the urban code, etc., but there is little evidence that these had any impact on growth and/or employment.

9. *Improving access to basic services.* In both education and health, access was improved thanks to regular increases in budget allocations and expenditures and better sector budget management. More clarity in sector finances was achieved by bringing more consistency between the different budget documents (Medium-Term Expenditure

9. *Improving access to basic services.* In both education and health, access was improved thanks to regular increases in budget allocations and expenditures and better sector budget management. More clarity in sector finances was achieved by bringing more consistency between the different budget documents (Medium-Term Expenditure Frameworks, Program Budgets, and the budget) and with GOB's ten-year plans and the PRSP priorities. However, more rapid progress was hampered by institutional weaknesses and capacity constraints in line ministries and by the absence of a clear framework in deconcentration and decentralization

10. In education, gross enrollment increased from 41.7 percent in 1999-2000 to 66.5 percent in 2006 (for girls, from 36.2 to 61.2 percent), a significant increase. However, quality lags behind, as illustrated by the following findings: (i) the primary completion rate stood at 36.4 percent in 2006, increasing by 5 percentage points in three years, making it highly unlikely to reach the MDG goal of universal primary education by 2015; (ii) the literacy rate increased from 18.4 percent in 1999/00 to 31 percent in 2003, but declined to 30.5 percent in 2005; and (iii) the ratios pertaining to books/pupil and pupils/teacher have remained stagnant during the period under review. The key obstacle to improving quality remains the lack of progress in raising the number of teaching hours.

11. In health, access was improved as evidenced by significant improvement in vaccination coverage, and it is likely that the MDG goal will be reached in that respect. However, the MDGs with respect to mortality reduction are unlikely to be achieved. According to the Demographic and Health Surveys (DHS), under-five mortality fluctuated over the past decade, moving from 187 per 1,000 live births in 1993, to 219 in 1998, and to 184 in 2003. It is unlikely that the goal of reducing under-five mortality by two thirds from the 1990 level (i.e., to a rate of about 60 by 2015) will be reached. Similarly, the objective of reducing the maternal mortality rate by three quarters from 1990 to 2015 is unlikely to be reached. The main obstacle to improving services is the resistance of health personnel to move to rural areas. In water and sanitation, the main reforms consisted of focusing efforts towards achieving the MDGs, including improving sector management in a comprehensive and coherent manner. But insufficient funding and weak absorption capacity may prove a serious obstacle to completing all the necessary investments before 2015.

12. *Promoting good governance.* Progress was uneven among the different reform areas. It was significant in budget management. Improvement was steady and consistently made in budget formulation with GOB now conducting key activities on a routine basis; it was less so in budget execution because of technical issues related to software incompatibility, which caused at times unexpected delays. This, however, does not dilute the progress made in strengthening and expanding the Integrated Financial Management System. Progress was also significant in procurement and in budget reporting and control. By the end of the first series, the legal and institutional framework of public procurement had been completely revamped, budget execution reports were regularly submitted to the oversight authority, and the "*lois de règlement*" regularly adopted by Parliament. These were significant achievements on the part of the authorities.

13. In civil service reform, progress was negligible because of bureaucratic complexity and resistance from personnel. In deconcentration and decentralization, delays were to be expected as it takes time to arrive at the necessary political consensus on new political and administrative structures for the State. As noted above, the political, legal, and administrative complexity of formulating and implementing decentralization was underestimated. However, by the end of the second series, there was in place a coherent framework that should greatly facilitate the delivery of services in the future. It is likely that, in the absence of the support provided by the PRSCs, less progress would have been achieved. Finally, in environment, the first steps were taken to strengthen capacity to prepare Environmental Assessments (EA) and comply with guidelines.

14. *Outcome.* Although the poverty incidence increased from 44.5 percent of the population in 1994 to 54.6 percent in 1998, in 2003, it stood at 46.4 percent, a decline of 8.2 percentage points, and, in 2006, at an estimated 40.8 percent². This represents an average reduction of about 1.7 points over eight years (1998-2006). However, over the second series, the average yearly reduction was 1.9 points, just below the target of 2.0 points p.a. under the medium-term program. These results are below but consistent with the per capita growth of about 3 percent over 2001-2006. Assuming a continued decline of 1.9 percent per year until 2015, poverty incidence would reach about 30 percent by 2015, a major achievement although the target set under the MDGs will not be achieved.

15. The extent to which the decline in poverty over the period reviewed here can be attributed to the PRSCs is difficult to assess for two reasons: (i) in addition to the Bank, there was substantial budget support from the donor community in support of the same programs and same objectives; in such a case, the impact of – and the judgment on - the PRSCs cannot be dissociated from that of other interventions; and (ii) the significant growth performance of 6.1 percent p.a. over 2001-2006 was largely due to the good performance of the cotton sector, which cannot be assumed to continue at the same pace over many years.

16. On the basis of “modest” ratings for the “growth and employment” and “service delivery” objectives and of “substantial” for the “good governance” objective, and taking into account the relevance of objectives and design, the overall outcome is rated **Moderately Satisfactory**.

17. *Risk to development outcome.* Burkina Faso will continue to face serious risks, not least the possibility of political instability and external shocks. However, the country’ strong ownership of the program and commitment to reforms considerably reduce the risks of reversal or change in direction. In addition, there are key mitigating factors at play: the increased responsibility assumed by Burkina’s leaders in managing the economy and the institutional developments that accompanied some reforms, such as in the cotton sector, budget management, fiduciary framework, and decentralization. Reforms in these areas would be difficult to reverse. In that respect, the predictability of budget support is a strong encouragement to deepen and broaden the reform agenda. Thus, the benefits in terms of reduction in poverty and institutional development are

² Subject to the final results of the 2008 Demographic and Health Survey to be issued in 2009.

18. However, there is no room for complacency. Burkina Faso faces two major challenges to reduce poverty further: one is to raise the revenue/GDP ratio, which stagnates at 10-12 percent, including by developing new sources of growth and raising productivity, to be able to finance the poverty reduction programs and reduce dependence on foreign assistance; and the other is to overcome the institutional weaknesses and capacity constraints that retard and limit the benefits deriving from the reforms. On balance, the risk to development outcome is rated **Moderate**.

19. *Bank performance.* The medium-term programs and individual operations were closely aligned with the PRSP and the Bank's Country Assistance Strategy. On all key dimensions, issues were well identified and reforms well defined. The programs incorporated the lessons learned from the 1990 adjustment operations, built on a substantial body of analytical work, and made the necessary corrections and adjustments as progress was being made along the six operations. This is best illustrated by a broader agenda, stronger coordination among donors, and a much improved Monitoring and Evaluation (M&E) system in the second series. However, as noted above, the design suffered from some shortcomings. A Technical Assistance (TA) operation prior to or in parallel with the series would have considerably reduced the negative impact of these shortcomings. During execution, the Bank showed diligence and flexibility in its dialogue with the authorities and donors. Realism was injected in adjusting the triggers and the measures monitored by benchmarks. There was close coordination with the IMF and, during the second series, the Bank was constructive in harmonizing its positions with that of donors regarding the M&E system and disbursement. Bank performance is rated **Moderately Satisfactory**.

20. *Borrower performance.* The Government's ownership of the programs and commitment to reforms are commendable. In particular, it showed determination in maintaining macro-economic stability and sound fiscal policies in the face of adverse exogenous sectors. This was a significant achievement in the circumstances. Also noteworthy was the cooperation with the Bank and donors in revising the PRSP and in harmonizing the reform programs, the conditions for disbursement, and the results framework, with significant added value as a result. In that connection, the learning process associated with the first series had a beneficial impact on the second. Finally, the Government demonstrated a willingness and ability to master the discipline of meeting legal requirements on a regular basis, an important objective of the PRSC instrument. Borrower performance is rated **Satisfactory**.

21. The *main lessons* of general applicability are the following:
- PRSCs are useful instruments to help the borrower assume increased responsibility in managing its public resources in an efficient manner, notably by providing more flexibility and predictability; however, there is a risk of complacency and of dependence on continued foreign budget support;
 - issues of attribution are inevitable when the reform programs are supported by several donors;
 - since outcomes are to be assessed after several years, the quality of the relevant statistical data is critical; if insufficient, preparation should include remedial actions, including the selection and definition of baseline data;
 - since reforms are of medium-to long-term nature, early identification of institutional weaknesses and capacity constraints is of paramount importance. Readiness of implementation and appropriateness of a capacity building operation prior to or in parallel with a PRSC series should be carefully considered;
 - since PRSCs usually target the social sectors, implementation requirements expected from line ministries concerned should be carefully identified, defined, and planned, given the fact that these ministries usually have weaker structures than central ministries;
 - decentralization and deconcentration are often used indiscriminately in Bank documents, while their meaning is very different. This gives rise to confusion. Measures consisting of delegating more authority at deconcentrated levels are sometimes presented as progress in decentralization, while in fact it does not lead to more empowerment at the local level. Deconcentration and decentralization are complex matters raising many political, legal, and institutional issues. Country lawyers (or specialized lawyers) should be active members of the team from the start of preparation. Improved service delivery at the local level is dependent on establishing first workable structures;
 - coordination between Poverty Reduction and Economic Management (PREM) and sector staff must be strengthened from the start of preparation; and
 - to assess outcome of a medium-term program, it is essential that the different documents of a PRSC series be consistent in content and format, including statistical series and other data.

Vinod Thomas
By Marvin Taylor-Dormond

1. Introduction

1.1 The purpose of the PPAR is to assess the extent to which two programmatic series of PRSCs (PRSCs I-III and PRSCs IV-VI), financed by the Bank from 2001 to 2006, assisted Burkina Faso in achieving its objective of reducing poverty. PRSCs I-III were in support of the 2000 PRSP (PRSP-I) and PRSCs IV-VI were in support of the revised PRSP (PRSP-II) issued in 2004.

1.2 The first series (2001-2003) built on the pillars of PRSP-I by pursuing four objectives: (i) strengthening program budgets linking allocations to specific sector objectives, strategies, and action plans; (ii) improving service delivery in selected line ministries; (iii) strengthening the fiduciary framework to promote accountability and transparency in the use of public funds, including external assistance; and (iv) strengthening the capacity to track and manage public expenditure efficiently. Objectives (i), (iii), and (iv) fell under the broader objective of “promoting good governance” in that they aimed at achieving better outcomes in the management of public resources. In addition to aiming at improving the delivery of social services, mainly in rural areas, objective (ii) covered reforms in the rural development sector because they were seen as stimulating rural growth and employment.

1.3 The second series (2004-2006) built on PRSP-II, the pillars of which were essentially the same as those underlining PRSP-I. Reforms under PRSCs IV-VI addressed four objectives consistent with the four pillars of PRSP-II: (i) accelerating broad-based growth; (ii) ensuring access to basic social services by the poor; (iii) expanding opportunities for employment and income-generating activities for the poor; and (iv) promoting good governance. In the second series, reforms in rural development were explicitly part of the growth and employment agenda, which was broadened to include reforms in some public enterprises, the labor market and private sector development. However, the rural sector remained the main area of reform given the importance of the sector in the economy.

1.4 Given the commonality of objectives and reform areas between the two series (see Table 1), and for the purpose of consistency and clarity, this PPAR discusses reforms and outcomes organized in three broad areas: (i) accelerating broad-based growth and employment; (ii) improving service delivery; and (iii) promoting good governance.

1.5 Chapter 2 provides background information on the economic and social situation of the country in the early 2000s, prior to PRSP-I issued in mid-2000.

1.6 Chapter 3 describes the objectives of the first (2000) and the second (2004) PRSPs, as well as the objectives and content of the six PRSCs in support of the PRSPs. The chapter also discusses the relevance of objectives and design of the six operations.

1.7 Chapter 4 presents achievements under the three broad objectives listed above and provides for each an assessment of performance. Since PRSCs are meant to provide budget support to enable the borrower to implement difficult or complex reforms over the medium-to long-term, performance is assessed based on the same time horizon as that of

the program itself. Given the commonality of objectives and components between the two series, as indicated above, achievements are assessed at the end of the second, i.e., in mid-2007, thus providing a better basis to make a judgment. However, to provide the reader with the detailed information of what was and was not achieved under each operation, Appendix A and Appendix B present achievements under each objective for each operation. Appendix A covers the first series, and Appendix B covers the second.

1.8 Chapter 5 provides the overall assessment and the different ratings.

1.9 Chapter 6 discusses some main findings.

1.10 Chapter 7 offers lessons.

2. Background

2.1 Burkina Faso is a poor landlocked country with limited resources, highly vulnerable to external shocks, and with acute social needs. Its population is about 13.4 million growing at 3.1 percent per annum, and its GNP per capita was US\$430 in 2005. Cotton is the main agricultural product and the main export.

2.2 In 1991, after decades of economic mismanagement, the Government (GOB) undertook a wide range of economic reforms under stabilization and structural adjustment programs supported by the Bank, the IMF, and other donors. During the 1990s, the Bank approved four adjustment operations targeted at macro policies and public sector management² (there were also sectoral adjustment operations). Growth record over the 1990s was uneven. After declining over the first half, growth picked up following the January 1994 CFA franc devaluation. The latter, high investment, sound macro policies, and structural reforms combined to revive economic activity during the second half of the decade, reversing the trend of the 1980s and early 1990s. Real GDP growth reached an average of 7.5 percent per annum between 1995 and 1999, and inflation was successfully contained, reaching -1.1 percent in 1999. The fiscal and current account deficits were broadly maintained within the IMF's programs limits. Satisfactory implementation of the Fund and Bank programs helped maintain macro stability in the 1990s. Key economic indicators for 1995-2007 are in Annex B.

2.3 During the 1990 decade, Burkina Faso also made progress in its transition to a market-oriented economy, notably in trade, fiscal, and public enterprises reforms, as well as in social policy and institutional development. As a member of the West African Economic and Monetary Union (WAEMU), the country introduced the common external tariff (CET) of the Union over 1998-2000, which lowered the rates and simplified their structure. In 1998, a law on Government Reform was enacted aimed at modernizing the State and reforming the Civil Service. In September 1997, Burkina Faso reached the decision point under the Original HIPC Initiative and, in June 2000, its completion point as well as the decision point under the Enhanced Initiative. The completion point under the latter was reached in April 2002.

2.4 In 1995, GOB had issued a Letter of Intent for Sustainable Human Development Policy, which laid down its vision of the country for 1995-2005. This vision consisted of transforming the country from one of the poorest in Sub-Saharan Africa into a middle-income one with a dynamic private sector open to the world economy. However, despite the good performance of the economy during the 1990s, social and human development lagged behind and social indicators remained poor, even compared to Sub-Saharan countries. Indeed, the demographic and health surveys (DHS) indicated that poverty had

² Structural Adjustment Credit I (SAC-I) (FY91); Public Institutional Development (PID) Project (FY92); Economic Management Reform Support Operation (EMRSO) (FY99); and Structural Adjustment Credit-III (SAC-III) (FY00). An internal Bank study rated the PID moderately satisfactory and the EMRSO satisfactory. There was an ICR for SAC III but it was not reviewed by IEG. There was no ICR or ES Review for SAC-I.

increased from 44.5 percent in 1994 to 45.3 percent in 1998, and, according to the 1998-99 DHS, some key indicators were as follows:

life expectancy	54 years
infant mortality	105 per 1000 live births
under five mortality	219 per 1000 live births
maternal mortality	484 per 100,000 live births
fertility	6.8
child malnutrition	37 percent of children under five
access to potable water	46 percent of population
illiteracy	81 percent of population above age 15
illiteracy women	89 percent of population above age 15
gross primary enrollment	41 percent of school-age population
<i>boys</i>	47 percent
<i>girls</i>	35 percent
HIV prevalence	7.2 percent of population (1997)

2.5 It was thus recognized that the country would not be able to reduce poverty and meet the 2015 Millennium Development Goals (MDGs), unless the pace of reforms was accelerated by liberalizing and opening up the economy further.

2.6 To address this situation, GOB prepared a Poverty Reduction Strategy Paper (PRSP-I) in 1999, which was issued in mid-2000, covering a medium-term program over 2001-2003. A more ambitious agenda of reforms was expected to lead to higher growth rates and substantial poverty reduction. The strategy was built on four pillars: (i) accelerating broad-based growth; (ii) ensuring access to basic social services by the poor; (iii) expanding opportunities for employment and income-generating activities for the poor; and (iv) promoting good governance. For each area, it spelled out specific medium-term actions aimed at lifting constraints to growth and reducing poverty with a focus on three priority sectors: education, health, and rural development.

2.7 In November 2000, the Bank issued its Country Assistance Strategy (CAS) for FY01-03. Its focus was to assist Burkina Faso implement its poverty reduction strategy. In terms of instruments, the CAS made a strong argument for consolidating lending operations into fewer but broader resource transfer mechanisms and, accordingly, recommended budget-support operations in the form of PRSCs.

2.8 In November 2004, GOB adopted a revised PRSP for 2004-2006 (PRSP-II). Although it maintained and built upon the main objectives of the 2000 strategy, it placed greater emphasis on achieving a higher level of growth and employment.

2.9 In May 2005, the Bank issued a new CAS covering FY06-09. As in 2000, the Bank's strategy was fully aligned with the revised PRSP. It was built around a results framework that explicitly defined the assumed causal links between IDA-supported activities, direct outcomes of these activities, and the country's higher level development outcomes.

2.10 This PPAR covers two PRSC programmatic series, of three operations each, covering 2001-2006. All operations required the maintenance of macro-economic

stability. Although the objectives of the two series are similar, the first focused on (i) public sector management and governance and (ii) human development, while the second broadened the agenda by adding growth and employment as major objective. Table 1 shows the commonality of objectives and components among the six operations.

Table 1: Objectives and Components of the Six PRSCs.						
PRSC	1	2	3	4	5	6
Macro stability	X	X	X	X	X	X
Growth and employment						
- rural development	X	X	X	X	X	X
- telecom			X	X	X	X
- energy			X	X	X	X
- labor market			X	X	X	X
- PSD				X	X	X
Service delivery						
- education	X	X	X	X	X	X
- health	X	X	X	X	X	X
- water			X	X	X	X
Good governance						
- budget mgt.	X	X	X	X	X	X
- fiduciary framework	X	X	X	X	X	X
- civil service		X	X	X	X	X
- decentr./deconc.		X	X	X	X	X
- environment	X	X	X	X	X	X

3. The Poverty Reduction Strategy and the PRSCs

THE ECONOMIC CONTEXT IN 2000

3.1 Growth decelerated to 1.9 percent in 2000 against a projected rate of 5.7 percent due to adverse weather conditions and exogenous shocks: the increase in oil prices, the appreciation of the US dollar, and the deterioration of the political situation in Côte d'Ivoire (where 3 million Burkinabè reside), a factor that significantly reduced workers' remittances. Inflation remained slightly negative but prices rose by year end on account of the cereals shortage. The fiscal situation deteriorated during the year and the first semester of 2001 due to lower growth, the worse than expected impact of the introduction of the WAEMU's CET, and the cut in the excise tax on petroleum products aimed at reducing the pass-through of higher oil prices. There was also a delay in the disbursement of program assistance due to diplomatic tensions over the country's alleged involvement in the regional conflict. To redress its fiscal stance, GOB took a number of short-term measures in the second half of 2000 to restrain some categories of expenditure, while protecting social outlays. Despite the exogenous shocks, macro-economic stability was maintained and performance was satisfactory under the IMF program. As a result of the deteriorating situation, GOB revised its growth objective for the PRSP period from 7 to 6 percent p.a.

THE 2000 PRSP (PRSP-I)

3.2 The first PRSP, finalized in May 2000, covered a medium-term reform program over 2001-2003. The strategy was based on the finding that sustainable poverty reduction required not only rapid growth, but growth that offered increased access to economic opportunity by the poor, was environmentally sound, and was accompanied by good governance. It was based on four pillars:

- (i) *accelerating broad-based growth;*
- (ii) *ensuring access to basic social services by the poor;*
- (iii) *expanding opportunities for employment and income generation activities; and*
- (iv) *promoting good governance.*

3.3 In addition, the PRSP listed four core objectives for 2005:

- (i) to raise real GDP per capita, at a minimum, by 3 percent annually;
- (ii) to reduce the headcount poverty index from 45.3 percent (the 1998 ratio) to less than 35 percent;
- (iii) to raise the literacy rate from 19 to 40 percent; and
- (iv) to increase life expectancy from 54 to 57 years.

3.4 The June 2000 Joint Staff Assessment (JSA) by the Bank and the Fund endorsed the thrust of the PRSP, but noted the following: (i) the projected real GDP growth rate of 7 percent p.a. over 2001-2003 seemed overambitious (reduced to 6 percent as noted

above); (ii) the document contained limited analysis of why public service quality was low, unit costs high, and outcomes disappointing (GOB recognized this weakness and intended to address these questions following the completion of Public Expenditure Reviews (PER) in the social sectors); and (iii) the need to conduct systematic consultation with the poor. GOB issued four annual progress reports (PRSP-PR) on the implementation of PRSP-I (2001 to 2004). Each was reviewed by the Bank and Fund Boards.

THE 2000 BANK CAS AND THE RATIONALE FOR PRSCs

3.5 The thrust of the November 2000 Bank CAS, covering FY01-03, was to assist Burkina Faso implement its poverty reduction strategy. Specifically, it sought to help reduce the poverty headcount by at least 2 percentage points per year during 2000-2003. To achieve this goal, the CAS was fully aligned with the four pillars of the PRSP.

3.6 The CAS argued that the main instrument to implement its objectives was direct budget support to integrate Bank assistance more closely with GOB's own budgetary allocation and execution processes. The justification for a gradual shift to program lending was based on the following findings: (i) several PERs had noted that full and satisfactory implementation of sectoral strategies in key sectors (education, health, rural development) required major improvements in public sector management; (ii) evaluations of previous operations had concluded that broader instruments could be effective in supporting policy reforms and that institutional changes were needed to improve fiduciary management; and (iii) the Country Assistance Evaluation (CAE), carried out by the Bank's Independent Evaluation Group (IEG) in 2000, had observed that too often Bank projects had been conceived independently, with little explicit analysis of potential trade-offs among them. The CAE had also recommended that, to address the country's weak institutional capacity and ensure sustainability of the reform program, "IDA should focus chiefly on reforming governance, particularly as it affects the environment for private sector development and the allocation of public resources"¹.

3.7 To address the cross-sectoral and public management issues over the CAS period, the CAS proposed, in its base case scenario, two PRSCs (2001 and 2003) of US\$60 million each in support of the PRSP medium-term reform program. By early 2001, three PRSCs were planned (2001, 2002 and 2003) of US\$40 million each, representing 28 percent of the CAS base case assistance program of US\$422 million for FY01-03.

3.8 In early 2003, it became clear that the revision of the PRSP would take longer than expected, causing the Bank to delay the preparation of a new CAS until GOB's strategy would be updated. Instead, it issued a CAS Progress Report (CAS-PR) in March 2003. With relatively satisfactory progress in the implementation of the PRSP, the CAS-PR confirmed that the 2000 Bank's strategy remained appropriate and proposed to extend it for 12-18 months until a new CAS would be prepared based on a revised PRSP. It also confirmed continued Bank support through a selection of lending instruments, including PRSCs.

¹ Burkina Faso, Country Assistance Evaluation. June 30, 2000, report No. 20704.

3.9 The CAS-PR proposed two scenarios for the FY04-05 lending program: (i) one assuming continued vulnerability to external shocks with PRSC-III and PRSC-IV falling in FY04 for US\$40 million and US\$60 million, respectively, and PRSC-V falling in FY05 for US\$60 million; and (ii) another scenario assuming a deterioration in the situation in Côte d'Ivoire warranting an increase of US\$10 million for PRSC-III. In addition, it proposed to fund PRSC-III with a grant on the grounds of Burkina Faso's meeting the eligibility criteria under IDA 13th replenishment, i.e., its vulnerability to long-term debt sustainability due to its dependence on cotton for more than 60 percent of exports, and it envisaged that the allocation could be increased to US\$50 million in the case of a deterioration of the Ivorian crisis and assuming a satisfactory performance of the PRSP. As it turned out, PRSC-III was financed by a grant of US\$50 million in accordance with the second scenario².

THE FIRST PROGRAMMATIC SERIES AND THE 2001-2003 MEDIUM-TERM PROGRAM

3.10 The 2001-2003 reform program was based on PRSP-I, the poverty profiles of 1994 and 1998, and substantial analytical work carried out over the preceding years³. All these documents had identified ineffective public sector institutions and weak governance as major constraints to growth and equitable development while an ineffective public sector had led to inadequate service delivery, especially in rural areas. As a result, the program was conceived and designed to be as closely aligned as possible with the PRSP objectives and reform areas. The Program Document (PD) for PRSC-I presented the policy matrix and expected outcomes for the medium-term program (Annex C). The first series consisted of three operations:

3.11 PRSC-I⁴, a Credit of US\$45 million, was approved on August 23, 2001, and fully disbursed upon effectiveness on October 4, 2001. It was closed on June 30, 2002, the original date. The Credit was 35 percent of the total Bank budget support under the series.

3.12 PRSC-II⁵, a Credit of US\$35 million, was approved on July 11, 2002, and fully disbursed upon effectiveness on October 31, 2002. It was closed on June 30, 2003, the original date. The Belgian Cooperation provided parallel financing for approximately US\$5 million. The Credit was 27 percent of the total Bank support under the series.

3.13 PRSC-III⁶, a Grant of US\$50 million, was approved on July 15, 2003, and was fully disbursed upon effectiveness on September 29, 2003. It was closed on June 30,

² Given the delay in preparing a revised PRSP, PRSC-4, approved in March 2004, was labeled a transition operation based on PRSP-I, the third annual progress report, and the CAS-PR.

³ This included: public expenditure work; Burkina Faso: Competitiveness and Economic Growth - Policies, Strategies, and Actions, Ministry of Economy and Finance of Burkina Faso and the World Bank, 2001, Report No. 25782-BUR; Improving Public Service Delivery at the Local Level, December 16, 2002, Report No. 22188-BUR; technical notes on GOB's Ten-Year Education Program and Ten-Year Health Program; a Country Procurement Assessment Report (CPAR - 2000), and a Country Financial Accountability Assessment (CFAA) (completed in December 2001).

⁴ Report and Recommendations of the President of IDA, Report No. P7477-BUR, July 26, 2001.

⁵ Poverty Reduction Support Credit II, Report No. 24310-BUR, June 20, 2002.

⁶ Third Poverty Reduction Support Operation, Report No. 25782-BUR, June 16, 2003.

2004, the original date. The Grant was 38 percent of the total Bank support under the series.

3.14 The series built on achievements made in the late 1990s under the FY99 EMRSO and the FY00 SAC III. Progress in the following areas had been considered necessary to justify further adjustment support:

- (i) adoption of program budgets in six key ministries and preparation of a Medium-Term Expenditure Framework (MTEF) for 2001-2003;
- (ii) adoption in April and May 2001 of two decrees: (a) eliminating, as of September 1, 2001, the automatic link between admittance to a Teacher Training College (TTC) and civil service employment; (b) creating a new category of regional teachers not belonging to the civil service, with a clearly defined status similar to that of teachers in community schools; and (c) expanding the community school program so that most teachers can be recruited as non-civil servants. In addition, GOB adopted a plan to increase the efficacy of primary schooling by introducing automatic promotion between grades 1 and 2, 3 and 4, and 5 and 6, limiting repetition to 10 percent for grades 2, 4, and 6, and increasing teaching hours from 660 hours to 800 hours p.a.;
- (iii) progress in implementing the public enterprise reform and privatization program;
- (iv) preparation and completion of the first PRSP; and
- (v) creation in April 2000 of a Supreme Audit Institution (*Cour des Comptes - CC*) as a separate entity from the Supreme Court and transmission to the *Chambre des Comptes* of year-end budget execution reports (draft *Lois de règlement*) for fiscal years 1995 and 1996⁷.

OBJECTIVES AND COMPONENTS OF THE FIRST SERIES

3.15 The 2001-2003 program and the three PRSCs had the same overall objective: to support the implementation of PRSP-I by helping GOB **achieve better outcomes in the management of public resources** to improve basic service delivery. This was to be achieved by pursuing four specific objectives:

- (i) strengthening program budgets linking allocations to specific sector objectives, strategies, and action plans;**
- (ii) improving service delivery in selected line ministries;**
- (iii) strengthening the fiduciary framework to promote accountability and transparency in the use of public funds, including external assistance; and**

⁷ The *Chambre des Comptes* was not a separate entity from the Supreme Court; it was one of its chambers, without full autonomy. Although the *Cour des Comptes* was created in April 2000, it did not become operational until the end of 2002. In the meantime, the *Chambre des Comptes* continued to operate. In 1999, for the first time in a decade, the *Lois de règlement* for 1993 and 1994 had been enacted by Parliament.

(iv) strengthening the capacity to track and manage public expenditure efficiently.

3.16 To achieve the objectives, the 2001-2003 program supported reforms in two broad areas: *public sector reform and governance*, as pre-requisite for effective implementation of a poverty reduction strategy; and *pro-poor sectoral policies and institutional changes* in five sectors: basic education, health, rural development, water infrastructure, and the environment.

3.17 Under PRSC-II, the public sector component was expanded to include reforms in civil service and decentralization and an improved M&E system of the PRSP. The latter was in response to the concern expressed by the JSA in October 2001, which had noted the lack of an adequate M&E system. The pro-poor component was also expanded to cover environment. With PRSC-III, the agenda was broadened by supporting reforms in a third area, *growth and employment*, as it was increasingly recognized that growth was a key determinant of poverty reduction. Internal Bank reviews of PRSC-I and PRSC-II, carried out in 2002 and 2003, respectively, had noted this shortcoming (see paragraphs 3.44 and 3.45). Thus, PRSC-III introduced triggers for PRSC-IV requiring the adoption of initial steps towards the privatization of the telecom and energy sectors and increased flexibility in the labor market. Growth and employment became an important reform area under the second series.

3.18 Although the overall and specific objectives remained the same, PRSC-II and III introduced some adjustments to the policy agenda to reflect the strengths and weaknesses in implementing the PRSP, to incorporate the findings of the annual progress reports and the recommendations of the JSAs in reviewing them, and to adapt policy formulation to evolving knowledge of existing conditions and constraints.

THE 2004 PRSP (PRSP-II)

3.19 PRSP-II, covering 2004-2006, was prepared in the course of 2003-2004 and issued in November 2004⁸. It updated the strategy laid out in PRSP-I along the same four pillars:

(i) *accelerating broad-based growth*, through macro stability, increased competitiveness and reduced factor costs, support to productive sectors, and accelerated development in the rural areas;

(ii) *ensuring access to basic social services by the poor*, through improved access and quality of education, health and nutrition, potable water and sanitation, and housing and protection;

(iii) *expanding opportunities for employment and income-generating activities for the poor* through reduced vulnerability of agricultural activities, modernization of agriculture, support to producers' organizations, increased and diversified rural income, and opening up of rural areas; and

⁸ The fourth progress report on PRSP-I, reviewing implementation during 2003, was issued at the same time, in December 2004.

(iv) *promoting good governance along four dimensions*: political, administrative, economic, and decentralization.

3.20 The major change from PRSP-I was the greater emphasis on growth and employment. In addition, the changes included broadening the range of priority sectors, the introduction of the regional dimension, wider involvement of civil society, improved donor coordination through the adoption of a unified budget support framework, and an overhaul of the M&E system, centered on a Priority Action Plan (PAP), an operational document accompanying the PRSP. The expanded list of priority measures (food security, access to potable water and sanitation, HIV/AIDS, development of SMEs, public safety, and information technology) reflected the outcome of consultations with stakeholders, but it also posed new challenges in terms of financing and of capacity to implement a larger number of activities.

3.21 The PAP became the operational document of the PRSP, summarizing policies, providing a log frame, and proposing an indicative investment program. It also became the instrument to monitor implementation better, a concern expressed by donors since PRSC-II. The donor community, which had been associated to the preparation of PRSP-II, agreed in January 2004, on a revised framework for collaboration: the PAP was given a central role in measuring progress and defining disbursement criteria. The adoption of this common position overcame to a large extent the previous conflict between policy-based criteria used by the Bank and AfDB for disbursement and indicator-based criteria used by bilateral donors by placing them under a unique and coherent framework.

3.22 As in the case of PRSP-I, PRSP-II set out overarching, although less ambitious, medium-term goals:

(i) increasing real GDP per capita by at least 4 percent p. a. beginning in 2004 (the assumed average real GDP growth rate was 7 percent p.a.);

(ii) reducing poverty incidence from 46 percent (the 1998 ratio)⁹ to less than 35 percent by 2015; and

(iii) raising life expectancy to at least 60 years by 2015 through reduction in infant, child, and maternal mortality.

3.23 PRSP-II and the fourth progress report on PRSP-I were reviewed by the Boards of the Bank and the Fund in May 2005. The JSA concluded that PRSP-II, in addition to being a candid assessment of the poverty challenges faced by the country, improved on PRSP-I by providing a broader debate on poverty reduction and by introducing the PAP as the centerpiece of a more effective M&E system, an issue that had been raised consistently by the JSA. GOB issued two annual progress reports on the implementation of PRSP-II (2005 and 2006). Each was reviewed by the Bank and Fund Boards.

⁹ When PRSP-II was issued, the 2003 Bank's poverty assessment had not been completed.

THE 2005 BANK CAS

3.24 The Bank issued a new CAS in May 2005. The CAS completion report (CASCR) on the 2000 CAS had concluded that development outcomes and Bank performance in supporting the PRSP had been generally satisfactory. It had also highlighted the lessons relevant for shaping the Bank strategy for FY06-09, i.e., the importance of a strong country commitment and of consistency in policy reform; the need for a more aggressive approach to diversification and decentralization to accelerate growth; the need to strengthen national capacity; and the need for the Bank and the donor community to improve coordination and harmonization so as to reduce the burden of aid management on the country. On this basis, the CAS' main objective was to continue supporting the four pillars of the revised PRSP. In terms of instruments, it proposed to rely less on traditional project approaches and increasingly on participatory analytic work, expanded development policy lending, sector-wide approaches, and community-driven development mechanisms. The CAS proposed four PRSCs, one for each year over FY06-09, for a total of US\$300 million, representing 54 percent of the indicative IDA program of US\$560 million for FY06-09.

THE SECOND PROGRAMMATIC SERIES AND THE 2004-2006 MEDIUM-TERM PROGRAM

3.25 The 2004-2006 medium-term program was essentially a continuation of the first program, but more prominence was given to growth and employment by including reforms in the telecom and energy sectors, in the labor market, and in the business climate. Reforms in rural development were pursued as under the first series but they moved from the "service delivery" agenda to the "growth" agenda. Since the second series was aligned with PRSP-II, it also adopted its results framework. The policy matrix, expected outcomes, and indicators for the 2004-2006 program are in Annex D.

3.26 There is not a strict correspondence between the period covered by PRSP-II (2004-2006), the 2005 Bank CAS (FY06-09), and the second programmatic series: PRSC-IV-V-VI were approved, respectively, in FY04, FY05, and FY06. Although, PRSC-IV was an interim operation spanning PRSP-I and II, the medium-term program covered PRSC-IV to VI. The series consisted of three operations:

3.27 PRSC-IV¹⁰, a Credit of US\$60 million, was in support of the 2004 budget; it was approved on May 11, 2004 and fully disbursed upon effectiveness on July 21, 2004¹¹. It was closed on June 30, 2005, the original date. The share of this operation in the PRSC series was 33 percent.

3.28 PRSC-V¹² was in support of the 2005 budget. A Credit of US\$46.1 million and a Grant of US\$13.9 million were approved on May 3, 2005 and fully disbursed upon

¹⁰ Fourth Poverty Reduction Support Credit, Report No. 28293-BUR, April 14, 2004.

¹¹ A PER had revealed that 60 percent of disbursements of budget support took place during the last quarter of the budget year, hampering budget management. Moving PRSC approval to April-May would permit a vote by the National Assembly before its recess at the end of May and therefore allow for a better alignment with the budget cycle. Accordingly, preparation was speeded up and PRSC-IV was approved in May 2004.

¹² Fifth Poverty Reduction Support Operation, Report No. 31342-BUR, April 7, 2005.

effectiveness on August 25, 2005. Both were closed on June 30, 2006, the original date. The share of PRSC-V in the second series was 33 percent.

3.29 PRSC-VI¹³, a Credit of US\$60 million, was approved on June 20, 2006 and fully disbursed upon effectiveness on August 31, 2006. It was closed on June 30, 2007, the original date. The Credit represented 33 percent of the total Bank assistance under the second programmatic series.

OBJECTIVES AND COMPONENTS OF THE SECOND SERIES

3.30 Although building on the first series, the second series established a new framework for Bank assistance focused more on growth, better coordinated with other donors, and more clearly outcome-oriented. The program was fully aligned with the vision of the revised PRSP and its overall objective was to continue supporting its implementation. In addition to maintaining macro-economic stability, there were four specific medium-term objectives, consistent with the four pillars of the PRSP:

(i) accelerating broad-based growth;

(ii) ensuring access to basic social services by the poor;

(iii) expanding opportunities for employment and income-generating activities for the poor; and

(iv) promoting good governance.

3.31 To achieve the objectives, the program supported reforms in three broad areas: (i) *policies under growth and employment* aimed at lowering factor costs, increasing productivity, and attracting private investments; (ii) *policies under human development* aimed at improving access and quality, and lowering costs; and (iii) *policies under good governance* aimed at strengthening budget performance, the fiduciary framework, public sector reform, decentralization, and environmental management.

COMMONALITY IN OBJECTIVES AND COMPONENTS BETWEEN THE TWO SERIES.

3.32 Given their commonality, the objectives and components of the six PRSCs may be combined under three major headings. Performance will be assessed on this basis:

(i) accelerating broad-based growth and employment; reforms covered policies and actions in the rural, telecom, and energy sectors, the labor market, and PSD¹⁴;

(ii) improving access to social services; reforms covered policies and actions in health, education, social protection, and water infrastructure, with the purpose of strengthening the public expenditure programs in those sectors and improving service delivery; and

¹³ Sixth Poverty Reduction Support Credit, Report No. 34045-BF, May 16, 2006.

¹⁴ After approval of PRSC-III, reforms under rural development were shifted to the “growth and development” objective, together with reforms in the telecom, energy, labor market, and PSD areas. See Appendix A for details.

(iii) promoting good governance; reforms covered policies and actions focused on strengthening budget management (budget formulation and execution; procurement; fiduciary framework; ex-post control), stakeholders' participation in policy-making, civil service reform, decentralization, and environment.

DESIGN

3.33 Each operation supported a one-year slice of the program based on a Letter of Development Policy of the Government describing its economic and poverty reduction policies as well as the measures planned to achieve the PRSP objectives. Board approval was subject to a list of prior actions. In addition, the PD of each operation listed benchmarks to monitor progress in the different reform areas and a number of triggers to move to the next operation (PRSC-VI did not, relying solely on the policy matrix for the 2004-2006 program). The distribution between prior actions, benchmarks, and triggers to move to the next PRSC for each of the six operations is in Annex E¹⁵.

RESULTS FRAMEWORK

3.34 *The first series.* The PD for PRSC-I presented the key outcomes envisaged by the end of the program (Annex C). However, the indicators intended to measure outcomes were fairly limited and stated in general terms. Instead, the PD of PRSC-I stated that “the Bank has, with the authorities, key stakeholders and donors, elaborated a detailed monitoring framework, based on agreed-upon indicators”. These indicators are drawn for the PRSP”. The PDs of PRSC-II and PRSC-III did not provide more information.

3.35 The PRSP's “detailed monitoring framework” referred to by PRSC-I had two sets of indicators: (i) for budget management: budget execution rates; share of budget effectively reaching deconcentrated departments; half-yearly opinion polls of users of education and health services and of economic agents or government tenders; and gap between unit prices obtained by public bidding and those obtained by the private sector; and (ii) for health and education: the standard measures, such as vaccination rates, school enrollment rates, etc.

3.36 The adequacy of the M&E system for the PRSP and therefore for the PRSCs became rapidly an issue. To comply with the recommendation of the JSA of PRSP-PR-I (as noted above), GOB set up a poverty observatory with the financial assistance of UNDP and started preparing a more refined list of PRSP indicators (this became a trigger for PRSC-II). That list, discussed by the donor community, was the first step in developing the monitoring framework of PRSP-II.

¹⁵ Throughout this report, the period of execution of an operation is defined as the period extending between its approval and the approval of the next operation. This definition applies to both series. The term “prior actions” refers to the actions effectively taken by the Borrower prior to submission of the Credit to the Bank's Board. Benchmarks, listed in the body of the PDs or in matrices, monitor the execution of policies/actions in the course of the year, as defined above, and the term “triggers” refers to the conditions required to move to the following operation. In listing “prior actions”, this report refers to the list in the Development Credit Agreements (DCA) and not to the list mentioned in the PDs, since there are discrepancies in some cases.

3.37 *The second series.* The policy matrix for the second series (Annex D) had a results framework including annual indicators consistent with PRSP-II and relevant to the program's objectives and appropriate for measuring their achievement. However, some important indicators, such as maternal and child mortality, and life expectancy, were missing from the list¹⁶.

RELEVANCE OF OBJECTIVES AND DESIGN.

3.38 For both series, program and project objectives were highly relevant to country conditions at the time they were formulated. Both programs were fully aligned with the pillars of the PRSP and were consistent with the Bank 2000 and 2005 CAS, themselves aligned with the PRSP. In both cases, program preparation was concomitant with the formulation of the PRSP and the CAS. Objectives are also relevant to the conditions currently prevailing in Burkina Faso. Both CASs emphasized that the main objective of the Bank assistance was to support the PRSP and that PRSCs were the main instruments to achieve that objective.

3.39 The timing for initiating a PRSC series in 2001 was propitious in that growth had recovered following the 1994 devaluation while EMRSO and SAC-III had laid the ground for deeper reforms, especially in public sector management, and therefore reforms were rightly expected to be undertaken in a favorable climate. The emphasis in 2001 on improving public sector performance and service delivery was judicious but it was somewhat at the expense of identifying early on a growth agenda based on increased competitiveness, diversification, and trade liberalization. This was noted by internal Bank reviews of PRSC-I and II (see paragraphs 3.44 and 3.45) and soon became quite apparent. Accordingly, growth and employment rightly received increased attention in the second series.

3.40 The design of the programs and projects was relevant to the objectives in that the proposed policy reforms and actions were clearly linked to three goals: greater efficiency in public resources use, improved access to social services, and greater role of the private sector as agent of growth and employment. The choice of budget support was well adapted to those objectives in that it provided more flexibility for GOB to manage its budget and poverty reduction programs. The design was also relevant in the sense that there were links between funding and key outputs (e.g., for service delivery), or between time-bound actions and outputs (e.g., setting timetables for program budgets or the MTEF). The design also benefited from a substantial body of analytical work which helped point to specific actions.

3.41 The design of the second series was a significant improvement over that of the first series on two counts: it had a three-year results framework specific to the three operations and it allowed for increased coordination with other donors providing budget support through the General Framework for Budget Support (CGAB) established in January 2005. The CGAB provided for annual progress reports and a joint performance

¹⁶ This is probably due to the fact that the next DHS was to be carried out in 2008, with its results not available before 2009.

matrix with agreed targets and indicators, thus allowing for better coordination in performance assessment and in disbursement of aid.

3.42 However, there were some shortcomings in design.

(i) none of the six operations was approved in time for disbursement to take place early in the budget year because of processing delays attributable to both the Bank and the Borrower¹⁷;

(ii) even though preparation of the program built on extensive country knowledge and analytical work, there was a lack of readiness for implementation in some cases. As a result, the timetable planned for fulfilling some triggers was not realistic although constraints to their effective fulfillment must have been known at appraisal: it was the case notably for reforms in procurement and the operationalization of the *Cour des Comptes*;

(iii) in the same vein, the Bank underestimated institutional weaknesses and capacity constraints, especially in line ministries, as evidenced by delays. Country knowledge should have argued in favor of a TA operation to accompany the PRSC series. Although some ongoing projects comforted the implementation of the PRSCs, they were no substitutes for a TA operation: a Public Sector Management Project was foreseen by the 2000 CAS for FY03, but was not ready until FY05, without much time to have a significant impact on the second series (the Administration Capacity Building Project was approved in March 2005 and became effective in August 2005);

(iv) the attempt at introducing reforms in the social sectors in rural areas while GOB's policies on deconcentration and decentralization had not been clearly formulated proved frustrating with uncertain results until the new Local Government Code (LGC) was adopted in late 2004; the legal, political, and administrative difficulties of formulating and implementing policies in deconcentration and decentralization are notoriously complex; they were underestimated by the Bank; and

(v) as already noted, there was hardly any M&E system in place for the first series. IEG recognizes that the Bank did not require a coherent results framework when the first series was formulated.

3.43 The comments made by internal Bank reviews of the first two operations in 2002 and 2003 are worth noting in this PPAR as they remain pertinent to this day.

3.44 In 2002, an internal Bank review of PRSC-I characterized the project as satisfactory overall. It noted, however, that, although the operation's development objectives were likely to be achieved, its contributions to poverty reduction were limited to enabling actions. It stressed that the proposed reforms were certainly necessary conditions for poverty reduction but insufficient in and of themselves to lead to a

¹⁷ Although in support of the 2001 budget, PRSC-I was disbursed only in October 2001 (this problem was encountered throughout both series, the earliest disbursement having been in July under PRSC-IV).

sustained reduction, given the different constraints to growth. The implication was that the agenda should have been broadened to tackle constraints to increased competitiveness, external liberalization, and openness to the sub-region.

3.45 Similarly, in 2003, a review of PRSC-II concluded that the project was satisfactory overall. However, in addition to noting that the risks had been underestimated, it pointed to several areas needing improvement. Particularly, it questioned the fact that the operation was based solely on improved efficiency of public expenditure while there were other factors that might be as relevant for poverty reduction, such as growth and increased competitiveness. The issue, already raised in the context of PRSC-I, was further highlighted by the review of PRSC-II. Three other areas were also listed as deserving more attention: (i) the risk assessment was too general and did not address specific risks; (ii) the capacity issues had not been sufficiently addressed, especially in line ministries, since the objective of the operation was to improve service delivery; and (iii) there were too many triggers.

4. Achievement of Objectives¹

4.1 This chapter assesses achievement of the three main objectives, as listed in the previous chapter, for both series, since the objectives and components were very similar and virtually all reforms followed a continuous path through the six operations. In this connection, it is important to note that, under the first series, reforms in the rural development sector were seen as addressing the objective of growth and employment but were listed under the objective of improving access to social services, apparently because their impact was expected mostly in rural areas, as well as that expected from reforms in the social sectors. Starting with PRSC-IV, reforms in rural development were explicitly listed as part of those addressing growth and employment. In the sections below, reforms in the rural sector in the first series are discussed under the objective of growth and employment for the purpose of consistency.

4.2 In addition to maintaining macro-economic stability, the three objectives were: (i) accelerating broad-based growth and employment; (ii) improving access to social services; and (iii) promoting good governance. Annexes F and G provide details on outcomes for the first and second series, respectively.

A. MAINTAINING MACRO-ECONOMIC STABILITY.

4.3 Macro-economic stability was maintained throughout the period despite adverse exogenous factors and performance was consistently satisfactory under the PRGF. GOB is to be commended for its ownership of the reform program despite the difficult environment, particularly its determination to adhere to sound fiscal policies, a considerable challenge in the circumstances. Real GDP growth averaged 6.1 percent over 2001-2006, implying an annual increase of about 3 percent in per capita growth. Growth was driven by cotton production, which rose by 75 percent from 2001 to 2006. Inflation remained under control at an average of 2.9 percent p.a. The fiscal deficit was contained by prudent fiscal policies and significant inflows of external assistance (estimated at 9 percent of GDP according to the ICR for PRSCs –IV-VI). Similarly, the current account deficit was maintained within the targets, improving in fact at the end of the period reflecting large increases in cotton exports due to high domestic producer prices. A new PRGF program was agreed in April 2007.

4.4 **Assessment.** For both PRSC series, macro-economic stability is rated substantial.

B. ACCELERATING BROAD-BASED GROWTH AND EMPLOYMENT

4.5 There were reforms in six areas: cotton, agricultural diversification, telecom, energy, labor market, and business climate. They aimed at removing obstacles to growth and employment, reduce factor costs, increase productivity, and promote private sector investment.

¹ The detailed evidence supporting the ratings is presented in Appendix A for each operation of the first series and in Appendix B for each operation of the second series.

4.6 In the *cotton* sector, where the traditional operator was a public enterprise, SOFITEX, GOB's policy was to open the sector to private investment by abolishing SOFITEX's monopoly on cotton marketing and opening two of the three growing zones to private operators. The process was well planned and was carried out successfully, however with delays at certain stages of the process. Assets of SOFITEX in two producing zones were transferred to two private operators who started operating in September 2004. Together, they control 15 percent of the ginning capacity. GOB kept 35 percent of SOFITEX's capital but allowed it to be privately managed. In parallel with the privatization process, GOB established mechanisms specifying the rules regarding price setting, credit mechanisms and risk guarantees applicable to all actors in the sector. In addition, a cotton inter-professional association was established in February 2006 to coordinate activities in the sector.

4.7 Cotton production increased from 276,000 tons in 2000 to 663,000 tons in 2006, Burkina Faso becoming the largest producer in West Africa. However, it is not clear to what extent this large increase is due solely to the restructuring of the sector.

4.8 Financial difficulties emerged in the sector in 2006 under the combined effect of low cotton prices on the world market in 2004-2005 and the large increase in production over the preceding years due to the high producer prices (after increasing by 85 percent from 2003-2004 to 2005-2006, the harvest declined by 12.6 percent in 2006-2007). The three companies experienced financial difficulties requiring their recapitalization. GOB and the profession initiated the revision of the producer price mechanism to align it better to the international market. The financial restructuring of SOFITEX was still ongoing by mid-2007, when PRSC-VII was approved. In March 2007, GOB launched a study on the long-term sustainability of the sector, including the possibility of adopting transgenic cotton.

4.9 *Agricultural diversification.* Under each of the first three PRSCs, there were triggers to promote agricultural diversification by developing action plans for agricultural products, including cereals (millet and sorghum), rice, cowpea, fruits and vegetables, livestock and meat, and oilseed. The results of diagnostic studies were disseminated and action plans for several streams were completed as well as health guidelines for livestock. Implementation of some plans started but progress was slow and limited, particularly in providing support to exporters. On the basis of the studies and action plans, GOB adopted its global rural development strategy in December 2003. However, effective implementation of the plans was slow because of lack of funding. As a result, there was little practical impact of the efforts at diversification with no evidence on growth and employment.

4.10 In order to bring the different agricultural sub-sectors more in conformity with the PRSP objectives and priorities, two measures were envisaged: (i) IDA-financed rural development operations were restructured in order to harmonize their objectives, implementation strategies, content, management procedures, and M&E with those defined in GOB's rural development strategy and the PRSP; and (ii) the reorganization of the ministries active in the rural sector was to be carried out on the basis of institutional audits, but here also, progress was slow: by the end of the second series, the

reorganization of the Ministry of Agriculture had started and an action plan to increase the efficiency of the Livestock Ministry had been adopted.

4.11 Several measures were taken to reduce the vulnerability of agricultural activities, including improved access to rural roads and improved maintenance of departmental roads. Finally, regulations were drafted organizing the principles and rules to govern the transfer or delegation of missions to chambers of agriculture, other professional organizations, and the private sector, but the texts had not been adopted by 2006.

4.12 In *telecom*, the reform called for the privatization of the traditional operator, ONATEL. The privatization was delayed on two occasions, first because of pre-qualified bidders insisted on having a majority share, and second because of delay in recruiting a privatization advisor. The privatization was finally completed at the end of 2006, but some implementation texts for the functioning of the regulatory authority had still not been adopted by mid-2007.

4.13 In *energy*, reforms called for: (i) the adoption of revised development strategies in the electricity and petroleum sectors; (ii) the revision of the 1998 law governing the electricity sector to adapt the legal and regulatory framework to the needs of a privately-operated sector; (iii) private participation in the capital of the petroleum company; and (iv) expediting work on the power line between Ouagadougou and Bobo-Dioulasso to complete the connection to the Ivoirian grid and reduce the cost of electricity.

4.14 Progress was uneven and slow: (i) new strategies were adopted by the Cabinet only in March 2004, as a result of which the enactment of a revised law allowing for the creation of a regulatory authority for the electricity sector was delayed; (ii) the accounting and financial audits of the electricity and petroleum companies were not completed by the expected date, causing delays in the issuance of the tender for the selection of a private operator for the management of the electricity company and of the bidding documents for private participation in the capital of the petroleum company; and (iii) work on the Ouagadougou/Bobo-Dioulasso power line was delayed for technical reasons. By the end of the second series, no progress had been made in these areas.

4.15 *Labor market reforms.* Progress was slow because of resistance from unions to bring more flexibility in employment. A revised Labor Code was enacted in September 2004, but the implementation decrees had not been adopted by mid-2006. GOB was to undertake in 2004 a comparative study of labor market and regulations in neighboring countries to benefit from broader experiences and best practices and thereby inform discussions with employers and unions. After long delays, the study was completed in December 2006 as an input to tripartite discussions on reform options. The discussions were completed in early 2007, with the adoption of three decrees on overtime work, the modalities for the implementation of the 40 hour-week in non-agricultural enterprises, and the conditions for dismissals.

4.16 *Private sector development.* Several measures were adopted to improve the business climate: (i) entities responsible for investment registration, norms and standards, and trade information were strengthened; (ii) a transitory VAT arrears reimbursement mechanism was established to accelerate the refunds due to exporters; (iii) a law was

enacted in December 2006 simplifying property registration procedures and reducing the cost of transferring property; and (iv) progress was made in the preparation of a law on land tenure (*Loi d'orientation sur le foncier en milieu rural*). Finally, gold mining expanded as a result of the revision of the Mining Code in 2003.

4.17 Assessment. Overall, results were mixed. The growth objective was achieved, but there is no evidence that it was broad-based. Nor is there evidence that there was any impact on employment. Growth was largely due to the good performance of the cotton sector, attributable as much to the relatively good rains over the period as to the liberalization of the sector. Burkina Faso is now the first cotton producer in Sub-Saharan Africa. However, growth was due to increases in cultivated areas and not to higher yields, which, according to the last ICR, have declined by over 10 percent in recent years.

4.18 Although there is no evidence that the good performance of the sector had any impact on employment for the poor in rural areas or on reducing inequality, there is a presumption that it must have had a positive impact.

4.19 It is not surprising that the liberalization of the cotton had a positive impact on production and exports since the sector had always been fairly well organized in terms of delivery of inputs, guaranteed prices, trade, transport, and export outlets. However, as the ICR notes, the good performance of the sector should not eclipse the fact that the industry continues to face many challenges in terms of efficiency and competitiveness.

4.20 In contrast to cotton, progress was modest in agricultural diversification, although a key condition for broadening the productive basis of the country. According to the ICR, production of cereals is estimated to have increased by between 30 and 60 percent over 2004-2006. However, productivity remains low as production is characterized by low mechanization and vulnerability to rainfall variation. The various action plans carried out were in fact enabling measures, and they still are to produce practical results in terms of production, marketing, commercialization and exports. Successful diversification depends on overcoming a multitude of obstacles for each product: research, organization of the profession, quality standards, trade and transport, etc. It is the result of a myriad of factors and takes a long time to bear fruit.

4.21 In privatization, labor market flexibility, and PSD, progress was slow and limited with little discernible impact on growth and employment. ONATEL was privatized with beneficial impacts on costs and access, but the process took much longer than envisaged. In the energy sector, the process is not expected to be completed before 2008/09 according to the ICR, with a much delayed impact on power costs, one of the most single factors to raise competitiveness. The difficulties of reaching a political consensus as well as lengthy procedures are responsible for the delays. Reforms in the labor market were also slow, reflecting pressures from labor unions. In PSD, progress was made in removing bureaucratic obstacles to the registration of businesses, in securing titles, reforming the urban code, etc., but there is little evidence that these had any impact on growth and/or employment.

4.22 On balance, the rating is modest for both series.

C. IMPROVING ACCESS TO BASIC SOCIAL SERVICES

4.23 Reforms were planned in three sectors: education, health and water infrastructure.

Education

4.24 Reforms called for: (i) implementing the policies and measures enunciated in the Educational Policy Statement and the Ten-Year Education Plan (2001-2010) (PPDEB) adopted in 2001, some provisions of which had been formalized by decree in April and May 2001, as conditions for PRSC-I (see para. 3.14); (ii) increasing budget allocations in conformity with the PPDEB; (iii) improving access in the poorest provinces; and (iv) formulating a sectoral MTEF to manage the education budget in a more global and coherent manner.

4.25 *Implementation of the PPDEB.* To complement the measures adopted in April/May 2001, a decree was adopted in October 2001, defining the following: (i) the scope of deconcentration in the sector and the role and responsibilities at each level of the system; (ii) the institutional changes needed and the volume of activities to be carried out within the PPDEB; and (iii) the reorganization of the units and services of the Ministry of Primary Education (MEBA).

4.26 The new policies were aimed at improving access, including by deconcentrating service delivery. In the absence of implementation texts of the July 2001 law creating the regions as administrative entities and authorizing governors to make payment at the regional level, GOB tested a system consisting of delegating the authority to make payment in Bobo-Dioulasso as a pilot experiment. The experiment, which was evaluated at the end of 2003, proved successful in reducing delays in budget execution and the experiment was extended to four other regions in 2004. It was to be extended to seven more regions in 2005-2006. The responsibilities for the recruitment and assignment of teachers were transferred to the regional directorates of MEBA in 2003/04, but the payment of salaries continued to be made from the central budget until the deconcentration process had made more progress, viz. the appointment of the regional governors, the extension of budget management to the regional capitals, and the deconcentration of the payroll management system, all actions that took place after the adoption of the LGC in December 2004.

4.27 The increase in teaching hours from 660 hours to 800/900 hours to improve the quality of education had been planned as part of the 2001 reforms. However, by the end of the second series it had not been implemented; a study was completed but an action plan to implement the measure was never prepared.

4.28 *Financing.* All PRSCs required that sufficient resources be allocated to implement the PPDEB. The share of primary education in total education expenditure was maintained at 60 percent in the medium-term, while education expenditure increased from 1.6 percent of GDP in 2000 to 2.3 percent in 2006. (Annex B).

4.29 *Access to education in the poorest provinces.* All PRSCs emphasized the need to improve access in the 20 rural provinces with the lowest coverage. The cost of education to poor families was reduced by subsidizing school supplies, distributing books free of charge, and providing schools with sufficient resources to cover basic materials and operating costs. Access was also to be improved by expanding the number of schools equipped with running water and separate latrines for girls and by adopting multigrade and double shift teaching where feasible. However, results were lower than expected because of capacity constraints and delays in mobilizing HIPC resources in the early 2000s, while the system of sub-cycles was only introduced in the 2003-2004 school year and its effective implementation in all provinces remained uncertain.

4.30 *Sectoral MTEF.* To obtain a better picture of the total resources and expenditures of the sector as a whole over the medium-term, GOB completed a PER for secondary education and finalized in 2006 a sectoral MTEF for primary and lower secondary education taking into account the objectives of the PPDEB and of the MDGs. Also, the 2006 program budget for primary education was strengthened in that, for the first time since 2001, it reflected personnel expenditures and linked the PPDEB, the MDGs, and the MTEF in a consistent manner. The PPDEB was revised and updated for the second half of its implementation (2006-2010) to reflect the lessons of the first half; and the system of delegation of credits to the local level was introduced for the lower secondary cycle in the 2006 budget.

Health

4.31 Reforms called for: (i) implementing the policies and measures enunciated in the National Health Policy Document and the Health Sector Development Program (2001-10) (PNDS) adopted in 2001, as prior action for PRSC-I; (ii) increasing budget allocations in accordance with the PNDS; (iii) improving access to health services and drugs; (iv) formulating a sectoral MTEF to have a global view of the sector and its finances; and (v) promoting participation in local co-management and activities.

4.32 *Implementation of the PNDS.* In accordance with the 2001 strategy, and with the purpose of facilitating access to health services, several institutional and organizational measures were taken, such as the issuance of administrative instructions organizing the deconcentration and decentralization of health personnel and their respective role. However, as in the case of education, these could not become applicable until the policy on deconcentration and decentralization was formulated and a law enacted (in December 2004). In the meantime, payment was delegated to the regional level under the Bobo-Dioulasso experiment as for education.

4.33 *Financing.* All PRSCs required that sufficient budget allocations be made to implement the PNDS. Health expenditure increased from 1.3 percent of GDP in 2000 to 1.8 percent in 2006 (Annex B). After the closing of the IDA Health and Nutrition Project in September 2001, GOB provided the resources to replace the IDA funds which had financed the health districts and regional health directorates, thereby ensuring continuity in funding.

4.34 Pending the implementation of budget deconcentration at the regional level, GOB established in 2003 petty cash accounts (*régies d'avance*) in all 66 health districts to strengthen effective budget management at the lowest level of the regional administration (district) and thus ensure that funds were available when needed. Managers were appointed and trained to manage the accounts. Following the establishment of the petty cash accounts, the share of deconcentrated credits in the health budget was increased by 10 percent in the 2004 budget. While the introduction of "*régies d'avance*" was meant to contribute to improving access, their effective functioning was hampered by the difficulties encountered by local personnel in using the system, notably in justifying expenses in time to receive subsequent tranches, in spite of increased flexibility introduced by MOF in its use. Pending the adoption of a formal mechanism to monitor the "*régies d'avance*", the Ministry of Health (MOH) and the Treasury put in place an informal mechanism. Finally, the design of a pilot third party payment system at the local level to finance the essential health services for indigents was finalized.

4.35 *Improvement in access (availability, accessibility, and quality of health care).* Access was improved in reaching wider service areas, especially in rural areas. Also, reduced costs contributed to improving access. The main measures adopted were the following: (i) antenatal care, vaccination, and distribution of vitamin A supplements after the discontinuation of the polio vaccination days were provided free of charge throughout the period covered by the six PRSCs; (ii) a system of subsidies for obstetrical emergencies and reduced costs of assisted birth became applicable starting with the 2006 budget year; (iii) profit margins on essential generic drugs sold by the National Drug Procurement and Distribution Company (CAMEG) and private wholesalers were limited to maximum 25 percent; (iv) CAMEG's inventory shortfall for 45 generic drugs was maintained at less than 2 percent, against a target of less than 8 percent; (v) transparency in prices was raised by the adoption and publication, as of March 1, 2003, of a nationally applicable list of prices for generic drugs and medical services; the list covered subsidized prices for 3 pediatric drugs, pediatric consultations, and cost of birth (starting in 2004, the budget included the level of allocations required for the provision of health services at the prices specified in February 2003); (vi) a revision of the fee structure for physicians and services in hospitals helped widen access to essential services at acceptable costs; and (vii) a system of integrated management of childhood illnesses was introduced in 15 health districts and was to be extended to 15 additional districts in 2006.

4.36 However, several efforts produced few results. The proposed adoption of a system of performance-based contracts between GOB and hospitals was delayed, as well as the establishment of an inter-sectoral coordination framework and action plan for child/youth malnutrition. Similarly, the policy of encouraging health personnel to move to rural or underserved areas remained elusive. Graduates from the national health school were assigned directly to the regional and district levels while Community Health Centers were to be staffed with the minimum personnel as required by MOH. However, it is not clear to what extent these measures were effectively implemented.

4.37 A trigger for PRSC-III required putting in place incentives to encourage health personnel, in particular surgical staff, nurses, and midwives, to work in rural areas, particularly poor and inaccessible areas, so as to ensure a high level of coverage for key services for women and children. The incentive system was to be based on different

experiments carried out and on two studies, one undertaken by WHO and one locally. Although the studies were completed in May 2003, and validated by the Cabinet, consultations with donors and unions were deemed necessary before implementing their recommendations. An action plan was prepared but it had not been adopted by the end of the second series.

4.38 *Participation in local co-management and activities.* The PRSCs emphasized the need for local communities to participate actively in decision-making. Several measures were taken: (i) a review of the activities of the Local Management Committees was carried out covering issues such as the quality of relations with the communities and health agents, and the adequacy of financial management arrangements; (ii) a study of the legal framework governing the functioning of the Committees, the composition of health center staff, and their respective functions was completed, but consultations among different administrative departments caused the necessary revision of the texts to be delayed; (iii) a training manual for teachers and participants in training seminars for health center staff was prepared; and (iv) community-based strategies for malaria, nutrition, and reproductive health were elaborated.

4.39 *Sectoral MTEF.* A sector-wide MTEF was completed in March 2005, covering 2005-2007, including a framework for the annual monitoring and evaluation of the PNDS. It served as an input for the elaboration of the 2006 budget.

Water Infrastructure

4.40 The agenda focused on meeting the MDGs. To that effect, an action plan was prepared to reach the MDG of halving the number of people without access to safe water. It formed the basis of the water strategy in the revised PRSP. In accordance with the plan, several studies were launched: (i) the definition of an investment program and financing needs to reach the MDGs (accordingly, additional resources were allocated for expanding ONEA's hygiene and sanitation program to four cities and supporting the water and sanitation program of the General Directorate of Water and Sanitation); (ii) the preparation of a national water program for rural and semi-urban areas; (iii) the revision of the framework document for the reforms and equipment maintenance in semi-urban areas; and (iv) the revision of the national strategy for sanitation.

4.41 However, some projects that had been planned were delayed until completion of the above studies: (i) the preparation of an action plan for public-private partnerships was postponed; (ii) the planned operation of new water concessions in 13 provinces was delayed until studies for rural and semi-urban areas were completed; and (iii) strategic sanitation plans were completed for 4 secondary cities instead of 10 (6 were delayed by weak capacity and inadequate funding).

4.42 A plan was also prepared to verify the list of all users belonging to the public administration so as to reduce GOB's water bill. Verification was carried out as well control for water leaks in public buildings.

4.43 **Assessment.** Table 2 shows the progress achieved in education and health. The data in the table should be used with caution as there are discrepancies between sources

while some data are estimates as of 2006. In both education and health, access was improved thanks to regular increases in budget allocations and expenditures and better sector budget management. More clarity in sector finances was achieved by bringing more consistency between the different budget documents (MTEFs, PBs, and the budget) and with GOB's ten-year plans and the PRSP priorities. However, more rapid progress was hampered by the institutional weaknesses and capacity constraints in line ministries and by the absence of a clear framework in deconcentration and decentralization.

Table 2: Education and Health Sectors - Outcomes of First and Second Series

(in percent of population, unless otherwise indicated)

	DHS 1998/99	Target 2003	DHS 2003	Target 2006	Actual 2006
Health					
BCG	72.0	90.0	81.0	93.0	103.0
DTCP3	41.0	70.0	57.0	80.0	91.0
Measles	46.0	70.0	56.0	85.0	88.0
Yellow fever	36.0	70.0	45.0	87.5	88.0
CPN2 coverage	n.a.			63.0	61.2
Polio	42.0		59.0		
Infant mortality (per 1000 live births)	105	80	81	163	n.a.
Juvenile mortality (per 1000 one-year olds)	127		111		n.a.
Under five mortality (per 1000 live births)	219		184		n.a.
Maternal mortality (per 100, 000 live births)	484	400	n.a.	313	n.a.
Percentage of assisted births	n.a.		56.0	55.0	43.0
	Baseline 1998/99	Target 2003	Outcome 2003/04	Target 2006	Actual 2006
Education					
All provinces					
Gr. Primary enrol. Overall	42.2		52.2	60.2	66.5
Gr. Primary enrol. Girls	33.6	50.0	46.2	51.9	61.2
Admission rate first grade - overall	42.0		66.0	74.7	78.3
Admission rate first grade - girls	n.a.		61.8	69.5	73.2
Primary completion rate	23.8		31.3	33.8	36.4
Literacy rate - overall	18.4	25.0	21.8	36.0	n.a.
Male literacy rate	n.a.		29.4	n.a.	n.a.
Female literacy rate	12.9		15.9	22.0	n.a.
Ratio textbooks to student			0.3	0.5	n.a.
20 most disadvantaged provinces					
Gr. primary enrol. Overall.	27.8		37.6	49.1	52.4
Admission rate first grade. Overall			52.4	64.2	65.1

Sources: For years up to 2004: DHS of 1998/99 and 2003 and GOB's Statistical Yearbook, Nov. 2006.

For years beyond 2004, PRSP-PR June 2007, and ICR (estimates).

4.44 In education, gross enrollment increased from 42.2 percent in 1998-99 to 66.5 percent in 2006 (for girls, from 33.6 to 61.2 percent), a significant increase. However, quality lags behind, as illustrated by the following findings: (i) the primary completion rate stood at 36.4 percent in 2006, increasing by 5 percent in three years, making highly unlikely to reach the MDG goal of universal primary education by 2015; (ii) the literacy

rate increased from 18.4 percent in 1998/99 to 21.8 percent in 2003²; and (iii) the ratios books/pupil and pupils/teacher have remained stagnant since 2004. The key obstacle to improving quality remains the lack of progress in raising the number of teaching hours.

4.45 In health, access was improved as evidenced by significant improvement in vaccination coverage, and it is likely that the MDG goal will be reached in that respect. However, the MDGs with respect to mortality reduction are unlikely to be achieved. According to the DHS surveys, under-five mortality fluctuated over the past decade, moving from 187 per 1,000 live births in 1993, to 219 in 1998, and to 184 in 2003. It is unlikely that the goal of reducing under-five mortality by two thirds from the 1990 level (i.e., to a rate of about 60 by 2015) will be reached. Similarly, the objective of reducing the maternal mortality rate by three quarters from 1990 to 2015 is unlikely to be reached. The main obstacle to improving services is the resistance of health personnel to move to rural areas³.

4.46 In water and sanitation, the percentage of houses with access to safe drinking water in rural and semi-urban areas increased from 60 percent in 2005 to 62 percent in 2006⁴, while in urban areas it increased from 54 percent in 2003 to 74 percent in 2006, according to the ICR⁵. The policy consisting of focusing efforts towards achieving the MDGs, including improving sector management in a comprehensive and coherent manner, was a sound one. But insufficient funding and weak absorption capacity may prove a serious obstacle to completing all the necessary investments before 2015.

4.47 On balance, and considering the slow progress in improving quality in education and health, the rating is modest for both series.

D. PROMOTING GOOD GOVERNANCE

4.48 There were reforms in five areas: (i) budget management; (ii) fiduciary framework; (iii) civil service reform; (iv) deconcentration and decentralization; and (v) environment.

Budget Management

4.49 Reforms called for strengthening budget formulation and execution.

4.50 *Budget formulation.* The objectives were to improve the content of the budget to reflect the priorities of the PRSP in terms of allocations and to strengthen budget formulation (inter- and intra-sectoral allocations) to enhance the impact of public

² The ICR reports that it stood at 30.5 percent in 2005, which would be a considerable increase in two years.

³ Annexes F and G, drawn from the ICRs, provide more detailed information on outcomes in education and health, although achievements by the end of the second series remain to be confirmed by the 2008 DHS.

⁴ For water and sanitation, the baseline data for the given indicators were revised in 2005 in the context of formulating the action plan towards meeting the MDGs.

⁵ An increase from 54 to 74 percent in three years seems very high.

expenditures upon growth and establish a closer link between objectives, resource allocations, and anticipated results.

4.51 Progress was significant: (i) each year, allocations for non-wage recurrent expenditures were increased for the priority sectors and (ii) program budgeting was strengthened by improving the links between the global MTEF, the program budgets (PB), and the annual budget, all based on the sectoral priorities of the PRSP. The MTEF was adjusted on a three-year rolling basis and the budget and PBs were adopted based on the ceilings set by the rolling MTEF. As a result, a more rigorous process led to more realism in revenue and expenditure estimates. This effort was supported by the completion of several PERs and by improved management of the PER process itself. GOB decided as early as under PRSC-I to assume sole responsibility for the PER agenda: activities relating to PERs, MTEFs and PBs were harmonized and coordinated under the supervision of a standing committee. Over the period reviewed, GOB developed considerably its capacity to strengthen budget formulation and assumed increased responsibility for it, an objective of the PRSC instrument.

4.52 *Budget execution.* Reforms called for: (i) expanding the integrated financial management system (IFMS) to track and manage public revenues and expenditures more efficiently; (ii) budget deconcentration to improve service delivery; and (iii) budget harmonization with WAEMU guidelines.

4.53 In 2001, GOB completed an internal review of its budgetary process and issued a Budget Management Reform Plan (*Plan de Renforcement de la Gestion Budgétaire – PRGB*). Since the Bank and the IMF had completed a Country Financial Accountability Assessment (CFAA) and a Report on Observance of Standards and Codes (ROSC) at about the same time, the recommendations of the latter were incorporated into a single harmonized document in July 2002.

4.54 Several efforts were deployed to expand the IFMS, but delays were frequent because of the need in some cases to collect the relevant data prior to installing hardware or software or because of technical difficulties encountered in information technology. Progress was made in integrating the following: externally financed spending; debt management; procurement; revenue management system; and linkages with five regional capitals. In addition, the software for an integrated accounting system for local communities was installed in 8 regions, providing an adequate fiduciary framework for public spending at the local level, including the production of accounting statements.

4.55 As indicated under the education and health sections above, budget deconcentration took the form of delegating payment to some regions, pending the adoption of coherent policies on deconcentration and decentralization and the enactment of the LGC in December 2004.

4.56 In accordance with WAEMU guidelines, a revised organic budget law was enacted in January 2003, providing for the application of a new budget classification, a new chart of accounts, and a revised fiscal accounting framework, all to comply with regional guidelines. The harmonized budget classification was applied starting with the 2004 budget and was incorporated into the Computerized Expenditure Network (CID).

In the same vein, the budget was modified to incorporate a system of functional and social budget classification with a marker for poverty spending to allow the tracking of poverty reduction expenditures.

Fiduciary Framework and Transparency

4.57 Reforms called for upgrading public procurement, strengthening budget reporting and control, and promoting stakeholders participation.

4.58 In *procurement*, the program of reforms was comprehensive. It was based on the conclusions of the Bank's 1999 CPAR, which had recommended to redress the weaknesses and gaps in the legal texts and to strengthen the enforcement procedures. The legal and institutional framework was considerably strengthened: (i) a new Procurement Code was issued meeting international standards; (ii) regulations governing concession and leasing contracts consistent with best international practice were adopted and issued; (iii) a regulatory agency for public procurement (*Autorité de Régulation des Marchés Publics*) was created, (iv) the Ministry of Finance and Budget was reorganized to include a department in charge of procurement (*Direction Générale des Marchés Publics*) (the specific measures provided by the last two decrees were to be implemented in the course of the third PRSC series); and (v) conditions for the issuance and withdrawal of accreditation for public works were defined.

4.59 Roles and responsibilities were clarified on the administrative side. Prior to the reforms, there were two entities responsible for procurement, each with its own procedures, depending on whether the source of financing was domestic or foreign, a system which had led to conflicts in responsibilities, control, and information. The roles of the two entities were redefined and a capacity building plan and a Manual of Procedures were prepared to strengthen their staff's qualifications and skills and assist them in their functions.

4.60 Finally, to ensure better enforcement, the program called for annual verification that 50 percent of public procurement contracts were subject to competitive bidding and for a public audit of the largest contracts. In 2003, the EU offered to finance both the verification and the audit, but there were delays in meeting annual targets.

4.61 In *budget reporting and control*, significant progress was also achieved. The PRSCs required that each year budget execution reports be submitted to the supreme audit institution within 12 months of the end of the fiscal year. The requirement was fulfilled each year. In addition, in the course of 2001-2002, the supreme audit institution audited the reports covering 1995-98, thereby catching up with the constitutional requirement to have regular annual audit. As noted above, an Independent Audit Institution (*Cour des Comptes*) had been created in April 2000; it became fully operational in December 2002. A training program was conducted for the magistrates of the Court. The regular production and submission of budget execution reports to the oversight authority was a major achievement, given that the constitutional requirement had not been adhered to for many years.

4.62 Internal control was strengthened by increasing the staff of the General Finance Inspectorate (IGF) and the General State Inspectorate (IGE) and by conducting a capacity building program in public financial management. In addition, a decree was prepared to strengthen the role IGF and IGE and to harmonize the statutes of all control services.

4.63 To bring more clarity in managing public property and in anticipation of transferring assets to local governments as part of the decentralization process, an accounting system of government property was prepared. By the end of the second series, the physical inventory had been completed in 43 of the 45 provinces and in the commune of Ouagadougou, but several tasks remained to be performed to finalize the accounting system.

4.64 *Stakeholders' participation.* To increase transparency in the allocation of public resources managed at the local level, GOB posted budgetary allocations for health facilities in public places in health districts.

Civil Service Reform

4.65 The 1998 Law on Public Sector Reform had introduced a merit-based personnel management system, but the system had not been implemented in the absence of job descriptions. GOB attempted to revive the reforms by issuing instructions to apply the system starting in 2003 and by adopting two decrees in April 2003 clarifying the scope of the mission letters to be issued to each ministry specifying its objectives and the rules for personnel evaluation. Performance-based evaluation became effective at the Treasury only.

4.66 Two other actions fall under this heading. The payroll and personnel databases at MOF and at the Ministry of Civil Service were reconciled, but the maintenance of the system remained hampered by insufficient financial resources and shortage of skilled staff. In accordance with a policy of transferring personnel management to line ministries, the budget payroll management system (SYGASPE) was extended to MEBA and the Ministry of Secondary and Higher Education enabling their human resources department to manage their own personnel, but the system could not be extended to other ministries because of a lack of connection with GOB's computerized integrated accounting system (CIE).

Decentralization and Deconcentration

4.67 Progress was slow and fragmentary in implementing deconcentration and decentralization to improve service delivery because the legal framework governing the decentralization process had been modified several times since the enactment of the first laws in 1993. It was still evolving in 1998, 2001, and 2003. It is not until 2002-2004 that the entire body of legislation was extensively revised leading to the enactment of the LGC in December 2004, which abolished all previous texts. In the meantime, as noted above, resort was made to delegation of credits to the regional level and to petty cash advances (*régies d'avance*).

4.68 Following the enactment of the LGC, the field was clear to start implementing the new policies. Regional governors were appointed and GOB started preparing the

necessary application texts of the Code. The latter provides that the following seven competences be transferred to communes: pre-school education, primary education and literacy programs, health, culture, youth, sport, and leisure.

4.69 A trigger for PRSC-VI required the finalization of the framework for the transfer of resources and competences. The following laws and decrees were adopted to implement the LGC: (i) Law 014-2006 of May 9, 2006, defining the resources and expenses of local governments as well as the local taxes and tax sharing mechanisms with the Central Government; (ii) Decree 2006-204 of May 15, 2006, governing the financial and accounting regime of local governments, including budget and accounting classification; and (iii) Decree 2006-209 of May 15, 2006, governing the transfer of the seven competences listed above and of resources to urban communes. In addition, a priority action plan was adopted to assist the new regional councils and rural communes.

4.70 A trigger for PRSC-VII required the effective transfer of competences and resources to municipalities and regions. The following actions were taken: (i) the 2007 budget included CFA Francs 6.8 billion for the regions and local governments; (ii) institutions were established to transfer financial resources to the urban communes and an Investment Fund for Local Governments (*Fonds Permanent pour le Développement des Collectivités Territoriales*) was created; (iii) the responsibilities transferred to urban communes were clarified; and (iv) Law 027-2006 of December 6, 2006, created a local civil service.

Environment

4.71 Reforms called for promoting good environmental practices. All actions focused on building capacity in the different ministries responsible for carrying out EAs and applying environmental guidelines. The following was achieved: (i) the respective responsibilities of the different entities involved in environmental impact research were defined; (ii) a three-year plan for building capacity in EA was prepared, but budget allocations were sometimes insufficient to implement it; (iii) environmental units were created in the ministries responsible for carrying out measures supported by the PRSCs and a workshop was held to familiarize their staff with the principles and methods of EAs and social safeguards; (iv) guidelines were prepared for the application of safeguard policies in six sectors; and (v) the application of environmental safeguards in IDA and other donor-financed projects was verified but revealed a mixed record. The agenda also called for the preparation of technical guidelines for sector- or activity-specific EAs, but this was not completed. Finally, in the forestry sector, a stock taking of the resources was carried out, followed by the preparation of a master plan and an investment program permitting their sustainable management.

4.72 **Assessment.** Progress was uneven among the different reform areas. Progress was significant in budget management. Improvement was steady and consistently made in budget formulation with GOB now conducting key activities on a routine basis; it was less so in budget execution because of technical issues to resolve in applying information technology and the consequent need for external expertise. This, however, does not dilute the progress made in strengthening and expanding the IFMS. Progress was also significant in procurement and in budget reporting and control. By the end of the first

series, the legal and institutional framework of public procurement had been completely revamped, budget execution reports were regularly submitted to the oversight authority, and the “*lois de règlement*” regularly adopted by Parliament. This was a significant achievement on the part of the authorities.

4.73 In civil service reform, progress was negligible because of bureaucratic complexity and resistance from personnel. In deconcentration and decentralization, delays were to be expected as it takes time to arrive at the necessary political consensus on new political and administrative structures for the State. As already noted, the Bank underestimated the political, legal, and administrative complexity of formulating and implementing decentralization. However, there is now in place a coherent framework that should greatly facilitate the delivery of services. It is likely that, in the absence of the support provided by the PRSCs, less progress would have been achieved. Finally, in environment, the first steps were taken to strengthen capacity to prepare EAs and comply with guidelines.

4.74 On balance, the rating is substantial for both series because of the greater weight of the budget management and fiduciary strengthening agenda, as a result of which GOB has successfully assumed increased responsibility for managing economic policies and public resources, an objective of budget support operations.

5. Implementation, Outcome and Ratings

IMPLEMENTATION

5.1 Implementation of the programs was adversely affected by external shocks, notably the Ivoirian crisis. However, their negative impact was less severe than anticipated: rainfalls were generally adequate, the secondary and tertiary sectors showed greater resilience than anticipated, and producers and traders quickly diversified transportation routes and sources of supplies for key inputs by reviving traditional links with countries other than Côte d'Ivoire. All these factors eased the reintegration of refugees from Côte d'Ivoire.

5.2 Both GOB and the Bank engaged in constructive dialogues and showed flexibility in fine tuning the program, amending and/or adjusting triggers, to achieve realistic and practical objectives. Advances were recorded in areas where activities were well identified or where reforms had already progressed significantly under the pre-PRSC operations in the late 1990s. Progress was less significant or slower in the areas requiring better identification of the issues at hand or of the obstacles to overcome. In those cases, it required postponing or rewording triggers or redefining expected actions. In some cases, this reflected the fact that some actions were too demanding given GOB's capacity; in others, activities or actions consisting of laying the groundwork were needed before full implementation. In hindsight, this process had the advantage of clarifying and streamlining the agenda from one operation to the next. In that connection, there is little doubt that the first operations served as a valuable learning process for both GOB and the Bank.

5.3 There were inevitably delays. Each year, it took longer than expected to implement the prior actions due to the capacity constraints of the administration; this contributed – in addition to the Bank's slow processing - to defeat the objective of aligning disbursement with the budget cycle. Another cause of delay was the need for donors to coordinate their interventions and the disbursement of their budget support. As already mentioned institutional weaknesses and capacity constraints, especially in line ministries, were a cause of delay. Finally, progress in improving the delivery of social services was "hostage" to the deconcentration and decentralization process. The Bank did not have a clear vision of the sequence in the necessary steps and requirements to implement such complex policies, with the consequence that reforms in the social sectors were negatively affected. There was insufficient prioritization and coordination between reforms in the social sectors and reforms in deconcentration/decentralization.

5.4 Another finding emerging from implementing these PRSCs is the difference in the capacity to lead and implement reforms between the central and line ministries. GOB assumed increased responsibility in managing the reform agenda in the areas under the direct control of the central ministries, notably MOF, where progress was generally made in a consistent and steady manner (although at times at a pace slower than expected). In contrast, in the areas of pro-poor policies, where line ministries and local governments play a much greater role, progress was uneven and was hampered by institutional weaknesses and capacity constraints at both the central and local levels. In those areas,

progress was less uniform, more dependent on contingent factors, and the implementation calendar often became stretched.

OUTCOME¹

5.5 Overall, progress was uneven. *Macro-economic stability* was maintained and performance was consistently satisfactory under the IMF's Poverty Reduction and Growth Facility (PRGF) despite adverse exogenous factors.

5.6 The other specific objectives were partially met. Except for the cotton sector, achievement under the objective of *accelerating broad-based growth and employment* was modest and serious challenges remain. Growth was certainly not broad-based and there is no evidence of impact on employment, although there is a presumption that increased activity in the cotton and other agricultural sectors led to some absorption of labor. Excluding the privatization of the telecom company, progress was disappointing in the other PSD areas where reforms would have the greatest impact in terms of reducing factor costs, attracting investment, and improving competitiveness. Political and vested interests proved to be significant obstacles.

5.7 Achievements under the objective of ensuring *access to basic social services* were largely limited to improving access, which certainly increased, but there is no or little evidence of improvement in quality, as repeatedly stated by Bank documents. Key conditions to remedy this situation are to raise the number of teaching hours, enforce teachers' attendance, and provide incentives and motivation to education and health personnel to move to rural areas. No progress was made in that respect. As a result, the MDG targets in education and health are unlikely to be met.

5.8 It is in the area of *good governance* where progress was most significant, especially in the areas of budget management and improvement in the fiduciary framework, with the result of more discipline, transparency, and accountability in managing public finances. Although delayed for a host of reasons, a coherent framework for decentralization and deconcentration was adopted and institutions and structures are now being created and put in place. This should permit more rapid progress in delivering basic services in the rural areas, although this will take considerable time. In contrast to the other governance areas, reforms of the civil service were negligible with no impact.

5.9 **Overall assessment.** The rating is based on the achievement of the different objectives, taking into account their relevance and that of the operations' design. On balance, outcome is rated **Moderately Satisfactory**.

RISK TO DEVELOPMENT OUTCOME

5.10 Burkina Faso will certainly continue to face very serious risks, not least the possibility of political instability and external shocks. However, the country's strong ownership of the program and commitment to reforms considerably reduce the risks of reversal or change in direction. Some key factors mitigate those risks: the increased

¹ Outcome is assessed on the basis of relevance of objectives and design and achievement of objectives (efficacy).

responsibility assumed by Burkina's leaders for managing the economy and the institutional development that accompanied some reforms, such as in the cotton sector, budget management, fiduciary framework, and decentralization. In that respect, the predictability of budget support is a strong encouragement to deepen and broaden the reform agenda. The benefits in terms of reduction in poverty and institutional development are likely to be maintained, provided macro-economic stability is assured and the donor community continues to support the reform efforts.

5.11 However, there is no room for complacency on the part of the authorities. Burkina Faso faces two major challenges to further reduce poverty: one is to overcome the institutional weaknesses and capacity constraints that retard and limit the benefits from the reforms; the other is to raise the revenue/GDP ratio, including by developing new sources of growth and raising productivity, to be able to finance the poverty reduction programs and reduce dependence on foreign assistance.

5.12 The risk to development outcome is rated **Moderate**.

BANK PERFORMANCE

5.13 *Bank performance in ensuring quality at entry.* Both series were largely prepared in conjunction with the country's PRSPs and the Bank's CAS. In both cases, the medium-term program and individual operations were closely aligned with the PRSP and the CAS. On most key dimensions, strategic relevance, macro and social aspects, policy and fiduciary aspects, issues were well identified and reforms well defined. The programs incorporated the lessons learned from the 1990 adjustment operations, built on a substantial body of analytical work, and made the necessary corrections and adjustments as progress was being made along the six operations. This is best illustrated by a broader agenda, stronger coordination among donors, and a much improved M&E system in the second series.

5.14 However, as noted under relevance of objectives and design (Chapter 3), there were shortcomings in implementation arrangements. Institutional weaknesses and capacity constraints, especially in line ministries, were underestimated with inevitable delays as a result. Some sub-components were not ready for implementation and required a better definition of the tasks to undertake or a more precise implementation schedule. A significant shortcoming was to attempt to improve service delivery in rural areas without a clear vision of how the still evolving policies in deconcentration and decentralization would support – or allow - such an objective. Implementation suffered as a result. As mentioned in Chapter 3, a TA operation prior to or in parallel with the series would have considerably reduced the negative impact of these shortcomings. The absence of an M&E system for the first series was also a shortcoming, although IEG recognizes that this was not a requirement at the time. On balance, the rating is **Moderately Satisfactory**.

5.15 *Bank performance during supervision.* During project execution, the Bank team showed diligence and flexibility in its dialogue with the authorities. Realism was injected in adjusting the triggers and the measures monitored by benchmarks. Innovations were proposed to circumvent obstacles, such as for budget deconcentration. There was close coordination with the IMF and, during the second series, the Bank was constructive in

harmonizing its positions with that of donors regarding the M&E system and disbursement. Bank performance for supervision is rated **Satisfactory**.

5.16 Overall Bank performance is rated **Moderately Satisfactory**.

BORROWER PERFORMANCE

5.17 GOB's ownership of the programs and commitment to reforms is commendable. In particular, it showed determination in maintaining macro-economic stability and sound fiscal policies in the face of adverse exogenous sectors. This was a significant achievement in the circumstances. GOB cooperated with the Bank and donors in revising the PRSP and in harmonizing the reform programs, the conditions for disbursement, and the results framework, with significant added value as a result. In that connection, the learning process associated with the first series had a beneficial impact on the second series. Finally, GOB demonstrated its willingness and ability to master the discipline of meeting legal requirements on a regular basis, an important objective of the PRSC instrument.

5.18 Borrower performance is rated **Satisfactory**.

MONITORING AND EVALUATION

For the first series.

5.19 *M&E design, implementation, and utilization.* As noted in Chapter 3, neither the PDs nor the ICR described or explained how appropriate data (input, output, outcome, and impact) were to be collected given the project objectives and given the data already available. Similarly, there is no information on the extent to which appropriate data were actually collected or used to inform decision-making.

5.20 M&E quality is rated **Non-Evaluable** for the series. IEG notes that, at the time the program was formulated, Bank policies did not require operations to have a systematic formulation of an M&E system.

For the second series.

5.21 *M&E design, implementation, and utilization.* The design of the M&E system was satisfactory and was a major improvement over the first series. However, neither the PDs nor the ICR provide information on the extent to which appropriate data were actually collected or used to inform decision-making and resource allocations.

5.22 On the basis of a satisfactory design but in the absence of information on implementation and utilization, M&E quality is rated **Modest**.

COMPARISON WITH ICRs AND ICR REVIEWS RATINGS

5.23 The above ratings apply to both series (considered as a single one) and to all operations, except that the rating for M&E is non-evaluable for the first series and modest for the second. Table 3 compares the ratings between the PPAR, the ICRs, and the ICR Reviews.

Table 3: Summary of Ratings

	Outcome	Inst. Dev.	Sust.	Risk to Dev. Out.	Bank Perf.	Borr. Perf.	Quality M&E
PPAR							
PRSC-I	Mod. Sat.			Moderate	Mod. Sat.	Sat.	Non eval.
PRSC-II	Mod. Sat.			Moderate	Mod. Sat.	Sat.	Non eval.
PRSC-III	Mod. Sat.			Moderate	Mod. Sat.	Sat.	Non eval.
Series – I	Mod. Sat.			Moderate	Mod. Sat.	Sat.	Non eval.
PRSC-IV	Mod. Sat.			Moderate	Mod. Sat.	Sat.	Modest
PRSC-V	Mod. Sat.			Moderate	Mod. Sat.	Sat.	Modest
PRSC-VI	Mod. Sat.			Moderate	Mod. Sat.	Sat.	Modest
Series – II	Mod. Sat.			Moderate	Mod. Sat.	Sat.	Modest
ICR Rev.							
PRSC-I	Sat.	Modest	Likely		Sat.	Sat.	
PRSC-II	Sat.	Modest	Likely		Sat.	Sat.	
PRSC-III	Sat.	Subst.	Likely		Sat.	Sat.	
Series -I	n.a.	n.a.	n.a.		n.a.	n.a.	
PRSC-IV	Mod. Sat.			Moderate	Mod. Sat.	Sat.	
PRSC-V	Mod. Sat.			Moderate	Mod. Sat.	Sat.	
PRSC-VI	Mod. Sat.			Moderate	Mod. Sat.	Sat.	
Series – II	Mod. Sat.			Moderate	Mod. Sat.	Sat.	
ICR							
PRSC-I	Sat.	Subst.	Likely		Sat.	Sat.	
PRSC-II	Sat.	Subst.	Likely		Sat.	Sat.	
PRSC-III	Sat.	Subst.	Likely		Sat.	Sat.	
Series – I	Sat.	Subst.	Likely		Sat.	Sat.	
PRSC-IV	Sat.			Moderate	Sat.	Sat.	
PRSC-V	Sat.			Moderate	Sat.	Sat.	
PRSC-VI	Sat.			Moderate	Sat.	Sat.	
Series – II	Sat.			Moderate	Sat.	Sat.	

6. Main Findings

6.1 *Millennium Development Goals.* The poverty incidence of 45.3 percent, recorded by the 1998 survey (see Chapter 2), was readjusted to 54.6 percent by the poverty assessment conducted jointly by GOB and the Bank in 2003. The ratio was revised by applying the same methodology to the 1998 and the 2003 data. In 2003, it stood at 46.4 percent, a decline of 8.2 percentage points, and, in 2006, at an estimated 40.8 percent². This represents an average reduction of about 1.7 points over eight years (1998-2006). However, over the second series, the average yearly reduction was 1.9 points, just below the target of 2.0 points p.a. under the medium-term program. These results are below but consistent with the per capita growth of about 3 percent over 2001-2006. The probability of achieving the goal of halving poverty incidence between 1990 and 2015 is hard to predict, but, assuming a continued decline of 1.9 percent per year, the incidence would reach about 30 percent by 2015.

6.2 The extent to which the decline in poverty over the period reviewed here can be attributed to the PRSCs is difficult to assess for two reasons: (i) in addition to the Bank, there was substantial budget support from the donor community in support of the same programs and same objectives; in such a case, the impact of – and the judgment on - the PRSCs cannot be dissociated from that of other interventions; and (ii) the significant growth performance of 6.1 percent p.a. over 2001-2006 was largely due to the good performance of the cotton sector, which cannot be assumed to continue at the same pace over many years.

6.3 In education and in health, as noted in chapter 4, the MDG goals are unlikely to be reached assuming the present trends to continue, except for the vaccination coverage. A better judgment will be possible once the results of the 2008 DHS become available. Clearly, GOB and the donor community must allocate more resources, time, and energy on improving quality: better statistical bases should be elaborated; teaching hours must be increased and attendance enforced; reading and comprehension tests should be conducted systematically upon completing primary school; and incentive packages should be devised to motivate education and health personnel to move to rural areas.

6.4 *Resource Mobilization.* The PRSCs did not lead to improved resource mobilization. Throughout the period, the tax revenue to GDP ratio fluctuated between 10 and 12 percent, well below the average for Sub-Saharan Africa. Although it could be argued that this was not part of the objectives, it could as well be argued that a good growth performance and an improved management of public resources would have a positive impact on revenues. In addition to improving tax administration, the main challenge faced by the country is to identify new sources of growth, the two key conditions to raise revenues, and therefore sustain poverty reduction efforts. It is a challenge for both the country and the donor community. Failure to make progress in this area over the coming years will keep the country dependent on foreign assistance for many years, if not decades. Based on present trends, this is the most likely scenario.

² Subject to the final results of the 2008 Demographic and Health Survey to be issued in 2009.

There is also a risk associated to continuing providing generous external assistance, i.e., generating complacency. The Bank and other donors may consider reducing gradually their budget support as an incentive to reach higher levels of efficiency and of competitiveness.

6.5 *Statistical Basis.* This PPAR has highlighted the importance of establishing a solid statistical basis as a necessary tool to implement and manage poverty reduction programs. In addition to expanding the range of data, a key condition is to retain quality statisticians through adequate incentives. More resources and efforts from the authorities and the donor community are required in that area.

7. Lessons

LESSONS FOR BURKINA FASO

7.1 With a large number of donors providing support to the country's poverty reduction strategy, it is difficult to assess the contribution of the PRSCs to the reduction in poverty over the six-year period. The presumption is that their contribution was significant by providing a strong framework to improve efficiency in spending. However, the good performance of the cotton sector and its direct impact on growth over the period is not necessarily a sign of a sustainable growth rate sufficient to reduce poverty significantly over the medium-to long-term.

7.2 The two PRSC series did not have an impact on improved resource mobilization. The fiscal revenues/GDP ratio remained in the 10-12 percent range, a level insufficient to sustain a policy of poverty reduction in the absence of continued external assistance. This is the main finding of this report and the main challenge faced by the country. In turn, improving revenue mobilization depends on developing new sources of growth and strengthening tax administration.

7.3 In education, a key condition to reduce poverty, an increase in enrollment is not a guarantee of improved literacy. Despite considerable support to education, results in terms of literacy remain disappointing. Much greater effort should be expended on quality of education. Reading tests should be conducted regularly to assess mastery of language at the end of primary school. This is essential to assess the efficacy and efficiency of the education system and education programs and take remedial action.

7.4 Efforts are needed to strengthen capacity, especially in line ministries, and in INDS.

7.5 Thanks to the PRSCs and other budget support from donors, GOB strengthened its capacity to manage public resources in accordance with its development and social priorities.

LESSONS OF GENERAL APPLICABILITY.

7.6 By supporting the budget, the PRSC is a useful instrument to help the borrower assume increased responsibility in managing its public resources in an efficient manner, notably by providing more flexibility and predictability.

7.7 Assessment of performance under PRSCs should be done after a long enough period to allow reforms to produce identifiable outcomes and results. Even a period of six years, as in this report, is too short to come to firm conclusions in some areas, such as in agricultural diversification or impact on private investment.

7.8 Because reforms are of a medium-to long-term nature, early identification of institutional weaknesses and capacity constraints is of paramount importance. Accordingly, remedial actions should be part of the design of the program to ensure readiness of implementation. A capacity building operation (or other type of assistance)

prior to or in parallel with a PRSC series should be carefully considered as early as possible.

7.9 In the same vein, realism should guide the planned timetable of some reforms: for instance, Bank experience shows that privatization of public enterprises takes a considerable time given the complex issues arising in the process - not least the legal ones.

7.10 Since PRSCs usually target the social sectors, implementation requirements expected from the line ministries concerned should be carefully identified, defined, and planned given the fact that these ministries usually have weaker structures than central ministries, such as the Ministry of Finance.

7.11 Decentralization and deconcentration are often used indiscriminately in Bank documents, while their meaning is very different. This gives rise to confusion and the choice of words is often misleading. For instance, measures consisting of delegating more authority at deconcentrated levels are sometimes presented as progress in decentralization, while in fact it does not lead to more empowerment at the local level. Deconcentration and decentralization are complex matters raising many political, legal and institutional issues which the Regions are often not equipped to tackle. The country lawyer (or a specialized lawyer) should be an active member of the team during project preparation and execution. Improved service delivery at the local level is dependent on establishing *first* workable structures at that level.

7.12 Assessment of outcomes from PRSCs raises issues of attribution when several donors provide budget support for the same purposes or when other types of operations pursue similar objectives as the PRSCs. In the case of the six PRSCs reviewed in this report, there are outcomes not amenable to attribution.

LESSONS ON PRSC CONTENT AND PROCESSING.

7.13 In order to assess outcome of a medium-term program, it is essential that the different documents of a PRSC series be consistent in content and format. In particular, each program document should have a specific chapter discussing, in a comprehensive and systematic manner, what was envisaged to be done under the previous operation, what was done, what was not done and why, including the deviations from and corrections to the reform path: this is essential to understanding the links between inputs, outputs, and expected and actual outcomes, as well as to assessing progress towards achieving the stated objectives. A few words in a policy matrix are not enough to shed light on what are often complex issues. Similarly for statistical data: consistency over several years is essential. This argues for such a chapter to have the same format throughout the series and for more continuity in responsibility and management of the series, more rigor in presentation, and more quality assurance.

7.14 Sector task managers and sector teams must be closely associated to the formulation and implementation of the medium-term program. To the extent possible, they should be part of all missions.

Annex A: Basic Data Sheet

POVERTY REDUCTION SUPPORT CREDIT 1 – (CREDIT: C3565)

Key Project Data (amounts in US\$ million)

	<i>Appraisal estimate</i>	<i>Actual or current estimate</i>	<i>Actual as % of appraisal estimate</i>
Total project costs	45.0	45.0	100
Loan amount	45.0	45.0	100
Cofinancing			
Cancellation			
Institutional performance			

Project Dates

	<i>Original</i>	<i>Actual</i>
Concept paper		03/29/2001
Negotiations		
Board approval		08/23/2001
Signing		08/27/2001
Effectiveness	10/04/2001	10/04/2001
Closing date	06/30/2002	06/30/2002

Staff Inputs (staff weeks) (DATA NOT AVAILABLE IN ICR)

<i>Stage of Project Cycle</i>	<i>Actual/Latest Estimate</i>	
	<i>No. of Staff Weeks</i>	<i>US\$('000)</i>
Preappraisal		
Appraisal		
Negotiations		
Supervision		
Other		
Total		

Mission Data

	<i>Date (month/year)</i>	<i>No. of persons</i>	<i>Staff days in field</i>	<i>Specializations represented</i>	<i>Performance rating</i>	<i>Rating trend</i>	<i>Types of problems</i>
Pre-Appraisal	02-03/2001	5	21	Econ. Education Health			
Appraisal	05/2001						
Supervision	11/2001	4	13	Econ. Education			
Completion							

POVERTY REDUCTION SUPPORT CREDIT 2 – (C3691)**Key Project Data** *(amounts in US\$ million)*

	<i>Appraisal estimate</i>	<i>Actual or current estimate</i>	<i>Actual as % of appraisal estimate</i>
Total project costs	39.3	39.3	100
Loan amount	35.0	35.0	100
Cofinancing	4.3	4.3	100
Cancellation			
Institutional performance			

Project Dates

	<i>Original</i>	<i>Actual</i>
Concept paper		10/15/2001
Negotiations		
Board approval		07/11/2002
Signing		07/16/2002
Effectiveness	10/31/2002	10/31/2002
Closing date	06/30/2003	06/30/2003

Staff Inputs *(staff weeks)* **(DATA NOT AVAILABLE IN ICR)**

<i>Stage of Project Cycle</i>	<i>Actual/Latest Estimates</i>	
	<i>No. of Staff Weeks</i>	<i>US\$('000)</i>
Preappraisal		
Appraisal		
Negotiations		
Supervision		
Other		
Total		

Mission Data

	<i>Date (month/year)</i>	<i>No. of persons</i>	<i>Staff days in field</i>	<i>Specializations represented</i>	<i>Performance rating</i>	<i>Rating trend</i>	<i>Types of problems</i>
Preparation	01/2002	16	16	Econ. Education Health			
Appraisal	04/2002						
Supervision	5/2002	1	12	Econ.			
Completion							

POVERTY REDUCTION SUPPORT CREDIT 3 – (TF-50516 GRD-H0580)

Key Project Data (amounts in US\$ million)

	<i>Appraisal estimate</i>	<i>Actual or current estimate</i>	<i>Actual as % of appraisal estimate</i>
Total project costs	50.0	50.0	100
Loan amount	50.0	50.0	100
Cofinancing			
Cancellation			
Institutional performance			

Project Dates

	<i>Original</i>	<i>Actual</i>
Concept paper		03/24/02003
Negotiations		
Board approval		07/15/2003
Signing		07/16/2003
Effectiveness		09/29/2003
Closing date		06/30/2004

Staff Inputs (staff weeks)

<i>Stage of Project Cycle</i>	<i>Actual/Latest Estimate</i>	
	<i>No. of Staff Weeks</i>	<i>US\$('000)</i>
Preappraisal	50	160,000
Appraisal/Negotiations	14	53,000
Supervision	5	18,000
Other	5	10,000
Total	74	241,000

*These figures reflect the total time and cost of the project.

Mission Data

	<i>Date (month/year)</i>	<i>No. of persons</i>	<i>Specializations represented</i>
Identification/ Preparation	January to March 2003	10	4 Economists; 1 Sr. Economist; 1 Health Spec.; 1 Education Spec.; 1 Agriculture Spec.; Procurement Spec.
Appraisal	May 20 – June 1, 2003	8	2 Economists; 1 Sr. Economist; 1 Health Spec.; 1 Education Spec.; 2 Operations Analyst; 1 Procurement Spec.
Supervision	September 2003 – December 2003	1	Sr. Economist
Completion	October 2004 – December 2004	2	1 Sr. Economist; 1 Consultant

POVERTY REDUCTION SUPPORT CREDIT 4 – (C3900)

Key Project Data (*amounts in US\$ million*)

	<i>Appraisal estimate</i>	<i>Actual or current estimate</i>	<i>Actual as % of appraisal estimate</i>
Total project costs	60.0	60.0	100
Loan amount	60.0	60.0	100
Cofinancing			
Cancellation			
Institutional performance			

Project Dates

	<i>Original</i>	<i>Actual</i>
Concept paper		01/12/2004
Negotiations		
Board approval		05/11/2004
Signing		05/13/2004
Effectiveness		07/21/2004
Closing date		06/30/2005

Staff Inputs (staff weeks)

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

Task Team Members

	<i>Date (month/year)</i>	<i>No. of persons</i>	<i>Specializations represented</i>
Lending			Sr Operations Off. Sr Financial Management Specialist Finance Officer Economist Evaluation and Suspension Officer Language Program Assistant Sr Power Engineer Senior Public Sector Specialist Sr Health Specialist Sr Environmental Economist Lead Agriculture Economist Sr Agriculturist Sr Operations Officer Sr Agric. Extension Spec. Sr Natural Resources Mgmt. Spec. Senior Country Officer Sector Manager Consultant Program Assistant Operations Officer Sr Education Spec. Sr Counsel
Supervision			Research Analyst Lead Procurement Specialist Sr Operations Off. Operations Officer Driver Consultant Lead Livestock Specialist Sr Agriculturist Sr Operations Off. Sr Natural Resources Mgmt. Spe Senior Country Officer Sector Manager Operations Officer Program Assistant Sr Public Health Spec. Senior Rural Development Specialist Sr Financial Management Specialist

POVERTY REDUCTION SUPPORT CREDIT 5 – (C4053, H1580)

Key Project Data (amounts in US\$ million)

	<i>Appraisal estimate</i>	<i>Actual or current estimate</i>	<i>Actual as % of appraisal estimate</i>
Total project costs	60.0	60.0	100
Loan amount	60.0	60.0	100
Cofinancing			
Cancellation			
Institutional performance			

Project Dates

	<i>Original</i>	<i>Actual</i>
Concept paper		01/31/2005
Negotiations		
Board approval		05/03/2005
Signing		05/18/2005
Effectiveness		08/25/2005
Closing date		06/30/2006

Staff Inputs (staff weeks)

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

Task Team Members

	<i>Date (month/year)</i>	<i>No. of persons</i>	<i>Specializations represented</i>
Lending			Lead Procurement Specialist Sr Operations Off. Sr Counsel Finance Officer Economist Country Officer Senior Economist Language Program Assistant Language Program Assistant Sr Power Engineer Senior Public Sector Specialist Sr Health Spec. Sr Education Spec. Sr Environmental Econ. Lead Agriculture Economist Sr Operations Off. Sr Agric. Extension Spec. Sr Natural Resources Mgmt. Spec. Sector Manager Program Assistant Operations Officer Sr Public Health Spec. Human Development Economist Consultant Operations Adviser
Supervision			Research Analyst Lead Procurement Specialist Sr Operations Off. Operations Officer Driver Consultant Lead Livestock Specialist Sr Agriculturist Sr Operations Off. Sr Natural Resources Mgmt. Specialist Senior Country Officer Sector Manager Operations Officer Program Assistant Sr Public Health Specialist. Senior Rural Development Specialist Sr Financial Management Specialist

POVERTY REDUCTION SUPPORT CREDIT 6 – (C4194)

Key Project Data (amounts in US\$ million)

	<i>Appraisal estimate</i>	<i>Actual or current estimate</i>	<i>Actual as % of appraisal estimate</i>
Total project costs	60.0	60.0	100
Loan amount	60.0	60.0	100
Cofinancing			
Cancellation			
Institutional performance			

Project Dates

	<i>Original</i>	<i>Actual</i>
Concept paper		02/15/2006
Negotiations		
Board approval		06/20/2006
Signing		06/22/2006
Effectiveness		08/31/2006
Closing date		06/30/2007

Staff Inputs (staff weeks)

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:		752.58

Task Team Members

	<i>Date (month/year)</i>	<i>No. of persons</i>	<i>Specializations represented</i>
Lending			Research Analyst Consultant Economist Language Program Assistant Lead Agriculture Economist Program Assistant Senior Economist Senior Rural Development Specialist
Supervision			Research Analyst Consultant Sr Monitoring & Evaluation Spec. Lead Procurement Specialist Sr Operations Off. Sr Counsel Sr Mining Spec. Sr Natural Resources Econ. Sr Financial Management Spec. Finance Officer Economist Lead Environment Specialist Procurement Spec. Sr Urban Planner Operations Officer Sr Water & Sanitation Spec. Sr Agricultural Spec. Consultant Senior Economist Senior Economist Lead Water and Sanitation Spec Language Program Assistant Sr Power Engineer Senior Public Sector Specialist Driver Sr Health Specialist Sr Education Specialist. Team Assistant Lead Agriculture Economist Lead Energy Economist Lead Livestock Specialist Livestock Specialist Consultant Sr Operations Off. Sr Agric. Extension Specialist Sr Natural Resources Mgmt. Specialist Sr Natural Resources Mgmt. Specialist Sr Water & Sanitation Specialist E T Consultant Program Assistant Lead Financial Sector Specialist Consultant Operations Officer Program Assistant Senior Economist Human Development Economist Consultant Lead Procurement Specialist Senior Rural Development Specialist E T Consultant Language Program Assistant Sr Financial Management Specialist

Annex B: Key Economic Indicators - 1995-2007

Key Economic Indicators - 1995-2007

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
													Est.
	Change in percent												
Real GDP	5.7	11.0	6.3	7.3	7.4	1.9	6.6	4.7	8.0	4.6	7.1	5.5	4.0
Primary sector at current prices	14.0	13.0	-1.0	25.0	6.0	-6.0	21.0	9.0	10.0	2.0	14.0	4.0	1.0
Primary sector real growth	6.0	13.0	-4.0	17.0	1.0	-4.0	17.0	3.0	11.0	-3.0	12.0	1.0	0.0
Cotton seed	6.0	42.0	58.0	-16.0	-11.0	9.0	37.0	7.0	19.0	33.0	17.0	-12.0	-2.0
Consumer prices (annual average)	7.8	6.1	2.4	5.0	-1.1	-0.3	4.7	2.3	2.0	-0.4	6.4	2.4	-0.2
	Percent of GDP												
Domestic revenue	11.5	12.1	12.7	13.0	12.7	11.8	11.1	11.4	12.0	13.0	12.8	13.0	13.6
Tax revenue	10.7	11.3	11.6	12.1	11.9	10.9	10.3	10.6	10.8	12.0	11.8	12.0	12.5
Total expenditure excl. net lending	20.3	20.9	22.1	21.9	23.6	22.5	22.3	21.5	19.2	21.9	22.9	24.8	25.7
Current expenditure	11.1	10.2	9.8	9.5	9.7	10.5	10.6	11.4	10.3	10.7	11.6	12.8	13.9
Education ¹	3.3	1.8	2.2	2.1	1.6	1.6	1.7	1.9	1.9	2.1	2.3	2.3	2.4
Health ¹	1.9	2.4	2.5	2.3	2.4	1.3	1.3	1.7	1.5	1.8	1.9	1.8	1.9
Overall fiscal bal. excl. gr. com. basis	-8.8	-8.8	-9.4	-8.9	10.9	-10.9	-11.1	-10.0	-8.2	-8.8	-9.7	-11.3	-12.2
Overall fiscal bal. incl. gr. com. basis	-1.4	-0.6	-2.5	-2.6	-3.3	-3.6	-3.9	-4.8	-2.9	-4.3	-5.1	-6.7	-5.7
Current account balance excl. grants	-9.5	-12.8	-11.9	-10.9	-13.1	-15.0	-14.3	-12.7	-12.9	-13.6	-15.0	-12.6	-13.1
Current account balance incl. grants	-3.9	-8.2	-8.2	-6.8	-10.5	-12.3	-11.2	-10.0	-8.7	-10.6	-11.7	-9.6	-9.1
<i>Memorandum items:</i>													
Nominal GDP (billions of CFAF)	1,188	1,323	1,429	1,655	1,856	1,859	2,062	2,272	2,514	2,656	2,863	3,018	3,243
Cotton seed (billions of CFAF)	21	34	54	45	40	44	66	71	84	118	131	140	149
Cotton seed (1000 tonnes)	151	214	338	285	254	276	378	406	483	642	750	663	651
Cotton fibre exports (bn. of CFAF)	51	50	75	121	84	72	96	97	120	163	148	201	181

¹ Total not excluding foreign financed inv. and tax component
Source: Burkinabé authorities and IMF staff estimates

Annex C: Burkina Faso: 2001-2003 Medium Term Program (PRSCs 1-3) - Policy Matrix ¹

Annex Table C1:		PRSC I – AUGUST 2001	PRSC II – MARCH 2002	PRSC III – MARCH 2003	EXPECTED OUTCOMES	LINKS TO PRSP OBJECTIVES	
General macroeconomic condition		Maintain a stable macroeconomic framework throughout the program				Real GDP growth of 4-6 percent and decrease in incidence of poverty	Objective: Accelerate equity-based growth
FIRST COMPONENT: PUBLIC SECTOR REFORM GOVERNANCE							
A. Budget Management Rules and Restraints							
(i) Budget formulation	Adopted a MTEF for the 2002-2004 period that is consistent with PRSP priorities.	Adoption of a budget bill for 2002 based on ceilings set with reference to the 2002-04 MTEF and PRSP priorities.	Adoption by May 1, 2002, of the MTEF for the 2003-2005 period that is in keeping with priorities under the revised and updated PRSP	Tariffs (key objectives to be achieved - Monitoring Indicators in Table 4 of the President's Report):	Objective: accelerate equity-based growth		
Strengthen the budget preparation process (inter- and intra-sectoral allocations) to enhance the impact a public expenditures upon growth and establish a closer link between objectives, resource allocation and anticipated results	Held training sessions on program budgeting for budget officers (DAAFs and DEPs) of the Ministries of Agriculture, Livestock, Environment, Justice, and Transports.	Completion of program budgets consistent with PRSP objectives in key ministries (including Economy and Finance, Infrastructure, Secondary and Tertiary Education), performance indicators included.	Adoption of a draft 2003 budget based on ceilings set by the 2003-2005 MTEF and priorities of the PRSP.	Improved program budgets for all key ministries; Improved MTEF; Increased transparency in public resource management; Control and monitoring institutions are better equipped to perform their duties; Increased accountability for public servants.	Objective: promote good governance Good democratic governance; Local governance Combat corruption		
		Regionalization of payment order issuance through appointment of << delegated payers >> and << secondary payers >> within ministries to empower regional Government entities.	Incorporation into 2003 budget of recommendations emerging from public expenditure review				
		Completion of PER studies (including Infrastructure, Justice, Secondary and Tertiary Education)					

¹ Reform measures associated with PRSC II and PRSC III are indicative and provided here to underline the coherence of the medium term program. Actions in bold are credit conditions that are included in the credit agreement of PRSC I. Other actions in bold and a limited number of quantitative performance benchmarks based on the PRSP monitoring framework will constitute the basis for proceeding with PRSC 11 and 111.

	PRSC I – AUGUST 2001	PRSC II – MARCH 2002	PRSC III – MARCH 2003	EXPECTED OUTCOMES	LINKS TO PRSP OBJECTIVES
<p>(ii) <u>Budget Execution</u> <i>Improve budget management with a view to greater delegation of responsibility in the area of expenditures, greater transparency and greater accountability</i></p> <p><i>Improve budget implementation procedures to increase public services available to the most disadvantaged populations and guarantee access for the poor to basic social services</i></p>	<p>Finalized the Government's integrated system of administrative and salary management (SYGASPE)</p> <p>Adopted budget procedures to ensure more effective tracking and management of HIPC resources:</p> <ol style="list-style-type: none"> Created a special Treasury account opened on the books of the Paymaster General and known as the "Special Growth and Poverty Reduction Fund," where all the revenues and expenses for operations under the HIPC initiative will be recorded and made available to the public; Adopted a corrective appropriation bill for earmarking the HIPC funds received in 2000, and authorization granted by the National Assembly to the Minister of Economy and Finance to proceed with distribution by decree of the resources expected in 2001; Adopted special measures to step up procedures for use of these resources and to ensure transparent management of public finance 	<p>Finalization of module on external financing of computerized expenditure circuit and deployment of new software for management of external financing.</p> <p>Preparation, by August 15, of a status report on budget implementation as of end June 2001, followed by corrective measures if necessary.</p> <p>Implementation of a program to improve public procedures and capacity in the area of Procurement Procedures Manual; (ii) redefinition of the roles of the two major departments (<i>Direction Générale de la Coopération</i> and <i>Direction Centrale des Marchés Publics</i>) and adoption of capacity building measures;</p> <p>(iii) revision of the general rules for public procurement to make them consistent with international standards of transparency and efficiency;</p> <p>(iv) facilitation of SME access to public procurement; and (v) verification that 50 percent of public procurement will have been subject to competitive procurement practices as required by law and that the largest contracts will be subject to public audit.</p> <p>Submission of budget execution reports for fiscal years 1999 and 2000 and their remittal to the Supreme Audit Institution</p>	<p>Adoption of the Government plan for deconcentrating personnel management under the principle of making civil servants available to regions and provinces according to their needs.</p> <p>Effective implementation of the Civil Service reform program in accordance with the Law on Government Reform (May 1998).</p> <p>Recognition of the region as a 'deconcentrated' administrative entity and harmonization of current divisions by June 2002.</p> <p>Training of health and education personnel in the regions in procurement techniques and budget management</p> <p>Satisfactory implementation of the recommendations from the CPAR</p> <p>Strengthening of the DCMF (human resources and financial management)</p>	<p>Increased transparency in public resource management</p> <p>Control and monitoring institutions are better equipped to perform their duties</p> <p>Increased accountability for public servants</p>	<p>Objective: Promote governance</p> <p>Good democratic governance;</p> <p>Local governance</p> <p>Combat corruption</p>

	PRSC I – AUGUST 2001	PRSC II – MARCH 2002	PRSC III – MARCH 2003	EXPECTED OUTCOMES	LINKS TO PRSP OBJECTIVES
<p>(iii) <u>Budget Reporting</u></p> <p>Increase transparency, controls and audits</p> <p>Promote the fight against corruption</p>	<p>Submitted budget reports (Lois de règlement) for fiscal years 1996, 1997 and 1998 to the Supreme Audit Court (Cour des Comptes) by March 31, 2001</p> <p>Adopted laws ("lois organiques") providing for independent supreme institutions: Supreme Audit Institution, State Council, Constitutional Council, and Cour de Cassation</p> <p>Adopted a work program for the Executive Secretary in charge of Good Governance</p>	<p>Satisfactory implementation of the action plan for strengthening the Supreme Audit Institution on the basis of the recommendation of the PRGB and the CFAA</p>	<p>Completion of budget report for the 2001 fiscal year and its transmission to the Supreme Audit Court by June 30, 2002</p> <p>Satisfactory implementation of the recommendations from the PRGB and CFAA</p> <p>Completion of audits by private audit firms of public procurement executed by the agency Faso Basra</p> <p>Satisfactory implementation of the work program for the Executive Secretary in charge of Good Governance</p>	<p>Improvement in the judicial system</p>	<p>Objective: Promote good governance</p> <p>Good democratic governance</p> <p>Local governance</p> <p>Combat corruption</p>
<p>B. Stakeholders' participation</p>	<p>Issued the National Plan for Good Governance, distributed it to all provincial authorities and organization of several outreach, information workshops/seminars aimed at local authorities and civil society</p> <p>Completed and released national accounts for 1994 through 1998</p>	<p>Adoption of transparent mechanisms for allocating resources managed at the district level (e.g., posting budgets allotted to each health facility in public places in the districts)</p>	<p>Continued use of transparent mechanisms for allocating resources managed at the district level (e.g., posting budgets allotted to each health facility in public places in the districts)</p> <p>Continuation of system of delegating budget credits to health districts</p>	<p>Targets (key objectives to be achieved- Monitoring Indicators in Table 4 of the President's Report)</p> <p>Increased transparency in public resource management</p>	<p>Objective: Promote good governance</p> <p>Good democratic governance</p> <p>Local governance</p> <p>Combat corruption</p>

	PRSC I – AUGUST 2001	PRSC II – MARCH 2002	PRSC III – MARCH 2003	EXPECTED OUTCOMES	LINKS TO PRSP OBJECTIVES
<p>A. Basic Education</p> <p><i>Improve efficiency of public funds management through improvement of working methods in the social sectors</i></p>	<p>SECOND COMPONENT: PRO-POOR SECTORAL POLICIES</p> <p>Adopted an action plan for the recruitment of new teachers in accordance with provisions of the Civil Service Reform (1998 law on Government reform). The action plan approved by the Council of Ministers deals with budgetary and organizational implications of the 1998 law as it pertains to the education sector (division of responsibilities between Government and the regions; financing of regions, provinces and municipalities; assessment of managerial capacities at the decentralized levels.)</p> <p>Adopted and released the Educational Policy Statement at the same time as the action plan for the purpose of: (i) eliminating the currently automatic link between admittance to the ENEPs and civil service employment; this measure is to be applied to student teachers entering the ENEPs beginning in September 2001; (ii) creating a new category of teachers to be recruited at the regional level and having a status similar to that of teachers in community schools - their status shall be clearly defined and officialized; (iii) expanding the community school program in such a way that most teachers can henceforth be recruited at this level.</p> <p>Adopted a new organization chart for the Ministry of Basic Education (MESA), in conformity with the Education Policy Statement</p> <p>Adopted and implemented the Government's plan to increase the efficacy of primary schooling by consolidating the system for promoting pupils from one grade to the next, limiting grade repeats, and introducing new pedagogical methods</p>	<p>Implementation of the Educational Policy Statement and of Governmental Action Plan in the area of basic education</p> <p>Implementation of a mechanism for subsidizing school supplies in the 20 poorest provinces</p> <p>Increasing access to education in rural areas by expanding the number of schools - equipped with running water and separate sanitary facilities for girls- in the 20 rural provinces with the lowest coverage, by ensuring that schools utilize multigrade teaching where population density is too low to provide for six separate grades, and by expanding double-shift teaching in urban areas where there is excess demand</p> <p>Lowering the cost of education to poor families by continuing to provide books free of charge, ensuring sufficient allocations to rural schools to cover basic materials and operating costs, and making the payment of parent-teacher association (PTA) fees voluntary in the 20 provinces with enrollment rates below the national average, while increasing government allocations to those schools to compensate for the loss of school income</p>	<p>Satisfactory implementation of Educational Policy Statement and of Governmental Action Plan in the area of basic education</p> <p>Maintaining primary education share of total education expenditure at 60 percent in the medium term, while increasing education's share of total government expenditure from 21.6 percent to 23 percent in 2003</p> <p>Continued implementation of a mechanism for subsidizing school supplies in the 20 poorest provinces</p> <p>Continued increase in access to education in rural areas by expanding the number of schools and ensuring that schools utilize multigrade teaching where population density is too low to provide for six separate grades, and by expanding double-shift teaching in urban areas where there is excess demand</p>	<p>Targets (key objectives to be achieved)—Monitoring Indicators in Table 4 of the President's Report:</p> <p>Improved public service delivery, especially in rural areas</p> <p>Increased enrollment rates in rural areas</p> <p>Higher literacy rates among the poor</p> <p>Higher literacy rates among women</p>	<p>Objective: Accelerate growth based on equity</p> <p>Increase the competitiveness of the economy and reduce factor costs</p> <p>Objective: Guarantee that the poor have access to basic social services</p> <p>Promote access of the poor to education</p>

<p>B. Health</p>	<p>Adopted the National Health Policy Document (Document de Politique Sanitaire Nationale); Adopted the 10-year health sector development program (Plan National de Développement Sanitaire- PNDS);</p> <p>Adopted the 2001-05 National HIV/AIDS and Sexually Transmitted Infections Strategic Plan and the 2001 Emergency HIV/AIDS/ISTI Plan</p> <p>Established a national HIV/AIDS/ISTI coordinating body to be presided over by the President of Burkina Faso</p> <p>Implemented a vaccination program to increase vaccination rates against DPT3 (for children aged 12-24 months) by 42% by December 1999 and by 50% by December 2000 - with particular efforts targeting rural areas</p> <p>Implemented the plan to endow CSPs with minimum required staff in accordance with norms established by the Ministry of Health and to decentralize budget items to the regions. The proportion of CSPs adhering to these norms should be at least 65% by the end of 2000.</p> <p>Maintained the incidence of CAMEG's inventory shortfalls for the 45 generic drugs at a level less than 8% during the year 2000.</p>	<p>Introduction of policy and institutional measures, rendering all preventive services at the primary health care level free of charge</p> <p>Introduced appropriate measures to essential drugs sold by CAMEG with a view to reducing the cost of drugs to users</p> <p>The Government will have provided financial resources in the 2002 budget to replace IDA funds under the Health and Nutrition Project (expected to close on September 30, 2001); this will ensure continuity of quarterly disbursements to health districts and regional health directorates to "top off" financing from other sources (public budget, donors, cost recovery, etc.) to carry out their plans.</p> <p>Maintain quarterly financial management and performance reports, and carry out random financial audits review (evaluation) of the COGES, including such issues as adequacy of financial management arrangements, quality of relations with communities and health agents</p> <p>Completion of a beneficiary assessment to ascertain perceptions and views of the population with regard to the efficiency and accessibility of health services, including financial, socio-cultural and geographic barriers to care</p>	<p>Adoption and implementation of new procedures for allocating resources to districts/provinces based on need with a view to rectifying imbalances and ensuring a more equitable distribution of resources</p> <p>Introduction of appropriate policy and legal measures to better monitor and regulate the functions of the COGES, including the utilization of collected funds</p> <p>Strengthening of the national health information system to improve its usefulness in decision making ; to integrate information from the COGES ; and to facilitate monitoring the impact of services on vulnerable groups</p> <p>Completion of a public expenditure review and an analysis of the impact of public spending on the poor to determine if resources are allocated to priority public health problems and whether spending patterns have a pro poor focus with a view to reducing poverty</p> <p>Continuation of vaccination program in order to boost vaccination rates in accordance with PRSP objectives</p>	<p>Targets (key objectives to be achieved) - Monitoring Indicators in Table 4 of the President's Retort)</p> <p>Improved public service delivery, especially in rural areas (Health)</p> <p>Improved access to health services</p> <p>Decrease in infant mortality (under 80 per 1000 live births in 2003, down from 105 in 1999)</p> <p>Decrease in maternal mortality (under 400 per 100,000 live births in 2003, from 484 in 1999)</p> <p>Lower mortality rates in poor families</p>	<p>OBJECTIVE: ACCELERATE GROWTH BASED ON EQUITY</p> <p>Increase the competitiveness of the economy and reduce factor costs</p> <p>OBJECTIVE: GUARANTEE THAT THE POOR HAVE ACCESS TO BASIC SOCIAL SERVICES</p> <p>Promote access of the poor to health services</p>
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	PRSC I – AUGUST 2001	PRSC II – MARCH 2002	PRSC III – MARCH 2003	EXPECTED OUTCOMES	LINKS TO PRSP OBJECTIVES
Rural development	<p>Completed the public expenditure review in the rural development sector to assess benefit incidence, efficiency, and pro-poor targeting</p> <p>Adopted the national plan for environmental education</p> <p>Organized a sensitization campaign (information, education, and communication) on environmental assessment regulations</p> <p>Trained sixty trainers in and outside the public sector, and upgrading the skills of environmental assessment</p>	<p>Continued vaccination program in order to boost vaccination rates in accordance with PRSP objectives for 2000- with particular efforts targeting rural areas</p> <p>Implementation of the plan to staff CSPSS with minimum personnel in accordance with norms established by the Ministry of Health and reiterated in the PRSP (the proportion of CSPSS adhering to these norms should be at least 65% by the end of 2000);</p> <p>Maintained incidence of CAMEG's inventory shortfalls for the 45 generic drugs at a level below 8%.</p> <p>Completed institutional audits of ministries active in the rural sector (Agriculture, Livestock, and Water and Environment)</p> <p>Liberalized seed cotton marketing (auction sales and lifting of export ban)</p> <p>Enforcement of health guidelines for livestock</p> <p>Update the National Action Plan for the Environment</p>	<p>Satisfactory implementation of plan to staff CSPSS with minimum personnel in accordance with norms established by the Ministry of Health and reiterated in the PRSP</p> <p>Maintenance of the incidence of CAMEG's inventory shortfalls for the 45 generic drugs at less than 8%</p>	<p>The Government is still in the process of designing monitoring indicators for the rural development Sector</p>	<p>Objective: Accelerate growth based on equity</p> <p>Increase the competitiveness of the economy and reduce factor costs</p> <p>Accelerate the development of the rural sector</p> <p>Support the productive sectors</p>

Annex Table C.2: BURKINA FASO: KEY OUTCOMES ENVISAGED BY END OF 2-001-2003 PROGRAM

POLICY AREA	TYPE OF MONITORING INDICATOR		
	Policy Based Input/output	Outcome	Results Impact
Overall Macro Framework	<ul style="list-style-type: none"> • Appropriate fiscal stance/budget deficit • Stable real exchange rate • Low inflation rate (less than 3 percent) 	<ul style="list-style-type: none"> • Real GDP growth (4-6 percent) • Real income per capita (about 2 percent a year) 	<ul style="list-style-type: none"> • Consumption of the poor • Lower number of people below the poverty line: about 40 percent by 2003 (down from 45.3 percent in 1998)
Public Sector and Governance	<ul style="list-style-type: none"> • Social sector ministries' budget execution rate and analysis of results compared with targets set by the ministries • Completion of year-end budget execution reports (<i>Loi de règlement</i>) and transmission to the Supreme Audit Court (<i>Cour des Comptes</i>) and to Parliament. 	<ul style="list-style-type: none"> • Share of budget effectively reaching the most decentralized departments • Reduced gap between unit prices of a selected number of products obtained by public bidding and those obtained by the private sector 	<ul style="list-style-type: none"> • Increased accountability of public entities for achievement of performance objectives, spending of public resources, procurement of goods and services-as indicated by results of evaluations done through the INSD • Increased value for money in public procurement and contracting in agencies-as evidenced by unit costs meeting the market test • Increased transparency and enhanced civil society capacity to monitor public sector performance, as indicated by the quantity, quality and timeliness of information, pertaining to public sector performance and expenditures, available to the public
Pro-Poor Sectoral Policies	<p><u>Education</u></p> <ul style="list-style-type: none"> • Average cost per child in primary school <p><u>Health</u></p> <ul style="list-style-type: none"> • Essential drugs breakdown rate (less than 8 percent) • Cost of medical interventions in first level health centers <p><u>Rural Development</u></p> <ul style="list-style-type: none"> • Loans granted to farmers • Network of rural roads 	<ul style="list-style-type: none"> • Gross enrolment rate for girls/total enrolment rate, from 34 percent in 1999 to 50 percent in 2003 • Gross enrolment rate in least privileged rural areas • Vaccination coverage ratio (in percent): <ul style="list-style-type: none"> - BCG: from 60 in 1999 to 90 in 2003 -DTCP3: from 42 in 1999 to 70 in 2003 -Measles: from 53 in 1999 to 70 in 2003 - Yellow fever: from 50 in 1999 to 70 in 2003 • Rate of use of health facilities : number of new contacts per person and per year in first level health centers (CSPS, CMA) • Higher farm mechanization rate • Higher cereal production 	<ul style="list-style-type: none"> • Higher literacy rates (from 19 percent in 1999 to 25 percent in 2003) • Higher literacy rates among women • Decrease in infant mortality (under 80 per 1000 live births in 2003, down from 105 in 1999) • Decrease in maternal mortality (under 400 per 100,000 live births in 2003 , from 484 in 1999) • Lower mortality rates in poor families • Increased and diversified rural income • Reduced vulnerability of agricultural activities

Annex D: Burkina Faso: 2004-2006 Medium-Term Program (PRSCs 4-6) – Policy Matrix

Medium Term Objectives	Policy Actions		Indicators	Base (Year)	Benchmarks			Monitoring & Evaluation
	PRSC 4	PRSC 5			2004	2005	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.	Poverty Headcount	46.4 percent.	45.0	43.0	41.0	MED INSD
			Real GDP growth rate	8 percent	6.0	4.4	5.2	MED INSD
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 by bringing the assets of SOFITEK in the central and eastern zones to the point of sale.	Transfer of assets of SOFITEK in the central and eastern zone and begin of activities of the two new operators	Put in place the new interprofession for the cotton sector including the new operators for the two zones.	8.3 percent (1998-2003)	6.6	5	5	MAHRH SP/CPSA
	Improvement of the coordination in the interprofession.			10 percent	6.6	5	5	MAHRH SP/CPSA
Limit the state to supervisory functions and transfer other functions to professionals in the sector or to the private sector Clarification of the roles and responsibilities for agricultural development Producers and their organizations take a larger role Improvements in the economic performance of the sector		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	Evolution of the number of professional agricultural organizations with economic vocation.	30,515 (2002)			40,000	DOPER
	Facilitate private investment and export of agricultural products			13.3 percent (1998-2003)	10-15	10-15	10-15	MCPEA SP/CPSA MITH
			Number of hectares of hydro-agricultural installations per year	66,504 ha in 2000-2001	1000	1000	1000	
			Number of manure pits	42,444 in	150000	150000	150000	

Medium Term Objectives	Policy Actions		Indicators	Base (Year)	Benchmarks			Monitoring & Evaluation
	PRSC 4	PRSC 5			PRSC 6	2004	2005	
				2000-2001				
			Improve access to rural areas	1,207 in 2000-2002	500	850	850	
					4300	4450	4600	
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)	Elaborate an action plan to implement recommendations of the institutional audit, in consultation with stakeholders and the private sector, and begin its implementation					
Diversification of agricultural production.	Develop action plans to support crop diversification	Implementation of action plans for cereals	Implement action plans for cereals, cowpeas, and oilseeds	4 percent (1999-2003)	3	3	3	MCPEA FASONORM MAHRH SP/ICPSA
			Define standards and labels for oilseeds products (sesame, cashew nut, shea) and cowpeas streams.	17.3 percent (1998-2003)	7.0	6	6	
			Support the emergence of professional exporters with the Oilseeds Council of Burkina Faso and the actors of the cowpeas stream.					
			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).	22 % (2003)	24	25	26	MRA MCPEA FASONORM DEP/MRA SP/ICPSA
				39.3% (2003)	58	66	74	
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	Pre-qualification of bidders, preparation of bidding documents, and evaluation of bids	Bring ONATEL to the point of sale and transfer assets to the new operator	Modify the terms of the privatization and bring ONATEL to the point of sale and transfer assets to the new operator	CFAF170	170	170	150	ARTEL
			Evolution of average costs of telecommunication between fixed lines and mobile					
			Subscribers to the fixed	66.6	80.0		100.0	

Medium Term Objectives	Policy Actions		Indicators	Base (Year)	Benchmarks			Monitoring & Evaluation
	PRSC 4	PRSC 5			2004	2005	2006	
telephone services, in particular the connection costs between fixed line and mobile phones		PRSC 5	PRSC 6		400.0		450.0	
C. Energy sector				239.6				
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.	Adoption of strategies for the electricity and petroleum sector	Adopt the changes to the regulatory and legal framework in line with the electricity sector strategy	Issue tender for the selection of a private operator for the management of the electricity sector				Yes	DGE Privatization Commission
		Prepare bidding documents for a sale of SONABHY shares	Begin works on the power line Bobo-Ouagadougou Issue bidding documents for the private participation in the capital of SONABHY				(2007) December	
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			13	4	4	MCPEA
Facilitate trade		Preparation of a comparative study on labour laws and regulation and preparation of an action plan	Implement the action plan for the change in labour regulations					
		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 (Tribunal de Grande Instance)					
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	15 (2004)		7	7	
E. Mining								
Mining sector development			Enforce the new Mining Code, starting with the adoption of the implementation decrees.	0.78 (2003)			10	MMCE MITH
			Produce Geographical Maps				Yes	
			Increase access to mining zones				Yes	

Medium Term Objectives	Policy Actions	Indicators	Base (Year)	Benchmarks	Monitoring & Evaluation	
	PRSC 4			2004	2006	
	PRSC 5	Kaya-Tambao railway (450 kms)		2005		
	PRSC 6					
F. SME/SMI						
	Adopt an innovative Artisans' Code Support the Chamber of Craft Trades (Chambre des Métiers)	Code is adopted The Chamber is operational		Yes	MCPEA	
				Yes		
SECOND COMPONENT: HUMAN RESOURCE DEVELOPMENT						
A. Education						
Improve the public service in particular in rural areas	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	Finalize the sectoral MTEF, including secondary education including the resources to attain the PDDEB objectives and MDGs	Strengthen the program budget for the sector and finalize the sectoral MTEF, including secondary education including the resources to attain the PDDEB objectives and MDGs	School enrollment rate of 60.2 percent (51.9 percent for girls) by 2006	58.1 (50.1)	60.2 (51.9)
Improve the school enrolment rate in rural zones		Update the PDDEB	Update the PDDEB			
Achieve higher literacy rates for the poor		Introduce Delegated Credits for the secondary education	Introduce Delegated Credits for the secondary education			
		Continue the policy of subsidizing schooling in the 20 provinces with the lowest school enrolment rates	Continue the policy of subsidizing schooling in the 20 provinces with the lowest school enrolment rates	School enrolment rate in the 20 most disadvantaged provinces	44.9	49.1
		Prepare a study on effective teaching hours	Adopt and implement an action plan to increase teaching hours.	Admission rate for first grade in (girls)	70.7 (66.7)	73.2 (69.5)
		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	60	64.2
				Primary completion rate		33.8
				Literacy rate		36
				Literacy rate for women		22
				Ratio textbooks to student	0.5	0.5
B. Health						
Increase efficiency in use of	Prepare national health	Elaborate a sectoral MTEF for	Develop a monitoring system for the	24.6	27	28
				Increase the availability	At least	MOH

Medium Term Objectives	Policy Actions		Indicators	Base (Year)	Benchmarks			Monitoring & Evaluation
	PRSC 4	PRSC 5 2005-07, in line with PNDS objectives and MDGs			PRSC 6	2004	2005	
resources	PRSC 4 development plan, establish a monitoring system for the PNDS in remote areas, increase decentralized credits	PRSC 5 2005-07, in line with PNDS objectives and MDGs Implement the monitoring system for the regions d'avance (including Ministries of Health and Finance)	PRSC 6 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.	of resources on the regional and provincial level			30	MOH MOH MOH
Improvement of access to health services	Implement vaccination program, increase health center staffing, reduce costs of preventive care, strengthen health center management, verify application of new tariffs	Develop a system of subsidies for obstetrical emergencies Revise the fee structure for physicians and hospital services	Implement a system of subsidies for obstetrical emergencies and reduce costs of assisted birth Implement an system of integrated subsidies for child diseases (PCIME) in 15 districts Verify the implementation of the fee structure for physicians and hospital services	Maternal mortality rate in hospitals (per 100,000 births) Percentage of assisted births Child mortality rate (per 1000 live births)	484 35.9 (2002) 184 (2003)	45.0	55.0	313 55.0 162.7
		Revise the texts of local health management committees (COGES), stressing community participation in decision making, public health, and fees Develop a contracting system for hospitals on the basis of actions plans and performance indicators Continue the policy of free vaccination	Revise the texts for the subsidization of indigents and illnesses of public health interest (notably malaria) and implement pilots in several districts Effective implementation of the strategy for the fight against malaria, including subsidization of impregnated bed nets Continue the policy of free vaccination	Vaccination rates (percent): DTCP3: Measles: Yellow fever: BCG: CPN2 coverage rate:	77.0 71.6 71.3 (2003)			80 85.0 87.5 93.0 80
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	85	90
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
		Design a National Nutrition Policy	National Plan is	National Plan is				Yes

Medium Term Objectives	Policy Actions		Indicators	Base (Year)	Benchmarks			Monitoring & Evaluation
	PRSC 4	PRSC 5 PRSC 6 and Program			2004	2005	2006	
		<p>PRSC 5 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</p> <p>PRSC 6 Create a multisectoral consultation framework for nutrition and food security, including health, agriculture, education, economy and development, etc.</p>	<p>adopted</p> <p>Percentage of children with insufficient weight (less than...)</p>	49.7 (2003)	40	35	30	
C. Social Protection Better protection of vulnerable groups		<p>Preparation of a strategic framework for the government financial responsibilities for orphans and other vulnerable children</p> <p>Preparation of a strategic framework for subsidization of schooling for the social cases</p>	<p>Number of children in foster care</p> <p>Number of children benefiting of educational support</p>	273 (2003)	700	900	1900	MASSN DGAS
D. Water Infrastructure								
	Develop and action plan for attaining the MDGs	<p>Preparation of an action plan for public-private partnerships in urban areas</p> <p>Definition of the investment program, and financing plan for the implementation of the action plan to reach the MDGs</p> <p>Revision of the framework document for the reforms and equipment maintenance in semi-urban areas</p> <p>Preparation of a national water program for rural and semi-urban areas</p> <p>Revision of the national strategy for sanitation</p>	<p>Number of provinces with a safe drinking water coverage over 75 percent:</p> <p>Percentage of houses with access to safe drinking water in rural and semi-urban areas</p> <p>Percentage of houses with access to safe drinking water: in urban areas</p>	10 (1999)	35	37	37	MAHRH
	Begin verification of government water users	<p>Identify water users belonging to the administration and eliminate those not eligible</p> <p>Continue the verification of public buildings for leaks</p>	Percentage of households with hygienic latrines in urban areas:	33.3 (2003)	35	39	43	

Medium Term Objectives	Policy Actions			Indicators	Base (Year)			Benchmarks			Monitoring & Evaluation
	PRSC 4	PRSC 5	PRSC 6		2004	2005	2006	2004	2005	2006	
THIRD COMPONENT: GOOD GOVERNANCE											
A. Budget formulation											
Improve budget formulation and the link between program budgets, MTEF, and budget.	Strengthen MTEFs, introduce program budgets, institute PER procedure and oversight.	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	Adopt the draft budget for 2006 on the basis of sectoral ceilings of the 2005-08 MTEF and in line with the priorities of the PRSP	Share of the budget allocated to social sectors (excluding HIPC resources and external financing): Health Education Social Actions	9.4 % 12.4 % 0.8 % (2003)	10.2 14.3 0.8	10.9 14.3 0.9	11.0 14.5 1.0			MFB
Reinforce the link between public expenditure and growth and the link between objectives, resource allocation, and results			Prepare an action plan to introduce delegated credits to the Ministry of Justice								
Improve the transparency of public expenditure management			Implement the recommendations of the audit of HIPC resources carried out in 2004								
Increase the responsibility of budget managers											
B. Budget Execution											
Improve budget execution	Adopt budget deconcentration procedures and extend the computerized expenditure management system (CID) to 5 regional capitals.	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	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 interfaces between SYGADE, the computerized expenditure circuit (CID) and the State integrated accounting system (CIE) - Training in the use of the software SYGADE is completed.	Budget execution rate in priority ministries (percent) Percentage of external financing (budget support and projects loans) managed under SYGADE Absorption rate of external resources exceeds 77 percent	69 (2003) 66 percent (2003)	75 70	80 72	85 77			DGB DGCCOP
Increase the level of delegated credits and the speed of their execution											
	Begin development of a computerized revenue management system (CIR)	Pursue the preparation of the CIR: establish choices for possible solutions and a demonstration		Revenue to GDP ratio (percent)	12.1 (2003)	12.4	13.3	14.0			DGTCP
		Evaluate budget deconcentration and prepare recommendations to increase its efficiency		Number of ministries receiving delegated credits	4 (2003)	4	4	6			DGB
				Time between the start of the fiscal year and actual transfer of	5 months (2003)		10 weeks	10 w.			DGB

Medium Term Objectives	Policy Actions			Indicators	Base (Year)	Benchmarks			Monitoring & Evaluation	
	PRSC 4	PRSC 5	PRSC 6			2004	2005	2006		
<p>E. Public sector reform and decentralization</p> <p>Improve personnel management and data on wage bill</p> <p>More effective management of human resources</p> <p>Decentralization (improve local service delivery and empowerment of local communities.)</p>	<p>Finalize SIGASPE, prepare an action plan for extending SIGASPE to line ministries;</p> <p>prepare texts for decentralization and deconcentration of central government functions, define the role and organization of governorates</p>	<p>Consolidation of SIGASPE and extension to line ministries</p> <p>Implement performance evaluation system</p> <p>Finalize the software for the integrated accounting system for local communities (CICL)</p> <p>Adopt the judicial framework for the deconcentration and implementation of the region as deconcentrated entity</p> <p>Begin pilot transfers of resources and competencies to communes</p>	<p>Continue the deployment of SIGASPE to government entities</p> <p>Deploy the CICL software</p> <p>Finalize the framework for the transfer of resources and competencies to communes</p>	<p>Number of ministries with access to SIGASPE database</p> <p>Number of regions where the software is operational.</p> <p>Number of ministries having transferred tasks and resources to local communities</p>		3	4	5	DGRE	
							3	3	13	DGTCP
									4	
<p>F. Environment</p> <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>Better management of natural resources. Better biomass energy supply</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>Continue the creation of cells in selected line ministries</p> <p>Continue the supervision of IDA EMPs and other donor-financed projects</p>	<p>Continuous implementation of capacity building plan for environmental assessment</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>Take stock of forestry resources and elaborate an investment program permitting a sustainable management</p>	<p>New ministries cells created</p> <p>Proportion of new industrial units and projects have received the opinion of the Ministry of Environment as regards their environmental and social feasibility</p> <p>Increase in forestry surfaces for energy production</p>		3	4	6	DE	
									50	DE
							15 percent	15	15	

Annex E: Distribution between Prior Actions, Benchmarks and Triggers for the Six Operations

PRSC-I - PRSC-III

Number of prior actions, benchmarks, and triggers.

Component	Prior actions	Benchmarks	Triggers for next oper.
PRSC-I			
Public sector reform and governance	7	5	9
Education	4		2
Health	2	4	2
Rural development	1	3	3
Water	1		
Total	15	12	16
PRSC-II			
Public sector reform and governance	6	6	6
Education	1	2	2
Health	2	6	2
Rural development	2	4	1
Environment		3	
Total	11	21	11
PRSC-III			
Public sector reform and governance	6	8	5
Education	1	5	
Health	1	4	2
Rural development	1	2	1
Environment		1	
Water		3	
Growth/PSD		2	2
Total	9	25	10

PRSC-IV - PRSC-VI

Number of prior actions, benchmarks, and triggers.

Component	Prior actions	Benchmarks	Triggers for next oper.
PRSC-IV			
Growth and employment	3	3	2
Human development	1	12	2
Good governance	4	9	5
Total	8	24	9
PRSC-V			
Growth and employment	2	23	1
Human development	2	18	2
Good governance	5	15	5
Total	9	56	8
PRSC-VI			
Growth and employment	1		3
Human development	2		1
Good governance	5		6
Total	8		10

Annex F: Burkina Faso Key Reform Measures Under 2001-2003 Program

Policy Area	PRSC-1	PRSC-2	PRSC-3
Budget formulation	Adoption of the 2002-04 Medium-Term Expenditure Framework (MTEF) Institution of program budget in five more ministries Adoption of budget procedures to more effectively track and record HIPC relief and related expenditure	<ul style="list-style-type: none"> Adoption of budget law based on 2002-04 MTEF Completion of program budgets in 5 key ministries Completion of 2 PERs 	Adoption of budget law based on 2003-05 MTEF Creation of a regular PER process and supervision committee
Budget Execution	Full operationalization of a new financial management system Creation of administrative framework for delegating credits	<ul style="list-style-type: none"> Creation of the legal-administrative framework for payment order issuance on the regional level Connection of the cooperation directorate (DGCOOP) with the financial management system 	Extension of the financial management system to Bobo-Dioulasso and issuance of payment orders on the regional level
Procurement	Deconcentration of procurement functions and involvement of ministerial finance (DAAF) and	<ul style="list-style-type: none"> Limit role of DGCOOP to supervision of lending and disbursement procedures 	Adoption of a procurement decree in line with international best practice Preparation of a procurement manual and standard texts Preparation of a capacity building plan
Budget Reporting and Good Governance	Submission of budget execution reports for 1996-1998 to the Chamber of Accounts Creation of an independent Supreme Audit Court Adoption of a work program for the Executive Secretary for Good Governance Dissemination of the National Good Governance plan to all provincial authorities	<ul style="list-style-type: none"> Submission of budget execution reports for 1999 and 2000 to the Chamber of Accounts Adoption of an action plan to operationalize the Supreme Audit Court Finalization of the CFAA study and presentation of a related action plan Posting of allotted health budgets in public places 	Full operationalization of the Supreme Audit Court Submission of 2001 budget execution reports to the Supreme Audit Court Adoption of a new organic budget law by the National Assembly Staffing of a high authority for the coordination of the fight against corruptor
Civil Service Reform and Centralization	Finalization of the development of the integrated payroll and salary management system (SIGASPE)	N/A	Issuance of instructions to apply performance-based personnel evaluation system as of January 2003 and issue "mission letters." Issuance of further personnel management guidelines Adoption of texts to define the role and attribution of deconcentrated authorities and specify the organization of the governor's office
Policy Monitoring and Evaluation	Completion of a study on marginal tax rates by economic sector	Refinement of the list of PRSP indicators	Completion of a participatory poverty assessment Launch of a new household survey
Education	Adoption of an action plan for recruitment of new teachers in accordance with provisions of the 1998 civil service reform Adoption and release of policy statement to eliminate automatic link between admittance to the national education school (ENEP), and civil service employment, creation of a new category of teachers to be hired at the regional level, and expansion of the community school program Adoption of a new organization chart for MEBA Change criteria for promoting students and limit the repeating of grade	<ul style="list-style-type: none"> Implementation of the action plan and education policy statement Implementation of a mechanism to subsidize school supplies in the 20 provinces with lowest school enrollment rates Expansion of the number of schools equipped with running water and separate sanitary facilities for girls Continuation of provision of school books free of charge, ensuring sufficient resources to rural schools 	Continuation of the financing and implementation of the ten-year basic education development plan Continuation of the subsidization of school supplies in the 20 provinces with lowest schooling levels

Policy Area	PRSC-1	PRSC-2	PRSC-3
Health	<ul style="list-style-type: none"> Adoption of national health policy document Adoption of the 10-year health sector development program Implementation of a vaccination program Establishment of national HIV-AIDS coordinating body Implementation of plan to endow health centers with a minimum of required staff Limitation of the inventory shortfall of drug supply to norms of the PRS 	<ul style="list-style-type: none"> • Introduction of a number of preventive services at the primary health care level free of charge • Reduction of prices of drugs sold by the purchasing center for generic drugs (CAMEG) • Provision of budgetary resources to replace IDA funds financing regions and health districts • Continuation of the vaccination program • Continuation of the implementation of the plan to adequately staff health centers • Limitation of the inventory shortfall of drug supply to norms of the PRSP • Completion of beneficiary assessment 	<ul style="list-style-type: none"> • Publication of a list of prices for key medical services and subsidized rates for 3 pediatric drugs • Free provision of prenatal care • Continuation of the vaccination program • Establishment of régies d'avance in all 66 health districts and regions
Rural Development	<ul style="list-style-type: none"> Completion of the public expenditure review Completion of the study on opening the cotton sector 	<ul style="list-style-type: none"> • End SOFITEX legal monopoly for cotton marketing • Establishment of an action plan for opening the cotton sector • Restructuring of IDA-funded rural development operations • Development of action plans for diagnostic studies for crop diversification • Enforcement of health guidelines for livestock 	<ul style="list-style-type: none"> • Elaboration of the bidding documents for two cotton zones representing about 15 percent of production • Launching of the technical pre-qualification process for the two cotton zones • Finalization of several action plans for diversification of agricultural activities
Environment	<ul style="list-style-type: none"> Adoption of the national plan for environmental education Organization of campaign on environmental assessments Upgrade of skills of environmental assessment practitioners 	<ul style="list-style-type: none"> • Clarification of mandates of the environmental management committee (CONAGESE) and the directorate general for preservation of the environment (DGPE) • Preparation of a three-year action plan for capacity building • Establishment of ministerial focal points for environmental assessment 	<ul style="list-style-type: none"> • Dissemination of environmental safeguard procedures • Issuance of joint ministerial instructions on the application of environmental assessment

BURKINA FASO: KEY OUTCOMES BY END 2001-2003 PROGRAM

Policy Area	Type of Monitoring Indicator			Achievement since 2000
	POLICY-BASED		RESULTS	
	Input/Output	Outcome	Anticipated Impact	
Overall Macro Framework	<ul style="list-style-type: none"> Appropriate fiscal stance budget deficit Stable real exchange rate Low inflation rate (less than 3 percent) 	<ul style="list-style-type: none"> Real GDP growth (4-6 percent) Real income per capita (about 2 percent a year) 	<ul style="list-style-type: none"> Consumption of the poor Lower number of people below the poverty line: about 40 percent by 2003 (down from 45.3 percent in 1998) 	<ul style="list-style-type: none"> The government maintained an appropriate fiscal stance under the IMF's PRGF-supported program, with stable real exchange rates and, with the exception of 2001, inflation stayed below 3 percent. Growth rates, except in 2000 related to a drought, exceeded 4 percent. According to the Bank's poverty assessment (report no. 29743-BUR), time-consistent expenditure aggregates shows a 8 percentage decline in the poverty headcount index between 1998 and 2003.
Public Sector and governance	<ul style="list-style-type: none"> Social sector ministries' budget execution rate and analysis of results compared with targets set by the ministries Completion of year-end budget execution reports (<i>Lois de règlement</i>) and transmission to the Supreme Audit Court (<i>Cour des Comptes</i>) and to Parliament 	<ul style="list-style-type: none"> Share of budget effectively reaching the most decentralized departments Reduced gap between unit prices of a selected number of products obtained by public bidding and those obtained by the private sector 	<ul style="list-style-type: none"> Increased accountability of public entities for achievement of performance objectives, spending of public resources, procurement of goods and services-as indicated by results of evaluations done through the INSD Increased value for money in public procurement and contracting in agencies-as evidenced by unit costs meeting the market test Increased transparency and enhanced civil society capacity to monitor public sector performance, as indicated by the quantity, quality and timely of information, pertaining to public sector performance and expenditures, available to the public 	<ul style="list-style-type: none"> A Supreme Audit Court was instituted in 2002 and has evaluated budget execution reports for 1995-2001, which have been adopted by the National Assembly in 2003 The share of deconcentrated budgets has increased further in 2002 but execution by the education ministry has been poor and needs improvement A new procurement decree and implementation regulation were adopted in May 2003 The difference in unit prices between publicly procured goods and market reference prices decreased in 2002, but further reductions are needed. The average time period between verification of delivery and payment fell from 56 to 42 days in 2002 and reached 47 days in 2003. Administrative data and the result of surveys on service delivery quality and expenditure tracking are available regularly. They are exploited as part of the monitoring and evaluation of PRSP implementation Information on public expenditure and performance is being made available regularly, in particular through the PRSP progress reports. Budget documents are public. Parliamentary debates on budget execution reports have reinforced control, including by opposition parties. However, broader public oversight remains hampered
Pro-Poor Sectoral Policies	<ul style="list-style-type: none"> <u>Education</u> Average cost per child in primary school 	<ul style="list-style-type: none"> Gross enrollment rate for girls/total enrollment rate, from 34 percent in 1999 to 50 percent in 2003 Gross enrollment rate in least privileged rural areas 	<ul style="list-style-type: none"> Higher literacy rates (from 19 percent in 1999 to 25 percent in 2003) Higher literacy rates among women 	<ul style="list-style-type: none"> Tracking surveys show 5.5 percent increase in the cost of education in 2002 but the cost remains below its 2000 level Gross primary enrollment rates increased from 41.7 percent in 1999-2000 to 52.3 percent in 2003-04 overall and from 36.2 percent to 46.0 percent for girls. In the 20 most disadvantaged provinces, enrollment increased from 27.8 to 36.2 percent. According to the household survey, literacy rates increased from 18.4 to 21.8 percent between 1998 and 2003. However, female literacy rates remained unchanged

Policy Area	POLICY-BASED	RESULTS		Achievement since 2000
	Input/Output	Outcome	Anticipated impact	
	<p><u>Health</u></p> <ul style="list-style-type: none"> • Essential drugs breakdown rate (less than 8 percent) • Cost of medical interventions in first level health centers 	<ul style="list-style-type: none"> • Vaccination coverage ratio (in percent) • BCG: from 60 in 1999 to 90 in 2003 • DTCP3: from 42 in 1999 to 70 in 2003 • Measles: from 53 in 1999 to 70 in 2003 • Yellow fever: from 50 in 1999 to 70 in 2003 • Rate of use of health facilities: number of new contacts per person per year in first level health centers (CSPS, CMA) 	<ul style="list-style-type: none"> • Decrease in infant mortality (under 80 per 1000 live births in 2003, down from 105 in 1999) • Decrease in maternal mortality (under 400 per 100,000 live births in 2003, from 484 in 1999) • Lower mortality rates in poor families 	<ul style="list-style-type: none"> • Tracking surveys indicate that the cost of many standard medical interventions (appendectomy, caesarian, etc.) declined in 2002 by 15-30 percent, reflecting the sharp reduction in cost of Medicine • Between 1999 and 2002, vaccination rates increased from 60 to 90.4 percent (BCG), from 42 to 69.1 percent (DTCP3), from 53 to 64.1 percent (measles), and from 50 to 61.4 percent (yellow fever) • Infant mortality rates declined from 105 to 83 of 1000 live births, and juvenile mortality rates declined from 127 to 111 per 1000 live births.
	<p><u>Rural Development</u></p> <ul style="list-style-type: none"> • Loans granted to farmers • Network of rural roads 	<ul style="list-style-type: none"> • Higher farm mechanization rate • Higher cereal production 	<ul style="list-style-type: none"> • Increased and diversified rural income • Reduced vulnerability to agricultural activities 	<ul style="list-style-type: none"> • 800 kilometers of feeder roads have been constructed out of HIPC resources during 2000-02 and funds are being channeled at a small scale to rural communities under the community-driven development project, which is being extended to the entire country • Irrigation techniques are being promoted • Following favorable climatic conditions, cereal production increased by more than 15 percent in 2003 after an already abundant harvest in 2002 • Mechanization rates remain low Diversification of incomes remains very limited and cotton remains the main cash crop. Cotton production is growing fast on account of increasing surfaces. Promotion of other cultures is in its early stages.

Annex G: Burkina Faso: Key Outcomes by End 2004-2006 Program

Medium Term Objectives	Policy Actions	Indicator	Base (Year)	Benchmark	Outcome	Benchmark	Outcome	Benchmark	Outcome
Accelerate real growth and reduce the incidence of poverty	PRSC-4 Maintain a stable macroeconomic framework during the program period.	PRSC-6 Maintain a stable macroeconomic framework during the program period.	2004	2004	2004	2004	2004	2004	2004
	PRSC-5 Maintain a stable macroeconomic framework during the program period.		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.	8.3 percent (1998-2003)	6.6	32.8	5	13	5	-8
	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								
Improvement of the coordination in the inter-profession.	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 new interprofession for the cotton sector including the new operators for the two zones has been established.	10 percent	6.6	32.5	5	-6	5	27
			30.515 (2002)		34,953		36,929	40,000	39,145

Medium Term Objectives	Policy Actions		Indicator	Base (Year)	Benchmark	Outcome	Benchmark	Outcome	Benchmark	Outcome	
export of agricultural products	PRSC-4	PRSC-5	PRSC-6								
				the modalities and conditions for such a transfer.							
Facilitate private investment and exports of agricultural products.			Reduce vulnerability of agricultural activity	Growth of agricultural exports	13.3 percent (1998-2003)	10 (-15)	34.9	10(-15)	2.4	25.9	
				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 efficiency and quality of basic services of the rural development ministries			Improve access to rural areas	Feeder Roads built (kilometers)	1,207 in 2000-2002	500			336	577	
				Number of kilometers of departmental roads maintained		4,300	4,300	4,450	4,450	4,600	4,450
Diversification of agricultural production	Develop action plans to support crop diversification.	Implement 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.								
				Prepare standards and labels for oleaginous products (sesame, cashew nut, shea) and cowpeas (nièbè).	4 percent (1999-2003)	3	16.5	3	24.7	3	2.2

Medium Term Objectives	Policy Actions	Indicator	Base (Year)	Benchmark	Outcome	Benchmark	Outcome	Benchmark	Outcome
	PRSC-4			2004 7	2004 -40	2005 6	2005 59.7	2006 6	2006 4.5
	PRSC-5	Support the emergence of professional exporters with the Oliseeds Council of Burkina Faso and the actors of the cowpeas stream.	17.3 percent (1998-2003)						
		Begin implementation of action plan for fruits and vegetables.							
Intensification and diversification of animal production		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).							
		Adopt an action plan to increase the efficiency of the livestock ministry based on the review of the livestock sector							
		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	Prepare sector for privatization and launch bids for ONATEL as signified by: - Adoption of the	Evolution of average costs of telecommunication between fixed lines and mobile	CFAT269 (US\$0.53)	170	226	170	212	150	188

Medium Term Objectives	Policy Actions		Indicator	Base (Year)	Benchmark	Outcome	Benchmark	Outcome	Benchmark	Outcome
network and reduce the cost of fixed and mobile telephone services, in particular the connection costs between fixed line and mobile phones	PRSC-4 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									
	PRSC-5 because of privatization terms deemed unsatisfactory.	PRSC-6	Subscribers to the mobile (thousands)	239.6	2004 400	2004 400	2005 633.5	2005 450	2006 1,017	
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 sector participation as signified by: - Adoption by the council of ministers of the 1998 law to adapt the legal and regulatory framework of the electricity sector - Adoption of the development strategies for the	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.

Medium Term Objectives	Policy Actions	Indicator	Base (Year)	Benchmark	Outcome	Benchmark	Outcome	Benchmark	Outcome	
	PRSC-4					2004		2005	2006	
	PRSC-5									
Reduce cost to start new firms	PRSC-6 Court (Tribunal de Grande Instance) 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	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 (450 kms).								Not done yet
F. SME/SMI										
	Adopt an innovative Artisans' Code	Code is adopted								Yes
	Support the Chamber of Craft Trades (Chambre des Mètiers)	The Chamber is operational								Yes
SECOND COMPONENT: HUMAN RESOURCE DEVELOPMENT										
A. Education										

Medium Term Objectives	Policy Actions	PRSC-5	PRSC-6	Indicator	Base (Year)	Benchmark	Outcome	Benchmark	Outcome	Benchmark	Outcome	
Improve the public service in particular in rural areas.	<p>PRSC-4</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>PRSC-5</p> <p>Finalize the sectoral MTEF, including secondary education including the resources to attain the PDDEB objectives and MDGs</p>	<p>PRSC-6</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>	School enrolment rate of 60.2 percent (51.9 percent for girls) by 2006	52.3 percent in 2003 (46.0 percent for girls)	56 (46.3)	2004	2005	2006	2005	2006	2006
							56.8 (51)	60.7 (55.05)	60.2 (51.9)	66.5 (61.2)		
Improve the school enrolment rate in rural zones.			Update the PDDEB									
Achieve higher literacy rates for the poor			Introduce delegation of credits for the secondary education									
	<p>Continue the policy of subsidizing schooling in the 20 provinces with the lowest school enrolment rates</p> <p>Prepare a study on effective teaching hours</p> <p>Evaluate the execution of expenditure and the availability of school materials using existing</p>	<p>Continue the policy of subsidizing schooling in the 20 provinces with the lowest school enrolment rates</p>	<p>Continue the policy of subsidizing schooling in the 20 provinces with the lowest school enrolment rates</p>	School enrolment rate in the 20 most disadvantaged provinces	37.6 percent (2003)	41.1	2004	2005	2006	2005	2006	2006
							42.19	46.74	49.1	52.43		
							70 (64.1)	70.74 (64.35)	74.7 (69.5)	78.3 (73.2)		
			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)	2004	2005	2006	2005	2006	2006
							42.19	46.74	64.2	52.43		
				Admission rate in the 20 most disadvantaged provinces	52.4 percent (2003)	56	2004	2005	2006	2005	2006	2006
							32.8	34.1	33.8	36.4		
				Primary completion rate	31.3 percent							

Medium Term Objectives	Policy Actions		Indicator	Base (Year)	Benchmark	Outcome	Benchmark	Outcome	Outcome	
	PRSC-4	PRSC-5	PRSC-6							
		administrative statistics and INSD tracking surveys prepared for PRSP monitoring		32 percent		2004	2005	2006	2006	
			Literacy rate			28.4		30.5	n.a. ¹	
			Literacy rate for women						n.a. ¹	
			Ratio textbooks to student	0.3	0.5	0.5	0.5	0.5	n.a.	
B. Health										
Increase efficiency in use of resources	Prepare a national health development plan,	Elaborate a sectoral MTEF for 2005-07, in line with PNDS objectives and MDGs.	Develop a monitoring system for the use of resources by hospitals, regions, districts (DRS), and health management committees (COGES).	24.6 percent	27	27	28	28	28	n.a.
	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,									

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
	PRSC-4 absorption rates, and supporting and constraining factors; - joint evaluation of the PNDS implementation by way of indicators. Institute régies d'avance, increase deconcentrated credits.	PRSC-5			2004	2004	2005	2006
	PRSC-6							
Improvement of access to health services	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	Develop a system of subsidies for obstetrical emergencies	Maternal mortality rate in hospitals (per 100,000 births).	484 (2003)			313	n.a. ²
	Revise the fee structure for physicians and hospital services	Implement a system of integrated subsidies for child diseases (PCIME) in 15 districts	Percentage of assisted births	35.9 (2002)	45	33.49	50	37.79
	Verify the implementation of the fee structure for physicians and hospital 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

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 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	PRSC-5 Revise the texts of local health management committees (COGES), stressing community participation in decision making, public health, and fees								
		PRSC-6 Revise the texts for the subsidization of indigents and illnesses of public health interest (notably malaria) and implement pilots in several districts								
		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								
		Continue the policy of free vaccination								
		Continue the policy of free vaccination								
				77 (2003)		88.39		96.29	80	91
				71.6 (2003)		78.34		84	85	88
				71.3 (2003)		76.02		84.09	87.5	88
				(2003)		110.95		111.72	93	103
			54.1 percent	70	62	75	63.3	80	61.2.	

¹ 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							
				(2002)						
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	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	70 (2003)					85	97
			The design a National Nutrition Policy and Program is underway							Yes
		Conduct a study on the basis of household data, DHS on the increase in child/youth malnutrition and its regional variation, and develop an action plan.	The creation of a multicultural consultation framework for nutrition and food security, including health, agriculture, education, economy and development has been delayed.	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	273 (2003)	700	2,285	900	2,128	1900	3,532

Medium Term Objectives	Policy Actions	Indicator	Base (Year)	Benchmark	Outcome	Benchmark	Outcome	Benchmark	Outcome	
	PRSC-4			2004	2004	2005	2005	2006	2006	
	PRSC-5	PRSC-6	4,867 (2003)	9,000		10,000		12,000		
	Preparation of a strategic framework for subsidization of schooling for the social cases	Number of children benefiting of educational support								
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.	10 (1999)	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		[85] (2003)	[88]	[70]	[90]	[69]	[92]		
	Revision of the framework document for the reforms and equipment maintenance in semi-urban areas		Revised baseline: 60 (2005)			60		62		
Preparation of a national water program for rural and semi-urban areas		Percentage of houses with access to safe drinking water: in rural and semi-urban areas	[75] (2003)	[75]	[80]	[78]	[74]	[80]		
			Revised baseline: 54 (2003)		54		56		74	

Medium Term Objectives	Policy Actions	Indicator	Base (Year)	Benchmark	Outcome	Benchmark	Outcome	Benchmark	Outcome
	PRSC-4	PRSC-5	PRSC-6						
	Begin verification of government water users	Revision of the national strategy for sanitation	Implementation of a strategic sanitation plan for 10 urban communes is incomplete: 4 strategic plans are available.	33.3 (2003)	35	39	n/a	43	2006 n.a.
		Identify water users belonging to the administration and eliminate those not eligible.							
		Continue the verification of public buildings for leaks.							
THIRD COMPONENT: GOOD GOVERNANCE									
A. Budget formulation									
Improve budget formulation and the link between program budgets, MTEF, and budget.	Adopt the draft budget and program budgets for 2004 on the basis of sectoral ceilings of the PRSP.	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.	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.						
Reinforce the link between public expenditure and growth and the link between objectives, resource allocation, and results.			Share of the budget allocated to social sectors (excluding HIPC resources and external financing):						
Improve the transparency of public expenditure management.		Prepare an action plan to introduce delegated credits to the Ministry of Justice	Health	9.4	10.2	10.9	13.6	11.0	12.3
Increase the responsibility of		Implement the recommendations of the audit of HIPC resources carried out in 2004	Education	12.4	14.3	14.3	14.7	14.5	15.0
			Social Actions	0.8 (2003)	0.8	0.9	0.9	1.0	1.2

Medium Term Objectives	Policy Actions	Indicator	Base (Year)	Benchmark	Outcome	Benchmark	Outcome					
budget managers.	PRSC-4											
	PRSC-5											
	PRSC-6											
B. Budget Execution												
Improve budget execution. Increase the level of delegated credits and the speed of their execution.	<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> <ul style="list-style-type: none"> - Clarify the roles of different departments and establish supporting procedures and documentation for DGCOOP, DGTCP, DGB, DCCF, and DGEF, - Constitute a project database - Verify the table of credit and grant agreements 	<p>Improved monitoring of externally financed investment spending:</p> <ul style="list-style-type: none"> - 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 interfaces between SYGADE, the computerized expenditure circuit (CID) and the State integrated accounting system (CIE) -form operators for the use of SYGADE 	69 (2003)	75	70	80	70	n.a.				
									<p>Budget execution rate in priority ministries (percent)</p>	70	85	85
									<p>Percentage of external financing (budget support and projects loans) managed under SYGADE</p>	70	60	80
		<p>Absorption rate of external resources exceeds 77 percent</p>	66 percent (2003)	70	72	77	82.2					

Medium Term Objectives	Policy Actions	Indicator	Base (Year)	Benchmark	Outcome	Benchmark	Outcome	Benchmark	Outcome	
	PRSC-4 Begin development of a computerized revenue management system (CIR)			2004 12.4	2004 12	2005 13.3	2005 11.3	2006 14.0	2006 12.3	
	PRSC-5 Pursue the preparation of the CIR: establish choices for possible solutions and a demonstration	Revenue to GDP ratio (percent)	12.1 (2003)							
	Evaluate budget deconcentration and prepare recommendations to increase its efficiency	Number of ministries receiving delegated credits	4 (2003)	4	4	4	4	6	7	
	PRSC-6 Develop CIR and put in place first modules	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 simplified procurement system.	Verification of the new procurement decree, the manual of procedures and the standard documents for a sample of public procurement during 2003 by the IGF.	Adopt a decree for the regulation of concession and leasing contracts to ensure best international practice in this area 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	Adopt the Action Plan based on the recommendations of the 2005 CPAR							
				n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	> 100 days Indicators was considered not realistic as formulated by the National Directorate for Public Procurement

Medium Term Objectives	Policy Actions	Indicator	Base (Year)	Benchmark 2004	Outcome 2004	Benchmark 2005	Outcome 2005	Benchmark 2006	Outcome 2006
	PRSC-4								
	PRSC-5 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)								
	PRSC-6 Begin implementing the software application to monitor the procurement process in the CID								
	Continue the auditing of procurement contracts by IGF	Number of audited procurement contracts		10	10	12	12	15	24

D. Budget management and ex-post control

Medium Term Objectives	Policy Actions			Indicator	Base (Year)	Benchmark	Outcome	Benchmark	Outcome
	PRSC-4	PRSC-5	PRSC-6	tasks and resources to local communities	2004	2004	2004	2005	2005
		competencies to communes							
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>Better management of natural resources. Better biomass energy supply</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>Continue the creation of cells in selected line ministries</p>	<p>Control of the application of national regulation for environmental assessments</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>	<p>50</p>	n.a.				
		Continue the supervision of IDA EMPs and other donor-financed projects							

Medium Term Objectives	Policy Actions	Indicator	Base (Year)	2004		2005		2006	
				Benchmark	Outcome	Benchmark	Outcome	Benchmark	Outcome
	PRSC-4			15 %	17.2 %	15 %	36.7 %	15 %	14.2 %
	PRSC-5 Ensure a better management of forestry resources owing to efficient organization and the promotion of biomass energy								
	PRSC-6 Take stock of forestry resources and elaborate an investment program permitting a sustainable management	Increase in forestry surfaces for energy production	667,000 ha (in 2003)						

APPENDIX A

ACHIEVEMENTS UNDER THE FIRST PROGRAMMATIC SERIES

This Appendix presents the detailed findings and evidence relating to the achievement of PRSC objectives under the first series. They support the discussion and ratings in the body of the PPAR.

PRSC-I

Maintaining macro-economic stability.

Macro-economic stability was maintained in 2001. Due to external shocks encountered in 2000 (increase in oil prices; appreciation of the US dollar; and deterioration of the political situation in Côte d'Ivoire), economic activity slowed during the first three quarters of 2001 but picked up during the last quarter as a result of very good cotton and cereal harvests (2001-02). Real GDP rose by 6.6 percent. Although inflation reached 4.9 percent due to the poor 2000-01 cereals harvest, macro-economic stability was maintained. Except for tax revenue, all targets were met under the PRGF. Due to the slowdown in activity for most of the year, tax revenue was lower than expected but the shortfall was more than compensated by cuts in expenditure and the slow start in the spending of HIPC resources. The latter was due to: (i) late contributions from some donors; (ii) late approval of the sectoral allocations by the National Assembly; and (iii) the need to establish proper spending procedures at the local level in order to track HIPC expenditures.

Rating: **Substantial.**

Strengthening program budgeting.

The immediate objectives were:

In budget formulation: (i) adopt a budget bill for 2002 based on ceilings set with reference to the 2002-04 MTEF and PRSP priorities; (ii) complete program budgets (PB) consistent with PRSP objectives in key ministries (including Economy and Finance, Infrastructure, Secondary and Tertiary Education), performance indicators included; (iii) complete PERs (Economic Infrastructure and Rural Development); (iv) hold workshop to define future agenda on PER, MTEF, and PBs.

Implementation and outputs

In budget formulation, some triggers for PRSC-II were fulfilled while others were partially fulfilled or modified: (i) the 2002 budget was adopted based on ceilings set by the 2002-04 MTEF, including increased budgetary allocations to the social sectors; (ii) PBs

consistent with the PRSP were completed for all ministries against a target of six; and (iii) PERs were completed for Rural Development¹ and Transport Infrastructure but those for the Ministry of Justice and the Ministry of Secondary and Tertiary Education experienced delays due to slow disbursement of funds from identified donors; in view of this, the Bank and GOB agreed in March 2002 to change the trigger relating to these two PERs into a benchmark consisting of holding a workshop to analyze the strengths and weaknesses of the PER, MTEF and PB processes and define an agenda for future action in these three areas².

Rating: **Substantial.**

Improving service delivery.

The immediate objectives were:

In education: (i) implement the Education Policy Statement and Government Action Plan in basic education; (ii) implement a mechanism for subsidizing school supplies in the 20 provinces with the lowest schooling levels; (iii) increase access to education in the 20 provinces by expanding the number of schools – equipped with running water and separate latrines for girls – in the 20 rural provinces with the lowest coverage, by ensuring that schools utilize multigrade teaching where population density is too low to provide for six separate grades, and by expanding double shift teaching in urban areas where there is excess demand; and (iv) lowering the cost of education to poor families by continuing to provide books free of charge, ensuring sufficient resources to rural schools to cover basic materials and operating costs.

In health, there were three sub-areas, where reforms were called for:

Improvement in health services: (i) introduce policy and institutional measures extending the number of preventive services at the primary health care level free of charge; (ii) implement a plan to staff CSPS with a minimum personnel in accordance with norms established by MOH and reiterated in the PRSP; and (iii) continue efforts to boost immunization coverage rates with a particular focus on targeting rural areas in accordance with PRSP targets;

Increase in health financing: (iv) introduce appropriate measures to reduce the profit margin on essential drugs sold by CAMEG, with a view to reducing the cost of drugs to users; (v) maintain incidence of CAMEG's inventory shortfalls for 45 generic drugs at a level below 8 percent; (vi) provide financial resources in the 2002 budget to replace IDA funds which were financing health districts and regional health directorates under the Health and Nutrition Project, with a view to ensuring continuity in quarterly disbursements that will “top

¹ There is no explanation in the PDs of either PRSC-I or PRSC-II why a PER for Rural Development was a trigger for PRSC-II when it had already been a prior action taken before approval of PRSC-I (cfr. DCA for PRSC-I, Schedule 2).

² The conclusions and recommendations of the workshop were to be consolidated into an action plan on the basis of which outcome-oriented policy actions were to be selected for PRSC-III.

off” financing from other sources; (vii) complete beneficiary assessment to ascertain views and perceptions with regard to quality and access of health care services, including financial, socio-cultural, and geographic barriers; and

Participation in local co-management and activities: (viii) review issues related to COGES including quality of relations with communities and health sector actors and the adequacy of financial management arrangements.

In rural development: (i) open up the cotton sector to several operators; (ii) end SOFITEX monopoly on cotton marketing; (iii) open up two new cotton producing zones to new private investment in ginning; (iv) establish a calendar of actions needed over the next 18 months to prepare the sector for new investors in new zones; (v) liberalize cotton seed marketing; (vi) restructure, by end 2001, rural development operations under implementation in order to harmonize their objectives, implementation strategies, content, and management procedures and monitoring and evaluation with those defined in the LPDRD and PRSP; (vii) develop action plans on other production streams and priority programs in agriculture and livestock (cotton, fruits and vegetables, livestock/meat, cowpea, oilseeds), and (viii) finalize TORs for institutional audits of the Ministries of Agriculture and of Livestock.

In environment: (i) prepare a three-year capacity building plan for EA; (ii) establish small EA focal points in the key ministries involved in policy reforms listed as prior actions for PRSC-II; and (iii) clarify the mandates and responsibilities of CONAGESE and DGPE in those areas pertaining to EA compliance and enforcement.

Implementation and outputs.

Basic education. There was one trigger to move to PRSC-II, i.e., the need to define the following: (i) the scope of decentralization in the sector and the role and responsibilities at each level of the system; (ii) the institutional changes needed and the volume of activities to be carried out within the ten-year education plan; and (iii) the reorganization of the units and services of the Ministry of Basic Education. The trigger was fulfilled by the adoption of a decree defining the above.

Under benchmarks, PRSC-I required that progress be made in implementing GOB’s Educational Policy Statement and GOB’s Action Plan in basic education, two sectoral documents whose adoption had been formalized by decrees in the course of 2001 as prior action for PRSC-I. These provided *inter alia* for: (i) abolishing the link between admission to teacher training college and civil service employment (effective September 2001); (ii) reducing the length of training of teachers to one year and specifying that the recruitment of newly trained teachers would be at decentralized levels by community or private schools; and (iii) introducing automatic promotion between grades 1 and 2, 3 and 4, and 5 and 6, limited repetition to 10 percent for grades 2, 4, and 6; and increased learning hours from 660 hours to 800 hours p.a. Some of these measures became effective but others were not; for instance, the effective increase in teaching hours to improve the quality of education has proved to be elusive up to the end of the second programmatic series.

There were three benchmarks to monitor progress in access to education in the 20 rural provinces with the lowest coverage: (i) the subsidization of school supplies was achieved; (ii) the expansion in the number of schools equipped with running water and separate latrines for girls (by adopting multigrade and double shift teaching where feasible) was slower than expected because of delays in mobilizing the HIPC resources for 2001; and (iii) the reduction in the cost of education to poor families was assured by the continued distribution of books free of charge and the provision of sufficient resources to cover basic materials and operating costs.

Health. There were three sub-areas where reforms were called for:

Improvement in health services (availability, accessibility, and quality of health care). The trigger for PRSC II was fulfilled: the number of preventive services at the primary health care level provided free of charge was further extended; the plan to staff Community Health Centers with the minimum personnel provided by MOH continued to be implemented (the target of 65 percent by the end of 2001 was exceeded); and the vaccination coverage, particularly in rural areas, was increased in accordance with PRSP targets.

Increase in health financing. The trigger for PRSC-II was fulfilled: (i) the profit margins on essential generic drugs sold by the National Drug Procurement and Distribution Company (CAMEG) and private wholesalers was reduced to maximum 25 percent; (ii) CAMEG's inventory shortfall for 45 generic drugs was maintained at less than 2 percent, against a target of less than 8 percent; (iii) GOB provided the resources in the 2002 budget to replace the IDA funds which financed the health districts and regional health directorates under the Health and Nutrition Project, which closed in September 2001; this ensured continuity in quarterly disbursement to "top off" financing from other sources; and (iv) a beneficiary assessment was completed to ascertain the views and perceptions of the population regarding the quality and access to health care services, including financial, socio-cultural, and geographic barriers.

Participation in local co-management and activities. A review of the activities of the Local Management Committees was carried out covering issues such as the quality of relations with the communities and health agents, and the adequacy of financial management arrangements.

Rural development. For the cotton sector, there was one trigger for PRSC-II requiring the opening up of the cotton sector to several operators, implying the abolition of the monopoly of SOFITEX. The trigger was fulfilled by the adoption in December 2001 of two decrees, one abolishing SOFITEX monopoly in cotton marketing, the other opening two of the three producing zones to private sector investment in ginning activities. In addition, a calendar of actions needed over a period of 18 months to prepare the sector for new investors in the two zones was prepared. The trigger requiring the liberalization of cotton seed marketing was also fulfilled, except that the modalities pertaining to auction sales remained to be studied.

The trigger requiring the restructuring of IDA-financed rural development operations in order to harmonize their objectives, implementation strategies, content, management procedures, and M&E with those defined in GOB's strategy for the rural sector and the PRSP was also fulfilled. Finally, the trigger providing for the development of action plans in production streams other than cotton and priority programs in agriculture and livestock was partially fulfilled: a diagnostic study on cowpea was completed, but for fruits and vegetables, livestock and meat, and oilseed, terms of reference were either ready or underway by the time PRSC-II was approved. Under actions monitored by benchmarks, health guidelines for livestock were enforced, but the institutional audits of the ministries active in the rural sector were not completed; instead, only terms of reference for the Ministries of Agriculture and of Livestock were finalized.

Environment: the rural development component of PRSC-I included environmental actions to be completed before PRSC-II, although they were not triggers. Progress was made as follows: (i) the respective responsibilities of the different entities involved in environmental impact research were defined; (ii) a three-year plan for building capacity in environmental assessment was prepared; and (iii) environmental focal points in the ministries responsible for carrying out measures supported by the PRSCs were created.

Rating: **Modest**

Strengthening the fiduciary framework.

The immediate objectives were:

In procurement: (i) approve the new regulatory decree for public procurement; (ii) redefine the role of the two major departments DGCOOP and DCMP, limiting DGCOOP's role to lending and disbursement procedures; (iii) present TORs and launch the expression of interest for the selection of a consultant for the elaboration of a new Procurement Manual; (iv) present a Capacity Building Plan (objectives, activities, calendar, budget) for strengthening the DCMP and DGCOOP, in the light of their new roles; and (v) elaborate TORs and launch the expression of interest for the selection of a consultant/independent auditor to verify that at least 50 percent of public procurement for FY01 is subject to competitive procedures.

In budget reporting: (i) submit budget execution reports for FY99 and FY00 and their remittal to the Audit Office (*Chambre des Comptes*); (ii) present an action plan for operationalizing the Supreme Audit Institution (*Cour des Comptes*); (iii) appoint 3 magistrates to the *Cour*, including the president; and (iv) finalize the CFAA study and present an action plan harmonizing the CFAA, PRGB and ROSC;

In stakeholders' participation: adopt transparent mechanisms for the allocation of resources managed at the district level (e.g., posting budgets allotted to each health facility in public places in the districts).

In PRSP monitoring and evaluation: (i) refine the PRSP list of poverty indicators to be used as benchmarks for the M&E of the PRSP; (ii) establish a medium-term program to strengthen the analytical capacity to analyze the impact on poverty of different policy reforms; and (iii) elaborate a set of preliminary estimates, linking the growth and poverty frameworks.

Implementation and outputs

Procurement. In the all important area of public procurement, little progress was achieved under PRSC-I if judged against the triggers and benchmarks. Agreed actions to be implemented had been based on the conclusions of the Bank's 1999 CPAR, which had recommended to redress the weaknesses and gaps in the legal and institutional framework and to strengthen the enforcement procedures. The trigger for PRSC-II built on these and called for implementing a comprehensive procurement program covering five major activities: (i) adoption of a procedure manual; (ii) redefinition of the roles of the two entities charged with public procurement and adoption of capacity building measures; (iii) revision of the general procurement rules to make them consistent with best international practice; (iv) facilitation of access by Small and Medium Enterprises (SME) to public procurement; and (v) verification that 50 percent of public procurement are subject to competitive bidding as provided by law and that the largest contracts are subject to public audit.

In December 2001, the Bank and GOB discussed the 1999 CPAR and arrived at the conclusion that there was a lack of capacity to implement most of the actions planned and that TA was needed. Accordingly, a less ambitious and more realistic program and timetable were agreed³. While the original plan above called for effective adoption and implementation of the actions described above, the new agreement was substantially less constraining. Action (iii) above was fulfilled by the adoption in March 2002 of a decree addressing some weaknesses of the procurement code⁴. The other actions were toned down or delayed. Actions (i), (ii), and (v) were kept as triggers for PRSC-II but were limited to the submission of TORs for consultants to prepare the procedure manual and conduct the audit and to the presentation of a capacity building plan to strengthen the two entities responsible for public procurement. The adoption of the manual, the implementation of the capacity building plan, and the completion of the audit report were changed to triggers for PRSC-III⁵. There is no information in Bank documents on action (iv).

³ It is not clear why there was a lapse of two years between the completion of the 1999 CPAR and the Bank/Borrower discussions of December 2001, since the review of the CPAR and an agreement on activities and timetable would be expected to have taken place during project preparation. Neither the PD for PRSC-II nor the ICR provide any clarification on this question.

⁴ However, the new decree did not fully meet international standards and was subject to further discussions between the Bank and GOB.

⁵ Although the PD for PRSC-II discusses the issues surrounding the changes in the trigger, it states that "...All prior actions for PRSC-II have been satisfied, although the current program is somewhat less ambitious than that originally envisaged". Program Document for PRSC-II, Report No. 24310-BUR, June 20, 2002, p. 27, para. 56.

Budget reporting. The trigger for PRSC-II requiring MOF to submit the budget execution reports for 1999 and 2000 to the Supreme Audit Institution (*Chambre des Comptes*) was fulfilled, but the one requiring the implementation of an action plan for the operationalization of the *Cour des Comptes* (formally created in April 2000) was missed. Practical difficulties and prolonged negotiations on the required funding for the *Cour des Comptes*' headquarters and staffing made it impossible to satisfy the trigger. The effective operationalization of the *Cour* was thus moved as a condition for PRSC-III. However, to satisfy the trigger, it was modified to cover the submission of an action plan for the operationalization of the *Cour* by December 2002 and the appointment in June 2002 of three magistrates including the President of the *Cour*⁶.

On the other hand, progress was made in external budget oversight in two important respects: (i) in the course of 2001-02, the Supreme Audit Institution (*Chambre des Comptes*) audited the budget execution reports covering 1995-98, thereby catching up with the requirement to have regular annual audits; and (ii) following the completion in 2001 of GOB's own internal review of public financial management (the Budget Management Reform Plan – PRGB), of the CFAA, and of the IMF's Report on Observance of Standards and Codes (ROSC), there was a need to harmonize the conclusions and recommendations of the three documents. In July 2002, the Government adopted an ambitious reform program for budget management building on the recommendations of the three documents.

Stakeholders' participation. The trigger for PRSC-II requiring increased transparency in the allocation of public resources managed at the local level was satisfied by posting budgetary allocations for health facilities in public places in health districts.

Rating: **Substantial.**

Tracking and managing public expenditure.

The immediate objectives were:

In budget execution, monitoring and deconcentration: (i) extend integrated financial management system (IFMS) by adding the module for external financing management (DGCOOP); (ii) create petty cash accounts (*régies d'avance*) at the level of Regional Health Directorates and Health Districts; (iii) organize the regionalization of payment order issuance through the creation of a legal framework for the appointment of “delegated payers” and “secondary payers” within ministries to empower regional government entities; and (iv) preparation by August 15th of a status report on budget implementation as of June 2001, followed by corrective measures if necessary.

Implementation and outputs.

In July 2001, a law was enacted creating the 13 regions of the country as administrative entities and authorizing their Governors, as “*ordonnateurs secondaires*”, to

⁶ The same remark as in footnote 5 above applies in this case.

make payments at the regional level. However, the implementation texts were not adopted. Pending their issuance, GOB decided to test the new system of delegating such authority at the regional level by creating a pilot experiment in the second city of the country, Bobo Dioulasso. The test was to be evaluated by the end of 2003. It also established a system of petty cash advances (*régies d'avance*) in health districts to speed up budget management at the regional level.

Rating: **Modest.**

PRSC-II

Maintaining macro-economic stability.

Macro-economic stability was maintained in 2002. Performance under the PRGF was generally satisfactory; the arrangement expired in December 2002 and a new one was approved in June 2003. Real GDP growth declined to 4.7 percent in 2002, reflecting the difficult external environment and a lower growth in cereal production. Inflation rose to 3.9 percent by year-end due to the disruption in trade and transport consequent to the Ivorian crisis. The fiscal deficit was contained below the PRGF target despite weak tax revenues due to the disruption in trade and unforeseen current expenditure linked to the rising oil prices, the May elections, and the Ivorian crisis. However, the increase in current expenditure was more than compensated by reduced domestically-financed capital expenditure reflecting mainly weak administrative capacity, including in the social sectors. Cash shortages, delays in allocating HIPC resources, and weak absorptive capacity limited the catching-up of HIPC spending: although the pace of spending increased in 2002, it was insufficient to absorb the 2000-01 residual and the resources released in 2002.

Rating: **Substantial**

Strengthening program budgeting.

The immediate objectives were:

In budget formulation: (i) adopt, by May 1, 2002, the MTEF for 2003-05 that is keeping with the revised and updated PRSP, and adopt in 2002 the 2003-05 PBs consistent with the MTEF and PRSP; (ii) incorporate into the 2003 budget the recommendations of the PERs; and (iii) implement the action plan to improve the PER, MTEF, and PB processes.

Implementation and outputs

Budget formulation. The trigger for PRSC-III was fulfilled: the MTEF for 2003-05 was prepared reflecting the priorities of the revised and updated PRSP, and the 2003 PBs were consistent with the MTEF and the PRSP. The 2003 budget included increased allocations for the social sectors and reflected the recommendations of the PERs for education, health and infrastructure. GOB also prepared the action plan aimed at harmonizing and coordinating activities relating to PERs, MTEFs and PBs and created a standing committee to plan the PER program and supervise its execution; accordingly, the PERs for the Ministry of Secondary and Higher Education and the Ministry of Justice were scheduled for 2003. Approved in December 2002, the 2003 budget was amended by a supplementary budget in May 2003 to respond to the changed macro-economic situation resulting from the crisis in Côte d'Ivoire.

Rating: **Substantial.**

Improving service delivery.

The immediate objectives were:

In education: (i) implement satisfactorily the Education Policy Statement and the Government Action Plan in basic education; (ii) maintain the primary education share of total expenditure at 60 percent in the medium-term, while increasing the education share of total government expenditure from 21.6 percent to 23 percent in 2003; (iii) continue implementation of a mechanism for subsidizing school supplies in the 20 provinces with the lowest schooling levels; (iv) continue increase in access to education in the 20 provinces by expanding the number of schools – equipped with running water and separate latrines for girls – in the 20 rural provinces with the lowest coverage by ensuring that schools utilize multigrade teaching where population density is too low to provide for six separate grades, and by expanding double shift teaching in urban areas where there is excess demand; and (v) consolidate the medium-term budget and expenditure program, including external funds, highlighting categories and which is consistent with the Ten-Year Program.

In health, there were three sub-areas where reforms were called for:

Improvement in health services: (i) put in place incentives to entice health personnel, in particular surgical staff, nurses, and midwives to work in rural areas, in particular poor and inaccessible areas, to ensure a high level of coverage for key services for women and children on the basis of experience in Nouna and other experiences and studies; (ii) take measures to manage the health personnel in the context of decentralization including the decentralization of budgetary posts; (iii) develop a training and recruitment plan for assisting health staff at the local level including midwives for obstetrical consultations; (iv) increase efforts to improve the vaccination coverage rate with special emphasis on rural areas (outside Ouagadougou and Bobo-Dioulasso), increasing the DPTC3 rates to at least 70 percent of those zones;

Increase in health financing: (v) develop, adopt, and publish in the press and in health institutions a nationally standardized list of fees for services provided by health centers and district hospitals, drugs, and other consultative services including: (a) subsidized fees for 3-5 essential pediatric drugs; (b) reduction as far as possible of the cost of consultations for children under 5; (c) reduction as far as possible of cost of birth; (d) free prenatal care; and (e) free preventive services for children; (vi) ensure the effective implementation of the *régies d'avance* in all health districts and sufficient financing at the same or higher level compared to 2000 for health districts and regional health directorates; (vii) take administrative and regulatory measures to ensure that the mechanism of *régies d'avance* is effectively used to consolidate the approach of regional financing and management on the basis of health district performance; (viii) implement a pilot third party payment experience at the local level to finance the essential health services of indigents (child care, maternal emergencies) under central government financing; and

Participation in local co-management and activities: (ix) establish an administrative framework for collaboration between the health districts and the local and regional authorities defining the respective roles and responsibilities (especially as regards the

issuance of payment orders and expenditure execution) of all actors (central administration, local authorities, health staff, management health committees, users, etc.) for the budgeting, planning, and implementation and monitoring of health activities in the framework of decentralization; (x) define the legal framework for the management of health committees of the health centers, broadening the participation of women groups, youth associations, people living with HIV and specifying their functioning mode, including the separation of decision-making and execution/management; (xi) elaborate the planning, budgeting and monitoring tools for health activities at the health center level and train local stakeholders to use them; and (xii) implement community-based strategies in priority areas including malaria, nutrition, and reproductive health.

In rural development: (i) continue implementation of the 18-month program to prepare the cotton sector for the new investors: (a) creation of a standing committee and working groups to advise and monitor the implementation of the decrees opening two new cotton zones to private investors; (b) recruitment of a firm to draft the bidding documents; (c) prepare the bidding documents outlining the rules and conditions for awarding contracts; (d) start the bidding process for the two zones and bring to point of sale; (e) adopt a credit and risk guarantee mechanism; (f) create an inter-professional association involving all actors in the sector; and (g) put in place an objective mechanism agreed to by the inter-professional association for setting the price of seed cotton; (ii) preliminary review of progress in implementing the pilot for demand-driven agricultural service delivery; (iii) finalize action plans and improve market access for a variety of commodities (e.g., cereals, fruits and vegetables, sesame); and (iv) complete the institutional reform analyses of key rural development ministries (Agriculture, Animal Resources and Water & Environment) and implement recommendations.

In environment: (i) hold a workshop to share and disseminate the content of national EA procedures and World Bank environmental and social safeguards to facilitate ministries' compliance; and (ii) prepare technical guidelines for sector- or activity- specific EAs.

Implementation and outputs

Education. There was one trigger for PRSC-III, i.e., the requirement that sufficient resources be allocated to the Ministry of Basic Education to implement the ten-year education plan. The trigger was fulfilled: the share of primary education in total education expenditure was maintained at 60 percent in the medium-term, while the share of education in total government expenditure was raised from 21.6 percent in 2002 to 23 percent in the 2003 budget. Improved access to education in the 20 rural provinces with the lowest school coverage was maintained by the continued application of the special mechanisms adopted under PRSC-I. GOB started preparing a medium-term budget and expenditure program including domestic and external funding consistent with the ten-year plan in the perspective of producing a full sectoral MTEF.

Health. There were three sub-areas:

Improvement in health services (availability, accessibility, and quality of health care). There was a trigger for PRSC-III requiring to put in place incentives to entice health personnel, in particular surgical staff, nurses, and midwives, to work in rural areas, particularly in poor and inaccessible areas, and to ensure a high level of coverage for key services for women and children (the incentive system was to be based on different experiments carried out and on studies). The trigger was not fulfilled: two studies, one by WHO, were completed in May 2003, but GOB wished to consult with donors and civil service unions before implementing their recommendations. Other actions taken in this sub-area were: (i) administrative instructions for deconcentration and decentralization of health personnel were issued, but the recruitment plans remained to be developed; and (ii) further efforts were made to raise the DPTC3 vaccination rate in rural zones to 70 percent by mid-2003.

Increase in health financing. The trigger for PRSC-III requiring the adoption and publication of a nationally applicable list of prices for generic drugs and medical services was fulfilled; the measure, applicable on March 1, 2003, covered subsidized prices for 3 pediatric drugs, pediatric consultations, and cost of birth (prenatal care and vaccination services for children were already free). Other measures included: (i) the establishment of “*régies d’avance*” in all 66 health regions and districts, the appointment and training of their managers, and the transfer of resources by the Treasury; and (ii) the finalization of the design of a pilot third party payment system at the local level to finance the essential health services for indigents.

Participation in local co-management and activities. The following was done: (i) the drafting of texts organizing the decentralization of health personnel and their respective role – the texts were to become applicable when the law on deconcentration and decentralization was to enter into force; (ii) the completion of a study of the legal framework of the Local Management Committees and of the composition of health center staff and their respective functions; (iii) the preparation of a training manual for teachers and participants in training seminars for health center staff; and (iv) the elaboration of community-based strategies for malaria, nutrition, and reproductive health.

Rural development. In the cotton sector, the trigger for PRSC-III was partially fulfilled. It required the continued implementation of the 18-month program to prepare the two producing zones selected for new investors. This covered several actions, some of which were taken, others delayed: (i) a committee was created to advise and monitor the implementation of the decrees opening the two zones to private investors; (ii) a firm was recruited to perform an evaluation of the assets in the zones; (iii) bidding documents outlining the rules and conditions for awarding contracts were prepared, but only the technical part of the bidding process was launched prior to approval of PRSC-III; and (iv) mechanisms were established specifying the rules for all existing and future actors in the sector regarding price setting, credit mechanisms and risk guarantees, as well as the role of the cotton interprofession; however, the practical application of these mechanisms was delayed until after the sale of the two zones.

In the area of agricultural diversification, action plans were finalized for cereals (millet, sorghum) and oilseeds, while the plan for fruits and vegetables was to be completed by December 2003. A fruit terminal with cooling facilities was opened at Ouagadougou airport. The institutional audit of the ministries active in the rural sector was further delayed, as only the audit of the Ministry of Agriculture was to start in the second half of 2003.

Environment. There was no trigger for PRSC-III but there were two benchmarks to monitor progress in disseminating environmental awareness and good practice: (i) a workshop was held to introduce the principles and methods of EAs and social safeguards to facilitate compliance by the ministries implementing measures supported by the PRSCs; but (ii) the preparation of technical guidelines for sector- or activity-specific environmental assessments was not completed.

Rating: **Modest.**

Strengthening the fiduciary framework.

The immediate objectives were:

In procurement: (i) revise the procurement code to fully align it with best international practice; (ii) create a high-level working group to define and oversee the execution of the procurement reforms; (iii) adopt a Procurement Procedures Manual; (iv) implement an adequate institutional capacity building plan; (v) verify that 50 percent of public procurement will have been subject to competitive procurement practices as required by law and that the largest contracts will be subject to public audit; and (vi) institutionalize procurement plans through official instructions issued by the Ministry of Finance to ensure proper coordination between procurement and the project budget execution schedule.

In budget reporting: (i) complete the budget report for 2001 and its transmission to the Audit Institution by December 2002; (ii) implement the key recommendations of the CFAA report; and (iii) reinforce ex-post controls by the General State Inspectorate (IGE) and General Finance Inspectorate (IGF)

In civil service reform and decentralization: (i) adopt the Government plan for deconcentrating personnel management under the principle of making civil servants available to regions and provinces according to their needs; (ii) implement the Civil Service Reform program in accordance with the Law on Government Reform of May 1998; and (iii) implement the region as administrative entity with progressive representation of different ministries and continue the studies regarding the modalities for the harmonization and coordination of technical and territorial subdivisions.

In stakeholders' participation: continue using transparent mechanisms for allocating resources managed at the district level (e.g., posting budgets allotted to each health facility in public places in the districts).

In PRSP monitoring and evaluation : (i) complete the Participatory Poverty Assessment; (ii) launch the third National Household Survey; and (iii) improve the analytical tools and macro-economic models to improve the analysis of links between economic policies and poverty reduction.

Implementation and outputs

Procurement. The trigger for PRSC-III was partially fulfilled. Progress was made under the comprehensive procurement program, elaborated under PRSC-I: (i) a high-level working group responsible for defining and overseeing the procurement reforms was created in December 2002; (ii) its work led to the adoption by the Cabinet in May 2003 of a revised decree meeting the standards of international practice and to the preparation of a procurement plan for 2003; (iii) the draft Procurement Manual was completed; (iv) the draft capacity building plan was finalized; and (v) the EU offered to finance the audit relating to the verification of 50 percent of public procurement and of the 2001 largest contracts (the audit was expected to be completed by end 2003).

Budget reporting and financial management. There were two triggers for PRSC-III. Both were fulfilled. The first required the submission of the budget execution report for 2001 to the *Chambre des Comptes* by December 2002; it was submitted with a four-month delay. The second required the enactment of a revised organic budget law in line with regional guidelines. The law, enacted in January 2003, laid the foundation for the application of a new budget classification, a new chart of accounts, and a revised fiscal accounting framework, all to comply with regional guidelines. Under one important benchmark, the Government adopted several actions to bring more rigor to the execution of the budget in accordance with the plan harmonizing the recommendations of the PRGB, the CFAA, and the ROSC. Finally, a draft decree was prepared to strengthen the role of the General State Inspectorate (IGE) and the General Finance Inspectorate (IGF)⁷. The *Cour des Comptes* became operational at the end of 2002.

Civil service reform and decentralization. There was no trigger for PRSC-III, but progress was to be monitored by benchmarks. In the area of civil service reform, the 1998 Law on Public Sector Reform had introduced a merit-based personnel management system, but the system had not been implemented in the absence of job descriptions. Progress in implementing the relevant provisions of the law was as follows: (i) instructions to apply the merit-based system starting in 2003 were issued; (ii) two decrees were adopted in April 2003 clarifying the scope of the mission letters to be issued to each ministry specifying its objectives and the rules for personnel evaluation; and (iii) the personnel databases between MOF and the Ministry of Civil Service were unified, although inconsistent or missing files for 9,000 civil servants remained to be reconciled.

⁷ The adoption of the decree was delayed to design a consistent framework for all bodies involved in external control, including the High Authority to Fight Corruption created in 2002. Its members were appointed in April 2003 and it became fully operational in 2003.

In decentralization, an informal policy was adopted consisting in strengthening first the deconcentrated levels by transferring budget and personnel management to the regions, starting with the ministries of education and health. In March 2003, the Cabinet adopted texts defining the role and attribution of the regional governors⁸.

Stakeholders' participation. Budget allocations continued to be posted in health districts to strengthen transparency, as indicated under PRSC-I.

Monitoring and evaluation of the PRSP. The trigger for PRSC-III was fulfilled: the third national household survey was launched in April 2003, with preliminary results expected by July 2003⁹. The survey was more comprehensive than the 1994 and 1998 ones and attempted to shed light on the poverty and social impact of some reforms, notably in the health and cotton sectors. A Participatory Poverty Assessment (PPA) was also completed that was expected to complement the household survey with qualitative results.

Rating: **Substantial.**

Tracking and managing public expenditure efficiently.

The immediate objectives were:

In budget execution, monitoring and deconcentration: (i) expand the Integrated Financial Management System (IFMS) by integrating the existing debt management system (SYGADE-DDP) and beginning the process of extending the system to the regional level under the decentralization process (regional CID); (ii) undertake a feasibility study of an integrated revenue management system (CIR) on the basis of the experience of the CID; (iii) evaluate the experiment of *régies d'avance* and extend the system to other ministries (Education, Agriculture) based on the needs of the concerned local and regional administrations; and (iv) operationalize the regionalization of payment order by June 2003 through: (a) revision of budget regulations to reflect changes in the order of payment authority and (b) creation of budget administration at the regional level linked to the CID, as a pilot in Bobo-Dioulasso for FY03.

Implementation and outputs

Budget execution. There was only one trigger for PRSC-III and it was fulfilled. It provided for the operationalization of the payment system at the regional level, a key step in the deconcentration process: the authority of the regional governors to make payment and related procedures were clarified and the pilot experiment in Bobo-Dioulasso became operational in April 2003 by making the regional budget and treasury offices connected to

⁸ The 1998 and 2001 texts on decentralization had been very partially applied and were not very satisfactory. It became increasingly clear that a gradual approach was necessary, by which deconcentrated levels of the administration were to be strengthened first. In the course of 2002, 2003, and 2004 the legislation was extensively revised to make it not only more coherent but also to reflect this gradual approach. This led to the enactment in December 2004 of the Local Government Code which abolished all previous texts.

⁹ Previous surveys had been carried out in 1994 and 1998.

the Computerized Expenditure Circuit (*Circuit Intégré de la Dépense-CID*). Benchmarks monitored progress in expanding the IFMS: progress was made in two areas: (i) data on project grants and loans were collected as a first step towards integrating foreign-financed investments into the CID, but the debt management system (SYGADE) could not be integrated until new hardware and software were installed; and (ii) a feasibility study on a Computerized Revenue Management System (*Circuit Intégré de la Recette – CIR*) was completed.

Rating: **Modest.**

PRSC-III

Maintaining macro-economic stability.

Macro-economic stability was maintained in 2003 and performance under the PRGF was satisfactory. Real GDP increased by 8 percent reflecting a better performance than expected in agricultural production. Inflation declined to less than 2 percent by year-end as a result of the ample food supply and prudent financial policies. Fiscal performance was satisfactory with revenue higher than expected during the second half of the year¹⁰ and lower-than-projected expenditure. The current account deficit narrowed as a result of higher cotton exports and lower-than-programmed imports. The year was marked, however, by a large shortfall in budget support and concessional loans: the second tranches of both the EU's grant and AfDB's SAC slipped to 2004 and several donors did not disburse their program assistance in view of the better-than-expected economic situation.

Rating: **Substantial.**

Strengthening program budgeting.

The immediate objectives were:

In budget formulation: (i) adopt the draft budget and PBs for 2004 on the basis of sectoral ceilings of the 2004-06 MTEF and in line with the priorities of the PRSP; and (ii) prepare a draft PER for the Ministry of Secondary and Higher Education and the Ministry of Justice.

Implementation and outputs

Budget formulation. The trigger for PRSC-IV was fulfilled: the budget and PBs for 2004 were adopted on the basis of the sectoral ceilings of the 2004-06 MTEF and in line with the priorities of the PRSP. Overall allocations for priority ministries, notably basic education, health, agriculture, and infrastructure, matched or exceeded the base case of the MTEF allocations. Under the benchmarks, the PER for the Ministry of Secondary and Higher Education was completed but the one for the Ministry of Justice was still under preparation at the time of approval of PRSC-IV in March 2004.

Rating: **Substantial.**

Improving service delivery.

The immediate objectives were:

¹⁰ Revenue was larger than projected due to higher business profit taxes and dividends from public enterprises, increased customs receipts from broader sources of supply, and increased tax audits.

In education: (i) make sufficient budgetary allocations for the implementation of the PDDEB; (ii) finalize the transfer of responsibilities for the recruitment and assignment of teachers to the DREBA and prepare an action plan for the implementation of the transfer of responsibilities for the management of teachers and related budgetary resources to DPEBA in 2004; (iii) increase the effective hours of teaching time; (iv) verify the implementation of the system of sub-cycles; and (v) prepare a draft sectoral MTEF (MEBA and MESSRS).

In health, there were two areas where reforms were called for:

Improvement in health services: (i) ensure the provision of essential medication and care by: (a) continuing the distribution of free vitamin A supplements after the discontinuation of the polio vaccination days; (b) 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; and (c) providing sufficient budgetary resources in 2004 for the provision of subsidized health services; (ii) pursue the deconcentration of health ministry personnel by transferring the newly educated health staff of the national health school to the regional and district levels; (iii) prepare an action plan on the basis of the results of the WHO and Nouna studies on incentives for health personnel and begin its implementation, assuring the financing measures in the 2005-07 MTEF; and

Increase in health financing: (iv) increase the share of deconcentrated credits in the health budget by 10 percent in 2004 and put in place a mechanism for regular monitoring of *régies d'avance*; (v) prepare a draft sectoral MTEF; (vi) establish a framework for annual monitoring and evaluation of the PNDS on the basis of its indicators and key objectives, jointly with national partners by: (a) naming a committee for the PNDS implementation; (b) organizing through the committee bi-annual reviews showing the achievements of objectives, status of disbursements, absorption rates, and supporting and constraining factors; and (c) evaluating PNDS implementation by way of indicators.

In water infrastructure: (i) prepare and adopt an action plan for achieving the MDGs in rural and urban areas in general and for the period 2003-05 in particular; (ii) prepare a timetable and action plan for the implementation of a public-private partnership in urban areas and regulatory framework by 2006; and (iii) prepare an action plan to reduce government water bills.

In environment: implement the measures specified in the EA for PRSC-III, notably: (a) sufficient budget funding in 2004 for the implementation of key measures of the capacity building plan; (b) development of sectoral guidelines for EAs; (c) replacement of EA focal points with cells; and (d) enhanced supervision of EMP implementation of IDA credits.

Implementation and outputs

Education. There was no trigger for PRSC-IV, but benchmarks monitored progress in several areas. Progress was as follows: (i) the 2004 budget included allocations consistent with the ten-year education plan, even higher than what was planned in the MTEF; (ii) responsibilities for the recruitment and assignment of teachers were transferred to the

regional directorates of the Ministry of Basic Education, but the payment of salaries continued to be made from the central budget until the deconcentration process had made more progress, viz. the appointment of the regional governors, the extension of the budget management system to the regional capitals, and the deconcentration of the payroll management system; (iii) the system of sub-cycles was introduced for the 2003-04 school year and verification of its effective implementation was underway; (iv) a draft MTEF for basic education was prepared but there was insufficient collaboration with the Ministry of Secondary and Higher Education to prepare a sector-wide MTEF; and (v) the study for the increase in teaching hours was delayed.

Health. There were two sub-areas, where reforms were called for.

Improvement in health services (availability, accessibility, and quality of health care). There was a trigger requiring continued provision of essential medication and care as decided over the previous years. The trigger was fulfilled: the distribution of free vitamin A supplements after the discontinuation of the polio vaccination days continued; the price structure for generic drugs and essential medical services continued to be applied; and the 2004 budget included the level of allocations required for the provision of health services at the prices specified in February 2003. Newly educated health staff of the national health school were directly assigned to the regional and district levels. Finally, although the studies on incentives for health staff to work in rural areas were validated, an action plan for their implementation was not prepared.

Increase in health financing. The share of deconcentrated credits in the health budget was increased by 10 percent in the 2004 budget and, pending the adoption of a formal mechanism to monitor the “*régies d’avance*”, MOH and the Treasury put in place an informal mechanism. Preparation of a MTEF started and was to lead to the preparation of a sector-wide MTEF. A framework for the annual monitoring and evaluation of the ten-year health plan was adopted in November 2003.

Water infrastructure. There was no trigger for PRSC-IV but there were three benchmarks. Progress was achieved under two: (i) an action plan to meet the MDGs of halving the number of people without access to safe water was prepared; the plan was to form the basis of the water strategy in the revised PRSP; and (ii) a plan was prepared to verify the list of all users belonging to the public administration so as to reduce GOB’s water bill. But the preparation of an action plan to implement a public-private partnership in urban areas was postponed.

Environment. Four benchmarks monitored progress: (i) although the 2004 budget included important increases for environment, allocations for capacity building were insufficient; (ii) guidelines were prepared for the application of safeguard policies in six sectors; (iii) three ministries (transport, finance, and energy) converted their focal points for environmental safeguards to permanent units; and (iv) the verification of the application of environmental safeguards in three IDA projects was conducted and it revealed a mixed record.

Rating: **Modest.**

Strengthening the fiduciary framework.

The immediate objectives were:

In procurement: (i) 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; (ii) preparation of a draft decree for leasing and concession contracts meeting best international practice; (iii) issue a ministerial directive (“*arrêté*”) determining the conditions of issuance and withdrawal of accreditation for public works corresponding to norms of transparency and equity; (iv) conceive a computer application to set up a database and a software application to follow the procurement process consistent with the CID.

In budget reporting and financial management: implementation of PRGB measures, in particular: (a) application of the WAEMU budget classification; (b) preparation of treasury account balances on a monthly basis and preparation of the account balances for 2002; (b) strict application of the timetable for budget operations to reduce the level of expenditure committed and not yet paid; (c) elaborate and begin implementation of an action plan for the creation of an accounting system for government property; and (d) continue the capacity reinforcement of IGF and IGE and adopt a coherent status for staff in all control services.

In public sector reform and decentralization: (i) finalization of the work to build a consistent personnel database and maintenance of the personnel management system (SIGASPE); (ii) preparation of an action plan for the extension of SIGASPE to line ministries and deconcentration of personnel management; and (iii) implementation of the region as deconcentrated entity and adoption of the application texts of the *Textes d’Orientation de la Décentralisation (TODs)*.

Implementation and outputs

Procurement. The trigger for PRSC-IV was partially fulfilled: the effective application of the May 2003 decree was verified by the IGF for a sample of contracts; the audit revealed that the new decree was generally respected. However, verification of the application of the new Manual of Procedures and of the standard documents for a sample of procurement in 2003 could not be completed given the time necessary to validate the latter. The audit of procurement contracts in 2001 and 2002, financed by the EU, started in March 2004. With regard to benchmarks, a draft decree for leasing and concession contracts meeting international practice was finalized; two ministerial directives (*arrêtés*) taken by the ministries responsible for water and infrastructure determining the conditions for the issuance and withdrawal of accreditation of public works corresponding to norms of transparency and equity were prepared but not issued; and, under the PRGB, the central directorate for procurement was connected to the CID but the conception of the computer application was not completed.

Budget reporting and financial management. The trigger for PRSC-IV was fulfilled. It covered several actions in budget management and ex post control: (i) according to WAEMU guidelines, the harmonized budget classification was applied starting with the 2004 budget and was incorporated into the CID; (ii) the Treasury started issuing monthly account balances in March 2003 and issued the overall balance for 2002 in December 2003; (iii) budget operations for 2003 were closed on time thereby reducing the overhang of unpaid commitments at year-end; (iv) an action plan for the creation of an accounting system of government property was prepared but was not implemented by March 2004; and (v) the staff of IGE was increased and the Cabinet issued instructions to finalize a decree on a new statute for all control services.

Civil service reform and decentralization. In civil service reform, the databases of MOF and of the Ministry of Civil Service were reconciled, except for a few cases, but the maintenance of the system remained hampered by insufficient financial resources and shortage of skilled staff. An action plan was prepared for the transfer of personnel management to line ministries at the central level, but the transfer at the deconcentrated level was postponed. In decentralization, the PD for PRSC-III included a trigger for PRSC-IV requiring the implementation of the region as a deconcentrated entity and the adoption of the application texts of the 1998 legislation on decentralization. The trigger was not fulfilled due to the extensive revisions of the legislation and application texts during 2003-04, a process which led to the enactment of the Local Government Code in December 2004 which abolished all previous texts (cfr. footnote 8 above). As a result, the appointment of Governors was postponed until after the adoption of the Code.

Rating: **Substantial.**

Tracking and managing public expenditure efficiently.

The immediate objectives were:

In budget execution: (i) integrate foreign-financed investments into the budget execution monitored by the CID; (ii) finalize the technical concept for the CIR; and (iii) operationalize the extension of the CID to a total of 5 regional capitals with a connection to the government accounting system (CIE).

Implementation and outputs

Budget execution. The trigger for PRSC-IV was fulfilled: the CID was extended to four regional capitals in addition to Bobo-Dioulasso; they were connected to the central accounting system. However, progress under two benchmarks was very limited and delays incurred: (i) the effective integration of the foreign-financed investments module into the CID could not be completed because it needed upgrading first and data collection had to be improved; the Government requested assistance from the IMF under its Africa Technical Assistance Center (AFRITAC) to complete the task; and (ii) only the first of three stages was completed for the preparation of the CIR, i.e., the analysis of the existing computer systems used by the different revenue collecting agencies.

Rating: **Modest.**

Growth and private sector development.

As indicated in the chapter on the 2001-03 Medium-term program, the agenda of PRSC-III was broadened to include policies more directly aimed at promoting growth and employment, a policy area assuming greater importance in the second series. It is therefore appropriate to separate it from the other objectives.

The immediate objectives were:

In rural development: (i) continue with the implementation of the action plan for the opening of the cotton sector to private investors as signified by bringing the assets of the two zones to the point of sale; (ii) prepare TORs and begin the elaboration of a study on options for the evolution of the cotton sector after the transition period; and (iii) disseminate the results of the different studies on agricultural diversification and definition of diversification policies resulting from these studies under the forthcoming global development strategy.

In telecom: prepare the sector for privatization and launch bids for ONATEL, as signified by: (a) adoption of the privatization strategy by the Cabinet; (b) launch the pre-qualification bids; (c) launch the bidding process on the basis of draft bidding documents; and (d) finalize the evaluation of technical bids.

In energy: prepare the sector for private sector participation as signified by the adoption by the Cabinet of (a) the revisions to the 1998 law to adapt the legal and regulatory framework of the electricity sector; and (b) the development strategies for the electricity and petroleum sectors.

In private sector development: (i) prepare a comparative study on labor market laws and regulations; and (ii) begin tripartite discussions on the reform of the Labor Code.

Implementation and outputs

Rural development. In the cotton sector, the trigger for PRSC-IV required the completion of the action plan for the opening of the two cotton zones by bringing the assets in the zones to the point of sale. The trigger could not be fulfilled before approval of PRSC-IV because one bidder contested his disqualification which caused the award process to be delayed. The technical bids were validated by the Cabinet in January 2004 and the financial bids were received in April. Negotiations were planned for May and the transfer of assets in June-July in time for the 2004-05 campaign. GOB also launched a study of the options for the future evolution of the sector after the transition period. In agricultural diversification, the action plans for cereals, rice, beans, fruits and vegetables were completed and the results of the different studies disseminated. On the basis of these studies and action plans, GOB adopted its global rural development strategy in December 2003. However, effective implementation of the plans was slow because of lack of funding.

Telecom. The trigger for PRSC-IV required that the authorities prepare the sector for privatization and that bids be launched for ONATEL, the national operator. The trigger was fulfilled and the notification of the winning bidder was expected for May 2004.

Energy. The trigger for PRSC-IV was the adoption by the Cabinet (i) of the development strategies for the electricity and petroleum sectors and (ii) of the revisions to the 1998 law to adapt the legal and regulatory framework of the electricity sector. The trigger was partially fulfilled: the strategies were completed but with delay and were adopted by the Cabinet only in March 2004, which did not allow for the preparation of the revisions to the 1998 law in time.

Private sector development. In the area of *labor market* reforms, GOB held tripartite discussions with employer and labor organizations with the purpose of reviewing the Labor Code to bring more flexibility in employment. To benefit from experiences in neighboring countries, GOB was to undertake in 2004 a comparative study of labor market and regulations so as to align Burkinabè practices to best practices in the sub-region.

Rating: **Modest.**

APPENDIX B

ACHIEVEMENTS UNDER THE SECOND PROGRAMMATIC SERIES

This Appendix presents the detailed findings and evidence relating to the achievement of the three objectives of the PRSCs of the second series. They support the discussion and ratings in the body of the PPAR.

PRSC-IV

Maintaining macro-economic stability

Macro-economic stability was maintained in 2004. Although the country suffered from adverse exogenous shocks in 2004 (sharp fall in the price of cotton, the main export; sharp increase in oil prices; a locust invasion coupled with a mild drought; continued political instability in Côte d'Ivoire; and appreciation of the CFA franc against the US dollar), macro-economic stability was maintained and performance under the PRGF was satisfactory. Real GDP growth declined from 8 percent in 2003 to 4.6 percent in 2004, against a target of 6 percent, reflecting a sharp decline in cereal production because of the drought and locust infestation in some regions. Inflation remained low. The fiscal deficit (excluding grants) was contained at 8.6 percent of GDP thanks to higher than expected revenues and lower expenditures. However, with fiscal revenue persistently weak, the fiscal deficit was entirely financed by external financing with grants accounting over half. The current account deficit (excluding transfers) was maintained at below 11.0 percent of GDP due to a sharp increase in cotton exports as the 2003-04 crop was sold before the fall in world prices. The good export performance offset the impact of the higher oil prices.

Rating: **Substantial.**

Accelerating broad-based growth and expanding employment.

The immediate objectives were the following:

In rural development: (i) transfer SOFITEX's assets to private operators in the central and eastern zones and beginning their operation; (ii) prepare a draft text consolidating and harmonizing the principles and rules regarding the execution of missions transferred or delegated to regional agricultural chambers, professional organizations, the inter-profession, and the private sector, including the modalities and conditions for such a transfer; and (iii) begin implementation of the action plans for cereals.

In telecom and energy: (i) bring ONATEL to the point of sale and transfer its assets to the new operator; (ii) adopt the changes to the legal and regulatory framework in line with

the electricity sector strategy; and (iii) prepare bidding documents for selling shares in the petroleum company.

In private sector development: (i) adopt the changes to the Labor Code; (ii) prepare a comparative study on labor laws and regulations and prepare an action plan; (iii) allocate logistical and human resources to the one-stop service center for new investors; (iv) put in place the project to strengthen Fasonorm and train Tradepoint staff; (v) revise the regulations for wholesale and external commerce; and (vi) create administrative tribunals.

Implementation and outputs.

In the *rural sector*, the trigger requiring the privatization of SOFITEX was fulfilled by transferring its assets in two producing zones to two private operators, which started operating in September 2004. GOB, which kept 35 percent of SOFITEX's capital, allowed it to be privately managed. Other measures dealt with the competitiveness of the agricultural sector: (i) regulations were drafted (but not adopted by mid-2005) organizing the principles and rules to govern the transfer or delegation of missions to chambers of agriculture, other professional organizations, and the private sector; (ii) the institutional audit of the Ministry of Agriculture, Water, and Fisheries was completed but an action plan to implement its recommendations remained to be prepared; (iii) an action plan was adopted to increase the efficiency of the Livestock Ministry; and (iv) implementation of the action plan to improve the profitability of cereal production and promote food security continued.

Telecom and energy sectors. The requirement of bringing ONATEL to the point of sale was technically fulfilled, but pre-qualified bidders rejected the terms of the privatization and insisted on having a majority share. After discussions with the Bank, GOB agreed to sell an outright majority to potential bidders. The delay caused the timetable to be revised and the final sale was expected for the second quarter of 2006. In energy, the trigger for PRSC-V required that GOB adopt the changes to the regulatory and legal framework applicable to the electricity sector in line with its strategy. The trigger was partially fulfilled by the adoption of a decree in March 2005, but the draft legislation had not been enacted by mid 2005. GOB also started preparing the privatization of the petroleum distribution company by carrying out the financial audits of the years 2002-04.

Private sector development. A revised Labor Code was enacted by Parliament in September 2004 but the implementation decrees had not been adopted by mid-2005. The comparative study of labor laws and regulations in countries of the sub-region was launched. Several measures were adopted to improve the business environment: additional resources were provided to the one-stop shop for new investors; a project aimed at strengthening Fasonorm and training of Tradepoint staff was launched; and an interim report was prepared for revising the regulations applicable to wholesale and external commerce.

Rating: **Modest**

Ensuring access to basic social services by the poor.

The immediate objectives were the following:

In education: (i) finalize the sectoral MTEF covering secondary education, including the resources to attain the PDDEB objectives and the MDGs; (ii) continue the policy of subsidizing schooling in the 20 provinces with the lowest school enrollment rates; (iii) prepare a study on effective teaching hours; and (iv) evaluate the execution of expenditure and the availability of school materials using existing administrative statistics and INSD tracking surveys prepared for PRSP monitoring.

In health: (i) elaborate a sectoral MTEF for 2005-07 in line with GOB's ten-year health plan and the MDGs; (ii) implement the monitoring system for the *régies d'avance* (including Ministries of Health and Finance); (iii) develop a system of subsidies for obstetrical emergencies; (iv) revise the fee structure for physicians and hospital services; (v) revise the texts of local health management committees, stressing community participation in decision making, public health, and fees; (vi) develop a contracting system for hospitals on the basis of action plans and performance indicators; (vii) continue the policy of free vaccination; (viii) adopt an action plan for the application of recommendations regarding health worker motivation; (ix) develop an efficient strategy for the distribution of vitamin A; (x) conduct a study on the basis of household data on the increase in child/youth malnutrition and its regional variation, and develop an action plan; (xi) prepare a strategic framework for GOB's financial responsibilities for orphans and other vulnerable children; and (xii) prepare a strategic framework for subsidization of schooling for the social cases.

In water: (i) prepare an action plan for public-private partnerships in urban areas; (ii) define the investment program and financing plan for the implementation of the action plan to reach the MDGs; (iii) revise the framework document for the reforms and equipment maintenance in semi-urban areas; (iv) prepare a national water program for rural and semi-urban areas; (v) revise the national strategy for sanitation; (vi) identify water users belonging to the administration and eliminate those not eligible; and (vii) continue the verification of public buildings for leaks.

Implementation and outputs.

In *education*, expenditures increased from 2.6 percent of GDP in 2004 to 2.7 percent in 2005. A sectoral MTEF was prepared for primary education and a PER completed for secondary education, but a MTEF covering both levels was still to be prepared. The policy of subsidizing schooling in the 20 provinces with the lowest school enrollment was pursued (and was extended to most regions with UNICEF financing). A study on the effective number of teaching hours was completed, showing an average of 660 hours against the short- and medium-term objectives of 800 and 900 hours, respectively; an action plan was under preparation to address the issue. As one of the tools to monitor implementation of the PRSP, the Statistics Office conducts an annual tracking survey aimed at evaluating the execution of expenditure and the availability of school materials: the 2004 survey, reporting on 2003, showed a significant increase in resources channeled to education facilities at the local level.

In *health*, expenditures decreased from 2.0 percent of GDP in 2003 to 1.9 percent in 2004, but the documentation offers no explanation for this decline (presumably due to delays in construction of schools). There were two triggers to move to PRSC-V. Both were fulfilled. One required the preparation of a sectoral MTEF for 2005-07 in line with GOB's ten-year health plan and the MDGs. It was completed in March 2005 as an input for the 2006 budget. The second trigger required designing a system of subsidies for obstetrical emergencies. Progress was mixed in other reform areas: (i) the monitoring of the "cash advance" system to health districts was hampered due to the difficulties encountered by local personnel in using the system; (ii) consultations among different administrative departments caused the revision of the texts governing the functioning of local health management committees to be delayed; (iii) delays also affected the adoption of a system of performance-based contracts between GOB and hospitals; (iv) an action plan for the application of a system of incentives for health personnel was prepared but had not been adopted by mid-2005; and (v) a study on the increase in child/youth malnutrition and its regional variation was launched but its completion and preparation of an action plan were delayed.

Water infrastructure. Progress was mixed. Several studies and action plans were launched to improve the management framework of the sector, i.e., the definition of an investment program and financing needs to reach the MDGs; the preparation of a national water program for rural and semi-urban areas; the revision of the framework document for the reforms and equipment maintenance in semi-urban areas; and the revision of the national strategy for sanitation. However, the preparation of an action plan for public-private partnerships was not initiated. The verification of users belonging to the public administration and the control for water leaks in several public buildings were pursued.

Rating: **Modest**

Promoting good governance.

The immediate objectives were the following:

In budget and financial management: (i) 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; (ii) implement satisfactorily the different actions for the treatment and monitoring of externally financed investment spending based on the AFRITAC report (i.e., clarify the roles of the different departments and establish the procedures and supporting documentation for DGCOOP, DGTCP, DGB, DCCF, and DGEP; constitute a project database; and verify the table of credit and grant agreements); (iii) pursue the preparation of the CIR: establish choices for possible solutions and a demonstration; (iv) evaluate budget deconcentration and prepare recommendations to increase its efficiency; (v) adopt a decree for the regulation of concession and leasing contracts to ensure best international practice in this area; (vi) put in place a tripartite committee for monitoring procurement reforms; (vii) adopt the *arrêtés* concerning the conditions for the issuance and withdrawal of accreditation for public works corresponding to norms of transparency and equity; (viii) define the framework for 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); (ix)

continue the auditing of procurement contracts by IGF; (x) implement satisfactorily 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); (xi) adopt the 2003 budget execution report; (xii) submit the final account statements for 2001-2003 to the Supreme Audit Court; and (xiii) train magistrates of the Supreme Audit Court.

In public sector reform and decentralization: (i) consolidate SIGASPE and extend it to line ministries; (ii) implement the performance evaluation system; (iii) finalize the software for the integrated accounting system for local communities (CICL); (iv) adopt the judicial framework for the deconcentration and implementation of the region as a deconcentrated entity; and (v) begin pilot transfers of resources and competencies to communes.

In environment: (i) implement the capacity building plan for environmental assessment; (ii) continue the creation of cells in selected line ministries; (iii) continue the supervision of IDA EMPs and other donor-financed projects; and (iv) ensure a better management of forestry resources owing to efficient organization and the promotion of biomass energy.

Implementation and outputs.

Budget formulation. The trigger for PRSC-V was fulfilled: the 2005 budget was based on the sectoral ceilings of the 2005-07 MTEF and in line with the priorities of PRSP-II. Allocations for non-wage recurrent expenditures were increased significantly in the priority sectors: health, social action and national solidarity, basic education, secondary and higher education, and rural development.

Budget execution. The trigger for PRSC-V was partially fulfilled. Several actions were undertaken on the basis of the AFRITAC report: (i) a project database was constituted for all externally financed investment spending; (ii) the tables of credit and grant agreements were verified; (iii) the role of all agencies involved in the management of the foreign debt was clarified, and a similar effort was undertaken for grant financing but was delayed because of the different procedures used by donors; and (iv) work was launched to determine whether the debt software (SYGADE) could be used as the instrument for the monitoring of all external financing including grants.

Further progress was made on the computerization of the revenue management system (CIR): based on the institutional and technological options adopted, work started on building the software but completion was not expected before the end of 2005. With regard to deconcentration, a progress report was completed confirming the benefits of the first experience of budget deconcentration in Bobo Dioulasso, i.e., reduced delays in executing the budget and emergence of local entrepreneurship. Launched in 2003, the experiment was extended to four other regions in 2004, and was to be further extended to seven more regions in 2005-06.

Procurement and transparency in the use of public funds. Building on achievements under the first PRSC series, further progress was achieved: (i) a decree creating a committee to monitor the procurement reform process was adopted; (ii) two decrees defining the conditions for the issuance and withdrawal of accreditation for public works were prepared; (iii) a software required to follow the procurement process in a manner consistent with the existing expenditure framework was developed; and (iv) the *Inspection Générale de l'Etat* (IGE) continued to conduct audits and controls of procurement contracts. Two other measures were taken to promote accountability and transparency in the use of public funds: (i) the trigger requiring the adoption of a decree to regulate concession and leasing contracts and ensure their consistency with best international practice was fulfilled; and (ii) the trigger requiring to start implementing an action plan for the creation of an accounting system of government property was partially fulfilled because of delays in implementing some of the tasks (purchase of software; training of staff; and starting the physical inventory of government property).

Oversight and ex-post control. Continued progress was made in delivering public accounts in time to the oversight bodies: (i) the budget execution report for 2003 was reviewed by the *Cour des Comptes* and the *Loi de Règlement* was approved by Parliament in December 2004; (ii) the final accounting statements (*comptes de gestion*) for 2001-03 at the central level were submitted to the *Cour des Comptes*, but those at the deconcentrated levels and of public enterprises were not because of capacity constraints at the local level; and (iii) a training program for the magistrates of the *Cour* was implemented.

Public sector reform and decentralization. In personnel management, the trigger for PRSC-V was fulfilled: the software for the integrated accounting system for local communities was finalized and became operational in three communities; it was to be deployed in 10 more in 2005. Under benchmarks, the following actions were taken: (i) the budget payroll management system (SYGASPE) was extended to the Ministries of Basic Education and of Secondary and Higher Education permitting their human resources department to manage their own personnel, but the system could not be extended to other line ministries because they were not connected to GOB's computerized integrated accounting system (CIE); and (ii) the performance-based evaluation system of staff became effective at the Treasury.

In decentralization, implementation of the deconcentration/decentralization policies continued but at a very slow pace. The 13 regional governors were appointed following the enactment of the Local Government Code in December 2004 and the application texts of the Code were being prepared to implement the region as a deconcentrated entity. In application of the Code, GOB started transferring to decentralized bodies the competences and resources identified by the Code: pre-school education, basic education and literacy programs, health, culture, sport, and youth and leisure.

Environment. There were no triggers but work undertaken under previous PRSCs was pursued: (i) continued implementation of the capacity building program for environmental assessments; (ii) nine additional ministries created a permanent unit to develop environmental safeguards but this was hampered by a lack of financial resources;

and (iii) the supervision of environmental management plans for IDA and other donor-financed projects continued. In addition, GOB launched a master plan and some pilot projects to improve the management of forestry resources.

Rating: **Substantial.**

PRSC-V**Maintaining macro-economic stability.**

Macro-economic stability was maintained in 2005. Despite adverse external shocks in 2005, macro-economic stability was maintained and performance under the PRGF was satisfactory. Real GDP growth rebounded from 4.6 percent in 2004 to 7.1 percent, against a target of 4.4 percent, on account of record cereal and cotton harvests. The strong growth performance more than offset the negative impact of the deterioration in the terms of trade. Inflation rose to 6.4 percent under the combined effect of higher oil prices and increased food prices during the first half of the year but inflationary pressures eased at the end of the year as a result of the good 2005-06 harvest. The 2005 fiscal deficit was smaller than projected under the PRGF, despite a revenue shortfall, because many expenditure authorizations were not executed. The current account deficit (excluding official transfers) widened as a result of the higher oil prices.

Rating: **Substantial.**

Accelerating broad-based growth and expanding employment.

The immediate objectives were:

In rural development: (i) put in place the new inter-profession for the cotton sector including the new operators for the new zones; (ii) adopt the text on the principles and rules of the execution of missions transferred or delegated to chambers of agriculture, professional organizations, inter-profession, and the private sector; (iii) reduce the vulnerability of agricultural activity; (iv) improve access to rural roads; (v) elaborate an action plan to implement the recommendations of the institutional audit of the Ministry of Agriculture, Water and Fisheries, in consultation with stakeholders and the private sector, and begin its implementation; (vi) implement action plans for cereals, cowpeas, and oilseed; (vii) define standards and labels for oilseed products (sesame, cashew nut, shea) and cowpeas streams; (viii) support the emergence of professional exporters with the Oilseed Council of Burkina Faso and the actors of the cowpeas stream; (ix) begin implementation of the action plan for fruits and vegetables; and (x) 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).

In telecom and energy: (i) modify the terms of the privatization and bring ONATEL to the point of sale and transfer its assets to the new operator; (ii) issue tender for the selection of a private operator for the management of the electricity sector; (iii) begin work on the power line Ouagadougou- Bobo-Dioulasso; and (iv) issue bidding documents for private participation in the capital of the petroleum company (SONABHY).

In private sector development: (i) implement the action plan for the change in labor regulations; (ii) adopt the revised texts for wholesale and external commerce; (iii) provide Fasonorm and Tradepoint with logistics and financial resources; (iv) strengthen the

Chambers of Commerce within the Higher Court (*Tribunal de Grande Instance*); (v) reduce the time for completing the formalities for the creation of new businesses; (vi) enforce the new Mining Code, starting with the adoption of the implementation decrees; (vii) produce geographical maps; (viii) increase access to mining zones; (ix) adopt an innovative Artisans' Code; and support the Chamber of Craft Trades (*Chambre des Métiers*).

Implementation and outputs.

In the *rural sector*, the emphasis of the reform agenda shifted from the cotton sector to the promotion of agricultural diversification. In the cotton sector, the inter-professional association aimed at strengthening coordination in the sector, was established in February 2006. The trigger for PRSC-VI was fulfilled: standards and norms were approved for oleaginous (sesame, cashew nuts, shea butter) and cowpeas to promote trade and technology transfer. Other actions were taken to promote diversification: (i) the vulnerability of agricultural activities was reduced by continued construction of manure pits and of hydro-agricultural installations, and by improved access to rural roads and continued maintenance of departmental roads; (ii) the action plans for cereals, cowpeas, and oilseed started being implemented but progress was limited in providing support to exporters; (iii) the reorganization of the Ministry of Agriculture started being implemented; and (iv) an action plan for the promotion of poultry and meat exports and for the protection against animal diseases was adopted and started being implemented. However, the adoption of the texts organizing the principles and rules on the execution of missions transferred or delegated to chambers of commerce and other professional organizations was delayed.

Telecom and energy sectors. The prospect of bringing ONATEL to the point of sale and transferring its assets to a new private operator by the end of 2005 was not achieved as there were delays in the recruitment of a privatization advisor. As a result, it was now expected for the end of 2006. In energy, the law on the new regulatory and legal framework in the electricity sector was enacted allowing for the creation of a regulatory authority. But there were delays in three areas monitored by benchmarks: works on the power line between Ouagadougou and Bobo-Dioulasso were delayed because of the need for reliability tests; the accounting and financial audits of the electricity and petroleum companies were not completed in time causing delays in the issuance of the tender for the selection of a private operator for the management of the electricity company and of the bidding documents for the private participation in the capital of the petroleum company.

Private sector development. Some measures were adopted to simplify the requirements for private investment. However, in the all-important reform of the labor market, progress was mixed: (i) although a revised Labor Code had been enacted in September 2004, the implementation decrees had still not been adopted by mid-2006, partly because of resistance from unions; and (ii) a comparative study on labor laws and regulations in neighboring countries aimed at informing the labor market reform was not completed either.

Mining and SME/SMI. Although the PRSC matrix lists several benchmarks aimed at monitoring progress in these two areas, the PD for PRSC-VI does not provide any

information on actions that were or might have been taken during the implementation of PRSC-V.

Rating: **Modest.**

Ensuring access to basic social services by the poor.

The immediate objectives were:

In education: (i) strengthen the program budget for the sector and finalize the sectoral MTEF, including secondary education and including the resources to attain the PDDEB objectives and MDGs; (ii) update the PDDEB; (iii) introduce delegated credits for secondary education; (iv) continue the policy of subsidizing schooling in the 20 provinces with the lowest school enrolment rates; and (v) adopt and implement an action plan to increase teaching hours.

In health: (i) develop a monitoring system for the use of resources by hospitals, regions, districts, and health management committees (COGES); (ii) strengthen the program-based budgeting of the sector in line with the sectoral MTEF; (iii) implement a system of subsidies for obstetrical emergencies and reduce costs of assisted birth; (iv) implement a system of integrated subsidies for child diseases in 15 districts; (v) verify the implementation of the fee structure for physicians and hospital services; (vi) revise the texts for the subsidization of indigents and illnesses of public health interest (notably malaria) and implement pilots in several districts; (vii) implement the strategy for the fight against malaria, including subsidization of impregnated bed nets; (viii) continue the policy of free vaccination; (ix) implement the action plan for health worker distribution and motivation; (x) implement an efficient strategy for the distribution of vitamin A; (xi) design a National Nutrition Policy and Program; (xii) create a multicultural consultation framework for nutrition and food security, including health, agriculture, education, economy and development; and (xiii) prepare a national strategy for social protection.

In water: (i) operate the new water concessions in 13 provinces; and (ii) implement a strategic sanitation plan for 10 urban communes.

Implementation and outputs.

In education, actual expenditures increased from 2.7 percent of GDP in 2005 to 2.9 percent in 2006. The trigger for PRSC-VI was fulfilled: the sectoral MTEF for primary and lower secondary education was finalized taking into account the objectives of the ten-year basic education plan and of the MDGs; also, the 2006 program budget for primary education was strengthened in that, for the first time since 2001, it reflected personnel expenditures and linked in a consistent manner the ten-year plan, the MDGs, and the MTEF. In addition, the following was achieved: (i) access was promoted by continuing the policy of subsidizing schooling in the 20 provinces with the lowest school enrollment; (ii) the ten-year basic education plan was revised and updated for the second half of its implementation (2006-10) to reflect the lessons of the first half; and (iii) the system of delegation of credits to the local

level was introduced for the lower secondary cycle in the 2006 budget. However, the preparation and implementation of an action plan to increase teaching hours were delayed.

In *health*, actual expenditures increased from 1.9 percent of GDP in 2005 to 2.1 percent in 2006. The trigger for PRSC-VI was fulfilled: a system of subsidies for obstetrical emergency care and reduced costs of assisted birth was approved and implemented starting with the 2006 budget year. Progress was mixed in adopting and/or implementing other measures: (i) the sectoral MTEF was improved by strengthening its links with the objectives of the ten-year national health plan and of the MDGs; (ii) the implementation of an integrated management of childhood illnesses in 15 health districts proved to be effective and was to be extended to 15 additional districts in 2006; (iii) the policy of free vaccination, antenatal care, and vitamin A distribution was continued; (iv) despite increased flexibility in the use of the "cash advance" system, health districts continued experiencing difficulties in justifying expenses in time to receive subsequent tranches; (v) a study was launched to review the outdated fee structure for physicians and services in hospitals and model performance contracts between the Ministry of Health and hospitals were prepared, but no contracts were executed by mid-2006; (vi) the revision of the texts governing the functioning of the local health management committees and the implementation of the action plan to improve the distribution and motivation of health personnel were further delayed; and (vii) the establishment of an inter-sectoral coordination framework and action plan for malnutrition was also delayed.

Water infrastructure. There were two benchmarks: (i) the planned operation of new water concessions in 13 provinces was delayed because the draft strategy for sector management and maintenance policies in rural and semi-urban areas was to be revised (expected by mid-2006); and (ii) strategic sanitation plans were completed for 4 secondary cities instead of 10 as expected; 6 plans were delayed by weak capacity and inadequate funding. GOB and the Bank agreed to concentrate on implementing the plan for reaching the MDGs during the following PRSC series.

Rating: **Modest.**

Promoting good governance.

The immediate objectives were:

In budget and financial management: (i) 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; (ii) prepare an action plan to introduce delegated credits to the Ministry of Justice; (iii) implement the recommendations of the audit of HIPC resources carried out in 2004; (iv) improve monitoring of externally financed investment spending (i.e., 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 interfaces between SYGADE, the computerized expenditure circuit (CID), and GOB's integrated accounting system (CIE); and complete the training in the use of SYGADE); (v) develop the CIR and put in place the first modules; (vi) notify deconcentrated services of their budget at the latest 10 weeks after

putting in place the budget; (vii) adopt the action plan based on the recommendations of the 2005 CPAR; (viii) begin implementation of the software application to monitor the procurement process in the CID; (ix) continue the auditing of procurement contracts by IGF; (x) make operational the accounting system for GOB's property and complete the physical verification of property; (xi) adopt the 2004 budget execution report; (xii) submit the 2004 final account statements to the Supreme Audit Court; and (xiii) reinforce the staff and budget of control services.

In public sector and decentralization: (i) continue the deployment of SIGASPE to government entities; (ii) deploy the CICL software; and (iii) finalize the framework for the transfer of resources and competences to communes.

In environment: (i) continue the implementation of the capacity building plan for EAs; (ii) control the application of the national regulations for EAs; (iii) continue the supervision of IDA EMPs and of other donor-financed projects; and (iv) take stock of forestry resources and elaborate an investment program permitting a sustainable management.

Implementation and outputs.

Budget formulation. The trigger for PRSC-VI was fulfilled: the draft 2006 budget, adopted by the Cabinet, was based on the sectoral ceilings of the 2006-08 MTEF and was in line with the priorities of the PRSP. Allocations for non-wage recurrent expenditures were increased for priority sectors. Budget deconcentration was extended by introducing the system of credit delegation to the Ministry of Justice.

Budget execution. There was one trigger to move to PRSC-VI. It was partially fulfilled: the monitoring of externally financed investment spending was to be improved by designing and implementing an action plan for a complete information system based on the software SYGADE (this implied customizing SYGADE for the monitoring of external financing, developing the interface between SYGADE, CID, and CIE, and training operators for the use of SYGADE). The action plan was designed but the customization of SYGADE and the development of the interface were delayed. There were also two areas where progress was expected, but the PD for PRSC-VI provides no information about the result: (i) to develop the CIR and put in place the first modules; and (ii) notify deconcentrated services of their budget at the latest 10 weeks after putting in place the budget.

Procurement. The trigger for PRSC-VI was fulfilled: an action plan was adopted based on the recommendations of the 2005 CPAR, with specific measures to be implemented in the course of the third PRSC series. There were also two benchmarks to monitor progress in implementing the reform, but there is no information in the documentation on results in these areas: (i) beginning implementing the software enabling the monitoring of the procurement process in the CID; and (ii) continuing the audit of contracts by IGF.

Budget management and ex-post control. There was one trigger for PRSC-VI. It was partially fulfilled: the accounting system for government property was to be operational and

the physical verification completed. Physical verification was completed in 43 of the 45 provinces and in the commune of Ouagadougou and a private firm was recruited to finalize the accounting system. The 2004 budget execution report was reviewed by the *Cour des Comptes* and the draft *Loi de Règlement* was submitted to Parliament in September 2005. The accounting statements for 2004 were submitted to the *Cour des Comptes*.

Public sector reform and decentralization. In civil service reform, the deployment of the budget payroll management system (SYGASPE) to line ministries made little progress. In decentralization, the trigger for PRSC-VI was partially fulfilled. It required the finalization of the framework for the transfer of resources and competences to communes. The following was achieved: (i) GOB adopted a draft law defining the resources and expenses of local governments as well as local taxes and tax sharing mechanisms with the Central Government (the draft law was expected to be enacted by Parliament in mid-2006); (ii) GOB defined the accounting and financial regime for local governments, including budget and accounting classification; (iii) draft devolution decrees were adopted for the effective transfer of functions and assets to urban communes; and (iv) a priority action plan was adopted to assist the new regional councils and rural communes. Other actions included the deployment of the software for an integrated accounting system for local communities in 8 regions, which is a key step in the decentralization process as it ensures an adequate fiduciary framework for public spending at the local level, including the production of accounting statements (*comptes de gestion*).

Environment. Further progress was made in (i) implementing the capacity building plan for environmental assessment; (ii) controlling the application of the national regulations in environmental assessments; and (iii) supervising IDA and donor-financed projects. A stock taking of the forestry resources and the formulation of an investment program permitting their sustainable management was launched.

Rating: **Substantial.**

PRSC-VI

Maintaining macro-economic stability.

Macro-economic stability was maintained in 2006 and performance was satisfactory under the PRGF. In April 2007, the IMF approved a new PRGF arrangement covering 2007-10. Real GDP growth reached 5.5 percent in 2006, against a target of 5.2 percent, due to favorable rainfalls while activity was also good in the construction and service sectors. Inflation remained low at 2.4 percent. Revenues, at 12.4 percent of GDP, were lower than projected under the PRGF, mainly because of lower profit taxes from the cotton companies. However, the fiscal deficit was contained due to higher grants for capital expenditures and lower total expenditures. Despite continuing high oil prices and low cotton prices, the current account deficit improved, mainly because of booming cotton exports encouraged by unsustainably high domestic producer prices.

Rating: **substantial**.

Accelerating broad-based growth and expanding employment.

The immediate objectives were the following:

In private sector development: (i) adopt and implement the action plan drawn from the Trade Diagnostic Study, including assessing and addressing the issue of VAT refunds for exporters within the existing regulatory framework; (ii) improve the business climate by implementing GOB's action plan based on the "Doing Business Report"; and (iii) pursue the implementation of the pilot land tenure security program in targeted provinces and approve the strategy for land tenure security in rural areas as a critical step toward the adoption of the framework law on rural land tenure.

Implementation and outputs.

In the *rural sector*, there were no specific actions envisaged under PRSC-VI for the cotton sector. Despite the good macro-economic performance in 2006, financial difficulties emerged in the cotton industry under the combined effect of low cotton prices on the world market in 2004-05 and the large increase in production over the preceding years due to the high producer prices (the 2006-07 harvest declined by 12.6 percent). As a result, the three cotton ginning companies experienced serious financial difficulties that required their recapitalization; GOB and the profession also initiated the revision of the producer price mechanism to align it better to the international market. The financial restructuring of SOFITEX was still ongoing by mid-2007, when PRSC-VII was approved. In March 2007, GOB launched a study on the long-term sustainability of the sector, including the possibility of adopting transgenic cotton.

Telecom and energy sectors. The privatization of ONATEL was completed at the end of 2006. However, some implementation texts for the functioning of the regulatory authority, ARTEL, had still not been adopted by mid-2007. In energy, no progress was made: private

participation in the electricity sector and privatization of the petroleum company were further delayed.

Private sector development. There were three triggers aimed at improving the business climate to move to PRSC-VII and they were fulfilled: (i) a ministerial decision was issued establishing a transitory VAT arrears reimbursement mechanism to accelerate the refunds due to exporters; (ii) a law was enacted in December 2006 simplifying property registration procedures and reducing the cost of transferring property; and (iii) implementation of a pilot land tenure security program was pursued in 26 provinces; a draft strategy for land tenure security in rural areas was prepared; and consultations were held with stakeholders before the drafting of a general law on land tenure (*Loi d'orientation sur le foncier en milieu rural*). In the reform of the labor market, the comparative study on labor market laws and regulations was completed in December 2006 as an input to tripartite discussions on the reform options. The discussions were completed in early 2007 with the adoption of three decrees on overtime work, the modalities for the implementation of the 40 hours week in non-agricultural enterprises, and the conditions for dismissals.

Rating: **Modest.**

Ensuring access to basic social services by the poor.

The immediate objectives were:

In education and health: transfer the responsibilities and resources to municipalities and regions, as evidenced by (i) allocating resources to regions and communities; (ii) setting up the institutional mechanisms for the transfer of financial resources to urban communities, including the establishment of the Investment Fund for Local Governments, the clarification of the transfer of mandates and responsibilities to regions and urban municipalities, and the adoption of a legal framework for the transfer of human resources.

In water: implement the activities of the roadmap established by GOB to reach the MDG targets for water and sanitation, including adequate funding for the program budget of the General Directorate of Water and Sanitation and for the expansion of the hygiene and sanitation promotion program of the urban water public utility (ONEA) to four new towns.

Implementation and outputs.

In education, actual expenditures were estimated to have stabilized at 2.9 percent of GDP in 2007. Neither the PD for PRSC-VII nor the ICR provides information on measures/actions implemented during the execution of PRSC-VI after its approval. In particular, there is no information on whether the various measures and/or actions initiated under PRSC-V were pursued, completed, or still delayed.

In health, actual expenditures were estimated to have increased substantially in 2007 to 2.8 percent of GDP from 2.1 percent in 2006. The PD for PRSC-VII provides no information on actions monitored by benchmarks during PRSC-VI execution, but the ICR

indicates that the revised fee structure and service contracts (mentioned in the ICR review for PRSC-V) helped widen access to essential health services at acceptable costs, thereby implying that the new structure became applicable under PRSC-VI.

Water infrastructure. The trigger for PRSC-VII was fulfilled: GOB started implementing its national plan to reach the MDGs, including allocating additional resources for the expansion of ONEA's hygiene and sanitation program to four cities, and increasing the budget of the General Directorate of Water and Sanitation in support of its water and sanitation program.

Rating: **Modest.**

Promoting good governance.

The immediate objectives were:

In budget and financial management: (i) adopt the draft budget for 2007 on the basis of the 2007-09 MTEF and in line with the priorities of the PRSP; (ii) implement the functional budget classification with a marker for poverty-spending so as to allow the tracking of those expenditures; (iii) implement the action plan drawn from the 2005 CPAR as evidenced by the adoption of a decree creating a Regulatory Agency for Public Procurement (ARMP) and by the revision of the attribution, composition, and functioning of the General Directorate for Public Procurement (DGMP); and (iv) strengthen the capacity of audit institutions for public financial management.

In decentralization: prepare city contracts for the six main cities.

Implementation and outputs.

Budget formulation. The trigger for PRSC-VII was fulfilled: the 2007 draft budget was adopted on the basis of the sectoral ceilings of the 2007-09 MTEF and was in line with the priorities of the PRSP. Allocations for non-wage recurrent expenditures were increased for priority sectors.

Budget execution. The trigger for PRSC-VII required the implementation of the functional and social budget classifications with a marker for poverty spending so as to allow tracking the relevant expenditures. The trigger was fulfilled.

Procurement. The trigger for PRSC-VII required implementing the action plan drawn from the 2005 CPAR. It was fulfilled by the adoption of two decrees: one creating a regulatory agency for public procurement (*Autorité de Régulation des Marchés Publics*), and the other reorganizing the Ministry of Finance and Budget, including the establishment of a department in charge of procurement (*Direction Générale des Marchés Publics*).

Budget management and ex-post control. The trigger for PRSC-VII required strengthening the capacity of the audit institutions for public financial management.

Capacity was increased at the Finance Inspectorate of the Ministry of Finance (*Inspection Générale des Finances* -IGF): 24 procurement bids and 14 contracts were audited in 2006.

Public sector reform and decentralization. Progress was made in decentralization. There were two triggers for PRSC-VII. Both were fulfilled. The first trigger required the effective transfer of responsibilities and resources to municipalities and regions; several actions were taken: (i) the 2007 budget included CFA Francs 6.8 billion for the regions and local governments; (ii) institutions were established to transfer financial resources to the urban communes and an Investment Fund for Local Governments (*Fonds Permanent pour le Développement des Collectivités Territoriales*) was created by decree; (iii) the responsibilities transferred to urban communes were clarified; and (iv) a law was enacted creating the local civil service. The second trigger required the preparation of City Contracts (*Contrats de Ville*) for the six main cities. The draft contracts were prepared and were expected to be entered into in 2007.

Rating: **Substantial.**

