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Report No: PAD893

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR 32.4 MILLION
(US$50 MILLION EQUIVALENT)

TO

BURKINA FASO

FOR A

SOCIAL SAFETY NET PROJECT

March 28, 2014

Human Development
Country Department AFCF2
Africa Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective February 28, 2014)

Currency Unit	=	XOF
XOF 475.5723	=	US$1
US$1.5474	=	SDR 1

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

BP	Bank Policy
CCT	Conditional Cash Transfer
CIFE	Circuit Intégré des Financements Extérieurs
CNPS	National Council for Social Protection, *Conseil National de la Protection Sociale*
CPAR	Country Procurement Assessment Review
CPS	Country Partnership Strategy
CRS	Catholic Relief Services
CT	Cash Transfer
CVD	Community Development Committee, *Comité Villageois de Développement*
DA	Designated Account
DMP	Public Procurement Department in the MASSN, *Direction des Marchés Publics*
EICVM	National Household Survey, *Enquête Intégrale sur les conditions de vie des ménages*
ENN	National Nutrition Survey, *Enquête Nationale de Nutrition*
FCFA	West African Franc, *Franc de la Communauté Financière d'Afrique*
FM	Financial Management
GDP	Gross Domestic Product
IBRD	International Bank for Reconstruction and Development
ICB	International Competitive Bidding
ICT	Information and Communication Technology
IDA	International Development Association
IEC	Information Education Communication
IFR	Interim Financial Report
INSD	National Institute of Statistics and Demography, *Institut National de la Statistique et de la Démographie*
ISR	Implementation Status and Results Report
IYCF	Infant and Young Child Feeding
LCS	Least Cost Selection
LIB	Limited International Biddings
M&E	Monitoring and Evaluation
MASSN	Ministry of Social Action and National Solidarity, *Ministère de l'Action Sociale et de la Solidarité Nationale*

MDG	Millennium Development Goal
MEF	Ministry of Economy and Finances, *Ministère de l'Economie et des Finances*
MIS	Management Information Systems
MTR	Mid-term Review
NCB	National Competitive Bidding
NGO	Non-governmental Organization
OBCE	Community Based Execution Organization*, Organisation à Base Communautaire d'Exécution*
ONG Rencap	Non-Governmental Organization of Capacity Building*, Organisation Non-Gouvernemental de Renforcement de Capacité*
OP	Operational Policy
ORAF	Operational Risk Assessment Framework
PDO	Project Development Objectives
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PIM	Project Implementation Manual
PMT	Proxy Means Testing
PNPS	National Social Protection Policy, *Politique Nationale de Protection Sociale*
PREM	Poverty Reduction and Economic Management Network
PRPS	Social Protection Strengthening Program, *Programme de Renforcement de la Protection Sociale*
SBCC	Social and Behavior Change Communication
SCADD	Strategy for Accelerated Growth and Sustainable Development*, Stratégie de Croissance Accélérée et de Développement Durable*
UG	Project Management Unit, *Unité de Gestion*
UNDP	United Nations Development Program
UNICEF	United Nations Children's Fund
USAID	United Stated Agency for International Development
WAEMU	West African Economic and Monetary Union
WFP	World Food Program

Regional Vice President	:	Makhtar Diop
Country Director	:	Ousmane Diagana
Country Manager	:	Mercy M. Tembon
Sector Director	:	Tawhid Nawaz
Sector Manager	:	Stefano Paternostro
Task Team Leaders	:	Azedine Ouerghi and Victoria Monchuk

BURKINA FASO
Social Safety Net Project

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PAD DATA SHEET

Burkina Faso

Social Safety Net Project (P124015)

PROJECT APPRAISAL DOCUMENT

AFRICA

AFTSW

Report No.: PAD893

Basic Information		
Project ID P124015	EA Category C - Not Required	Team Leader Azedine Ouerghi & Victoria Monchuk
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints [ ]	
	Financial Intermediaries [ ]	
	Series of Projects [ ]	
Project Implementation Start Date 23-Apr-2014	Project Implementation End Date 31-Aug-2019	
Expected Effectiveness Date 01-Aug-2014	Expected Closing Date 31-Aug-2019	
Joint IFC No		

Sector Manager	Sector Director	Country Director	Regional Vice President
Stefano Paternostro	Tawhid Nawaz	Ousmane Diagana	Makhtar Diop

[redacted]

Borrower: Burkina Faso			
Responsible Agency: Ministry of Social Action and National Solidarity			
Contact:	Cyrille Ganou	Title:	Focal Point
Telephone No.:	226-50386331	email:	ganoucyrille@yahoo.fr

[redacted]

Project Financing Data(in USD Million)					
[ ]	Loan	[ ]	Grant	[ ]	Guarantee
[X]	Credit	[ ]	IDA Grant	[ ]	Other

Total Project Cost:	50.00	Total Bank Financing:	50.00
Financing Gap:	0.00		

Financing Source	Amount
BORROWER/RECIPIENT	0.00
International Development Association (IDA)	50.00
Total	50.00

Expected Disbursements (in USD Million)

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	0000	0000
Annual	0.00	4.93	12.01	15.22	13.55	4.30	0.00	0.00	0.00
Cumulative	0.00	4.93	16.94	32.16	45.71	50.00	50.00	0.00	0.00

Proposed Development Objective(s)

The project development objective (PDO) is to provide income support to poor households and to lay the foundations for a basic safety net system in Burkina Faso.

Components

Component Name	Cost (USD Millions)
Cash transfers and awareness program for poor households	38.80
Laying the foundations for a basic national safety net system	6.60
Project management	4.60

Institutional Data

Sector Board

Social Protection

Sectors / Climate Change				
Sector (Maximum 5 and total % must equal 100)				
Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Public Administration, Law, and Justice	Public administration- Other social services	30		
Health and other social services	Other social services	70		
Total		100		

☑ I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.

Themes		
Theme (Maximum 5 and total % must equal 100)		
Major theme	Theme	%
Social protection and risk management	Social safety nets	80
Social protection and risk management	Other social protection and risk management	10
Human development	Nutrition and food security	10
Total		100

Compliance

Policy		
Does the project depart from the CAS in content or in other significant respects?	Yes [ ]	No [X]
Does the project require any waivers of Bank policies?	Yes [ ]	No [X]
Have these been approved by Bank management?	Yes [ ]	No [ ]
Is approval for any policy waiver sought from the Board?	Yes [ ]	No [X]
Does the project meet the Regional criteria for readiness for implementation?	Yes [X]	No [ ]

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01		X
Natural Habitats OP/BP 4.04		X
Forests OP/BP 4.36		X
Pest Management OP 4.09		X
Physical Cultural Resources OP/BP 4.11		X
Indigenous Peoples OP/BP 4.10		X
Involuntary Resettlement OP/BP 4.12		X
Safety of Dams OP/BP 4.37		X
Projects on International Waterways OP/BP 7.50		X
Projects in Disputed Areas OP/BP 7.60		X

Legal Covenants

Name	Recurrent	Due Date	Frequency
Appoint Financial Management Staff		01-Oct-2014	

Description of Covenant

The Recipient shall within two (2) months of Effectiveness, appoint the following additional staff to the Project Implementing Unit, one (1) accountant, one (1) financial management assistant, and one (1) internal auditor all in accordance with the provisions of Section III.C of Schedule 2 to the Financing Agreement

Name	Recurrent	Due Date	Frequency
Financial Management and Accounting Software		01-Nov-2014	

Description of Covenant

The Recipient shall within three (3) months of Effectiveness, acquire and install within the Project Implementing Unit appropriate financial management and accounting software, in accordance with the provisions of Section III.A.1 and 2. of Schedule 2 to the Financing Agreement

Name	Recurrent	Due Date	Frequency
Provide Financial Management Training		01-Dec-2014	

Description of Covenant

The Recipient shall within four (4) months of Effectiveness provide financial management Training, including training on report-based disbursement procedures, to staff involved in financial management of the Project, under terms of reference acceptable to the Association

Name	Recurrent	Due Date	Frequency
Appoint External Auditor		01-Feb-2015	

Description of Covenant

The Recipient shall within six (6) months of Effectiveness appoint an external auditor, in accordance with the provisions of Section III.C of Schedule 2 to the Financing Agreement

Name	Recurrent	Due Date	Frequency
Adopt Complete Project Implementation Manual		01-Feb-2015	

Description of Covenant

The recipient shall adopt not later than six (6) months after the Effective Date, a complete Project Implementation Manual, provided to the Association pursuant to Section 4.01 (a) of the Financing Agreement

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Conditions

Name	Type
Draft Project Implementation Manual	Effectiveness

Description of Condition

The Recipient has prepared and submitted to the Association, a draft Project Implementation Manual including the administrative, procurement, financial management and accounting arrangements for the Project, in form and substance satisfactory to the Association

Name	Type
Project Steering Committee	Effectiveness

Description of Condition

The Recipient has established a Project Steering Committee, with composition, functions, and resources satisfactory to the Association

Name	Type
Project Implementing Unit	Effectiveness

Description of Condition

The Recipient has established within the MASSN, a Project Implementing Unit, with adequate staff hired pursuant to terms and reference satisfactory to the Association (including a Project coordinator, a procurement specialist, a specialist in monitoring and evaluation, and a financial management specialist), and resources satisfactory to the Association

Name	Type
Adopt Complete Project Implementation Manual	Disbursement

Description of Condition

No withdrawals shall be made under Category 1 for cash transfers unless and until the recipient has prepared and adopted, in form and substance satisfactory to the Association, an operations manual for the implementation of Part A of the Project.

Team Composition

Bank Staff

Name	Title	Specialization	Unit
Josiane M. S. Luchmun		Program Assistant	AFTSW
Lydie Anne Billey		Program Assistant	AFTSW
Azedine Ouerghi	Sector Leader	Team Lead	AFTHD
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Liba C. Strengerowski-Feldblyum	Operations Analyst	Environmental Safeguards	AFTN2
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Menno Mulder-Sibanda	Sr Nutrition Spec.	Sr Nutrition Spec.	AFTHW
Roch Levesque	Senior Counsel	Legal	LEGAM
Aissatou Diallo	Senior Finance Officer	Disbursement/controls	CTRLA
Saidou Diop	Sr Financial Management Specialist	Sr Financial Management Specialist	AFTMW
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Non Bank Staff

Name	Title	Office Phone	City

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Boubacar Diallo	Consultant		Ouagadougou
Thomas Dickinson	Consultant		Washington DC
Khadidiatou Dieng	Consultant		Dakar
.			

Locations

Country	First Administrative Division	Location	Planned	Actual	Comments
Burkina Faso	Centre-Est	Centre-Est	X		
Burkina Faso	Est	Est	X		
Burkina Faso	Nord	Nord	X		

BURKINA FASO
Social Safety Net Project

I. STRATEGIC CONTEXT

A. Country Context

1. **Burkina Faso has experienced strong economic growth due to prudent economic management and beneficial commodity prices.** Burkina Faso has maintained economic stability in the face of economic shocks, including recurring droughts. In recent years much progress has been achieved in terms of structural reforms, sound economic policies, steady investments and a stable macroeconomic environment. Consequently the economy experienced an average growth rate of 5 percent in the last decade and about 9 percent in 2012 (projected 7 percent in 2014/15).[1] Nevertheless, Burkina Faso faced difficulties in 2012 as large inflows of Malian refugees as well as continuing food shocks put fiscal pressure for food and schools (for the refugees) on the budget.

2. **However, the growth has not benefited all households.** The main reason is the very high fertility and population growth rate which consumes much of the growth benefits which come from a narrow base of gold and cotton exports. Burkina Faso has a high fertility rate (total fertility rate of 6.00 children per woman, the 8th highest in the world) and a rapid growth of its population of 15.3 million (with a rate of 3.4 percent per year, it is set to double in 20 years). Overall poverty reduction has been stagnant since the 1990s and inequality is rising. The poverty gap is actually growing and the share of the poorest quintile in national consumption is decreasing.[2] Around 46.7 percent of the population lived below the monetary poverty line in 2009, a small decline of 4.3 percentage points from 51 percent in 2003.[3] Food poverty is especially high as 58.1 percent of the population cannot meet basic caloric needs.[4] Four regions (Est, Nord, Sud-Ouest, and Centre-Est) are considerably poorer than the rest of the country with poverty rates around 60 percent (Figure 1) and chronic poverty of over 40 percent[5].' Burkina Faso's economy is predominantly rural but agricultural productivity is low and below the country's potential. Fifty-three percent of the population lived below the national poverty line in rural areas in 2009 and 88 percent of all poor live in rural areas.

3. **The narrow resource base of the Sahel environment leaves households' livelihoods vulnerable to food insecurity and shocks.** Household exposure to risks ranging from natural hazards (droughts, floods, etc.) to exogenous shocks (price hikes, regional instability), exacerbates the poor's vulnerability to shortfalls in consumption. This results in seasonal hikes in the incidence of poverty and food insecurity. Over 20 percent of the population (more than 3.5 million) is food insecure and 30.6 percent lives in chronic poverty. In addition, childhood malnutrition is very high. In 2012, 32.9 percent of children under 5 were stunted (low height-for-

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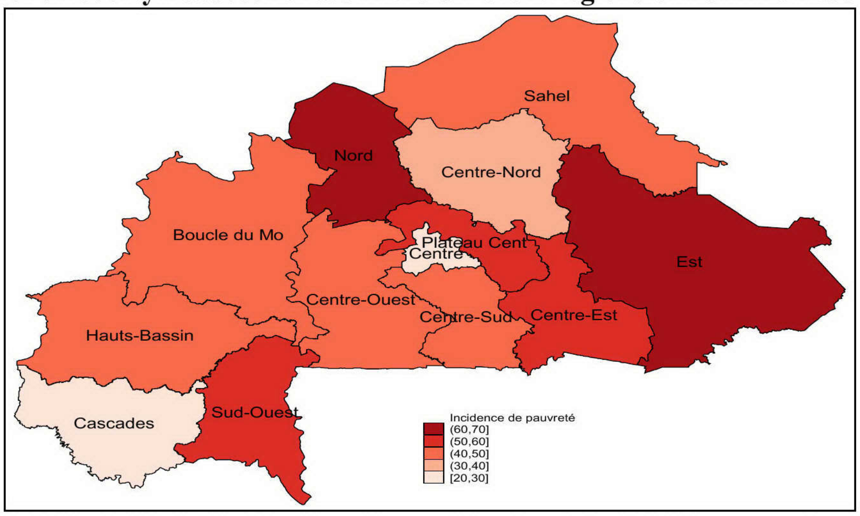
[1] World Bank, 2013. "Burkina Faso Grant for Second Growth and Competitiveness", Report number 74656-BF.
[2] UNDP, 2012. "Accelerating Progress Towards the MDGs: Eradicating Extreme Poverty and Hunger."
[3] EICVM 2009-10 data.
[4] Food poverty is based on 2283 kcal/day per adult equivalent.
[5] Chronic poverty is defined as the proportion of households whose current and predicted per capita consumptions both stand below the monetary poverty line. The monetary poverty line defined in the 2009 EICVM is FCFA130.735/year per person=US$0.72/day assuming exchange rate 500.

age). In the poorest income quintile the share of stunted children is even higher, at 43 percent. The prevalence of acute malnutrition (wasting as measured by low weight-for-height) was 10.2 percent nationally (ENN, 2011). Other human development indicators related to hunger, child and maternal mortality are also amongst the lowest in the world. Poor access to education, agricultural inputs, and the young dependency ratio are significant correlates with poverty.

Figure 1. Poverty headcount rate in the different regions of Burkina Faso 2009



Source: World Bank, 2012. "Burkina Faso: Poverty Trends and Profile", Report number 69116-BF.

4. **The causes of malnutrition in Burkina Faso are both food and non-food related** including inappropriate (quality and quantity) feeding, difficulties in accessing health care, socio-cultural factors, and lack of hygiene and sanitation, all linked with poverty. Caring practices, notably related to breastfeeding, are also a significant challenge in Burkina Faso (only 25 percent of children were exclusively breastfed until 6 months) and a key correlate with childhood malnutrition. Food insecurity and undernutrition in adults (more than 1/5 of women have Body Mass Index (weight/height squared) less than 18.5) are prevalent and reflect low production due to climatic conditions and inability of the poor to obtain sufficient monetary incomes.[6] The incidence of malnutrition requires a multi-faceted response to expand direct nutrition and nutrition sensitive interventions such as improved sanitation conditions and hygiene practices, increased access to safe water, basic health services, and social safety nets. Lack of income is one of the main barriers facing the poor to access services such as health care. In Burkina Faso, financial capacity largely drives health seeking behavior and provider choice. Health insurance is more or less non-existent. Self-medication through traditional medicine is quite prevalent and many use this due to financial barriers to formal care, others do out of preference.[7] As a result, the rate of prenatal consultations is only 18 percent in Burkina Faso compared to 44 percent on average in sub-Sahara Africa.[8]

[6] UNDP (2012) "Accelerating Progress Towards the MDGs: Eradicating Extreme Poverty and Hunger."

[7] In an experiment in rural Burkina Faso higher expenditure, insurance status, perceived severity and acuteness of illness were all significant predictors of modern facility care use vs. no care (Robyn et al., 2011 "Econometric analysis to evaluate the effects of community-based health insurance on reducing informal self-care in Burkina Faso."

[8] UNICEF (2013) http://www.unicef.org/bfa/french/health_nutrition.html data from EDS 2012.

B. Sectoral and Institutional Context

5. **The government places significant emphasis on poverty reduction, food security, and promoting access by the poor to services and social assistance.** The objective is to reduce monetary poverty to 35 percent by 2015. Given the high levels of poverty and food insecurity and the limited fiscal space, poverty-targeted efforts such as safety nets are needed. Burkina Faso's development strategy 2011-15 *Stratégie de Croissance Accélérée et de Développement Durable,* (SCADD) recognizes social protection as a key pillar. The priority actions in this pillar include: a) improving strategic and institutional frameworks for social protection and; b) improving access to basic social services by the population, c) providing a social protection floor using cash transfers, and d) better targeting resources to the poor. Priority action c) aims to address the prevalence of monetary poverty and help reduce, at least partially, household barriers to accessing basic social services, for instance health care.

6. **Until recently however the main focus of social assistance was on humanitarian aid and food distribution** such as direct food handouts in areas of high food insecurity. During the most recent food crisis (dry season 2012) the government spent more than US$130 million to help feed affected people. In 2013, close to 50,000 tons of food have been sold or distributed to the rural population by the two key agencies The National Society of Food Stock Security Management (*Société Nationale de Gestion du Stock de Sécurité Alimentaire, SONAGESS*) and the National Council for Emergency and Rehabilitation (*Conseil National de Secours d'Urgence et de Réhabilitation, CONASUR*), together with the World Food Program (WFP), European Union, and United States Agency for International Development (USAID). The government has facilitated access to strategic grain reserves, strengthened early warning systems to identify vulnerable segments of the population, and embarked on an ambitious program of subsidized sales of food. Major famine has been averted although at high costs and with severe execution bottlenecks. The use of targeted direct non-contributory transfers was very limited and ad-hoc.[9]

7. **The government is ready to use safety nets as a tool for reducing poverty.** The new National Social Protection Strategy (*Politique Nationale de la Protection Sociale*, *PNPS*), adopted in 2012 outlines the government's vision for a national safety net system capable of responding effectively to the needs of vulnerable groups both during periods of crisis/shocks and in normal times by promoting a way towards better livelihoods and access to services. The core program consist of targeted cash transfers to the poor focusing on the food insecure. Voucher programs are also envisioned especially in urban areas. To oversee the strategy implementation a National Council for Social Protection was established by decree in July 2013. In parallel the government has prepared a national policy for food security[10] and an action plan[11] for accelerated progress towards reducing extreme poverty, hunger and food insecurity which mainly prioritizes actions related to agriculture, food supply and rural infrastructure. In 2011 the government joined the Scaling-up Nutrition (SUN) effort led by United Nations Children's Fund

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[9] For example, the European Union financed cash transfers for 3 months during the lean season to 1,000 households in the department of Komsilga, in the Centre region. These monthly cash transfers were implemented by an NGO with the support of the local MASSN office in terms of targeting, practical logistics, and handling of grievances.
[10] Government of Burkina Faso, 2013. "Politique Nationale pour la Sécurité Alimentaire et Nutritionnelle."
[11] Government of Burkina Faso, 2012. "Accelerating Progress Towards the MDGs: Eradicating Extreme Poverty and Hunger."

(UNICEF).

8. **Targeted safety nets can help increase household wellbeing and investments in both human capital and productive activities.** Safety nets can hence be seen as strategic investments for reducing poverty and household risk on a large scale and breaking the cycle of inter-generational transmission of poverty. Simulations undertaken for the 2011 safety net assessment[12] pointed out that in Burkina Faso between 1.4-1.6 percent of Gross Domestic Product (GDP) would have been needed in 2007-08 to completely eliminate all chronic poverty through cash transfers. Consequently, the government has decided to target resources more effectively to the poor, to allocate more budgetary resources to protect poor and vulnerable groups, and to increase the scope and coverage of the existing but limited safety net system.

9. **The existing programs in Burkina Faso do not provide an adequate safety net and need to be brought within a coordinated system.** According to the safety net assessment the current safety net system is weak and does not address the needs of the country. No systematic approach exists for reaching the poor and vulnerable. Between 2005 and 2009, spending on safety nets was only about 0.6 percent of GDP (excluding fuel subsidies). Food transfers accounted for 69 percent of the spending and over 80 percent of beneficiaries in 2009. The main challenges for strengthening safety nets in Burkina Faso include: defining priority target groups; choosing adequate instruments; and establishing solid Monitoring and Evaluation (M&E) systems to inform policy decisions. Also, the strategic and institutional framework needs strengthening. The assessment concludes that an effective safety net system in Burkina Faso should include a targeted transfer program to boost consumption of the poorest and help them invest in human capital; labor intensive public works for providing additional income during times of revenue shortfalls and engaging youth in productive activities; school feeding programs for encouraging participation of disadvantaged children; and free health services for indigents. Improving consumption is productive in itself, as for instance, better nourished children are healthier and more ready to learn, thereby improving their future prospects. In addition, cash transfers by themselves have been proven to lead to increased household spending on health care, education, improved food security, as well as to economic investment in South Africa, Ethiopia, Lesotho, Malawi, Kenya and Ghana.

10. **Pilot cash transfers and voucher programs have shown promising results in improved access to services, children's nutritional status and other human capital outcomes for the poorest in Burkina Faso.** Since 2008 the government and donor agencies have experimented with different pilot transfer programs including cash transfers and food vouchers.[13] The WFP urban food voucher program benefited over 30,000 households during six months in 2010 and 2012. Burkina Faso has also had experiences with conditional cash transfers (CCTs) which were evaluated using rigorous impact evaluations.[14] The findings indicate that cash transfers, with and without conditions, had a positive and significant impact on nutrition in young children (anthropometric indicators) during 2009 when weather related events were particularly bad. Routine health visits also increased as did school attendance, especially when conditions were imposed. Several other impact evaluations of cash transfers in Africa have found

[12] World Bank, 2011. "Burkina Faso Social Safety Nets", Report number 54491-BF.
[13] Implemented by Catholic Relief Services (CRS) and the WFP.
[14] Akresh et al. 2012.

positive impacts on food consumption, food diversity and short/long run measures of child malnutrition.

C. Higher-level Objectives to which the Project Contributes

11. **The operation is supporting several aspects of Burkina Faso's social protection strategy, PNPS.** The country's social protection strategy sets out actions to build adequate and permanent mechanisms for protecting people against risks. In that framework, the proposed operation will help the government lay the foundations for a targeted safety net system that will help vulnerable people to cope with poverty and shocks and provide a more predictable way of addressing repeated food insecurity than emergency aid. Moreover, the strategy emphasizes using direct transfers to households. The core of the proposed operation is to set-up a cash transfer program. The close coordination of cash transfers and accompanying mechanisms to encourage household to invest in human capital is highly relevant because of the role that safety nets is playing in improving human capital is strongly recognized in Burkina Faso.

12. **The proposed project is directly linked to the government's poverty reduction strategy (SCADD) and the Bank's new Country Partnership Strategy (CPS) 2013-16 (78793-BF; August 21, 2013).** The strategic objective of the new CPS is to improve both supply and demand for social services by supporting governance and addressing constraints linked to lack of capacity. Strengthening safety nets, an integral part of service provision for the poorest, is hence fully consistent with the CPS. In addition, providing cash transfers to improve basic household consumption and address demand-side financial barriers to social services is also consistent with the CPS. The project is also consistent with the World Bank's global and regional social protection strategies[15] in terms of reducing vulnerability, improving resilience for the poor, and laying the foundation for a safety net system in Burkina Faso. The project also aims to contribute to Millennium Development Goal (MDG): (i) eradicate extreme poverty and hunger, (ii) achieve universal primary education, (iii) reduce child mortality, and (iv) improve maternal health.

II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

13. The Project Development Objective (PDO) is to provide income support to poor households and to lay the foundations for a basic safety net system in Burkina Faso.

B. Project Beneficiaries

14. **The project will support the establishment of a safety net system with the capacity to reach a significant number of beneficiaries.** During the life of the project, a cash transfer program will reach up to 40,000 poor households in the three regions with the highest levels of chronic poverty and child malnutrition in Burkina Faso (East, North, and Middle-East). With an

[15] World Bank, 2010. "Building Resilience and Opportunity: The World Bank's 2012-22 Social Protection and Labor Strategy"; World Bank, 2011. "Africa Social Protection Strategy 2012-22; Managing Risk, Promoting Growth: Developing Systems for Social Protection in Africa".

average of 7.9 members per household in poor households in rural areas, approximately 316,000 people will directly benefit from the project representing 16 percent of the chronically poor population in the three regions covered by the project.[16] Since children and pregnant and lactating women are most affected by malnutrition, the project will focus on households with young children. As part of the transition from this first phase of the cash transfer program to a national system, the project's second component is laying the ground for expanding the scope and coverage of safety net programs nationwide and improving their effectiveness.

C. PDO-level Results Indicators

15. The indicators have been designed to monitor progress towards the achievement of the PDO, particularly the extent to which the poor households are provided income support through cash transfers and the establishment of the operational building blocks for a safety net system. The following key indicators will be used:

(i) The share of households benefitting from the cash transfers who belong to the 2 poorest quintiles (targeting effectiveness) (target: 60 percent of beneficiary households)

(ii) The number of direct beneficiaries of the cash transfer program and percent of which are female (target: 316,000 people of which 50 percent female)

(iii) The definition and publication of a targeting mechanism, used by the cash transfer program and adoptable for other programs (target: questionnaires developed and tested, process applied by the Cash Transfer (CT) program, and at least one draft Memorandum of Understanding (MoU) available by the end of the project)

(iv) The number of cash transfer beneficiary households with information stored in a registry and with data sharing protocols available for other programs (target: 40,000 CT households with a unique identifier for household and individual members and at least one data sharing protocol available by the end of the project)

16. In addition the project will undertake an impact evaluation to assess the impact on relevant poverty indicators, use of basic social services[17], and human capital outcomes of beneficiaries.

III. PROJECT DESCRIPTION

17. **The project will be implemented using Investment Project Financing (IPF) for a period of 5 years starting in FY15.** The project is expected to be financed by an International Development Association (IDA) credit of US$50.00 million. Based on the existing evidence and on-going activities, the project will achieve the PDO by: i) designing and implementing a cash transfer program as one of the building blocks of an national safety net system, and ii) assist the country in establishing systems for coordinating and implementing safety net programs.

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[16] Around 1.9 million chronically poor people reside in the three project regions. With a relatively large share of the population, this is 41 percent of all chronically poor in Burkina Faso. These regions also overlap with the zones that the government has identified as being at risk of food insecurity (see Government of Burkina Faso, 2012).

[17] Basic social services includes health care, nutrition services and education.

18. **The design of the proposed operation reflects the extensive analytical work and pilot experiences undertaken by the government, the Bank, and other development partners on safety nets in Burkina Faso** (including the safety net assessment, poverty analysis, and the evaluations of pilot transfer programs). The key recommendations of the safety net assessment stated that safety nets in Burkina Faso should directly support the consumption of the chronically poor households and ensure access to basic social services in order to promote human capital investment. Key conclusions of the impact evaluations note that transfer programs can increase food consumption both in quantity and quality, increase the poor's use of health services and school attendance, and improve the nutritional status of children.[18] Therefore, the priority principle of the system supported by the project is to ensure that poor households receive regular and predictable support along with accompanying measures to ease demand side constraints preventing them from accessing to basic social services and improving their nutritional intake.

19. **The Bank and other partners are already engaged in the areas of safety nets and improving access to services by the poor in Burkina Faso.** The Bank has engaged in dialogue with the government for more than 2 years and has established a strong relationship with the government and other partners on the safety net agenda. A parallel Youth Employment and Skills Development Project (P130735) is currently implementing a public works program in urban centers such as Ouagadougou and Bobo Dioulasso. The Bank is also supporting a Reproductive Health Project (P119917) which aims to assist the rural population and particularly poor women to access better reproductive health services. WFP's voucher programs address other aspects of urban poverty, especially food poverty and provided support to around 30,000 households in these two cities during six months in 2010 and 2012.

20. **The project aims to start to bridge the gap between safety nets and the humanitarian response system and takes scalability and coordination issues at heart.** The main target group of the project is chronically poor households eligible for cash transfer support as a cornerstone program of the overall safety net. However, the systems that will be developed under component 2 seek to concentrate public resources towards the fight against food insecurity, while exploiting synergies and optimizing the impact and efficiency of programs such as public works, voucher programs, or programs subsidizing access to social services such as education and health. For instance, if urban areas were selected for the cash transfer program, they would take into account the location of operations of the public works program.

A. Project Components

Component 1: Cash transfers and awareness program for poor households (US$38.8 million including contingencies).

21. **This component will support the development and implementation of a cash transfer program to serve as one of the cornerstones of Burkina Faso's safety net.** The cash transfers will support poor households with young children by increasing their income for a period of 3 years. The payments will be made on a regular basis to allow beneficiaries to use the transfers to stabilize their food consumption, thereby improving nutrition outcomes, and, indirectly, to enable mothers and main caregivers to ensure children's proper feeding (e.g. by

[18] Akresh et al. 2012.

breastfeeding and accessing micronutrients as needed), and growth monitoring. This would contribute to improved nutrition in the household and decrease the need for negative coping mechanisms.

22. **The program will operate in the most disadvantaged areas of the country where chronic poverty and malnutrition are the highest.** These regions include the East, North, and Middle-East as these are by far the poorest in the country. Targeting these areas is also consistent with the government's efforts to concentrate resources in areas with high food insecurity as prioritized in the MDG Acceleration Framework.[19] The focus will be on rural areas but may also include some peri-urban areas. The first level of targeting will be geographic and will select regions, districts/provinces[20] and even communities based on recently available data on a combination of chronic poverty and prevalence of chronic malnutrition (stunting=height-for-age <-2 std). It will also take into account the availability of other complementary interventions such as those provided by the Reproductive Health Project and others related to food security, nutrition, and health in order to maximize the synergy between supply and demand.

23. **The targeted groups will include poor households with children under the age of 15 years and/or pregnant women.** The second level of targeting will include a combination of simplified Proxy Means Testing (PMT), categorical targeting, and community-based targeting in order to identify the poorest households with young children. The goal is to identify poor households whose children are at risk of being malnourished because they live in areas with high malnutrition prevalence. While international evidence indicates that the first 1,000 days of a child's life are the most important in terms of nutrition as any deficiencies incurred at this age are irreversible, the project will include households with children up to 15 years of age to encourage regular health check-ups, proper nutrition and school attendance for these children. In rural Burkina Faso, almost all poor households have children under the age of 15 years old.

24. **The transfer level and structure are based on careful analysis of household level data and impact evaluations findings.** In other African countries[21], a level equivalent to around 20 percent of monthly expenditures of poor households has proven sufficient to allow households to improve their consumption yet is low enough not to create any work disincentives. This level is equal to about FCFA 10,000 per household per month in Burkina Faso (see Annex 6). Each selected enrolled household will be given one transfer payment per pay period. For households with less than five children under the age of 15[22] the monthly transfer level will be FCFA 10,000 (or FCFA 30,000 every three months) and for households with five children or more the transfer level will be around FCFA 13,000 (or FCFA 40,000 every three months). Selected households will benefit from transfers for a total of 36 months. Transfers may be paid every three months subject to practicalities on the ground.

[19] Government of Burkina Faso (2012) "Accelerating Progress Towards the MDGs: Eradicating Extreme Poverty and Hunger."
[20] District is the official health sector division in each region which corresponds to a very large extent to the provincial division of the local administrative structure.
[21] For instance in cash transfer programs in Cameroon, Kenya, Mozambique, Swaziland and Zambia (Monchuk, V., 2013. "Reducing Poverty and Investing in People: The New Role of Safety Nets in Africa".)
[22] In order to capture children from conceptions, this would include children in utero.

25. **Operationally, beneficiary households will receive cash through payment agencies, which will use a payment list provided by program management.** The transfers will be provided to female household representatives once they present their beneficiary ID card. The payment system will be based on a centrally managed database, and payments will be made by fixed or mobile branches of the agencies selected by the operation (see Annex 2 for details).

26. **The component will also include accompanying measures in participating communities to assist households to improve practices related to human development and in particular nutrition.** The aim of these accompanying measures is to increase the probability of the households breaking the intergenerational cycle of poverty, reduce the incidence of malnutrition, and improving human development goals related to MDG 1, 2, 4, and 5. As such, they will serve as 'soft conditions' or beneficiary co-responsibilities. The project will target all village members with a particular focus on pregnant women and children age 0-23 months, corresponding to the "window of opportunity", which is a crucial time to ensure optimum physical growth and development of the individual child. The measures will use an approach of Social and Behavior Change Communication (SBCC) regarding the importance of nutrition for pregnant women and children 0-23 months, community-based promotion of cognitive development for children 24-59 months, education of children 5-15 years, and the economic capacity and empowerment for women. The accompanying measures will include demand-side measures but will not support nutrition direct interventions such as targeted feeding, nutritional recuperation, food distribution, or provision of micronutrients. For this, the project will coordinate with existing interventions at community level in order to link cash transfer beneficiaries with food and micronutrient supplementation and distribution services.

27. **As part of the SBCC, education, information, communication (IEC) services** on topics such as good nutrition, breast-feeding, basic health care and sanitation (see Annex 2) will be provided in the villages. Beneficiaries will be urged to participate in these IEC sessions, as 'soft conditions' for receiving cash transfers although failure to attend will not result in withdrawal of the payments. Other SBCC activities that can be supported by the project include advocacy to local leaders and authorities, community mobilization and organization, counseling, home visits and communication via mass media (e.g. local radio).

28. **This component will finance cash transfers to beneficiary households** as well as administrative costs for developing and implementing the program. The component will also finance implementation of the accompanying measures to assist households in villages where the Cash Transfers are provided to improve household parenting and livelihood practices. Administrative costs such as the targeting, identification and registration of beneficiary households and the development and training of SBCC services are covered in component 2.

Component 2: Laying the foundations for a basic national safety net system (US$6.6 million including contingencies).

29. **This component will assist the country in designing and developing operational building blocks that can be used for coordinating safety net programs and increasing their effectiveness through a systemic approach.** The objective is to contribute to the establishment of a long-term effective and sustainable (institutionally, politically and financially) system of safety nets anchored in the national social protection strategy. An important aspect of the

proposed system will be the capacity to expand and adjust the safety net in response to shocks by: (i) increasing the value of the transfer given to current beneficiaries; and (ii) expanding the cash transfer program to additional beneficiaries, albeit for a shorter period of time than for the regular beneficiaries. Since developing, testing, implementing and updating systems takes time, this component will be implemented over the whole project period.

30. **This component will first support the development of the building blocks for the cash transfer program, as the core pillar of Burkina Faso's safety net.** The most important building blocks for coordinating and operating safety net programs are i) an effective targeting system for identifying potential beneficiary households; ii) a registry of these households to be used by the different safety net programs; iii) a Management Information System (MIS) linking the different interventions and the different levels of operations of the program implementers; iv) a secure and efficient payment system for making and validating payments; v) an M&E system to allow evidence based policy making and adjusting system functioning over time, which would include an audit; vi) design of accompanying measures and vii) a grievance redress mechanism including formal and social oversight mechanisms. This component will finance these systems for the cash transfer program and put them into operation when implementing the cash transfer program.

31. **Secondly, the targeting system and associated registry will be developed as a key foundation of the national safety net system.** These two tools are key to identify the extreme poor in Burkina Faso and help focus the provision of social services to enhance their human capital. The project will also, to the extent possible, support the expansion of a selected number of other building blocks to be made applicable to other programs at the national level. Such systems may include the payment system or selected modules of the information system (MIS). The specific additional building blocks that may be supported will be determined during the first year of project implementation in consultation with the government and other partners. The project will use advocacy and policy discussions to facilitate the adoption of the selected systems by other programs and ministries.

32. **Thirdly, this component will include activities to strengthen the institutions needed for coordinating, implementing, and monitoring safety net programs.** It will finance technical assistance, capacity building (such as training for government staff), operational manuals, and inputs and studies geared at developing and harmonizing the key building blocks of a national safety net system. Especially, the project will provide support to the newly established National Council for Social Protection, including its secretariat, and the project implementing unit in the Ministry of Social Action and National Solidarity (*Ministère de l'Action Sociale et de la Solidarité Nationa*le *MASSN*) for implementing and coordinating safety nets in the country.

33. **Finally, this component would support monitoring, process evaluation and a rigorous impact evaluation** of the cash transfer program and its accompanying measures to learn whether the promising impacts of the pilots transfer hold up in a government-run scaled-up versions of these interventions in a low-income setting such as Burkina Faso

Component 3: Project management (US$4.6 million including contingencies).

34. **This component will support the management of the overall project.** It will finance project management and coordination activities related to the first two project components. The project implementation unit (*Unité de Gestion*, *UG*) will be housed in the *MASSN*. It will be team of recruited staff, paid by the project, including a coordinator, an assistant, a procurement specialist, a financial management specialist, an accountant, an M&E specialist, and a communications specialist. At the local levels the project will use existing *MASSN* structures and may reinforce these as needed to ensure efficient project implementation of Component 1. The component fill finance the salaries of project implementation staff, equipment, operating costs, training and special studies needed to ensure proper project management, implementation and reporting. The project may also finance support staff and consultants for implementation aspects such as social marketing, information systems, evaluation and feed-back systems, and capacity-strengthening of specific program implementers in the regions, districts and provinces where component 1 will be implemented.

35. Separate from the project, the government is making a contribution of around FCFA 2.5 billion (around US$ 5 million) to support the establishment of a safety net system in Burkina Faso including building the capacity of the structures related to the implementation of the project.

B. Project Financing

Lending Instrument

36. **The proposed project will be implemented using an IPF for a period of 5 years starting in FY15.** The project is expected to be financed by an IDA credit of US$50.00 million. Detailed estimates of the costs of the components are presented in the table below. The project will finance an amount not to exceed SDR 160,000 for payments made prior to the date of the Financing Agreement but on or after March 5, 2014, for Eligible Expenditures under Category (2).

Table 1: Project Cost and Financing (US$ m)

Project Components	Project cost	IDA Financing	% Financing
1. Cash transfers and awareness programs to poor households	38.80	38.80	100%
2. Laying the foundations to a basic national safety net system	6.60	6.60	100%
3. Project management	4.60	4.60	100%
Total Baseline Costs	50.00	50.00	100%
Physical contingencies	0.00	0.00	
Price contingencies	0.00	0.00	
Total Costs	50.00	50.00	100%
Total Financing	50.00	50.00	100%

Note: Component costs estimates include 5% contingency.

C. Lessons Learned and Reflected in the Project Design

37. **Given recent safety net initiatives in Burkina Faso and elsewhere in Africa, relevant**

lessons incorporated into the project design to develop the social safety net system and programs to meet the needs of Burkina Faso include:

- *Adequate targeting helps identify and focus resources to those most in need.* Effective targeting faces many constraints including capacity, quality of governance, availability of data, and negative perceptions about public programs. International experience suggests the following approach: a) ensure that adequate information is collected among potential and current beneficiaries, b) develop effective targeting tools to redirect the flow of resources toward the poor, and c) establish grievances mechanisms to improve transparency. In Burkina Faso, the safety net assessment suggested that government needs to apply common targeting criteria and instruments at two levels: (i) geographical level, to allocate public expenditures where the largest number of chronic poor and food insecure live; and (ii) household level, with a combination of proxy means test and community-based targeting that can rank households across a range of poverty dimensions.
- *Social protection systems can help reduce the risk exposure of poor households and build their long-term resilience.* Countries that have social protection systems in place before a shock hits are better able to respond, as Ethiopia's experience shows. Independent evaluations of the Productive Safety Net Program (PSNP) and other related interventions show that its sustained interventions have helped reverse the trend of deteriorating livelihoods and that its timely and predictable assistance has enabled households to manage risk more effectively; avoid adopting negative coping strategies, such as selling livelihood assets; and protect against food insecurity. Key features that improve the efficiency with which social protection programs can respond to such shocks include coordinating institutional capacity and roles between risk management and social protection actors, and ensuring scalability and flexibility of safety net programs.[23]
- *Accompanying measures aimed at educating caregivers in proper child nutrition and care can improve nutritional status in children.* The literature shows that nutrition education in food insecure populations, such as in Vietnam and Bangladesh, can lead to a significant increase in height-for-age of children.[24] The Bank is supporting innovative designs in Djibouti, Niger, and Senegal to change community norms about breast-feeding, feeding and parenting practices.
- *A strong institutional framework for social protection policy is necessary for setting up a safety net system.* The development of a system of effective social safety nets begins with the definition of a long-term vision and a coherent policy. Because social protection is multi-sectoral, the strategic and institutional framework has to be carefully established and defined. This may consist of a structure including (i) an inter-ministerial steering committee to provide direction and make policy decisions on safety nets as well as to

[23] Ovadia, M. and C. Costella (2013) "Building Resilience to Disaster and Climate Change Through Social Protection." World Bank.
[24] Lassi ZS, Zahid GS, Das JK, and Bhutta ZA. "Impact of complementary food and education on complementary food on growth and morbidity of children less than 2 years of age in developing countries: a systematic review." *BMC Public Health* (in press); Ihmad, A., Mohammad, YY. and Bhutta ZA. "Impact of maternal education about complementary feeding and provision of complementary foods on child growth in developing countries." *BMC Public Health* 2011, 11 (Suppl 3): S25.

play a coordinating role and (ii) smaller technical and administrative unit in charge of the day-to-day management and implementation of safety net programs.[25]

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

38. **Recently, by a set of decrees[26] the government put in place the overall institutional arrangements for coordinating social protection programs** including a National Council for the Social Protection *(CNPS)* as the body for policy orientation (chaired by the Prime Minister). Coordinating bodies are composed of: (a) a secretariat (chaired by a Permanent Secretary) whose role is to assist the *CNPS*; (b) an inter-ministerial unit responsible for safety nets under the authority of the *MASSN* whose role is to implement safety net programs; (c) an inter-ministerial unit responsible for social insurance under the authority of the Minister of Public Service, Labour and Social Security whose role is to implement social insurance programs, and (d) regional social protection units responsible for implementation and monitoring of social protection activities at the regional levels. These proposed institutional arrangements constitute the first steps towards the creation of a sustainable safety net system in Burkina Faso.

39. **As part of the objective of setting up a permanent safety net system, the institutional framework for social protection in Burkina Faso serves as the institutional anchorage for the project.** In line with national coordination of social protection and social safety nets, the technical supervision and policy implementation of the project is provided by *MASSN*. Moreover, in order to integrate and institutionalize social protection and the project activities more into the long term objectives and mandate of the ministry, the government has decided to build it into a program called *Programme de Renforcement de la Protection Sociale* (*PRPS*). In December 2013 the ministry decided, due to the importance they place on the project and the capacity required for implementation, to make the project a category “B” project indicating that it would benefit from a semi-autonomous implementing unit, *UG,* under the authority of the *MASSN*. Most other successful government projects supported by development partners in Burkina Faso use the category “B” classification even in cases where they are managed by more influential ministries. The project team will be recruited, paid by the project, and will work exclusively on this project. The key posts of *UG* will include a coordinator, an assistant, an M&E specialist, a communications specialist, a procurement specialist, a financial management specialist and an accountant. A multisectoral Steering Committee, presided by the General Secretary (*Secrétaire Général*) of the *MASSN*, with a vice-president from the *Ministère de l’Economie et des Finances* (*MEF*), including representatives from other relevant ministries (such as the Ministries of Health, and Agriculture and Food Security) and civil society will oversee project implementation. The implementation arrangements at the central and local levels are described further in Annex 3.

B. Results Monitoring and Evaluation

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[25] World Bank, 2011. “Burkina Faso Social Safety Nets”, Report number 54491-BF.

[26] N°2013-492/PRES/PM/MASSN, N°2013-025/PM/SG/DGAS N°2013-061/MASSN/SG, N°2013-046/MTPTSS/SG/PM/MASSN.

40. **The results monitoring framework will assess progress towards the PDO by means of key indicators that focus on setting up an efficient safety net system and provide income support to the poor.** In addition, intermediate indicators will be used to monitor the progress of each component over the life of the project (see Annexes 1 and 3). The MIS and a rigorous M&E system will enable the government and all partners to monitor progress on all indicators. The overall M&E system will be the responsibility of the M&E specialist working in the *UG* and will also benefit from technical support from the National Institute of Statistics and Demography, *(Institut National de la Statistique et de la Démographie, INSD*). Monitoring will occur at each stage of the project's implementation in order to provide a framework to learn lessons, to identify any potential problems and issues, and to promptly consider and adopt corrective measures and improve the design of the programs accordingly.

41. **The project will conduct a midterm and an end-of-project evaluation.** The evaluation activities will consist of: (i) a process evaluation to assess the effectiveness of the procedures involved in the implementation including the identification, targeting, registration, and payment of beneficiaries; (ii) a targeting evaluation to assess the extent of exclusion and inclusion errors; and (iii) a front-loaded evaluation of the impact of the program on changes in recipients' behavior, levels of consumption, nutritional status, and poverty and vulnerability. The Mid-Term Review (MTR) will be conducted (by an independently recruited firm) to ensure that the lessons learned in the implementation of the first cycle are taken into account for the second cycle. Small beneficiary surveys and spot checks will also be conducted at regular intervals to gather information on the performance, targeting, and payment procedures of the cash transfer program. For more details on the project's M&E, see Annex 3.

C. Sustainability

42. **The proposed project is considered by the government and the Bank as the start of a larger and longer-term joint social protection initiative in Burkina Faso.** In the discussions between the Bank, the government, and other donors, a consensus has emerged that this project can be a useful vehicle for longer-term government and donor collaboration on social protection. In addition, there is strong support for the project and the joint social protection program within the government of Burkina Faso, particularly in the *MEF* and *MASSN*. The government has committed to scaling-up the cash transfer program and using the administrative systems as part of their on-going reforms of the safety net system. Given that safety nets are a new undertaking in Burkina Faso, the project will monitor the government's continuing commitment, especially at the MTR, to the application of the administrative systems created to harmonize and improve the national safety net system.

43. **The project and resulting safety net program are financially sustainable within the scope of the government's safety net budget.** Cost calculations shows that the cost of a national cash transfer program that covers half of the chronically poor in Burkina Faso (15.3 percent of all households, 2.3 million people) would amount to around FCFA 44 billion or US$ 88 million or 0.78 percent of GDP per year including administrative costs (see Annex 6 for details). This amount is entirely feasible within the government's safety net budget which currently amounts to about 1.3 percent of GDP including general subsidies (average between

2005 and 2009).[27] As a comparator the estimated costs related to the 2012 food shortage issue (combined with the Malian crisis) was about over 2 percent of GDP (excluding subsidies for utilities). The total project costs are estimated to be FCFA 1.5 billion (US$50 million) over five years which includes some of the fixed costs related to setting up the program and tools. The fixed costs are an investment in the safety net systems of the country which are intended to contribute to breaking of the vicious cycle of intergenerational poverty, poor human capital outcomes, and low productivity of rural households.

V. KEY RISKS AND MITIGATION MEASURES

A. Risk Ratings Summary Table

Risk Category	Rating
Stakeholder Risk	Moderate
Implementing Agency Risk	
Capacity	High
Governance	High
Project Risk	
Design	High
Social and Environmental	Low
Program and Donor	Moderate
Delivery Monitoring and Sustainability	High
Overall Implementation Risk	**High**

B. Overall Risk Rating Explanation

44. **The overall risk rating is high.** The implementing agency risk and the project risk are both ***high***. A number of risks that have been identified are likely to occur and could significantly impede the project's implementation. The Operational Risk Assessment Framework (ORAF), which is attached in Annex 4, identifies and rates these risks and sets out mitigating measures.

45. **The government demonstrates a high commitment** to the project mainly at the *MEF* and the *MASSN*. The recently put in place National Council for Social Protection under the guidance of the Prime Minister also anchors safety nets at the highest political powers. As a result of fruitful discussions between the government, the Bank, and other partners over the past years, the government is now making significant efforts including strong multisectoral coordination and ownership of social protection and the need to build a safety net system and core targeted programs.

46. **Despite this however, there is a general assessment that the broader environment will present some challenges in project implementation due to a number of risk factors** (see details in ORAF). Key among operating environment risks are the increasing competition for funds (due to large amount of resources spent on immediate food security issues) and political volatility (due to refugees and the recent conflict in Mali). An effective and flexible safety net

[27] World Bank, 2011. "Burkina Faso Social Safety Nets", Report number 54491-BF.

system that can respond to the needs of the poorest and most vulnerable is not expensive (cost less than 1 percent of GDP).[28] This is achievable in Burkina Faso if spending allocated to inefficient programs can be reallocated to more effective and efficient efforts better targeted to the poorest. However, financing of a sustainable safety net system should be a regular item in the medium-term expenditure framework to ensure the system is not subject to quickly changing political priorities or emergency spending needs. The engagement of donor and partners in safety nets may help secure the necessary medium to long-term commitment around the overall safety net program and make it institutionalized as a national system as well as help to increase the coverage of poor people.

47. **The main project risks include** those related to institutional and implementation arrangements (central and local), cross-ministerial coordination, and capacity as building a national safety net system is a new undertaking. Key among project risks are:

- ***Implementing agency risks.*** Implementation of a national cash transfer program will be a new initiative in Burkina Faso that will involve developing new systems for targeting and identification of beneficiaries, and planning and ensuring timely delivery of transfers to the target population. There are risks related to implementation arrangements mainly at two levels: coordination at the national and local government levels, and implementation on the ground. The multisectoral nature of the safety nets and the realities of implementation of different program components in coordination with different institutions will be challenging. *MASSN* has limited experience with these types of programs. Implementation will involve transfers even to the most remote areas, sometimes with no or limited coverage by financial institutions. In recognition of these risks a strong capacity building agenda will be included.
- ***Project design risks.*** The level of project complexity is a challenge given the weak capacity of the implementing agency *MASSN*. The design complexity can be an issue for the technical team since it will combine development of a large scale system while launching a cash transfer program. Further the project requires coordination with supply side services in the areas of health and nutrition. Moreover, to reach the large number of households with a sophisticated payment system needs to be put in place. Targeting is also complex in an environment where poverty is pervasive. The Project Implementation Manual (PIM) will be carefully developed to delineate all administrative and operational aspects of the project including clear roles and responsibilities of all players.
- ***Fiduciary and accountability arrangements.*** Due to the capacity challenges explained above, there could be risks associated with fiduciary (financial management and procurement) and accountability mechanisms, given that there has not been a strong record of satisfactory performance in-country on these specific areas. Fiduciary capacity at *MASSN* is considered weak and the related financial management and procurement risks are substantial and high respectively. Detailed mitigation measures are listed on Annex 3.

VI. APPRAISAL SUMMARY

[28] See Annex 6 and World Bank, 2011. "Burkina Faso Social Safety Nets", Report number 54491-BF.

A. Economic and Financial Analyses

48. **The economic analysis in Annex 6 shows that the project is cost-effective.** The economic analysis of the cash transfer component shows that the level of transfer (on average FCFA 10,000 per month per household) is: (i) commensurate with international experience (12 percent of the poverty line[29], 16 percent of expenditures for rural households in the bottom two deciles, and 20 percent of rural households' food expenditure levels); (ii) likely to have a significant positive impact on the level of poverty and food insecurity (see impact analysis in Annex 6); and (iii) efficient compared to other kinds of safety nets, in particular direct food aid and price subsidies.

49. **The needs of the poor and most vulnerable in Burkina Faso are significant, but the costs of meeting them are sustainable.**[30] This project with its contribution of US$50 million will cover 40,000 households (316,000 people) with the cash transfer program. The total cost of the cash transfer program component will be around US$33 million or FCFA 16.5 billion. The remaining US$17 million covers the accompanying measures program and investment in the safety net system building. The average annual project cost will be equivalent to FCFA 50 billion (0.09 percent of GDP in 2012). This will not increase the current ggovernment annual expenditure for safety net programs by a significant amount and will establish a foundation for a sustainable safety net system that can help chronically poor and vulnerable households and those affected by malnutrition. A scaled up, national level program transferring of FCFA 10,000 per household per month over 36 months to 15.3 percent of the population (which constitutes half of all households that are classified as chronically poor, about 290,000 households) would cost approximately FCFA 44 billion per year (25 percent of which would be administrative costs). This is equivalent to 0.78 percent of GDP, which would be sustainable given the current level of government expenditure on safety net programs, including universal subsidies.

50. **A set of simulations has shown that a monthly household cash transfer of FCFA 10,000 could produce a significant reduction in the poverty gap as well as a reduction in the chronic poverty headcount.** *Ex-ante* simulations of the potential impact of the cash transfers on poverty under a range of scenarios with different transfer benefit structures and targeting methods are presented in Annex 6. An average monthly transfer of FCFA 10,000 targeted to *half of all* of the chronically poor rural households (290,000 households) can be expected to result in a reduction of around 21 percent in the chronic poverty rate and a reduction of 17 percent in the poverty gap nationwide. These estimates may vary depending on the final targeting method and its implementation efficiency as well as other implementation related aspects. These are *ex-ante* simulations, and the *ex-post* evaluation should be able to confirm the project outcomes. See Annex 6 for details.

B. Technical

51. **The project's design follows proven best practices in the region.** The beneficiaries of cash transfers will be selected using a structured combination of targeting methods (geographic,

[29] In 2009 the poverty line was CFA 130,735 per person per year (US$0.72/ per person per day).

[30] According to the CPF 2013-19 the fiscal position is projected to be sustainable in that revenues should increase enough to pay for higher spending, particularly on investment. The amounts needed to address food security needs may, however, hurt the fiscal position.

community-based, categorical, and proxy means testing). This approach is an effective way to channel limited resources to the poorest households that are also at risk of from child malnutrition. Community-based targeting especially has been successfully tested in rural Burkina as a way of identifying the absolute poorest (indigents). The payment system will make use of the latest developments in payment processes and centrally managed information systems. The selection of payment agencies is based on an assessment, undertaking during preparation, of providers available in the project areas. Households receiving the cash transfers will also benefit from accompanying measures that will encourage them to improve the nutritional status of their children based on lesson from other safety net and nutrition projects in Africa and elsewhere. Grievance redress mechanisms will be set-up early in program development to ensure that beneficiaries can question program processes and decisions and to build social accountability. In addition, the grievance system will be part of the program's monitoring system and program management will systematically track problems and their resolutions.

52. **The cash transfer program will build on experiences from other programs in Burkina Faso and elsewhere.** This includes building on Burkina Faso's own experiences such as from the CCT pilot, the WFP programs, and the ongoing Reproductive Health Project. The project will also build on the experiences from other transfer programs in other countries such as those in Niger, Senegal, and Djibouti which also have strong focus on improving nutrition and food security. The project draws from these experiences in setting design parameters such as transfer level, gender of recipient, accompanying measures and follow-up of beneficiaries. In addition, the project will seek to maximize synergies on the ground with the Reproductive Health Project in the overlapping areas of implementation related to communication and community-based targeting and organization. Coordination with other supply side services related to food security, such as by the WFP, will also be sought. The design of the accompanying measures is based on a study, undertaken in 2013-14, which identified existing supply side services in the project regions and the potential implementation structures.

C. Financial Management

53. In accordance with the Financial Management Manual for World Bank-Financed Investment Operations that became effective on March 1, 2010, the Financial Management arrangements of the project have been reviewed to determine whether they are acceptable to the Bank. An implementing unit (*UG*) under the authority of the *MASSN* will have the overall financial management responsibility of the project implementation. The financial management staffing and systems will be set up to ensure adequate financial management of this operation.

54. As a result of the financial management capacity constraints, the following actions need to be completed to ensure that the ministry has adequate Financial Management (FM) arrangements to handle the activities under the project: before effectiveness (i) recruit a financial management specialist; and (ii) develop the administrative, accounting and financial procedures to be included in the PIM. As dated covenants, the *MASSN* will (i) recruit an accountant, a financial management assistant and an internal auditor within two months of effectiveness, (ii) purchase and install the accounting software multi-site features to ensure production of quarterly and annual financial statements within 3 months of effectiveness; (iii) within 6 months of effectiveness, recruit an external auditor to audit the projects annual financial statements.

55. Prior to payments of cash transfers to beneficiaries, qualified payment agencies widely represented in the regions targeted will be selected through a competitive process to make cash transfers to approved beneficiary households. Contracts will be signed between the *UG* under the oversight of the *MASSN* and the payment agencies for distributing funds to beneficiaries. Funds will be transmitted from the project's designated accounts to the payment agencies, and thereafter the payment agencies will make the transfers directly to approved beneficiary households under the cash transfer program.

56. Corruption and poor governance are acknowledged to be issues in Burkina Faso. Additional measures will be incorporated in the project design to ensure smooth implementation and mitigate fraud and corruption risks:

- A thorough information campaign to promote transparency and accountability to beneficiaries throughout project implementation;
- The recruitment of payment agencies on the basis of their qualifications and representativeness to ensure fluidity of funds to beneficiaries and a rigorous management information system for reporting to improve project performance;
- The financial controllers will pursue the ex-ante control as per the national public financial management arrangements and quarterly internal auditing reports of the project.

57. The conclusion of the assessment is that the financial management arrangements will meet the Bank's minimum requirements under OP/BP10.02 once the mitigation measures are implemented. Once the proposed actions are undertaken the residual financial management risk of the project will be revised and rated as ***substantial.***

D. Procurement

58. Procurement for the proposed project would be carried out in accordance with the World Bank's "Guidelines: Procurement of Goods, Works, and Non-Consulting Services[31] under the International Bank for Reconstruction and Development (IBRD Loans and IDA Credits & Grants by World Bank Borrowers" published by the Bank in January, 2011 and "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" published by the Bank in January, 2011, and the provisions stipulated in the Financing Agreement. For each contract to be financed by the credit, the procurement plan will define the appropriate procurement methods or consultant selection methods, the need for pre-qualification, estimated costs, the prior review requirements, and the time frame. The procurement plan was formally approved during negotiations. The procurement plan will be updated at least annually, or as required, to reflect the actual project implementation needs and improvements in institutional capacity.

59. Procurement activities for the project will be carried out by the implementation unit (*UG*) created within the *MASSN*. The main procurement activities for the project will consist of office

[31] Non-consulting services are defined as "...services in which the physical aspects of the activity dominate, such as drilling, mapping, and similar operations, and which are bid and contracted on the basis of performance of a measurable physical output".

equipment, vehicles, studies, advisory services, surveys and audits. "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA and Grants" dated October 15, 2006 and updated in January, 2011 (the Anti-Corruption Guidelines) shall apply to the project.

60. Assessment of Procurement Capacity and Risks: Formally the Ministry does have a Procurement Department (called the *Direction des Marchés Publics*, DMP), which has oversight on the project procurement. However the procurement assessment conducted during appraisal shows that the *DMP* normally has only carried out simple procurement activities, which are lesser in complexity and volumes of transactions than those proposed in the project. The procurement assessment shows that (i) the *DMP* is not sufficiently staffed and is overloaded; (ii) the existing staff have limited qualifications, procurement skills and insufficient experience in Bank procurement procedures; (iii) the *DMP* is located in a small office space, with limited office furniture and equipment; (iv) the Tender committee is not trained in the Bank procurement procedures, (v) there are significant time delays in procurement process; (vi) the filing system in place is not acceptable. The unmitigated risk is considered to be ***high*** and the main risks are delays in the project implementation and poor results.

61. Mitigation of Procurement Risks: To mitigate the risks, it is proposed to: (i) prepare a project manual which include the procurement procedures applicable to the project and a clear description of responsibilities and their delegation for procurement decision making; (ii) recruit an experienced procurement specialist who will be positioned inside the *UG* and will be responsible for the overall procurement activities; (iii) assign additional staff to the *DMP*, (iv) organize training clinics for *DMP* and the members of the Tender committee, and send selected individuals to formally organized external training course; and (v) set-up at the *UG* an acceptable filing system which will be well described in the project implementation manual. With these mitigation measures the procurement risks are well addressed and adequate procurement arrangements will be in place for the project.

E. Social (including Safeguards)

62. **The project is expected to have a positive social impact by improving household income and behavior related to nutrition and preventative health practices in targeted communities.** On the basis of pre-determined criteria, the project will target the poorest and most vulnerable communities, specifically by providing cash transfers as well as by providing community awareness related to nutrition and other aspects of human capital and essential family practices for longer-term social benefits to adults and children in the area. As the cash transfers will be paid to a woman (see the National Household Survey (*Enquête Intégrale sur les Conditions de Vie des Ménages*, *EICVM*) definition of a household in footnote 39) positive impacts on the empowerment of women are also expected while both women and men will participate in the community events related to nutrition and family practices.

F. Environment (including Safeguards)

63. **The project is a Category C project,** because no civil works will be undertaken and no adverse environmental or social impacts are expected. The project does not require any land

acquisition leading to involuntary resettlement and/or restrictions of access to resources and livelihood. No safeguards policies are triggered as indicated in the table below.

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP 4.01)	[ ]	[X]
Natural Habitats (OP/BP 4.04)	[ ]	[X]
Pest Management (OP 4.09)	[ ]	[X]
Physical Cultural Resources (OP/BP 4.11)	[ ]	[X]
Involuntary Resettlement (OP/BP 4.12)	[ ]	[X]
Indigenous Peoples (OP/BP 4.10)	[ ]	[X]
Forests (OP/BP 4.36)	[ ]	[X]
Safety of Dams (OP/BP 4.37)	[ ]	[X]
Projects in Disputed Areas (OP/BP 7.60)	[ ]	[X]
Projects on International Waterways (OP/BP 7.50)	[ ]	[X]

Annex 1: Results Framework and Monitoring
Burkina Faso: Social Safety Net Project

Results Framework

Project Development Objectives

PDO Statement

The project development objective (PDO) is to provide income support to poor households and to lay the foundations for a basic safety net system in Burkina Faso.

These results are at	Project Level

Project Development Objective Indicators

Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection
				YR1	YR2	YR3	YR4	End Target			
The share of households benefitting from the cash transfers who belong to the 2 poorest quintiles	☐	Percentage	0.00	0.00	40	50	60	60	Once, after the beginning of CT payments	PMT at identification and follow-ups measured against baseline evaluation data	UG
Direct project beneficiaries	☒	Number	0.00	0	50000	150000	250000	316000	Yearly	MIS	UG
Female beneficiaries	☒	Percentage Sub-Type Supplemental	0.00		50	50	50	50			
The definition and publication of a targeting mechanism,	☐	NA	Targeting process defined in PIM	PMT available	Targeting system operating in the areas where CT rolled out	Targeting system operating in the areas where CT rolled out		Targeting system operating in all CT areas and at least one	Years 1, 2, 3 and end of project	System assessment	UG

used by the CT program and adoptable for other programs								memorandum of understanding with another program available			
The number of cash transfer beneficiary households with information stored in a registry with data sharing protocols available for other pr		Number	TBD	Beneficiary registry available	5,000 CT beneficiary household registered	10,000 CT beneficiary household registered		40,000 CT beneficiary households registered and at least one data sharing protocol available	Years 1, 2, 3 and end of project	System assessment	UG

Intermediate Results Indicators

Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection
				YR1	YR2	YR3	YR4	End Target			
The per capita consumption level of the households benefitting from the cash transfers (% increase)		Percentage	TBD					15.00 increase from baseline	Once, year 4	IE	UG and WB
Timely transfer of cash benefits		Percentage	0.00	0.00	50	60	70	80	Every 6 months	MIS, beneficiary assessment	UG

Beneficiary households participating in accompanying measures		Percentage	0.00	0.00	60	70	80	80	Every 6 months	MIS	UG
Payment system operational		TBD		Payment study	Payment pilot, module designed	Payment module functional		Payment module functional	Year 1, 2, 3 and end of project	MIS, audit, system assessment, beneficiary assessment	UG
Institutional coordinating mechanism functioning		TBD	TORs of CNPS and UG available	UG fully staffed	Quarterly meetings of the CNPS	3 regional offices fully staffed according to PIM			Year 1, 2 and 3	System assessment, audit	UG
Frequency of publication of monitoring reports		Months	0	Every 6 months	Every 6 months	Every 6 months	Every 6 months	Every 6 months	Every 6 months	MIS	UG
Cash transfer program management expenses as share of total cash transfer program expenses		Percentage	0.00			40	30	25	Every 6 months	MIS	UG
Government contribution to safety net programs		Percentage	Costs related to project preparation	Costs related to regional focal points and special committees	Operational costs related to the implementation of the project	Operational costs related to the implementation of the project	Operational costs related to the implementation of the project	Operational costs related to the implementation of the project	Every 6 months	MIS	UG

Results Framework

Project Development Objective Indicators

Indicator Name	Description (indicator definition etc.)
The share of households benefitting from the cash transfers who belong to the 2 poorest quintiles	Measures targeting effectiveness of the CT program. Baseline data defined by the initial IE or household survey in the project areas.
Direct project beneficiaries	Direct beneficiaries are people or groups who directly derive benefits from an intervention (i.e., children who benefit from an immunization program; families that have a new piped water connection). Please note that this indicator requires supplemental information. Supplemental Value: Female beneficiaries (percentage). Based on the assessment and definition of direct project beneficiaries, specify what proportion of the direct project beneficiaries are female. This indicator is calculated as a percentage.
Female beneficiaries	Based on the assessment and definition of direct project beneficiaries, specify what percentage of the beneficiaries are female.
The definition and publication of a targeting mechanism, used by the CT program and adoptable for other programs	An effective targeting mechanism is: capable of selecting poor beneficiaries, accepted by the community, cost-effective in targeting beneficiaries
The number of cash transfer beneficiary households with information stored in a registry with data sharing protocols available for other programs	TBD

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Intermediate Results Indicators

Indicator Name	Description (indicator definition etc.)
The per capita consumption level of the households benefitting from the cash transfers (% increase)	Baseline and endline per capita consumption measured by IE
Timely transfer of cash benefits	% of beneficiary households receiving transfers as per PIM guidelines

Beneficiary households participating in accompanying measures	% of households
Payment system operational	TBD
Institutional coordinating mechanism functioning	TBD
Frequency of publication of monitoring reports	WB assessment of timeliness and quality of reports produced and transmitted
Cash transfer program management expenses as share of total cash transfer program expenses	Program management expense: ratio between operating expenses and total annual expenditures for the cash transfer program (as specified in the PIM)
Government contribution to safety net programs	The government's contribution is estimated at FCFA 2.5 billion for the duration of the project

Annex 2: Detailed Project Description
Burkina Faso: Social Safety Net Project

Project Objectives, Log-frame, and Expected Results

1. The Project Development Objective (PDO) is to provide income support to poor households and to lay the foundations for a basic safety net system in Burkina Faso.

2. The project proposes to focus on the development of a safety net system that will initially consist of one key intervention: a national cash transfer program with accompanying nutrition awareness measures (component 1). The cash transfer program will strive to reach the poorest (30.6 percent of the population who fall below the chronic poverty line) households that live in areas with high prevalence of chronic malnutrition (as defined by child stunting or low height-for-age, for which national prevalence is 29.6 percent). The project will mainly operate in rural areas but may also include some peri-urban areas. The project will also develop key administrative building blocks (such as the Management Information Systems (MIS), a registry, a payment system, a Monitoring and Evaluation (M&E) system, and targeting methods) through which safety net programs in Burkina Faso can be managed and coordinated (component 2).[32]

3. In parallel to the proposed project, a labor intensive public works program is being implemented by the World Bank-supported Youth Employment and Skills Building project (P130735). The design of the key administrative building blocks that are being prepared in the proposed project (component 2) will take into account their future use by the public works program and other key safety net programs, such as school feeding, health-fee waivers and food vouchers so as to coordinate the ways the programs operate and improve their impacts on both chronic and temporary poverty.

4. Empirical evidence confirms that cash transfers and accompanying measures can have a significant development impact. Most safety net programs focus on reducing current levels of poverty. However, they may also have the potential to increasing household productivity by changing risk management strategies and labor allocation, relieving credit constraints and thus may contribute to reduce poverty in the long-term. Cash transfer programs can help poor families invest in the human capital of their children through more regular school attendance. While evidence across countries shows that the bulk of the transfers goes towards greater and better food consumption, improving consumption could however be considered productive in itself, as for instance, better nourished children are healthier and more ready to learn, thereby improving their future prospects. Cash transfers by themselves have been proven to lead to increased household spending on health care, education, improved food security, as well as to economic

[32] One important aspect for the proposed safety net system would be its capacity to expand its coverage in response to shocks. The expansion can be achieved by: (i) increasing the level of transfer given to current beneficiaries; (ii) expanding the number of beneficiaries of the cash transfer program albeit only for specified period of time; and/or (iii) providing additional employment opportunities in public works activities or livelihood protection to vulnerable households. Any additional support to safety net systems in Burkina Faso may consider strengthening the shock protection aspect of the system, especially for households vulnerable to climatic and seasonal shocks and temporary food-insecurity. Such an approach will provide significant flexibility for experimentation and learning as the system is gradually constructed and expanded.

investment in South Africa, Ethiopia, Lesotho, Malawi, Kenya and Ghana. While evidence is scarce for West Africa, we expect similar results in Burkina Faso. In addition, encouraging positive behavior, such as through behavior change communication and nutrition education to mothers, has been shown to reduce child malnutrition and, in the long run, increase human capital and even future earnings potential as a result of increased height-for-age.

5. The proposed project will have three components:

Component 1: Cash transfers and awareness programs for poor households (US$38.8 million including contingencies).

6. The cash transfer program will provide small regular transfers to chronically poor households with children and serve as the cornerstone of Burkina Faso's budding safety net system. The transfers, aimed at increasing households' consumption for a period of 3 years combined with accompanying measures to improve the parenting practices and nutrition of the children, will also help households avoid negative coping mechanisms when shocks occur. Providing regular payments over an extended period of time is also expected to help other essential expenditures, such as school-related and health care fees and may help households to retain and acquire productive household and agricultural assets. International evidence indicates that the first 1,000 days of a child's life (from conception) are the most important in terms of nutrition as any deficiencies not resolved by the end of this period are irreversible. In order to also encourage older children to receive adequate nutrition and benefit from routine health check-ups, the targeting range includes all households with children under the age of 15 years old including pregnant women. In rural Burkina Faso almost all poor households have children under the age of 15 years old.

7. ***Program Coverage.*** The program will reach an estimated 40,000 households. The regions and provinces covered by the project will be selected on the basis of their high levels of chronic poverty and chronic malnutrition (based on indicators of stunting or low height-for-age in children under the age of 5) (see Annex Table 2.3 below). These regions include the Est, Nord, and Centre-Est as these are by far the poorest in the country. These regions also overlap with the zones that the government has identified as being at risk of food insecurity and prioritized in the Millennium Development Goal (MDG) Acceleration Framework.[33] Other regions identified by as being food insecure (especially the Sahel and the Centre-Nord) are not covered by the project as they have much lower levels of chronic poverty which suggests that intervention other than cash transfers may be more appropriate for addressing the issues of food insecurity in these regions.

8. The program will be implemented in rural provinces due to the higher prevalence of poverty and food insecurity in these areas, but may also be open to some peri-urban areas. Urban poverty, especially food poverty is also being addressed by World Food Program (WFP) food voucher programs which provided support for around 30,000 households in the two main urban centers in 2010 and 2012 during food price spikes.

[33] UNDP (2012) "Accelerating Progress Towards the MDGs: Eradicating Extreme Poverty and Hunger." http://www.undp.org/content/dam/undp/library/MDG/MDG%20Acceleration%20Framework/MAF%20Reports/RBA/Burkina%20Faso%20-%20English%20-%20Digital%20dp%20-%20sep%2020.pdf

9. ***Benefit Level and Duration.*** Based on the results of the economic analysis (Annex 6) and on the experience of pilot programs in Burkina Faso and elsewhere in Africa, the average total amount of benefits provided will be set around FCFA 10,000 per household per month or FCFA 240,000 per household over a period of 36 months (about US$20 per month, which is equal to approximately 11.8 percent of the average monthly expenditure of households at the poverty line). Each selected enrolled household will be given one transfer payment per pay period. For households with less than five children under the age of 15[34] the monthly average transfer level will be FCFA 10,000 and for households with five children or more the transfer level will be around FCFA 13,000. Selected households will be able to benefit from transfers for a total of 36 months. Transfers may be paid every three months subject to practicalities on the ground. The small, regular payments will enable beneficiaries to stabilize their general household consumption over the period and will also provide them with the opportunity to save some money over the period and invest it in productive activities.

10. ***Implementation Approach.*** The cash transfer program will be implemented in two cycles of 10,000 plus 25,000 beneficiary households each and 5,000 as a contingency (see Annex Table 2.1 for a tentative implementation schedule).

Table 2.1: Number of Provinces and Beneficiary Households

	Approx. Month	**No. of districts/ provinces**	**No. of beneficiary households**
Cycle 1	June 2015	2	10,000
Cycle 2	January 2016	7	25,000
Sub-total	.	7	35,000
Contingency	.	.	5,000
Total	.	7	40,000

11. To create an opportunity to test procedures and build the capacity of the implementation agency over time the program will be implemented in two cycles. In the first cycle, about 10,000 households will be enrolled approximately nine months into the project in a number of provinces/districts in the regions selected. This approach will allow sufficient time for: (i) data collection and the identification and registration of the households; (ii) the baseline round of the impact evaluation in participating and non-participating communities; (iii) conducting an assessment of how systems are functioning. The second cycle will cover 25,000 households in the remaining departments are expected to be enrolled about a year and a half into the project and the provision of benefits will end six months before the project closes. The basic concept is to implement the cash transfer in two cycles and to gradually refine the design and implementation of the program by taking into account the lessons learned from the performance of the previous cycle. This approach will make it possible to launch the first phase using simple procedures and to introduce more advanced procedures as they become available and are tested. For example, the registration and payment system will begin by using paper-based project identification cards that will be replaced as time goes on with electronic and smartcards.

[34] In order to capture children from conception, this would include children in utero.

12. ***Contingency to respond to shocks and changing needs.*** The remaining 5,000 eligible spots will be kept open as a contingency to address changing needs during the project. For instance, benefits may be extended beyond 3 years as a result of the assessment of the condition of the households from cycle 1. Alternatively, the extra funds may be used in case of a sudden crisis for example to temporarily top up benefits to existing beneficiary households or temporarily expand coverage of households in a particular area in response to a shock such as a flood or increases in food prices.

13. ***Sub-components.*** To ensure that households get the maximum benefit from the cash transfer program, complementary measures will be designed and implemented. Activities under component 1 are therefore divided into two sub-components:

- *1.1 Cash transfers.* This sub-component covers: (i) transfer payments to households, and (ii) the administrative costs of the payment agencies. The expected cost of providing the cash transfer to 40,000 households for 36 months is around US$35 million (including contingencies) or 90 percent of component 1.
- *1.2 Accompanying measures.* The objective of the accompanying measures is to improve awareness and behaviors at household level in support of human development, especially child growth and nutrition. These accompanying measures will be limited to demand-side measures and include information on the project's objectives and social and behavior change communication for improved welfare and human capital of the household. The component will support training for and delivery of Social and Behavior Change Communication (SBCC) services, including advocacy, group education, and interpersonal communication and counseling on nutrition, basic health care and sanitation to all households in the participating communities (see below) during the entire period that households benefit from the cash transfers. The component will not support supply-side nutrition interventions such as targeted feeding, nutritional recuperation, food distribution or provision of vitamins or micronutrients. Instead the project will coordinate with existing supply side interventions at village level in order to link cash transfer beneficiaries with nutrition and food security related services. Accompanying measures will account for 10 percent of component 1 costs.

14. ***Subcomponent 1.1. Cash transfers.*** This subcomponent will support the cash transfers to households over the period of the project.

15. **Targeting.** As recommended by the targeting assessment (undertaken by the World Bank in 2013) and on the basis of the lessons learned from the other transfer programs in Burkina Faso and elsewhere in Africa, the project will use a combination of targeting mechanisms. Geographic targeting will be used to select the regions and provinces/districts. Within the selected provinces/districts villages will be chosen randomly. In addition to geographic targeting to select the project areas, other targeting methods will include a combination of simplified Proxy Means Testing (PMT), categorical targeting (households with children below 15 years of age), and community-based targeting in order to verify that the poorest households within the selected villages are selected. Community-based targeting has been successfully tested in Burkina Faso as a way of identifying the poorest.

16. **Selection of Regions, Provinces/Districts, and Villages.** The first level of geographic targeting will select regions based on recently available data on a combination of chronic poverty and prevalence of child chronic malnutrition as measured by stunting or low-height for age (<-2 std). The selected three regions have the highest chronic poverty and stunting levels in the country (Annex Table 2.2). Two of the three regions (East is the exception) also overlap with the World Bank Reproductive Health project. In order to ensure complementarity, the project will operate in the same districts that have been chosen in the health project's second phase. While intraregional variance is small, these districts also have among the highest levels of poverty and malnutrition in their respective regions. In the Est, the project will operate in the three provinces with the highest prevalence of malnutrition according to the National Nutrition Survey (*Enquête Nationale de Nutrition*, *ENN*). The selection of provinces/districts may be further refined and revised based on the poverty map[35] currently under preparation, the ongoing 2014 household survey[36], or based on other participatory methods. Within provinces/districts villages will be randomly selected subject to population size, the number of poor households and accessibility. The random selection of villages will also help as a basis for the impact evaluation. On average, there will be approximately 5,000 beneficiary households in each of the selected provinces. However, as provinces vary in terms of their population and of the numbers of poor within their boundaries, this will result in a varying number of beneficiaries per province.

Table 2.2: Poverty Indicators by Region and Beneficiary Allocation

Region	District Sanitaire/ Province[a]	Population	Chronic poverty headcount (%)[b]	Number and share of national chronic poor	Stunting prevalence (h-f-a, z<-2) (%)	Number of beneficiary households in the region
Nord/ North	Gourcy	1,279,760	53.6	685,951 (15%)	38.2	13,000
	Ouahigouya					
Est/ East	Gourma	1,332,869	51.2	682,429 (15%)	43.1	14,000
	Tapoa					
	Kompienga					
Centre-Est/ Middle-east	Ouargaye	1,236,546	44.4	549,026 (12%)	35.4	13,000
	Tenkodogo					
Total	7	3,849,175	49.8	1,917,406 (41%)	34.9	40,000

Source: EICVM 2009-10

[a] Four health districts in Nord and Centre-Est and three provinces in Est. The Gourcy district is mainly located in the Zondoma province, Ouahigouya in Yatenga, Ouargaye in Koulpelogo and Tenkodogo in Boulgou.

[b] Chronic poverty is defined as the proportion of households whose current and predicted per capita consumptions both stand below the monetary poverty line. The monetary poverty line defined in the 2009 EICVM is FCFA 130,735 per year per person equaling around US$0.72/day assuming exchange rate 500.

17. **Identification of Beneficiary Households.** Within the selected villages, beneficiary households will be identified by a combination of community selection, PMT and categorical

[35] By combining the most recent household survey and census data the Bank is providing support to the government to develop a map of poverty indicators at the region, province and commune/department level in Burkina Faso.

[36] In 2014 the government has started to undertake a new nationally representative household survey.

targeting, and the process will incorporate lessons learned from a number of experiences in Burkina Faso and elsewhere including the WFP voucher and cash for work programs, the Nahouri Conditinal Cash Transfer (CCT) pilot and the Reproductive Health Project. Combining community and statistical methods in the targeting process will both increase the accuracy and enhance the legitimacy of the process. Consistent with the focus on reducing child malnutrition and raising awareness to the benefits of education especially for girls, only households with children under the age of 15 years old or pregnant women will be retained.

18. **PMT.** By using a household survey, the project will apply a PMT to all households in the selected villages. Under the supervision of the Implementing Unit (*Unite de Gestion, UG)* a customized survey will rank households following a formula that will serve as a proxy for their relative poverty level. This method approximates each household's wealth using variables correlated with the level of the household's expenditures. The objective of the PMT and the variables used will be carefully discussed by project staff in each of the selected villages, especially that responding to the survey does not guarantee inscription to the program.

19. The proposed PMT method relies on the analysis of the National Household Survey (*Enquête Intégrale sur les conditions de vie des ménages, EICVM*) 2009-10[37] database that defines key variables (area of residence, household demographic characteristics, housing conditions, and household assets) to estimate a correlation with an observed level of consumption using an econometric model. The computation of the PMT score is based on weights derived from the econometric models. Thus, the formula for the calculation of the household PMT score is:

$$(Score\ PMT)m = Constant + \Sigma[(value\ of\ variable)k,m*(weight)k]$$

where k represent the variables in the model. The weights represent the coefficients of the selected variables obtained from the econometric model. Households will be ranked from the poorest to the better off using the resulting PMT score. The PMT cut-off will be set by the management unit to yield the desired number of beneficiaries and will minimize inclusion errors associated with the different levels of poverty within regions. The targeting procedures will be revised after the first cycle and when new information is available to take into account the performance of the targeting system.

20. **Questionnaire.** Based on a targeting study undertaken in 2013 using EICVM 2009-10 data the PMT questionnaire will gather the following data on households: (i) general information; (ii) a list of household members; (iii) the characteristics of the head of household and other household members; (iv) housing conditions; and (v) ownership of assets. The questionnaire will be administered to all households in the communities to avoid errors of exclusion by restricting some groups from the process. These household surveys will be conducted by an experienced organization that will be recruited for this purpose. The interviewers will be trained to minimize interview bias and to ensure that the questionnaires are completed accurately. A supervisor will crosscheck the questionnaires to identify any irregularities. Verification of the completeness of the forms will take place both in the field and during data entry by the supervisors of the data collection team and the project staff. The project

[37] May be updated with new household survey data if they are available in time for the project.

will attempt to use Personal Digital Assistants (PDA) (small computer devices) or tablets to collect and enter data in the field. Initial procedures and methods will be kept as simple as possible, and will be improved and refined over the course of the project. The information of the PMT questionnaire will form the basis of the registry. Each household will be provided with a unique identifier linked to the household recipient ID number (see paragraph on registration).

21. **Community participation.** Village committees[38] consisting of recognized representatives of their villages will be tasked with validating the final list of households retained by the PMT method based on a number of clear criteria. By doing so, they will be able to add a small percent of households to the list which may have been left out by the PMT as well as remove some households who are not considered poor and who are thus ineligible for the program. The community participation in the targeting process should help minimize inclusion and exclusion errors and increase the community's involvement in the cash transfers program. It will also enhance the transparency and ownership of the beneficiary selection process.

22. **Household Definition.** For the purpose of this project a household will be defined according to the definition used by the EICVM, 2009-10.[39] In Burkina Faso the average household size is about 7.8 for a household at/or below the poverty line ranging between 5.6 in Centre-Ouest and 10.6 Centre-Nord.

23. **Registration Process.** The registration process will take place after the proposed beneficiaries have all been selected in a given village. The objective of registration will be to: (i) identify the specific individuals who will collect the payments; (ii) provide them with picture identification cards; and (iii) provide them with information on the co-responsibilities that the household should carry out during the program period. Registration will take place in the presence of the village and commune representatives and the project field operators. The names of people to be registered will be read out during a community meeting and posted in the commune office and in community spaces if available.

24. **Benefit Recipients.** The transfer will be delivered to one woman as a representative of her household where applicable (according to the definition of a household in footnote 39). In the case of polygamous households where several women share the same meals (or take turns cooking) the household will be asked to nominate the woman/women as well as an alternate in case she is not able to collect the transfer at any given time (for example due to illness or death).. Between 35-60 percent of households in the selected regions are estimated to be polygamous but only in a small share of these do several women share the same meals (EICVM, 2009-10). Experience in Africa and in other regions shows that most often delivering benefits to women increases the likelihood that all members of the household (and particularly the most vulnerable, such as children and the elderly) will benefit from the transfer. In addition, since women are the

[38] The Comité Villageois de Développement (CVD) could play this role.

[39] "An (ordinary) household is the a set of persons, related or not, living under the same roof (or in the same compound), sharing the same meal, recognizing the authority of a single individual named head of household, and whose resources or expenses are also common or at least in part. [....] Many women of the same husband living together and sharing the same meal constitute a single household. If they live together and do not share the same meal or if they do not live together, they constitute separate households. Polygamous men will be identified in the household where they spent the night before the day of the identification of the household."

ones responsible for feeding the children, providing the funds directly to women increases the chance that they will be used to improve the nutritional intake of children.

25. **Beneficiary Personal Identification Cards.** Personal identification cards are necessary for the recipient to verify identity and thus receive their transfer payments but they also help to ensure transparency and protect the program against fraud. The goal of the project is to issue the designated recipients for each household with an electronic beneficiary identification card on which will be stored the beneficiary recipient's essential information (and biometric information such as fingerprinting if necessary). The identified recipient will be required to produce that card when she collects the cash. The recipient identification cards will be produced by the project and will include the picture of the woman who will receive the transfer, personal data, and an identification number. Information will be collected and photos will be taken during the registration process. The management unit will ensure the confidentiality of the information gathered through this process. The project is likely to use paper identification cards at the beginning of the project and gradually move to using magnetic and smartcards as capacity increases and processes are developed.

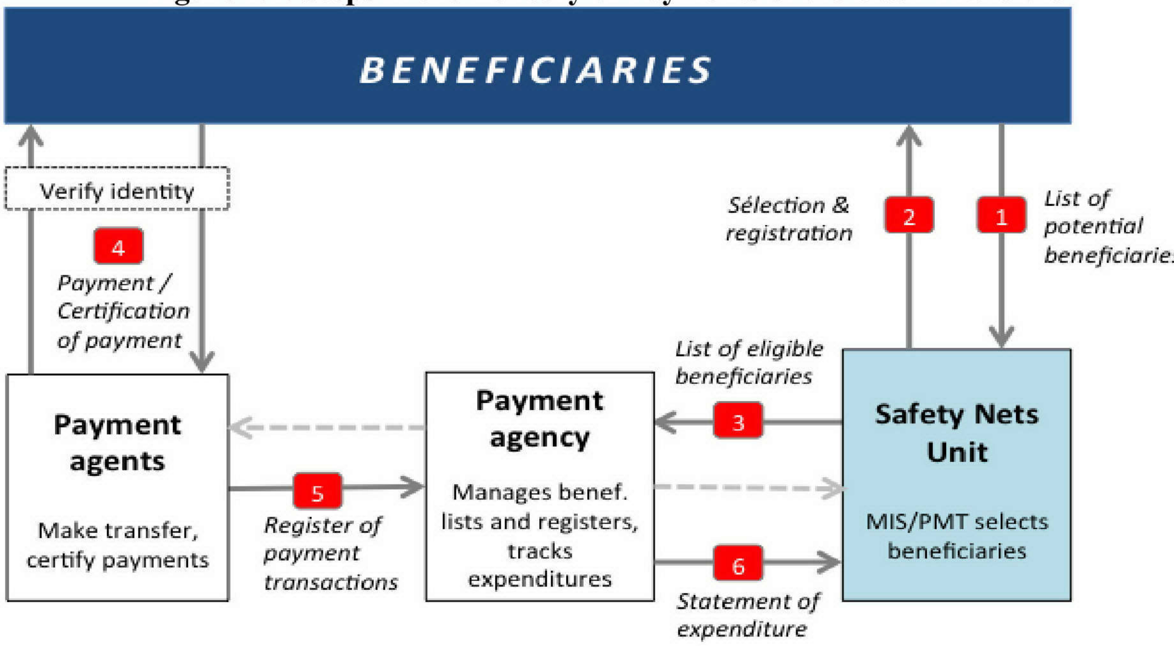
26. **Data Collection, Storage, and Management.** The registration process will be conducted by an independent entity. During the registration process, beneficiaries' information will be recorded on electronic devices (such as tablets or laptops with card readers). This information will then be transmitted confidentially to the management unit's beneficiary database for the project and will be included in the registry. This database will contain all of the information related to the registration of beneficiaries and their updates as well as their payment information. It will also contain information on the other households that were surveyed during the PMT survey but who were not eligible for the cash transfer project. The development of unique identifier numbers for each household included in the registry is crucial for coordinating different safety net and other social programs using the database.

27. **Payment Systems.** A payment system will be established in accordance with international best practice adapted to local capacity and the availability of payment providers and infrastructure available in the three project regions. It will make use of the latest developments in payment processes and centrally managed information systems. A "cash working group" has been formed in Burkina Faso made up of various agencies involved in providing cash transfers to households. This group is in the process of reviewing options for making cash transfers more efficient and secure including the possibilities of using mobile technologies and the project will use this input into its selection of payment solutions. The payment system's challenge is to distribute the correct amount of benefits to the right people at the right time and with the right frequency while minimizing transaction costs for both the program and the beneficiaries. The payment system will be compatible and integrated with other operational processes such as the selection and registration of beneficiaries, the preparation of the list of beneficiaries to be paid, and the reconciliation of accounts through the management information system.

28. The payments will be made in partnership with the financial institutions responsible for delivering the payments to beneficiaries. The system will be computerized and integrated with the MIS. The objective is to deliver the actual payments using a combination of Information and Communication Technology (ICT) technologies including smartcards and mobile phones depending on their availability and feasibility. However, at the beginning of the project the

payments may have to be made in cash in case current technologies are not ready to be used for a transfer program of this scale. Annex Figure 2.1 shows the steps involved in the payment process and the flow of information and funds.

Figure 2.1: Steps in the Delivery of Payments of the Cash Transfers



Step 1. List of potential beneficiary households. Information on potential beneficiary households in the selected villages is collected and entered in the registry or MIS, and beneficiaries are selected for the program according to the PMT formula and other criteria specified in the PIM.

Step 2. List of recipients to be registered. Once the list of beneficiaries has been determined, it is used in the field to guide program staff in registering all of the selected recipients for each household and providing them with program identification cards.

Step 3. List of recipients to pay. The management unit provides the list of recipients and instructions to the agency or agencies responsible for making the payments to recipients. The central office of the payment agency is responsible for sending a hard or electronic copy of the payment list to its local payment agents.

Step 4. Payment and certification of payment. After verifying the recipient's proof of registration (by examining her program identification card or smartcard) and after validating her name and ID number on the beneficiary list, the payment agent distributes the money and records the transaction, either by hand or electronically using an ICT interface still to be developed. If the payment is mobile based verification will be accounted for at registration in the mobile system.

Step 5. Registration of payment transactions. The agents send the information on these transactions to the payment agency, which in turn sends it on to the management unit. At the management unit, the information is recorded against the payment list so that the actual payments can be reconciled with the list of recipients to be paid.

Step 6. Transmission of the statement of expenditure: At the end of each payment cycle, the payment agency will send to the management the status of all disbursements made in each village, specifying any payments that were not made.

29. **The Flow of Funds.** At the time of the first transfer payment, the management will authorize the transfer of the monetary equivalent of two cash payments from the designated account to the bank account of the payment agency or agencies (and the corresponding administrative fee for one cycle). For the subsequent payments, the management unit will authorize the transfer of funds necessary for one payment cycle (three months) after verifying the agency's statement of expenses regarding the previous payment cycle. It is the responsibility of the payment agency to transfer these funds to their agents in the field.

30. **Payment Agencies.** The project will use a small number of payment agencies to provide payments to beneficiaries. The selection of payment agencies will be informed by a study, undertaken during project preparation, outlining the various agencies and resources available, and their pros and cons in the project areas. These agencies may be selected in each region based on the number and capacity of agencies in the region, their proposals as well as the needs of the project in that region. A number of institutions may be considered, including, among others, private and public banks, microfinance institutions, *SONAPOST*, *Caisse Populaire*, and mobile telephone companies. The management unit will select the payment agencies to be involved in this project in accordance with Bank procedures. The selected agencies will sign a performance-based contract with the management unit that defines the objectives of the collaboration and their roles and responsibilities. The selected agencies will ensure the delivery of the transfers to the beneficiaries and assume any risk associated with transporting and handling the cash. The staff of the payment agencies will be given training by the management unit on the project implementation manual and on the project's fiduciary requirements and will be required to use the payment procedures specified in the PIM.

31. **Communication, Accountability, and Grievance Management.** The grievance system will be operational from the targeting stage and will enable the public to communicate with program managers about any problems related to the implementation of the component. The objectives of this system are to address exclusion and inclusion errors in targeting, identify late, incomplete or missing payments, and raise any issues regarding program operations, staff and authorities' behavior, nutrition awareness and training activities. In accordance with information and communication procedures developed by the project, field operators in collaboration with local authorities will hold regular meetings to inform communities about the project's objectives, activities, and progress. Community information and awareness campaigns will be conducted throughout the life of the project. This will be an important step in ensuring that communities understand the project and that program management at the local and central level can investigate and take appropriate actions to address complaints. The complaints and grievance system will enhance the transparency of the project management and its accountability to beneficiaries and stakeholders.

32. **Graduation/exit strategy.** The project will explore different strategies by which households could be linked to complementary activities to further strengthen the resilience of their livelihoods beyond the three year mark. Lessons from other safety net projects in Africa and other developing countries suggest a number of measures by which the households could be assisted to become more productive. For instance, young adult household members may be included in the economic training related to income-generation as part of the accompanying measures; and/or young adults may be eligible for public work activities offered by the Youth Employment and Skills Development project.

33. ***Sub-component 1.2: Accompanying Measures/Soft Conditions.*** The aim of the accompanying measures is to improve the awareness and behavior of households in the areas of human development and to maximize the impact of the cash transfers on the welfare and productivity of households. In the long run, accompanying measures also aim to increase the probability of the households breaking the intergenerational cycle of poverty, reducing the incidence and risk of child malnutrition, and improving human development outcomes related to MDGs 1, 2, 4, and 5. As such, the accompanying measures include dissemination of information on the purpose of the cash transfer to improve the overall welfare and human capital of the household and encourage the household to provide proper nutrition for their young children, invest in the schooling and health care of their household members, and if possible make some investments in small productive household assets.

34. The design of the accompanying measures is based on a study, undertaken in 2013-14, which identified existing supply side services (such as for nutrition and health care) in selected project regions and documented local administrative structures and incentive systems to lay out the potential implementation structures. The project will support the training for and delivery of Social and Behavior Change Communication (SBCC) services to raise awareness among stakeholders and beneficiaries, change attitudes in favor of positive behaviors, and enhance knowledge on the benefits and the "how to" of adopting positive recommended practices. SBCC is an approach which seeks to promote a social consensus on and adoption of recommended practices in such a way that these practices become part of social norms and values. Accordingly, SBCC is a method which enables sustainable behavioral change with the beneficiaries. All household and community members (authorities, peers, grandparents, etc.) that may influence the decisions related to human development behaviors will be identified and involved. The SBCC includes advocacy to local authorities, community mobilization and organization, interpersonal communication and counseling, group discussion and education, home visits, and dissemination of key messages through local radio stations. The project will support: the training of agents; the provision of communication materiel; the organization of meetings, discussion groups and home visits; and radio broadcasts.

35. The communication services work as soft conditions, which mean that certain improvements notably changes in household behaviors are sought through convincing behavior change communication that build ownership and confidence rather than obedience. Accordingly, no household will be reprimanded for their failure to meet project expectations. Starting at the time when households are registered for the program and lasting throughout the period that the program operates in each village the following specific activities will be provided:

a) *Information campaigns and 'soft conditions' at registration.* Beneficiary households being registered will be given information about the project's objectives and functioning and on the purpose of and expected results from the cash transfers. Beneficiary households will be encouraged to commit to taking a number of positive actions and behaviors – 'soft conditions' or co-responsibilities related to human capital investment, in particular those that ensure proper nutrition of young children, or the investment of small household assets to be determined during program preparation.

b) *Information, Education, Communication (IEC) services.* These will be open to both beneficiary and non-beneficiary households in participating communities. Beneficiary households will be encouraged to participate in these sessions as soft conditions although failure to attend will not result in with-holding payment. Interventions identified as being most relevant to the project will be supported, including the promotion of good nutrition for pregnant women and children 0-23 months, mental development activities for children 24-59 months, promotional activities for the education of children ages 5-15, and activities for strengthening the empowerment and productivity of mothers.
   - *Promotion of good nutrition for pregnant women and children 0-23 months.* Based on key interventions published in the Lancet Series on Maternal and Child (Under) Nutrition of 2008 and 2013 and retained in the global strategy for Infant and Young Child Feeding (IYCF), the project will support SBCC interventions for the promotion of: (i) antenatal care, (ii) dietary intake of pregnant and lactating women, (iii) timely initiation of breastfeeding, (iv) exclusive breastfeeding for the first 6 months, (v) continued breastfeeding up to 24 months, (vi) appropriate complementary feeding from 6 months onward, (vii) intake of micronutrient-rich foods, and (viii) food hygiene practices. Since many practices and behaviors are part of a social complex, SBCC interventions will be aimed at: (i) pregnant women and mothers and caregivers of young children; as well as (ii) decision makers, opinion leaders and other people in the household and the community who influence the behavior of pregnant women and caregivers such as grandmothers, mothers in law, fathers, community and religious leaders, and local authorities.
   - *Stimulation/cognitive development of children 24-59 months.* In order to stimulate children's cognitive development the project will strengthen parenting skills of mothers, fathers as well as other caregivers such as grandmothers.
   - *Awareness raising for schooling of children 5-15 years.* The project will reinforce messages to enroll children, especially disadvantaged girls, in school and will provide information to parents on how to register and maintain their children in school.
   - *Economic empowerment of able bodied adult members.* The project will support all adult household members, with a focus on women and youth, with training activities related to income-generating activities.

c) *Coordination with supply-side interventions.* The project will coordinate with existing structures and programs, such as health outreach workers, agricultural extension workers, social protection agents, other public service providers, NGOs, and local authorities, that provide supply-side services pertaining to food, micronutrient and health care provisions to enhance access for beneficiaries and other community members, and avoid the creation of parallel structures. In areas where the Reproductive Health Project is operating this coordination will mainly take place through the health outreach workers in project areas.[40]

36. **Items Financed by this Component.** This component will finance the cash transfers provided to beneficiary households (including payment agency fees) and the costs associated with carrying out the accompanying measures (the administrative costs of the cash transfer program and the accompanying measures are included in component 2). In sum the costs will cover: (i) the cash transfers to beneficiary households; (ii) the costs of delivering the payments including payment agency feeds; and (iii) the costs of providing the accompanying measures to be carried out. By the time the system is established, the total administrative cost of implementing the cash transfer component, excluding the accompanying measures, is expected to be less than 25 percent of the value of the transfer.

Component 2: Laying the foundations for a basic national safety net system (US$6.6 million including contingencies).

37. This component will support the establishment and piloting of the key building blocks for a coordinated national safety net system. Subsequently, as the systems are used by the cash transfer program and as other safety net programs are becoming coordinated into a national system, the building blocks will be scaled up so that they can be used by other programs. Because improving current systems and building new ones is a dynamic process which involves designing, testing, and implementing tools over a number of years, this component will be implemented throughout the whole project period in parallel with component 1, which put the systems into operation through the cash transfer program.

38. **Sub-components.** To ensure that systems are established, updated and used for the purposes of the cash transfer program and other programs the activities under component 2 are divided into four sub-components:

39. ***Sub-component 2.1: Establishing systems for the cash transfer program.*** This component will first support the development of the building blocks for the cash transfer program, as the core pillar of Burkina Faso's safety net. The most important building blocks for coordinating and operating safety net programs are a) an effective targeting system for identifying potential beneficiary households; b) a registry of these households to be used by the different safety net programs; c) a management information system linking the different interventions and the different levels of operations of program implementers; d) a secure and efficient payment system for making and validating payments; e) an M&E system to allow evidence based policy making and adjusting system functioning over time, which would include an audit and f) a grievance redress mechanism including formal and social oversight

[40] In line with the outsourcing strategy of the Ministry of Health, the project will seek to collaborate with community health workers and Community-Based Executing Organizations (OBCE), trained by the District Health Officers, and Capacity-Building NGOs (ONG-Rencap) to implement community-based activities. The package of SBCC interventions will be adjusted according to existing capacity and experience in the District. The project will also seek to develop partnerships to avoid duplication, for instance, UNICEF has already developed training modules and communication material and begun to experiment with the IYCF approach in Burkina Faso.

mechanisms. This component will finance these systems for the cash transfer program and put them in to operation when implementing the program.

40. **Design and Implementation of an Efficient and Cost-effective Targeting Module.** A targeting module, including the development of a proxy means test (PMT) and a community targeting approach will be designed and tested. This module will be reviewed, and applied to in the process of beneficiary selection, and, where necessary, improved to serve as the basis of the targeting system to be used for component 1 (cash transfers). The project will build on the experience of the health sector in using community based targeting to identify poor households.

41. **Design and Implementation of an Efficient and Cost-effective Payment Module.** The project will use a combination of banks, well-established microfinance institutions (*institutions de microfinance*), and mobile phone companies to deliver payments to beneficiaries. The key element of the payment mechanism will be the design of the interface between the payment agency and the MIS system to ensure timely payments and effective monitoring. The actual payment mechanisms may evolve from paper to e-payment mechanisms as available solutions arise that make use of up-to-date ICT such as smart cards, POS or smartcard readers, and e-payment mechanisms (such as M-PESA in Kenya) for exchanging real-time information. ICT solutions and innovations will be tested and introduced during implementation. All prospective payment providers (such as microfinance and phone operators) will be invited to submit technical and financial proposals in response to the project's Requests for Proposals (RFPs), and on the basis of those proposals, one or more will be selected to deliver the payments.

42. **Design and Implementation of a Monitoring and Evaluation Module.** Component 2 will support the implementation of the M&E system and procedures for a national safety net system. Regular monitoring at each stage of the program will measure the project's efficiency, effectiveness, and progress. Regular monitoring will also help to identify any emerging issues and enable the project team to remedy them promptly for the future cycles of the project. The monitoring module will provide information at local level (province or department) for local program managers, at regional level and aggregated across the whole program area. Within the framework of the monitoring cycle, project stakeholders and civil society will be consulted in the mid-term review of the project's performance, intermediate results, and outcomes The progress and impact of the project will be measured using the data collected for the mid-term review and at the end of the project. An impact evaluation of the cash transfer project and accompanying measures will be undertaken and included in component 3.

43. **Design and Implementation of an Efficient and Confidential Grievance Management Module.** Given the innovative features of the program in terms of targeting and intervention design, some misunderstandings and errors are bound to take place. It will be important for the program's credibility and sustainability to address these issues up front and in the most agile way. At the minimum, stakeholders need to know where to address questions and the program should establish basic procedures for the logging and follow-up of information requests and complaints. It is expected that most of these can be resolved at the local level but their registration will be part of the overall monitoring.

44. **Design and Implementation of a MIS.** The MIS will coordinate and synthesize the information from the different modules (including eventually modules on accompanying

measures, coordination with other human development interventions, etc.) It will also be used to monitor the project's implementation Computers and dedicated ICT platforms will be procured or developed to ensure the full integration of the different modules at the local and central levels.

45. **Updating the Systems.** The systems developed under component 1 will continue to be improved over time as lessons from the cash transfer programs are learned from the supervision visits, monitoring reports, and evaluations carried out during the life of the project, particularly the mid-term review.

46. ***Sub-component 2.2: National Scale Up and Use of the Systems by Other Programs and Services.*** Some of these building blocks will be designed for scale-up to other safety nets, emergency programs, or social programs or other regions of the country. Hence, by investing in adaptable and scalable administrative systems the project aims to bridge the gap between safety nets and the humanitarian response system.

47. Given the extreme poverty in Burkina Faso and the need to target a large number of basic services to the poorest and vulnerable this component will focus on putting in place a national targeting system and an associated registry of poor and vulnerable households. It is through the development of transparent and efficient targeting methods, applicable to other safety net programs that social assistance can reach the most vulnerable in a harmonized way. Hence, the targeting systems developed for the cash transfer program will be further enhanced so that it can be applied by other programs (such as labor-intensive public works or emergency response efforts) or by government services (such as fee exemptions for health services) that need to target their efforts to the poor and vulnerable. Secondly, the registry of beneficiary households will be enhanced to be able to serve as a database for poor and vulnerable households in Burkina Faso. This registry/data base, including unique identifiers for households and individuals, can thus be used by other safety net programs (such as public works or health fee waivers) in order to coordinate safety net provision. It can also be used by line ministries such as education and health who want to target the provision of services to the poorest. The project will use advocacy and policy discussions to facilitate for the adoption of the systems by other programs and ministries.

48. The project may also, to the extent possible, support the expansion of a selected number of other building blocks to be made applicable to other programs at the national level. Such systems may include the payment system or selected modules of the information system (MIS). The specific additional building blocks that may be supported will be determined during the first year of project implementation in consultation with the government and other partners. The project will use advocacy and policy discussions to facilitate the adoption of the selected systems by other programs and ministries.

49. ***Sub-component 2.3: Capacity building.*** Finally, this component will include activities to strengthen the institutions involved in coordinating, implementing, and monitoring government safety net programs at the local, regional and central levels. This component would finance technical assistance, capacity building (such as training for government staff and for NGOs involved in the accompanying measures), and inputs and studies geared at developing and harmonizing the key building blocks of a national safety net system. Especially, the project will provide support to the newly established National Council for Social Protection, including its

secretariat, the project implementing unit in the Ministry of Social Action and National Solidarity (*MASSN*) for implementing and coordinating safety nets in the country, and the field staff implementing the program in the selected regions.

50. ***Sub-component 2.4: Monitoring and evaluation.*** Moreover, this component would also support monitoring, process evaluation and a rigorous impact evaluation of the cash transfer program for learning more about what particular aspects of cash transfer programs and accompanying measures are important for reducing poverty and improving and sustaining human development outcomes in low-income countries such as Burkina Faso.

51. **Items Financed by Component 2.** This component will finance the costs related to testing and setting up the main building blocks of the cash transfer program. Specifically, it will finance the design, testing, expansion, and improvement of: (i) effective targeting mechanisms, (ii) the identification and registry of the beneficiaries including the PMT survey; (iii) the costs of registering the beneficiaries, including the costs of collecting additional information, conducting the registrations, and the cost of the identification cards; (iv) the registry database set up and maintenance, (v) the MIS set up and maintenance; (vi) secure and efficient payment mechanism set up and maintenance; (vii) the monitoring and evaluation module; (viii) a grievance system; and (ix) the design of accompanying measures. In addition, it will finance advocacy, policy dialogue, and seminars needed for the expansion and adoption of selected systems, such as the targeting system and its associated registry, at the national level, including hardware and software modifications and technical assistance needed for the systems including testing and assessments. Finally, this component will also finance capacity building of institutions working on safety net programs in Burkina Faso and the development of project implementation manuals as well as the impact evaluation of the cash transfer program.

Component 3: Project management (US$4.6 million including contingencies).

52. This component will support the management of the project including the projects Management Unit (*Unité de Gestion, UG*). It will ensure that the *UG* is operational and that it successfully and efficiently implements the project in conformity with the Financing Agreement, project documents, and the PIM. The project team will be recruited, paid by the project, and will work exclusively on this project. The *UG* will include a coordinator, an assistant, an M&E specialist, a communications specialist, a procurement specialist, a financial management specialist and an accountant. A multisectoral *Steering Committee*, presided by the Secrétaire Général of the *MASSN*, with a vice-president from the Ministry of Economy and Finances (*Ministère de l'Economie et des Finances MEF*), including representatives from other relevant ministries (such as the Ministries of Health, and Agriculture and Food Security) and civil society will oversee project implementation.

53. **Items Financed by Component 3.** This component will finance: (i) the salaries of staff and consultants (non-civil servants) recruited by the *UG*; (ii) the equipment and necessary operating costs of the project; (iii) the training of personnel, and (iv) special studies. Separate from the project, the government is making a contribution of around FCFA 2.5 billion (around US$ 5 million) to support the establishment of a safety net system in Burkina Faso including building the capacity of the structures related to the implementation of the project.

Annex 3: Implementation Arrangements
Burkina Faso: Social Safety Net Project

Project Institutional and Implementation Arrangements

1. **Recently, by a set of decrees[41] the government put in place the overall institutional arrangements for coordinating social protection programs** including a National Council for the Social Protection (*Conseil National de la Protection Sociale*, *CNPS*) as the body for policy orientation (chaired by the Prime Minister). Coordinating bodies are composed of: (a) a secretariat (chaired by a Permanent Secretary) whose role is to assist the CNPS; (b) an inter-ministerial unit responsible for safety nets under the authority of the Ministry of Social Action and National Solidarity (*Ministère de l'Action Sociale et de la Solidarité Nationale*, *MASSN*) whose role is to implement safety net programs; (c) an inter-ministerial unit responsible for social insurance under the authority of the Minister of Public Service, Labour and Social Security whose role is to implement social insurance programs, and (d) regional social protection units responsible for implementation and monitoring of social protection activities at the regional levels. These proposed institutional arrangements constitute the first steps towards the creation of a sustainable safety net system in Burkina Faso.

2. **As part of the objective of setting up a permanent safety net system, the institutional framework for social protection in Burkina Faso serves as the institutional anchorage for the project.** Consistent with the national level coordination of social protection and safety nets the institution chosen for the implementation of the project is the *MASSN*. Moreover, in order to integrate and institutionalize social protection and the project activities more into the long term objectives and mandate of the ministry, the government has decided to build it into a program called Social Protection Strengthening Program, (*Programme de Renforcement de la Protection Sociale PRPS*). The overall objective of the PRPS is to contribute to improving the living conditions of the most vulnerable households in the country.

3. **The institutional and implementation arrangements proposed for the project was based on the government's experience with other large scale projects supported by the Bank and other development partners.** In December 2013 the ministry decided, due to the importance they place on the project and the capacity required for implementation, to make the project a category "B" project indicating that it would benefit from a semi-autonomous implementing unit (*Unité de Gestion*, *UG*) under the authority of the *MASSN*. Most other successful government projects supported by development partners in Burkina Faso use the category "B" classification even in cases where they are managed by more influential ministries. The coordinator and the project team that will manage the project will be recruited and will work exclusively on this project. A multisectoral *Steering Committee* presided by the General Secretary (*Secrétaire Général*) of the *MASSN,* and with a vice president from the Ministry of Economy and Finances (*Ministère de l'Economie et des Finances MEF*), will oversee project implementation.

4. In practice, the institutional and implementation framework for the project will include

[41] N°2013-492/PRES/PM/MASSN, N°2013-025/PM/SG/DGAS N°2013-061/MASSN/SG, N°2013-046/MTPTSS/SG/PM/MASSN.

the following structures:

At the central level

- In charge of general project over sight a multisectoral *Steering Committee* will oversee the implementation of the project and the work of the implementing unit. The *Steering Committee* will be presided by the Secrétaire Général of the *MASSN*, with a vice-president from MEF, and include representatives from other relevant ministries (such as the Ministries, Health, and Agriculture and Food Security) and from civil society.

- In view of its mandate and experience, the project will be implemented by the safety net unit (*UG*) within the *MASSN*. The *UG* is responsible for the coordination of safety net programs. It will also be responsible for: (i) the day-to-day management of the setting up and implementation of the project; (ii) the production of implementation progress reports and assessments every quarter, semester, and year, including financial reports; and intersectoral coordination for example with the Ministry of Health for the implementation of the demand-side accompanying measures and the access to supply-side interventions. The core members of the *UG* will be recruited and paid by the project. The exact composition of the *UG* will depend on the skill and experience of the candidates and the capacity development needs required to implement a Bank supported project. However, the core staff of the *UG* will include a coordinator, an assistant, an M&E specialist, a communications specialist, a procurement specialist, a financial management specialist and an accountant. The project will also pay for support staff and for contractual staff to support the *UG* such as subject matter specialists who may not work full-time on the project. The project will rely on support from the Ministry of Health for implementing the accompanying measures related to nutrition.

At the regional and local levels

- As of 2013 *MASSN* has local offices in all 13 regions and 45 provinces of the country. It has also put in place social workers in about 100 of the 350 departments in Burkina Faso but is planning to put in place agents in all departments in the future. Where present and operational, the project will rely on social workers in the local offices to implement the project in the selected areas. Due to the additional case load that the project brings to these offices, the project may provide additional support for reporting and coordination of the activities. In areas where *MASSN* does not have operational local offices/social workers the project will work with the ministry to put the necessary resources in place to ensure adequate implementation and operational capacity. During the first year of project implementation the *UG* will do an assessment of the needs for meeting the requirements of the program and will determine the level of capacity strengthening needed.

- In the North and Middle-East regions, the project will prioritize geographic areas where the Reproductive Health Project is active in order to coordinate with the routine community health activities including awareness raising and monitoring activities related to nutrition and family practices. For instance, the Reproductive Health Project is undertaking regular household visits to the community members in its project areas to encourage positive health and family behavior and verify basic health care status of adults and children. In the overlapping geographic areas, the project will try to make sure that cash transfer beneficiaries are prioritized for the household visits undertaken by the Reproductive Health Project.

- At community level, the project could make use of existing structures such as Community Development Committee, (*Comité Villageois de Développement*, *CVD*) or community volunteers ("relais") which are relatively well organized in most rural provinces in Burkina Faso. An assessment will be undertaken to evaluate the role and functioning of the community structures in the selected project areas. These community structures may be used by the project to organize community meeting and events such as for informational campaigns, registration, or training sessions. The community structures will work with the Community-Based Health Workers (*ASBC*) for the implementation of the demand-side measures including community mobilization and organization, facilitation of group discussions and education, home visits, and interpersonal communication and counseling.

5. The definition of the exact local implementation mechanisms will be refined in the first year of implementation with a view to maximize coordination with existing structures while not overburdening actual agents. They may be different in the two regions where Ministry of Health operates and the process evaluation will assess the relative effectiveness of different local implementation mechanisms.

Capacity Assessment

6. At the present time, the project coordination unit is not yet operational but, according to the institutional arrangements proposed by the ministry, the project will be managed by the *UG* under the authority of the *MASSN*. In this set up, it is critical that the appointment of the project team meet requirements of the Bank. In anticipation of any possible capacity constraints, the Project Implementation Manual (PIM) will be written and adopted, and a series of training workshops will be held to familiarize management and relevant staff with their contents and use. The PIM will include two main sections: (i) the administrative, procurement, financial and accounting aspects of project implementation; and (ii) the technical implementation of the cash transfer, accompanying measures and systems-building components (this part of the PIM is also referred to as the operational manual). In addition, the PIM will include several annexes that will detail field procedures once they have been developed and tested and are ready for implementation.

- The government will prepare and submit a draft PIM including the administrative, procurement, financial and accounting section by the time of project effectiveness. It will clearly describe the procedures governing the operation of the *UG* and the various project activities of the UG. It will also detail the responsibilities of the *UG*, the *UG* staff, and the regional offices.
- The technical component of the PIM (also referred to as the operational manual) will be developed during the first 6 months of project implementation (legal covenant). It will clearly describe such implementation aspects as beneficiary targeting, cash transfer procedures, accompanying measures, systems-building, accounting documentation, and information flows throughout the project implementation cycle. No disbursements for

cash transfers will be made before the technical component of the PIM is prepared and adopted.

7. In addition to the measures mentioned above, the *UG* will outsource several activities to local consulting firms, NGOs, or CBOs to facilitate the implementation of the project. These arrangements may include:

- Contractual arrangements with the National Institute of Statistics and Demography, *(Institut National de la Statistique et de la Démographie, INSD*) or other data collection firms, if necessary, to conduct household-level surveys for the targeting and the impact evaluation.
- Contracts with payment agencies to carry out transfer payments.
- Contracts with private local firms to conduct the registration of beneficiaries.
- Contracts with NGOs or other entities with the required technical expertise, qualifications, and experience to facilitate the implementation of the accompanying measures.

8. **Financial management capacity.** At the central level, the *MASSN* has an administrative and financial department run by an Administration and Finances Director and 11 other officers trained by *ENAM* (*Ecole Nationale de l'Administration et de la Magistrature*) and *ENAREF* (*Ecole Nationale des Régies Financières*). The ministry uses integrated data processing systems of management such as the Integrated Circuit of Receipt (CIR), Integrated Information System of Public Markets (*SIMP*), Expenditure Computerized Circuit (CID) and the Debt System of Management and Analysis (SYGADE). Moreover, in the 13 regional directions of the Ministry of Social Affairs, the accountants are in charge of keeping the accounts in accordance with the rules of Public accounting. However, the procedures as regard to financial management published by the World Bank are unknown by the accounting team of the Ministry except the Administration and finances Director who intervenes as a financial management specialist in a project financed by the World Bank and implemented by *MASSN*.

9. Finally, the accounts of the *MASSN* are subjected to regular control by the *"Inspection technique des services du MASSN",* the "*Inspection Générale des Finances"* of the *MEF*, and by the *State Control High Authority*. In the framework of project the planned institutional arrangements will require the creation of *UG*. The *UG* will be strengthened with (i) the recruitment of qualified staff and (ii) the development of a fiduciary platform (manual of procedures and accounting system).

10. **Procurement capacity.** The procurement assessment conducted in the *MASSN* noted that this ministry has a Procurement Department called "Direction des Marchés Public" (*DMP*) which is supervising all procurement activities of the *MASSN*. The *DMP* is particularly responsible for: (i) finalizing procurement documents prepared by the Financial Department or the technical structures, (ii) preparing the advertisement notices; and (iii) presiding over tender committees and drafting contracts for approval. The tender committee is composed by internal and external members. The *DMP* is supposed to be composed by three sub departments, but since its creation in June 2013, only one procurement specialist is assigned to this unit, this one in addition, has a very limited experience in Bank procurement procedures.

Country PFM Situation and Use of Country System

11. **Financial Management situation.** In terms of Public Finance Management (PFM), Burkina Faso has a strong track record and the World Bank has noted that economic and financial governance issues have been strongly addressed through reforms of public finances. The Public Financial Management Reform Program (*Stratégie de Renforcement des Finances Publiques*) adopted in 2007 has benefited from the financial support of most development partners. Its effective implementation over three years has facilitated the practice of untied budget support from multiple development partners through a Memorandum of Understanding. In view of this reform, the World Bank has granted its eleventh budget support operation to Burkina Faso. In addition, diagnostics in terms of transparency, reliability and efficiency in the management of public finances, conducted regularly since 2007 with the evaluation of Public Expenditure and Financial Accountability (PEFA) show that progress has been made by the government. Thus, the credibility of the budget has increased and the adequacy of the budgetary provisions has been confirmed through coverage and transparency, policy-based budgeting, budget predictability and control of execution indicators.

12. Since 2009, progress has also been noted in the area of revenue mobilization through the implementation of the recovery unit approach (*Approche Unité de Recouvrement*), which helped raise the tax burden of 11.9 percent in 2008 to about 16.0 percent in 2012, which means that Burkina Faso is only one percentage short of the West African Economic and Monetary Union (WAEMU) minimum tax mobilization target of 17 percent. The same situation exists with the payroll management for public servants based on a biometric census of 2012 and the scope of the external audit is increasingly promoted by the Government through the strengthening of the Inspectorate General of Finance's (*Inspection Générale des Finances*) operational capacity. The government commitment in favor of public finance reforms continued in 2011 by promoting an institutional change through the merger of the former Ministry of Finance and Budget with the Ministry of Economy and Development. To lead its mission effectively, the MEF has developed the Economy and Finance Sector Policy (*Politique Sectorielle de l'Economie et des Finances, POSEF*) which takes into account the *Stratégie de Renforcement des Finances Publiques* and the Economy and Development Management Strengthening Program (*Programme de Renforcement de la Gestion de l'Economie et le Développement*). The *POSEF* was adopted by the Council of Ministers on June 8, 2011 and is the contribution of the "Economy and Finance" sector to achieve accelerated growth and sustainable development in Burkina Faso. In addition, since 2005 the *MEF* has started to develop the Integrated Circuit for Donor-financed Projects (*Circuit Intégré des Financements Extérieurs, CIFE*). All the above cited measures are intended to ensure strong application of the WAEMU directives.

13. The *CIFE,* launched on April 7, 2011, following the final approval by the Council of Ministers held on March 2, 2011, is built on a computerized system and aims at applying the country PFM system at the projects level by involving key players of country system in project monitoring (Directorate General for Cooperation, Directorate of Budget, Directorate of Finance Control, and Directorate of Public Treasury, etc.). *CIFE* has six modules; two are already being utilized since 2008 (projects seeking funding, and preparation and monitoring of financing agreements). The four others which are in line with the national system for public finances include monitoring and budgetary control, mobilization, reimbursement and accounting for external funding, procurement, management and monitoring/evaluation. The application of *CIFE*

interfaces with the integrated national information systems such as *Circuit Intégré de la Recette*, *Système d'Information Intégré des Marchés Publics*, *Circuit Informatisé de la Dépense* and *Système de Gestion et d'Analyse de la Dette*. For now, *CIFE* is only operational at the central level but it is currently being decentralized to the project level. The proposed project will be channeled through *CIFE* as per the recommendations of the Bank analytical on Burkina Faso's PFM system. Upon satisfactory reconciliation of the financial data and decentralization of *CIFE* at project level, decision will be made to fully rely on *CIFE*. To this end, policy dialogue will be pursued with the aim to render *CIFE* fully operational at project level.

14. **Procurement Risk at Country Level.** The public procurement system in Burkina Faso is currently under reform. The 2005 Country Procurement Assessment Report (CPAR) was carried out in order to: (i) measure progress made in the past five years, (ii) analyze the current procurement environment, (iii) assess the 2003 national procurement law in view of: (a) transparency, efficiency and competition principles required for International Standards, and (b) the harmonization process (among sub-regions countries) initiated by the WAEMU.

15. The 2005 CPAR Action Plan was adopted by the Council of Ministers in March 2006. The 2003 National Procurement Act, evaluated in light of the OECD Benchmark Indicators system, has been found unsatisfactory – indicating a strong need to improve the institutional framework - even if major progress had been achieved to date. Based on the progress made from 2000-2005 (from 31 percent to 55 percent of requirements for international procurement benchmarks were met), the system was at that time was found acceptable for National Competitive Bidding processes. It was agreed that the implementation of the action plan included in CPAR 2005 would help to achieve 76 percent of the requirements by 2010. One of the major actions currently under implementation is the updating of a 2003 version of National Procurement Act in light of a WAEMU Regional Guidelines, an action that is also endorsed by the World Bank and included in the CPAR recommendations.

16. The Procurement System has been strengthened again in 2008 by (i) the adoption of new procurement procedures, (ii) the creation of *Autorité de Régulation des Marchés Publics* including the *Commission de Règlement des Litiges à l'Amiable* transformed in 2010 to *Commission de Règlement des Différends* who is in charge of procurement policy and complaints, and (iii) the deployment of procurement specialists away from a centralized approach to key ministries.

17. In order to reduce the number of control and delays during the treatment of bids documents, the Ministry of Economy and Finances, in 2012, decided to combine the Directory of financial control and the Directory of Procurement into one unit called *Direction Générale du Contrôle des Marchés et des Engagements Financiers*.

18. The national standard bidding documents were finalized and published on July 2009. The Bank is working with the government to identify the inconsistencies with the Bank's standard bid documents in order to recommend some exceptions to the National Competitive Bidding (NCB) method, to facilitate Bank investment operations. Until the NCB documents are finalized and acceptable to the Bank, the Bank International Competitive Bidding (ICB) documents should be adapted for all NCBs, and the adapted version should be cleared by the Bank.

Financial Management

19. In accordance with the Financial Management Manual for World Bank-Financed Investment Operations that became effective on March 1, 2010, the Financial Management arrangements of the safety net project have been reviewed to determine whether they are acceptable to the Bank. The *UG* under the authority of the *MASSN* will have the overall financial management responsibility of the project implementation. The financial management staffing and systems will be set up to ensure adequate financial management of this operation.

Financial management arrangements

20. **Staffing.** The complete Financial Management (FM) staff should be composed of an FM specialist, an accountant, a financial management assistant, and an internal auditor with adequate and relevant experience and all, familiar with Bank FM procedures. The team will have the responsibility to collect and control invoices, maintain the books, enter data in the accounting software, manage the project's bank account, keep the books of account and prepare the financial reports as well as the withdrawal and direct payments applications.

21. **Budgeting.** The budget process will be clearly stipulated in the administrative, financial and accounting procedures included in the PIM. Activities to be financed will be clearly identified and included in the annual budget and work plans for the project prepared by UG and approved by the Steering Committee before the beginning of the year. Any changes in the budget and work plans will also need to receive a Bank non-objection opinion. In addition, the Steering Committee will: (i) discuss and review implementation strategies of the project; and (ii) monitor and assess the implementation progress and results of the project.

22. **Accounting.** The administrative, financial and accounting procedures manual will detail and document the project accounting, policies and procedures at the *MASSN* as well as the responsibilities of all stakeholders involved. A "multi-projects" and "multi-sites" accounting software will be purchased and customized to facilitate processing of financial information and to prepare interim quarterly financial statements as well as annual financial statements. FM staff will also be trained to ensure optimal use of the software application. Detailed FM documentation will be maintained in the Project files for the implementing entities.

23. **Internal controls and Internal Audit.** The Steering Committee will ensure that staffing arrangements at the *MASSN* are in place and are sufficient to ensure adequate internal controls, preparation, approval and recording of transactions as well as segregation of duties. Internal control procedures will be detailed in the procedures' manual. An internal auditor will be recruited to maintain a sound control environment that will be described in project implementation manual. In addition, a financial controller should be appointed by the Ministry of Economy and Finances. The controller would ensure the ex-ante control in expenditure circuit.

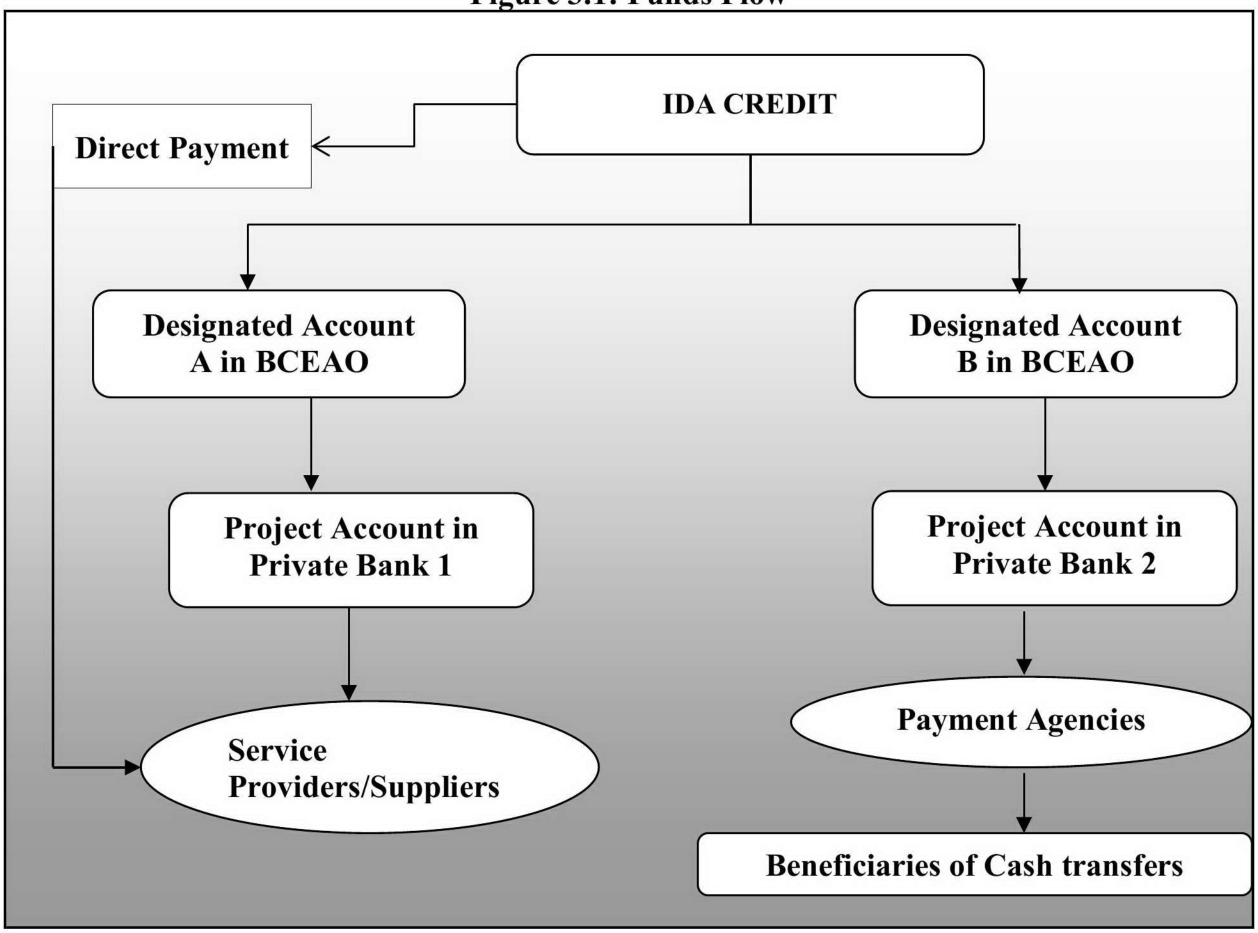
Disbursement arrangements

24. **Funds Flow and Disbursement Arrangements:** Two segregated Designated Accounts (DA) will be opened at the Central Bank in Ouagadougou and will receive project proceeds on the basis of the project cash needs. One account will be for cash transfer payments only and the

other will be for all other disbursements of the project. The DAs will be used as a transit account and as such, funds will be transferred from the DAs to a transactions account. These accounts will be opened at the public treasury. The Coordinator and the Finance Officer will be joint signatories of these accounts. Direct payments will be made to service providers, if need be.

25. Upon project effectiveness and for the first year, the project will use the transactions based disbursement procedures. Fixed ceilings will equal to CFAF 1.2 billion will be set for DA (B) (for the cash transfer payments) and equal to CFAF 400 million for DA (A) (all other project disbursements) and an initial advance up to the ceiling amount will be disbursed upon receiving the first Withdrawal Application (WA). Subsequent advances will be against the submission of WA supported with supporting documentation (Statement of Expenditures or Records) evidencing eligible expenditures.

Figure 3.1: Funds Flow



26. The project will switch to the report-based disbursement procedures once an assessment of the implementing entity has confirmed its capacity to use such procedures. Each funding request prepared by the project will be accompanied, by the quarterly unaudited Interim Financial Reports including the designated account activity statements, the operations accounts activity statement and the up-to-date bank statements. The project FM staff will be trained on the requirements of designated account funding. The ceilings of the DAs will be variable and will be

set to the cash forecast for two quarters as provided in the Interim Financial Report. Upon receipt of each request for withdrawal of an amount, the Bank shall, on behalf of the recipient, withdraw from the account and deposit into the designated accounts an amount equal to the amount so requested on the basis of the cash forecast included the Interim Financial Report (IFR) accompanying the said application. Subsequently, the requested amount will be deposited into the designated accounts in order to meet the cash needs of the project based on the approved annual work program for every six months period following the date of such report. The authority to sign the withdrawal applications is vested on the Ministry of Economy and Finance.

27. **Disbursements by Expenditure Category**. The project will disbursement 100% of eligible expenditures inclusive of taxes as set out in the table of eligible expenditures below.

Table 3.1: Disbursements by Expenditure Category

Category	Amount of the Financing Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Cash Transfers under Part 1 (a) of the Project	35,000,000	100%
(2) Goods, works, non-consulting services, consultants' services, Training and Operating Costs under Parts 1 (b), 2 and 3 of the Project	15,000,000	100%
TOTAL AMOUNT	50,000,000	

28. **Retroactive financing**. The project will finance an amount not to exceed SDR 160,000 for payments made prior to the date of the Financing Agreement date but on or after March 5, 2014, for Eligible Expenditures under Category (2). The government of Burkina Faso will pre-finance these expenditures and seek reimbursement from IDA after the effectiveness of the Financing Agreement.

29. **External Auditing:** The financial agreement will require the submission of Audited Financial Statements for the project to IDA within six months after year-end. An external auditor with qualification and experience satisfactory to the Bank will be appointed to conduct annual audits of the project's financial statements acceptable to the Bank. The auditor will provide one single opinion on the annual financial statements in compliance with IFAC Standards on Auditing. The external auditors will also prepare a specific opinion on cash transfers activities and a Management Letter giving observations, comments, and providing recommendations for improvements in the cash transfer mechanism, accounting records, systems, controls and compliance with financial covenants in the Financing Agreement. In line with the new access to information policy, project will comply with the Bank disclosure policy of audit reports (e.g. make publicly available, promptly after receipt of all final financial audit reports (including qualified audit reports) and place the information provided on its official website within one month of the report being accepted as final by the team.

Table 3.2: Financial Management Action Plan

Significant weaknesses or risks	Action	Responsible body	Completion
The FM team of UG is not yet in place	1) Recruit a financial management specialist with adequate and relevant experience and all familiar with Bank FM procedures.	MASSN	By effectiveness
	2) Prepare the administrative, procurement and financial part of the Project Implementation Manual (PIM) to ensure appropriate implementation of activities in line with Bank general framework related to the project.		By effectiveness
	3) Recruit one accountant, one financial management assistant, and one internal auditor with adequate and relevant experience and all familiar with Bank FM procedures.		Within 2 months of effectiveness
	4) Purchase and install within the UG an appropriate financial management and accounting software.		Within 3 months of effectiveness
	5) Train staff to the Bank's local or sub regional training institutions. The Bank CTRL and FM units will provide adequate training on report-based disbursement procedures and IFR elaboration.		Within 4 months of effectiveness
	6) Select an external auditor acceptable to the Bank.		Within 6 months of effectiveness

30. **Financial Covenants:** The Borrower shall establish and maintain a financial management system including records, accounts and preparation of related financial statements in accordance with accounting standards acceptable to the Bank. The Financial Statements will be audited in accordance with international auditing standards. The Audited Financial Statements for each period shall be furnished to the Association not later than six (6) months after the end of the project fiscal year. The Borrower shall prepare and furnish to the Association not later than 45 days after the end of each calendar quarter, interim un-audited financial reports for the Project, in form and substance satisfactory to the Association. The Borrower will be compliant with all the rules and procedures required for withdrawals from the Designated Accounts of the project.

31. **Implementation Support Plan:** Based on the outcome of the FM risk assessment, the following implementation support plan is proposed. The objective of the implementation

support plan is to ensure the project maintains a satisfactory financial management system throughout the project's life.

Table 3.3: Implementation Support Plan

FM Activity	Frequency
Desk reviews	
Interim financial reports review	Quarterly
Audit report review of the project	Annually
Review of other relevant information such as interim internal control systems reports	Continuous as they become available
On site visits	
Review of overall operation of the FM system	Semi-annual for UG/MASSN (Implementation Support Mission)
Monitoring of actions taken on issues highlighted in audit reports, auditors' management letters, internal audit and other reports	As needed

32. **Conclusion of the assessment:** The conclusion of the assessment is that the financial management arrangements will meet the Bank's minimum requirements under OP/BP10.00 once the mitigation measures are implemented. The overall residual FM risk rating is **Substantial.**

Procurement

33. Procurement for the project will be carried out in accordance with the World Bank's "Guidelines: Procurement of goods, works and non-consulting services under IBRD Loans and IDA Credits and Grants"dated January 2011 (Procurement Guidelines); and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated January 2011 (Consultant Guidelines) and the provision stipulated in Financial Agreement. The various procurement actions under different expenditure categories are described in general below. For each contract to be financed under the Financing Agreement, the various procurement or consultant selection method, the need for pre-qualification, estimated costs, prior review requirements, and time frame have been agreed between the borrower and the Bank in the Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity. The implementing entities, as well as contractors, suppliers and consultants will observe the highest standard of ethics during procurement and execution of contracts financed under this project. "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA and Grants" dated October 15, 2006 and updated in 2011 (the Anti-Corruption Guidelines) shall apply to the project.

34. **Procurement of Goods and non-consulting services**: Goods procured under this project will include office equipment, vehicles and other equipment for the implementing agency and non-consulting services will be essentially services of the financial operator(s) for the cash transfers. Procurement will be done under ICB or NCB using the Bank's Standard Bidding Documents for all ICB and National Standard Bidding, or alternatively documents agreed with or satisfactory to the Bank. Small value procurements for goods may be procured under shopping

procedures. Direct contracting may be used where necessary if agreed in the procurement plan in accordance with the provisions of paragraph 3.7 to 3.8 of the Procurement Guidelines. There are no works planned under this project.

35. **National Competitive Bidding Procedures:** For all contracts which are not advertised internationally, identified as NCB procurement method in the project procurement plan approved by the Bank, national procedures will apply consistent with the legal framework for procurement in Burkina Faso. The national competitive bidding procedures currently in force in the Burkina Faso were evaluated previously by the Bank, and generally found to be acceptable, with certain exceptions. Firstly the national procurement thresholds are very low compare to the Bank thresholds and all contracts estimated to cost US$10,000 and more are summited to prior review of the Ministry of Finance. This is causing time delays in procurement process. The Ministry is implementing measures to eliminate redundant prior review controls and reduce time delays. Secondly the national standard bidding documents were finalized and published on July 2009. The Bank is working with the government to identify the inconsistencies with the Bank's standard bid documents in order to recommend some exceptions to the NCB method, to facilitate Bank investment operations. Until the national bidding documents are finalized and acceptable to the Bank, the Bank's standard ICB documents should will be adapted for all NCB procurements identified in the procurement plan. The adapted version will be cleared by the Bank.

36. **Selection and Employment of Consultants.** Consultancy services would include studies, advisory services, surveys and audits. The selection method will be Quality and Cost Based Selection (QCBS) method whenever possible. Contracts for specialized assignments estimated to cost less than US$200,000 equivalent may be contracted through Consultant Qualification (CQ).

37. The following additional methods may be used where appropriate: Quality Based Selection (QBS); Selection under a Fixed Budget (FB); and Least-Cost Selection (LCS); Short lists of consultants for services estimated to cost less than the equivalent of: (i) US$500,000 per contract for supervision; and (ii) US$200,000 for all other consultancy assignments may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines. However, if foreign firms express interest, they will not be excluded from consideration. Single Source Selection (SSS) may be employed with prior approval of the Bank and will be in accordance with paragraphs 3.8 to 3.11 of the Consultant Guidelines. All services of Individual Consultants (IC) will be procured under contracts in accordance with the provisions of paragraphs 5.1 to 5.6 of the Guidelines.

38. **Operating Costs**: Operating costs shall consist of operations and maintenance costs for vehicles, office supplies, communication charges, equipment, utility charges, travel expenses, per diem and travels costs, office rental, training costs, workshops and seminar and associated costs, payment agency fees, among others. Operating costs will not include salaries of civil servants.

39. **Training and Workshops**: Training and workshops will be based on capacity needs assessment. Detailed training plans and workshops activities will be developed during project implementation, and included in the annual work plan and budget for Bank's review and approval.

40. **Assessment of Procurement Capacity and Risks**: Formally the Ministry does have a procurement department (called the Department des marches publics –DMP), who has oversight on the project procurement. However the procurement assessment conducted during appraisal shows that the DMP normally has only carried out simple procurement activities, which are lesser in complexity and volumes of transactions than those proposed in the project. The procurement assessment shows that (i) the DMP is not sufficiently staffed and is overloaded; (ii) the existing staff have limited qualifications, procurement skills and insufficient experience in Bank procurement procedures; (iii) the DMP is located in a small office space, with limited office furniture and equipment; (iv) the Tender committee is not trained in the Bank procurement procedures, (v) there are significant time delays in procurement process; (vi) the filing system in place is not acceptable. The unmitigated risk is considered to be **high** and the main risks are delays in the project implementation and poor results.

41. **Mitigation of Procurement Risks:** To mitigate the risks, it is proposed to: (i) prepare a project manual which include the procurement procedures applicable to the project and a clear description of responsibilities and their delegation for procurement decision making; (ii) recruit an experienced procurement specialist who will be positioned inside the *UG* and will be responsible for the overall procurement activities; (iii) assign additional staff to the *DMP*, (iv) organize training clinics for *DMP* and the members of the Tender committee, and send selected individuals to formally organized external training course (v) set-up at the *UG* an acceptable filing system which will be well described in the project implementation manual. With these mitigation measures the procurement risks are well addressed and adequate procurement arrangements will be in place for the project.

Table 3.4: Summary of Mitigation Measures

Tasks	Responsibility	Comments / Due date
Prepare the administrative, procurement and financial part of the Project Implementation Manual (PIM) to ensure appropriate implementation of activities in line with Bank general framework related to the project. The manual should describe procurement rules applicable to the project and clear accountability system and responsibilities for decisions making.	UG	By effectiveness
Hire an experienced procurement specialist who will be positioned inside the project unit and will be responsible for the overall procurement activities	UG	By effectiveness
Assign additional procurement specialist to the DMP	MASSN	3 months after effectiveness
Train the DMP and the Tender committee in the Bank procurement procedures with external training courses	UG / WB	4 months after effectiveness
Set-up in the project coordination an acceptable filing system	UG	Need to be described in the PIM

42. **Procurement plan.** The Recipient developed a draft procurement plan for the first 18 months of the project implementation with the basis for the procurement methods for each contract. Immediately upon approval of the Credit, with the Recipient's agreement and following

revisions if needed, the plan will be published on the Bank's public website and the Recipient's intranet website. Once approved, the procurement plan shall be updated in agreement with the Bank on an annual basis or as required, to reflect the actual project implementation needs and improvements in institutional capacity.

43. **Fraud, Coercion, and Corruption.** All procuring entities, as well as bidders, suppliers, and contractors shall observe the highest standard of ethics during the procurement and execution of contracts financed under the project in accordance with paragraphs 1.16 & 1.17 of the Procurement Guidelines and paragraphs 1.23 & 1.24 of the Consultants Guidelines.

44. **Frequency of Procurement Implementation Support.** In addition to the prior review as indicated in the procurement plan, the preliminary capacity assessment of the implementing agency recommended supervision missions to visit the field twice a year and to carry out post review of procurement actions once annually.

Environmental and Social (including safeguards)

45. **The project is expected to have a positive social impact by improving household behavior related to nutrition and preventative health practices in targeted communities.** On the basis of pre-determined criteria, the project will target the poorest and most vulnerable communities, specifically by providing unconditional cash transfers as well as by providing community awareness related to nutrition and other aspects of human capital and essential family practices for longer-term social benefits to adults and children in the area. As the household will be represented by a woman to receive the cash transfer positive impacts on the empowerment of women is also expected while both women and men will participate in the community events related to nutrition and family practices.

46. **The project is a Category C project,** because no civil works will be undertaken and no adverse environmental or social impacts are expected. The project does not require any land acquisition leading to involuntary resettlement and/or restrictions of access to resources and livelihood. No safeguards policies are triggered as indicated in the Annex Table 3.5.

Table 3.5. Safeguard Policies

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP 4.01)	[ ]	[X]
Natural Habitats (OP/BP 4.04)	[ ]	[X]
Pest Management (OP 4.09)	[ ]	[X]
Physical Cultural Resources (OP/BP 4.11)	[ ]	[X]
Involuntary Resettlement (OP/BP 4.12)	[ ]	[X]
Indigenous Peoples (OP/BP 4.10)	[ ]	[X]
Forests (OP/BP 4.36)	[ ]	[X]
Safety of Dams (OP/BP 4.37)	[ ]	[X]
Projects in Disputed Areas (OP/BP 7.60)	[ ]	[X]
Projects on International Waterways (OP/BP 7.50)	[ ]	[X]

Monitoring & Evaluation

47. **Progress towards the achievement of the PDO will be measured by a monitoring and evaluation (M&E) system.** Annex 1 presented the results framework for the project including indicators, data sources, frequency of data collection, and targets and baselines. The key PDO-level indicators measure the extent to which the project has achieved its objectives including the creation of an effective safety net system and a cash transfer program. Moreover, intermediate indicators will monitor the progress of each component over the life of the project (Annex 1). An M&E officer, will be based in the project management UG unit and will be responsible for implementing the M&E program and for collecting, processing, and sharing relevant data. The project coordinator will be responsible for the regular monitoring of processes and outputs.

48. ***Monitoring.*** The project will maintain a database on the MIS that will be used to assess the efficiency, effectiveness, and progress of the project on a regular basis. The UG is expected to provide the Bank with comprehensive semi-annual reports on the project's performance and progress. The MIS, managed by the UG, will include databases with the information[42] on potential and current beneficiaries needed to implement the PMT method.

49. Monitoring at each stage of the project will identify any problems that might arise during the project cycle and will make it possible to promptly adopt solutions. The Bank team will conduct regular supervision missions and assess the project's compliance with its implementation guidelines (as outlined in the PIM), including its adherence to financial management procedures. Internal World Bank implementation supervision reports (ISRs) will be used to alert the Bank's management to the project's performance and will inform their decisions accordingly. The technical audit will be conducted according to the needs outlined in the results framework and in the governance and accountability framework. Spot checks of various project implementation sites by project staff and auditors will also complement the regular monitoring process.

50. ***Mid-term review (MTR) and Project Evaluation.*** The project will conduct a Mid-Term Review (MTR) and a project evaluation to gauge progress towards the PDO and the performance indicators. The MTR is anticipated to happen sometime in 2015 towards the end of the first cycle of cash transfers but before the start of the second cycle. The MTR exercise will be conducted by an independently recruited firm (with the Bank team and key country stakeholders being involved in the mid-term review), and it will take into account the results of the project evaluation described below. The MTR and end of project evaluations will focus on the outcomes of the PDO-level indicators listed in the results framework (Annex 1). The indicators have been designed to monitor progress towards the achievement of the PDO, particularly the establishment of a safety net system and the extent to which the cash transfer program provides income support to poor and vulnerable groups.

51. ***The project evaluations will have two key elements.*** (i) a process evaluation to assess the effectiveness of the system and in particular the procedures required for a national safety net system to implement cash transfers, including identification, targeting, registration, and payment

[42] In accordance with the legal framework on data confidentiality and sharing.

of beneficiaries; and (ii) a targeting evaluation to assess the percentage of poor cash transfer beneficiaries and the extent of exclusion and inclusion errors. In addition to evaluating the project's progress towards achieving its development objective and the indicators listed in the results framework, the project will also undertake an impact evaluation of the cash transfer program. This will assess whether the project has affected the behavior, level of consumption, poverty, nutritional status, and vulnerability of beneficiary households.

52. The process evaluation will use several sources of data. First, the MIS and regular monitoring reports will produce information on whether the MIS, the targeting system, the M&E system, and the payment system have been adequately developed. The process evaluation will include interviews with program operators of the different interventions (payment agencies and accompanying measures) at the different levels to identify bottlenecks and recommend solutions. This will include an independent review of the performance of payment agencies. In addition, a small qualitative beneficiary assessment will be carried out in connection with the mid-term review. The beneficiary assessment will survey a sample of beneficiaries of the cash transfer program about their experiences with the payment procedures and accompanying measures and about their perceptions of and general satisfaction with the benefits they will have received.

53. The targeting evaluation will use the PMT survey and the baseline household survey (EICVM) using the targeting criteria to evaluate the effectiveness of the project's targeting methods. A PMT survey will be conducted to provide the data needed to identify and select the households to be registered. Comparison of the poverty ranking of the actual beneficiaries with the EICVM poverty criteria at different levels will provide the basis for estimating the extent of any inclusion and exclusion errors.

54. ***Impact Evaluation.*** The impact evaluation will assess whether the project has affected the behavior, level of consumption, poverty, nutritional status, and vulnerability of beneficiary households. Early results should be available prior to the MTR based on information from a subset of the 10,000 beneficiary households of the first cycle of the transfer program in order to inform the second phase of implementation. Baseline and endline surveys of beneficiary households will be compared with a control group using randomization or quasi experimental methods. In order to have a control group, the project will aim to randomize the selection of villages within selected provinces/districts. It is however possible that control villages may have to be selected from different communes to avoid spillover effects. The expected impacts of the project may include: improved nutritional practices of households, increased growth monitoring and breastfeeding, improved anthropometric measures of young children, more regular use of basic health and maternal health services, reduction in relevant local poverty indicators, increased household consumption, and increased household investment and resilience to shocks.

55. ***Use of the M&E Information.*** Information collected and analyzed by the project will be used to track the progress of the program, to identify any problems or issues as they arise, and to inform decisions about how to address those issues. Furthermore, the M&E system will yield information about the effectiveness of the cash transfer in addressing chronic and transitory poverty and in helping households to build their capital and assets in ways that can raise their long-term standard of living. Some of the indicators used in the results framework and the impact evaluation are standard indicators used to assess the effectiveness of safety net projects and

hence can be used to benchmark the programs with other similar interventions in Africa and elsewhere.

56. ***M&E Capacity Building.*** Another important objective of the project is to strengthen the national M&E capacity for safety nets and other social programs. The Government of Burkina Faso is benefitting from the significant capacity and experience of the INS for designing and implementing rigorous M&E systems. For instance, the INS has a longstanding tradition and mandate to undertake regular national household surveys. The project will contact with national and international consultants to work with technical staff at the INS to strengthen the capacity of the management unit to manage M&E and MIS systems and to build a coherent database and M&E system that can be used by a range of social programs in Burkina Faso.

57. ***Governance and Accountability.*** A public program implemented by different levels of government that requires the application of targeting criteria and the direct transfer of funds requires strong checks and balances. Governance and accountability measures ensure that resources are allocated equitably, prevent any manipulation by special interests, and support the free flow of information that fosters a culture of transparency and efficiency. Transparency, participation, and accountability are all essential elements in pursuing the project objective. Although all safety net programs strive to transfer all of their resources to registered beneficiaries in the right amount and at the right time, a fraction of these transfers is often lost to error, fraud, and corruption. As outlined in the ORAF (Annex 4), the main project level risks are related to: a) project management - ensuring efficiency and good governance in project management, particularly with regard to capacity and fiduciary aspects; b) targeting and identification - ensuring efficient targeting and avoiding fraud and corruption in the selection of beneficiaries; and c) payments - ensuring the delivery of timely and transparent payments to beneficiaries and avoiding fraud and corruption in the flow of funds.

58. The governance and accountability framework of the project is designed to respond to these three major areas of risk and will be further detailed in the PIM. As such, the monitoring and evaluation framework, the MIS and regular audits will provide the information to assess whether good governance practices are being used in the implementation of the project. They will collect and gather quantitative information on potential and actual beneficiaries that will inform the production of regular reports and will also give project managers a continuous overview of the implementation processes and enable them to spot any red flags. Social accountability measures and third party monitoring arrangements (by NGOs, civil society organizations, national media, and communities using community scorecards) will also be developed as will a grievance mechanism (described in Annex 2). The governance and accountability measures that respond to the main project level risks are:

- **Project management.** a) *Build capacity* of the CNPS and the UG coordinate all parties involved in the establishment of the national safety net system and manage the program with strong governance, b) *Ensure fiduciary management.* The UG will recruit staff with a satisfactory record in handling fiduciary responsibilities and resources at the central and local levels. The project will also provide training on basic procedures to its staff. Social accountability measures and a confidential grievance mechanism will be established; and c) *Promote good governance.* Program information will be publicly disclosed. Annual reports will be made available and published.

- **Targeting and identification.** a) *Develop a targeting methodology.* The project will have a clear and transparent beneficiary targeting system, including controls and verifications; b) *Communication and social mobilization strategy.* Information campaigns will be undertaken to ensure that local people understand the objectives, activities, and expected results of the cash transfer and public works programs and are aware of the grievance procedures; and c) *Accountability and grievances*. A grievance mechanism will be set up to enable both beneficiaries and non-beneficiaries to raise complaints.

- **Payments.** The payment system will be carefully designed and monitored to eliminate any risk of fraud and corruption. All prospective payment providers will be invited to submit technical and financial proposals and one or more will be selected to deliver the payments. The MIS system will track all transfers. Beneficiaries will be given project identification cards to be used as proof of their identity to reduce fraud.

Annex 4: Operational Risk Assessment Framework (ORAF)
Burkina Faso: Social Safety Net Project

<table>
<tr><td colspan="7">Project Stakeholder Risks</td></tr>
<tr><td>Stakeholder Risk</td><td>Rating</td><td colspan="5">Moderate</td></tr>
<tr><td rowspan="2">Risk Description:

The “cadre de consultation” which governs donor collaboration in Burkina Faso is relatively advanced. However, the experience from other projects in the country indicates that overlapping mandates between some stakeholders (government agencies) and poor definition of each stakeholder role and mandate can hamper project implementation.</td><td colspan="6">Risk Management:

It is expected that the risk will be mitigated through the combination of several measures including: (i) using the institutional framework that is anchored by the cross-sectoral CNPS (with representation from a number of ministries) and partners and built on the overall social protection strategy, (ii) building a safety net system that is underpinned by strong coordination and ownership from a number of stakeholders.
During project implementation donor agencies and relevant ministries will be consulted and given the opportunity to provide inputs. The team will work then to clarify role that will be played by each actor involved in this project activities.</td></tr>
<tr><td>Resp:
Client</td><td>Status:
Not Yet Due</td><td>Stage:
Preparation</td><td>Recurrent:
☐</td><td>Due Date:</td><td>Frequency:</td></tr>
<tr><td colspan="7">Implementing Agency (IA) Risks (including Fiduciary Risks)</td></tr>
<tr><td>Capacity</td><td>Rating</td><td colspan="5">High</td></tr>
<tr><td>Risk Description:

Capacity: Implementation of a national cash transfer program will be a new initiative in Burkina Faso that will involve developing new systems for targeting and identification of beneficiaries, and planning and ensuring timely delivery of transfers to the target population. This will involve cash transfers even to the most remote areas, sometimes with no or limited coverage by financial institutions. The team anticipates that this will present capacity challenges operationally because MASSN has limited experience with large scale cash transfer programs using poverty targeting tools. There are also risks related to capacity for management of implementation in the</td><td colspan="6">Risk Management:

- A strong capacity building agenda will be a key ingredient of the safety net systems development through the systems strengthening component, the second component of the project.
- Strong fiduciary controls, checks and balances following Bank and government procedures as appropriate will be used as much as possible to reduce fiduciary risks. Regular audits, FMR and controls will be implemented strictly. Specialized training programs will be encouraged and supported by the project.
- Implementation support especially on fiduciary issues will be provided on a regularly basis to implementation agency.
- A systems building and enhancement component has been included in the project to accompany the implementing ministry (MASSN) and its sister institutions in this evolution through training, systems development, and technical assistance activities.</td></tr>
</table>

<table>
<tr><td rowspan="2">regions.

Implementation management and coordination: There are risks related to implementation arrangements mainly at two levels: coordination at the national and local government levels, and implementation on the ground. The multisectoral nature of the safety nets and the realities of implementation of different program components in coordination with different institutions (such as with MoH for addressing nutrition related issues or with MoAg for addressing food insecurity issues and developing targeting tools) will be challenging.</td><td>Resp:</td><td>Status:</td><td>Stage:</td><td>Recurrent:</td><td>Due Date:</td><td>Frequency:</td></tr>
<tr><td>Client</td><td>Not Yet Due</td><td></td><td>☐</td><td></td><td></td></tr>
<tr><td>Governance</td><td>Rating</td><td colspan="5">High</td></tr>
<tr><td rowspan="3">Risk Description:

Fiduciary and accountability arrangements: Due to the capacity challenges explained above, there could be risks associated with fiduciary (financial management and procurement) and accountability mechanisms, given that there has not been a strong record of satisfactory performance in-country on these specific areas. Fiduciary capacity at MASSN is considered weak and the related financial management risk is rated substantial and the procurement risk is rated high (see Annex 3).</td><td colspan="6">Risk Management:

- Specific fiduciary mitigation measures are included in Annex 3 including the recruitment of financial management and procurement staff with relevant capacity and experience.
- The program places significant resources into monitoring, including on governance indicators. The MIS system provides real-time tracking of payments and financial transfers.
- Options for promotion of demand side governance (such as social audits, beneficiary assessments, reports and score cards, and spot checks) to strengthen accountability will also be explored and integrated during the design.
- Strong fiduciary controls, checks and balances following Bank and government procedures as appropriate will be used as much as possible to reduce fiduciary risks. Regular audits, FMR and controls will be implemented strictly.
- Information campaigns to ensure widespread understanding of program objectives, activities and expected results, as well as grievance procedures. A broad range of communication methods will be used including: workshop, community meetings, posters, leaflets and media outlets such as radio and Internet.</td></tr>
<tr><td>Resp:</td><td>Status:</td><td>Stage:</td><td>Recurrent:</td><td>Due Date:</td><td>Frequency:</td></tr>
<tr><td>Both</td><td>Not Yet Due</td><td></td><td>☐</td><td></td><td></td></tr>
</table>

<table>
<tr><td rowspan="2"></td><td colspan="6">Risk Management:
- In addition to an existing efficient project financial accounting system which needs to be developed by the project, the Ministry of Economy and Finances has a good financial audit service. Through the capacity building component, the project will also be promoting good governance, transparency and the establishment of checks and balances. In addition, the project will work with targeted communities to put in place strong oversight mechanisms through the capacity building component.
- Recruitment of UG staff with a satisfactory record in handling fiduciary responsibilities and resources.
- Engagement of an independent qualified private external auditor acceptable to Bank to audit the project’s accounts periodically. International standards on fraud and corruption will be included in the external financial auditor TORs.
- UG staff and other stakeholders to be trained in procurement and FM.
- Spot checks, the evaluation of payment agencies, and the grievance and redress system will capture information directly from households and relevant project stakeholders including on leakages or actions linked to fraud and corruption.
- Emphasize fiduciary action plans during implementation support missions to address administrative and implementation issues and pre-empty fraudulent and corruption cases.</td></tr>
<tr><td>Resp:
Both</td><td>Status:
Not Yet Due</td><td>Stage:</td><td>Recurrent:
☐</td><td>Due Date:</td><td>Frequency:</td></tr>
<tr><td colspan="7">Project Risks</td></tr>
<tr><td>Design</td><td>Rating</td><td colspan="5">High</td></tr>
<tr><td>Risk Description:
The team recognizes that the design, though the best option currently, might be challenged by the weak capacity of the implementing agency. The complexity of the project (specifically the development of sophisticated systems, targeting, identifying and paying a large number of beneficiaries on a regular basis with rigorous monitoring, and coordination with other ministries such as the MoH) can be an issue for the technical team since it will combine development of a large scale system while</td><td colspan="6">Risk Management:
- The Bank team will provide support both in form of technical assistance and advice to the UG, MASSN and the CNPS to ensure sustained leadership and facilitation to bring stakeholders on board.
- Due to project complexity, the project will focus the attention during the first years to the development and phased implementation of the cash transfer program as well as its required administrative systems, while slowly working on scaling up the selected systems over the duration of the project.
- Significant capacity building will be included in the project both for technical capacity to manage a cash transfer project of this size and nature but also for</td></tr>
</table>

<table>
<tr><td rowspan="2">launching a cash transfer program.</td><td colspan="6">institutionalizing the broader social protection agenda in the government. The Bank will monitor performance through the results framework in Annex 1.</td></tr>
<tr><td>Resp:
Both</td><td>Status:
In Progress</td><td>Stage:</td><td>Recurrent:
☐</td><td>Due Date:</td><td>Frequency:</td></tr>
<tr><td>Social and Environmental</td><td>Rating</td><td colspan="5">Low</td></tr>
<tr><td rowspan="2">Risk Description:
No adverse environmental or social impacts are expected because civil works are not included in this project and there is no land acquisition. The overall social impact is expected to be positive.</td><td colspan="6">Risk Management:
If needed, an institutional capacity assessment will be carried out during implementation and to ensure inclusion of internally displaced people, a social assessment may be prepared and could feed into the design of the future national level program.</td></tr>
<tr><td>Resp:
Both</td><td>Status:
In Progress</td><td>Stage:</td><td>Recurrent:
☐</td><td>Due Date:</td><td>Frequency:</td></tr>
<tr><td>Program and Donor</td><td>Rating</td><td colspan="5">Moderate</td></tr>
<tr><td rowspan="2">Risk Description:
It will be increasingly important that donors, other than the Bank are on board to contribute to the desired technical assistance and supplemental financing of social protection in Burkina Faso. If there is likely to be donor fatigue generally, this lack of donor support will highly compromise the intended building of an effective, sustained and coordinated safety net system.</td><td colspan="6">Risk Management:
To ensure that emerging issues are presented and dealt with upfront, the Bank team will recommend establishment of a safety net Sector Working Group (SWG) between government and development partners that will provide a regular forum for discussions of key issues of concern and forging ways to remedy the issues both at the policy and implementation levels. This way, key issues will be resolved through collaborative engagement by donors helping government to move forward while helping them to identify key issues and working with them to resolve them.</td></tr>
<tr><td>Resp:
Both</td><td>Status:
Not Yet Due</td><td>Stage:</td><td>Recurrent:
☐</td><td>Due Date:</td><td>Frequency:</td></tr>
<tr><td>Delivery Monitoring and Sustainability</td><td>Rating</td><td colspan="5">High</td></tr>
<tr><td>Risk Description:
There is a risk of weak monitoring and evaluation due to low capacity of the implementing agency. The sustainability of the project depends on the government’s commitment to setting up and keeping functional a permanent safety net system and donor financial</td><td colspan="6">Risk Management:
A comprehensive management information system will be established in the UG. The MIS will strengthen the national M&E capacity for safety nets and other social programs in a sustainable way by linking it to the sector M&E system. During project implementation donor agencies and relevant ministries will be consulted and given the opportunity to provide inputs. The team will seek to mobilize commitments for further</td></tr>
</table>

commitments in the future.	strengthening safety nets over the long term.					
	Resp: Both	**Status:** Not Yet Due	**Stage:**	**Recurrent:** ☐	**Due Date:**	**Frequency:**
Overall Risk						
Overall Implementation Risk:	**Rating**	**High**				

Risk Description:

The overall implementation risks ratings is due to the implementing agency's limited capacity, governance and monitoring and evaluation risks including: (i) the poor definition of each stakeholders role could hamper effective implementation of the project; (ii) the risk associate with fiduciary mechanism especially cash transfer including poor capacity of the implementing agency is key constraint; (iii) the poor M&E system within the social sector could affect negatively the project.

Annex 5: Implementation Support Plan
Burkina Faso: Social Safety Net Project

Strategy and Approach for Implementation Support

1. The implementation support plan for the project lays out the approach to assist the government team to achieve the expected results based, based on the project design and risk profile. Because the project seeks to boost the initial efforts of the government and other stakeholders to building a more effective safety net system, the implementation of the project is expected to trigger collaboration between the government and its development partners toward the establishment of a national safety net. The implementation support will hence both assist the government team in achieving the project objectives and to broaden the engagement of relevant partners in institutionalizing and strengthening of a larger safety net system outside of the project's specific short term objectives.

2. The design of the project relies heavily on the establishment of efficient systems to: identify and register beneficiaries; deliver and verify payment to the beneficiaries; establish complaints management that would affect program performance; and generate regular reports to support program administration and monitoring. Within this approach, the Management Information System (MIS) will play a central role and whose basic elements will be established during the first year of the project. The cash transfer support to beneficiaries can start only when the basics elements of the MIS such as the list of identified beneficiaries, payment system, when staff is trained in its use, and when payment agents have been selected and their capacity assessed and strengthened if needed.

Nature of Implementation Support

3. The task team leadership as well as part of the core task team will be based in Washington or in the Africa region but outside of Burkina Faso. A few other support team members will be based in the country. This will require regular technical interaction with the Bank team and support missions, especially during the first half of the project to ensure that any emerging challenges will be identified early enough, recommendations made in time, and corrective actions implemented well before any risk to adversely affect progress toward the project's development objectives. In this regard, two kinds of implementation support arrangements have been designed as part of the project:

- Implementation support missions from the Bank will be conducted every six months throughout the project. These missions will make continuous assessments of progress in implementation and toward the achievement of the PDO. These support missions will also ensure that corrective actions will be taken to counter any emerging problems.
- From time to time as needed, experienced Bank staff and/or consultants will make technical support visits in between missions to provide hands-on implementation support to the government and other stakeholders in addressing emerging technical issues. On these technical visits, the team will provide both operational support and implementation advice on any areas where there are capacity gaps.

4. Specific technical assistance and capacity building will be mobilized in key technical areas that are considered critical for project implementation. These include but are not limited:

- Targeting and beneficiary identification;
- Monitoring and evaluation;
- Impact evaluation;
- Operations and implementation management; and
- ICT and information management for safety nets.

Table 5.1: Activity Planning for the Main Areas of Implementation Support

Time	**Focus**	**Skills Needed**	**Resource Estimate**	**Partner Role**
First twelve months	Targeting and beneficiary identification, monitoring, operations management	Targeting, monitoring and evaluation, operations management, planning	TBD	TBD
	Preparing coordinated systems	Technical implementation		
	Baseline survey for impact evaluation	Impact evaluation expertise		
	Procurement of goods and services and other fiduciary support	Procurement and FM specialists		
12-36 months	Cash transfer component (Cycle 1) is implemented	Intensive support to implementation	TBD	TBD
	Accompanying measures to ensure best practices in nutrition and health are developed and applied systematically	Outreach, training, and sensitization skills for the accompanying measures		
	Preparation of MTR	Process evaluation		
	Follow-up data collection for impact evaluation	Impact evaluation expertise		
36 months and beyond	Cash transfers (Cycle 2) is implemented	Intensive support to implementation	TBD	TBD
	Coordinating and scaling up systems	Technical implementation		
	Lessons learned from MTR are implemented through action plan to ensure a continued Satisfactory project rating	Fiduciary support in supervising compliance with Bank requirements		

Table 5.2: Skills Mix Required

Skills Needed	Number of Staff Weeks (annually)	Number of Trips (annually)	Comments
TTL	13	2-3	Based in the region
Co-TTL Economist	13	2-3	Based at HQ
M&E and impact evaluation specialist	10	As required	Consultant
Technical specialists for accompanying measures, payment system, MIS, social accountability system, registry, etc.	10	As required	Consultant/Team members based at HQ
Operations specialist	5	As required	Based in the region/Consultant
PR Specialist	2	As required	Based in the region
FM Specialist	2	As required	Based in Burkina Faso

Annex 6: Economic and Financial Analysis
Burkina Faso: Social Safety Net Project

1. This Annex presents the economic and financial analysis of the Project. The first section presents the economic rationale for safety nets and the World Bank's value added, the second presents an analysis of the benefit level and structure of the cash transfer program, the third presents the cost, coverage and fiscal sustainability, the fourth presents expected impacts on poverty, inequality, food-insecurity and human capital indicators, and the fifth discusses cost-effectiveness and benchmarks the project costs of delivering transfers against similar programs.

A. Economic rationale and the World Bank's value added

2. The case for publically provided cash transfer programs appears particularly strong in developing-country settings due to the persistence of market failures and inefficiencies. Market failures can prevent poor people from undertaking productive activities that could improve their conditions. For instance, inability to access credit can inhibit poor families from making otherwise profitable investments. If the cost of addressing the market failure is too high, direct redistribution might then be equitable (as it would increase households' welfare) and efficient (as it would allow for better allocation of resources) (Fiszbein and Shady, 2009). Weak risk management and historical social exclusion further justify the need for safety nets in sub-saharan African countries such as Burkina Faso. Repeated shocks such as rising food prices, droughts, and floods also increase the risks faced by the poor. Even a temporary loss of income as a result of a shock can lead vulnerable households to falling into poverty, depleting their productive assets further, without strategies to build up their resilience. Recent analysis has also shown that the informal support networks are increasingly inadequate for the challenges that Africa faces especially with the burden of AIDS/HIV, and increasing exogenous shocks, and that the poor population is commonly excluded from accessing these (World Bank, 2012).

3. A large literature provides ample evidence that cash transfers can reduce poverty and food insecurity by providing a regular, predictable source of income in Africa and in other developing countries. Cash transfers have been found to reduce poverty gaps, increase food consumption, and reduce reported hunger in countries such as Mexico, Brazil, Lesotho, and Zambia. There is also evidence that cash transfers can also help promote investments in human capital. Improved consumption has been shown to increase nutritional intake for children, a prerequisite for developing their future prospects. In addition, unconditional old-age support to grandparents in Kenya and South Africa were used to support the schooling of their grandchildren. Moreover, in Malawi, a program increased school participation of children aged 6 to 17 years by 5 percent and in Brazil, the beneficiaries children are 63 percent less likely to drop out of school and 24 percent more likely to go to school the following year. In Colombia the program has increased the use of services for monitoring children's growth by 23 percent and reduced stunting in children under 2 years of age due to malnutrition by 7 percent.

4. Cash transfer programs also have the potential to increasing productivity and reduce poverty in the long-term. Helping households to become more productive is an increasingly important aspect of safety nets in Africa. Some findings from impact evaluation and other research show promising results. The hypothesis underlying much of this work is that even a small amount of regular income support – without any conditions – could help households

diversify livelihoods and increase their consumption of “goods” (such as small savings or investments in assets and human capital) and move away from “bads” or negative coping strategies (such as reducing exploitive of risky employment and selling assets in times of distress). As such, safety nets can allow households to invest in higher-productivity, higher-return activities. Also, cash transfers may boost the local economy through multiplier effects.

5. The World Bank is in an ideal position to work with other development partners to support the governments of Africa in strengthening their safety nets and social protection systems because of its role in supporting national social protection strategies, over two decades of technical experience, building and supporting safety nets programs world-wide, its financial resources, and its convening power with other partners. The overall goal of the Bank’s social protection support in Africa over the next 10 years is to build national capacity to manage and, where appropriate, deliver effective social protection services within a broader system in close coordination with its development partners.

B. What is the Appropriate Benefit Level and Structure?

6. Given that the level of poverty in Burkina Faso is 46.7 percent (52.8 percent in rural areas) and a population of about 15.3 million people, around 7.1 million people fall below the monetary poverty line[43] (Annex Table 6.1). The poverty gap (average distance between the level of income of the poor and the poverty line) is 15.1 percent (FCFA 19,741 per person per year). Around 30.6 percent of the population (4.7 million people) lives in chronic poverty.[44] On average there are 7.8 members per household, and more in poor rural areas (7.9). International evidence shows that, in order to have an impact on household consumption and poverty, the amount transferred by a cash transfer program has to be between 10 to 20 percent of the consumption of a household at the poverty line.

7. Taking into account international recommendations and guidelines, the feasibility assessment proposed a transfer of between FCFA 5,000 and 10,000 per month per household. This amount is slightly higher than the value of the transfer for existing transfer programs in Burkina Faso. The Nahouri Conditional Cash Transfer program paid approximately FCFA 3,500[45] per month per household and the World Food Program voucher program paid around FCFA 4.500-6.000[46] per month per household. FCFA 10,000 per month would cover around 11.8 percent of the consumption of a household at the poverty line (in other words, those in the 4th quintile) and around 16.4 percent of the consumption of a household in the 2nd decile (Annex

[43] In 2009-10 (EICVM) the national poverty line was FCFA 130,735/year per person=US$ 0.72/day.
[44] According to EICVM, “people in chronic poverty” refers to individuals falling below the national poverty line, with a high probability of remaining poor in the near future, and who are extremely vulnerable to consumption shocks. The probability was calculated using econometric techniques.
[45] This is a rough estimate. Quarterly benefit levels were FCFA 1,000 for children ages 0-6, FCFA 2,000 for children ages 7-11, and FCFA 4,000 for children ages 12-15. For a household with 5 children this comes to around FCFA 10,000 per trimester or about FCFA 3,500 per month.
[46] This is a rough estimate. Monthly benefit levels were set at FCFA 1,500 per person with maximum 6 beneficiaries per household. With an average of 3-4 beneficiaries per household the monthly transfer comes to about FCFA 4,500-6,000.

Table 6.1). Moreover, FCFA 10,000 per month per household would bridge 80 percent of the poverty gap[47] for the average poor household and 68 of the rural poverty gap.

Table 6.1: Poverty Level and Benefit Level of the Cash Transfer Program

	National monetary poverty line	National chronic poverty line	Urban chronic poverty line	Rural chronic poverty line
Poverty headcount (% people)	46.7	30.6	9.7	36.0
Poverty headcount (% households)	36.6	.	11.1	27.9
Number of poor people	7,129,611	4,671,651	304,279	4,362,148
Poverty gap (% people)	15.1	23.5[c]	6.8	17.5
Poverty gap (% households)	11.4	.	5.7[d]	13.8[d]
Poverty gap (FCFA/person/year)	19,741	19,883[c]	22,876	8,890
Total exp. for a poor hh (FCFA/month)	84,769[a]	61,013[b]	85,537	72,889
Food exp. as a % of total hh expenditures (%)	58 [a]	.	58	62
Transfer value as a share of total hh exp/month (%)	11.8 [a]	16.4 [b]	13.7	11.7
Transfer value as a share of hh food exp/month (%)	20.2 [a]	34.3 [b]	21.5	20.0

Source: EICVM 2009-10

[a] For a household in the 4th decile. Calculated based on a transfer value of FCFA 10,000/household/month.

[b] For a household in the 2nd decile. Calculated based on a transfer value of FCFA 10,000 /household/month.

[c] Food poverty gap based on an adult equivalent daily food consumption of about 2,300 calories.

d Poverty gap (%) in urban and rural areas based on the monetary poverty line

8. While it is possible to vary the level of transfer according to the age of the children in the household, differences in cost of living and poverty in rural and urban areas, or even according to seasonal variations, for operational reasons the level of transfer should be harmonized, at least in the early stages of the implementation of the cash transfer program. The vast majority of Burkina Faso's population lives in rural areas (78 percent) including 7.4 million food-poor people (93 percent of all food-poor). In urban areas families are generally smaller (6.7 people) and live much closer to the poverty line (i.e. the poverty gap of 6.8 percent is a lot smaller) so FCFA 10,000 amounts to about twice the poverty gap but only 13.7 percent of monthly expenditures and 21.5 percent of food expenditures for a household at the poverty line.

C. How Many Poor Households Can the Program Afford to Cover?

9. Given the large number of poor people in Burkina Faso, it would not be fiscally affordable to cover all of the poor (both the chronically and transitionally poor) on a continual basis as this would amount to 46.7 percent of the population (36.6 of all households) (Annex Table 6.2, column 1). Therefore a compromise must be made in terms of the number of people that can be covered by the program and for how long. Cost calculations shows that the cost of a cash transfer program that covers all of the chronically poor in Burkina Faso (30.6 percent of the households) would amount to around FCFA 70 billion or US$141 million dollars per year excluding administrative costs (see Annex Table 6.2, column 2). If administrative costs of 25

[47] FCFA 19,741 per person per year.

percent[48] were included, the total cost would increase to US$177 million per year or 1.56 percent of Gross Domestic Product (GDP).

Table 6.2: Annual Cost Estimate for a National Cash Transfer Program by Level of Coverage

	Monetary poverty headcount (46.7 % pop/ 36.6% hh)[b]	Chronic poverty headcount (30.6 %)[b]	Half of chronic poor (~ 290,000 hh)	Five year US$40 M cash transfer program[a]
Excluding adm. costs				
FCFA (Billion)	107	70	35	14.0
US$ Million	215	141	71	28.3
Percent of 2012 GDP	1.91	1.25	0.63	0.25
Including 25 percent adm. costs				
FCFA (Billion)	134	88	44	18.0
US$ Million	270	177	88	36.3
Percent of 2012 GDP	2.38	1.56	0.78	0.31

Sources: Author's analysis using EICVM 2009-10 and 2010 GDP data.
[a] Given that the project allocates US$33 million to for to cover cash transfer payments and 25% associated administrative costs (including US$5 million for accompanying measures for five years), the project can afford to cover 40,000 households.
[b] Numbers in parentheses indicate baseline values without the program.

10. However, covering only around half of the chronically poor (Annex Table 6.2, column 3) would cost only FCFA 44 billion or 0.78 percent of GDP, but this coverage could be expanded in the event of a crisis, thus reducing the need to introduce less efficient emergency measures. This amount is entirely feasible within the Government's safety net budget which currently amounts to about 1.3 percent of GDP including general subsidies (average between 2005 and 2009).[49] As a comparator the estimated costs related to the 2012 food shortage issue (combined with the Malian crisis) was about over 2 percent of GDP (this does not include subsidies for utilities). Some additional start-up costs for developing necessary information, targeting, and payment systems would be incurred, and the program would require reoccurring operating expenditures on staff and consultant salaries, equipment, Monitoring and Evaluation (M&E), audits, and outreach.

11. The project, with its contribution of US$50 million, will cover far fewer people than what would be possible in a fully developed government program. Given that US$33 million will be

[48] In general the internationally accepted ratio of administrative costs to transfer costs for an unconditional cash transfer program is around 10 to 20 percent. In the estimate of the administrative costs used here, we include only the costs for Component 1 (such as the costs involved in registration, identification cards, and accompanying activities). In addition, some of the upfront and reoccurring costs for system building and project operations in Component 3 should also be added to the total administrative costs of a cash transfer program to estimate how much it costs to run such a program on an annual basis.
[49] World Bank, 2011. "Burkina Faso Social Safety Nets", Report number 54491-BF.

allocated in Component 1 over a period of five years[50] to cover transfer payments and some of the administrative costs associated with the transfer program (25 percent), the total number of households that can receive transfer payments over the project lifetime is estimated to be about 40,000 households or 316,000 poor people (Annex Table 6.2, column 4).

D. What is the Expected Impact of the Transfer Program?

12. ***Impact on Poverty and Inequality.*** *Ex-ante* simulations of the potential impact of the cash transfers on poverty measures for different transfer benefit structures and targeting methods (scenarios) have been assessed. For each scenario, the household consumption level is compared to the baseline consumption (used to measure poverty) level before the transfer to calculate the reduction in the poverty rate (at the monetary poverty line), in the poverty gap, and in food poverty. The same estimations have also been done using a chronic poverty line estimated at about 90 percent of the monetary poverty line.[51]

13. Annex Table 6.3 presents the reduction in poverty indicators in percentage terms for each of the benefit structure and targeting scenarios. An average monthly transfer of FCFA 10,000 targeted to *half of all* of the chronically poor rural households (290,000 households) can be expected to result in a reduction of around 21 percent in the chronic poverty rate and a reduction of 17 percent in the poverty gap nationwide (scenario 1). Overall, compared to other experiments with cash transfers in developing countries, these estimates of poverty reduction in Burkina Faso seem high. These are *ex-ante* simulations, and *ex-post* evaluations may confirm or refute these predictions.

14. The predictions vary if the targeting approach is changed. For instance assuming realistically that there will be a certain level of targeting error (scenario 2) so that 30 percent of beneficiaries fall below the poverty line but not below the chronic poverty line the impact on the poverty gap and on the level of chronic poverty is reduced but the impacts on monetary poverty and food poverty actually increase as the program no longer reaches the absolute poorest to the same extent. The same holds true for scenario 3. In scenario 4 and 5 we also see a slightly lower impact on the reduction on poverty measures, even in the impact on the poverty gap, because while targeting households with young children may improve the targeting to the poorest (as large households with many children tend to be the poorest) the benefit level per households is fixed and therefore diluted in per capita terms. Hence, with a fixed benefit level there is a tradeoff between targeting households with young children which presumably improves the targeting effectiveness to the poorest and also concentrated the program to target children at risk of malnutrition and the impact the transfer level will have on the poverty status of the household.

[50] US$ 38.8 million allocated to Component 1 includes about US$ 33 million in transfer payments and some administrative costs as well as US$ 4 million for accompanying measures (plus a 5% contingency of about US$ 1.8 million). The actual period of during which transfers will be paid out will be less than five years including the time taken to start up the program and close it down.

[51] Chronic poverty is defined as the proportion of households whose current and predicted per capita consumptions both stand below the poverty line.

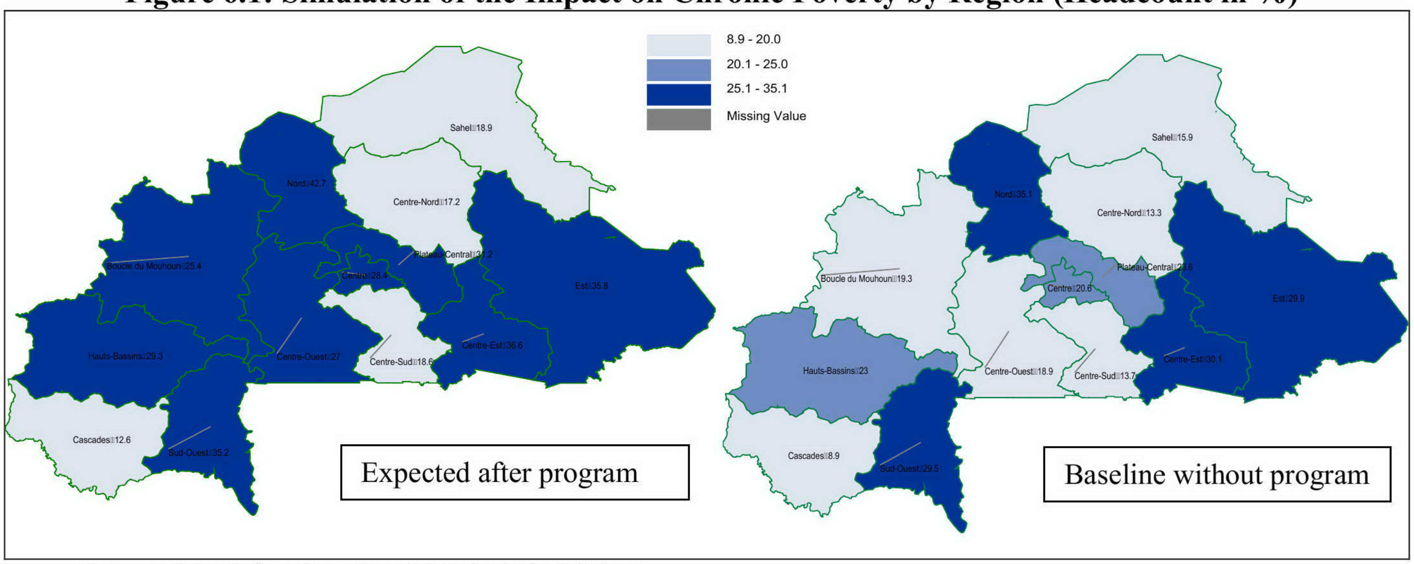
Table 6.3: Simulation of the Impact of a Cash Transfer Program for 290,000 Households (Half of All Chronic Poor Households) in Rural Areas of Burkina Faso Varying Targeting Method, Effectiveness and Transfer Level

Program targeting parameters				Poverty impact							
				Poverty gap (13.8%)[a]		Share of households in monetary poverty (43.3%)[a]		Share of households in food poverty (53.3%)[a]		Share of households in chronic poverty (27.9%)[a]	
Targeting method	**Categorical**	**Targeting effectiveness**	**Transfer level**	After program	Percent reduction	After program	Percent reduction	After program	Percent reduction	After program	Percent reduction
All hh below chronic poverty line (30.6%)	All hh	Perfect	5,000	12.6	8.7%	43.2	0.2%	53.3	0.4%	25.1	10.0%
			7,500	12.0	13.0%	43.2	0.2%	53	0.9%	23.3	16.5%
			10,000	**11.5**	**16.7%**	**42.8**	**1.2%**	**52.5**	**1.9%**	**22.0**	**21.1%**
			12,500	11.0	20.3%	42.4	2.1%	51.6	3.6%	20.8	25.4%
All hh below chronic poverty line (30.6%)	All hh	70 % of benef. hh below chronic poverty line, 30% of benef. hh above chronic poverty line	5,000	12.7	8.0%	41.7	3.7%	52.5	1.9%	26.0	6.8%
			7,500	12.3	10.9%	40.8	5.8%	52.1	2.6%	24.7	11.5%
			10,000	11.9	13.8%	39.4	9.0%	51.2	4.3%	23.7	15.1%
			12,500	11.6	15.9%	38.6	10.9%	50.2	6.2%	22.8	18.3%
All hh in bottom quintile	All hh	50 % of benf. in bott quint 30% of benef. hh below chronic poverty line, 20% of benef. hh above chronic poverty line	5,000	12.6	8.7%	41.7	3.7%	52.4	2.1%	24.3	12.9%
			7,500	12.2	11.6%	40.7	6.0%	51.8	3.2%	22.8	18.3%
			10,000	11.8	14.5%	39.3	9.2%	50.8	5.0%	22.1	20.8%
			12,500	11.5	16.7%	38.4	11.3%	49.7	7.1%	21.4	23.3%
All hh below chronic poverty line (30.6%)	Hh with children below 5 years	Perfect	5,000	12.7	8.0%	43.3	0.0%	53.4	0.2%	25.0	10.4%
			7,500	12.1	12.3%	43.2	0.2%	53.1	0.7%	23.2	16.8%
			10,000	11.6	15.9%	43.1	0.5%	52.5	1.9%	22.0	21.1%
			12,500	11.1	19.6%	42.7	1.4%	51.7	3.4%	20.8	25.4%
All hh below chronic poverty line (30.6%)	Hh with children below 5 years	50% of benef in bott quint 30 % of benef. hh below chronic poverty line, 20% of benef. hh above chronic poverty line	5,000	12.8	7.2%	42.1	2.8%	52.8	1.3%	24.7	11.5%
			7,500	12.4	10.1%	41.6	3.9%	52.2	2.4%	23.3	16.5%
			10,000	12.0	13.0%	40.9	5.5%	51.5	3.7%	22.4	19.7%
			12,500	11.7	15.2%	40.2	7.2%	50.6	5.4%	21.6	22.6%

Source: Calculations based on EICVM 2009-10 data.
[a] Baseline level in rural areas.

15. Figure 6.1 presents the baseline level of chronic poverty by region and the expected level of chronic poverty as a result of the program.[52] The difference in the numbers between the two maps signifies the percentage point reduction. The regional reduction in chronic poverty varies between 16 and 30 percent. In the specific rural regions where the program will be operating and where poverty indicators are much higher than the national average the expected reduction in chronic poverty headcount is slightly smaller because the depth of poverty is more severe (the majority of households live much further from the poverty line). For instance it is estimated that chronic poverty in the North could be reduced by as much as 17.8 percent (from 42.7 to 35.1 percent of households after the program). In the East the reduction in chronic poverty headcount is 16.5 percent and in the Middle-East 17.8 percent. On the other hand, the reduction in the poverty gap and severity is expected to be higher.

Figure 6.1: Simulation of the Impact on Chronic Poverty by Region (Headcount in %)



Source: Calculations based on EICVM 2009/10 data.

16. ***Impact on Human Capital Outcomes.*** There are several studies concerning the specific impact of cash transfers on nutrition (food consumption and anthropometrics), health and education. Many of these are studies of conditional cash transfers in Latin America but a large body of evidence is now coming from Africa including unconditional cash transfers. For example see footnote 16 in the main text. In neighboring Niger Concern and Spanish Connection United Kingdom analyzed the impact of cash transfers on nutrition and the results suggest a direct positive impact on the nutritional status of children up to two and under five years of age in highly food insecure areas. An evaluation of the Concern program shows a difference in acute global malnutrition of children between 6 and 59 months from 20 percent (among those not receiving cash) to 8.7 percent (among those receiving cash). However most of the impact evaluation studies of cash transfers on human capital outcomes generally do not compute the lifetime effect of the change in human capital outcomes. One study that looked at an unconditional cash transfer program in South Africa found large gains in health and a discounted

[52] The maps are based on the 1st scenario presented in Table 6.3 with a transfer of FCFA 10,000 given randomly to 290,000 households in below the chronic poverty line and assuming perfect targeting.

rate of return on cash transfers payments of between 160 to 230 percent.[53] Moreover because malnutrition leads to worse brain development and lower ability for educational achievement which is also correlated with lower lifetime productivity and income malnutrition also affect adult earning potential. An extensive review of the evidence in 2007 found that for stunted individuals, estimates have shown as much as a 22 percent reduction in earning capacity.[54] Reducing childhood malnutrition hence can have long run impacts on household welfare.

E. Cost-effectiveness

17. Because it is very difficult to estimate *ex-ante* the impact of cash transfers on various outcome indicators (other than in the simple arithmetic calculations presented above), it is not a straightforward process to compare the costs and benefits (impacts) of a program in order to estimate its cost-effectiveness. However, it is well-known that cash transfers can have an impact beyond their immediate effects on household consumption and market prices. Cash transfers can produce positive indirect effects when the household invests this money either in productive inputs that will generate short-term income or in assets that will enhance the family's longer-term development. Therefore, some positive effects of cash transfers may spill over from the target population into the whole local economy.

18. Helping households to become more productive is an increasingly important aspect of safety nets in Africa. This potential remains to be fully exploited, but some findings from impact evaluation and other research show promising results. The hypothesis underlying much of this work is that even a small amount of regular income support – without any conditions – could help households diversify livelihoods and increase their consumption of "goods" (such as small savings or investments in assets and human capital) and move away from "bads" or negative coping strategies (such as reducing exploitive of risky employment and selling assets in times of distress). As such, safety nets can allow households to invest in higher-productivity, higher-return activities. Also, cash transfers may boost the local economy through multiplier effects. The findings indicate that:

a. In Malawi and Kenya cash transfers led to increased investment in agricultural assets, including crop implements and livestock. Moreover, both programs fostered increased food consumption and improved dietary diversity, with a greater share of household consumption acquired via own farm production. The program in Malawi led to a shift for adults and children from agricultural wage labor to on farm wage activities, while in Kenya the program reduced child labor. The program in Kenya also had a positive impact on participation in nonfarm enterprises for female headed households.

b. In Ethiopia, impact evaluation finds that households with access to both the Productive Safety Net Program and complementary packages of agricultural support were more likely to be food secure, to borrow for productive purposes, use improved agricultural technologies, and operate their own nonfarm business activities.

c. Qualitative field work from cash transfer programs in Ghana, Kenya and Zimbabwe found that cash transfers led to increased investment in economic activities and increased

[53] Aguero et al. (2007)

[54] Lake (2007) "Investing in Nutrition Security Is Key to Sustainable Development"; and Branca and Ferrari (2007), "Impact of Micronutrient Deficiencies on Growth."

social capital and risk sharing arrangements. Also, the transfers allowed households to reduce debt levels and increase credit worthiness.

d. Income multipliers of cash transfers on the local economy were estimated at 1.81 to 2.23 respectively in Kenya and Lesotho. Hence, non-beneficiaries and the local economy can also benefit significantly from a cash transfer program via trade and production linkages.

e. In Niger, pilot cash transfers seem to have had positive effects on local trade and on the development of certain livelihoods.[55] Although the multiplier effects on the local economy were not measured, the impact would have been even greater if the transfers had been regular. It is reasonable to assume that a long-term and predictable injection of cash from transfers would produce similar multiplier effects, as seen in other countries.

f. In Mexico, an assessment of PROCAMPO (a program providing direct support to farmers) estimated that the program had had multiplier effects of between 1.5 and 2.6 times the amount transferred.[56]In Malawi, using a similar methodology, the multiplier effects of the Dowa Emergency Cash Transfers project were estimated to be between 2.02 and 2.45 times the amount transferred.[57] This means that for each dollar transferred, additional income of over US$2 is generated in the local economy.

g. Moreover, another study found that 12 percent of the transfers provided in Mexico's PROGRESA, a conditional cash transfer, are invested with a return of 17.6 percent and that, after 5.5 years in the program, households increased their consumption by 34 percent.[58]

[55] Save the Children UK (2008) and (2009)
[56] Sadoulet (2001)
[57] Davies (2008)
[58] Gertler et al. (2006)