



**The World Bank**

Burkina Faso COVID-19 Crisis-Response DPF (P174315)

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Report No: PGD228

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROGRAM DOCUMENT FOR A

PROPOSED DEVELOPMENT POLICY GRANT  
IN THE AMOUNT OF SDR 35.6 MILLION  
(US\$50.0 MILLION EQUIVALENT)

AND A

PROPOSED DEVELOPMENT POLICY CREDIT  
IN THE AMOUNT OF EUR 42.7 MILLION  
(US\$50.0 MILLION EQUIVALENT)

TO

BURKINA FASO

FOR THE

COVID-19 CRISIS-RESPONSE DEVELOPMENT POLICY FINANCING

November 16, 2020

Macroeconomics, Trade And Investment Global Practice  
Western and Central Africa Region

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Burkina Faso

**GOVERNMENT FISCAL YEAR**

*January 1 – December 31*

**CURRENCY EQUIVALENTS**

(Exchange Rate Effective as of September 30, 2020)

US\$1.00 = CFA Franc (CFAF) 556

US\$1.00 = Euro 0.854

US\$1.00 = SDR 0.710

**ABBREVIATIONS AND ACRONYMS**

ABP	Annual Borrowing Plan
AFD	French Development Agency ( <i>Agence Française de Développement</i> )
AfDB	African Development Bank
AGRA	Alliance for a Green Revolution in Africa
ASA	Advisory Services and Analytics
BCEAO	Central Bank of West African States ( <i>Banque Centrale des Etats de l’Afrique de l’Ouest</i> )
BIC	Credit Information Bureau ( <i>Bureau d’Information sur le Crédit</i> )
BOAD	Development Bank of West Africa ( <i>Banque Ouest Africaine de Développement</i> )
CAMEG	Central Purchasing Agency for Essential Medicines ( <i>Centrale d’Achat de Médicaments Essentiels Génériques et des Consommables Médicaux</i> )
CDC	Center for Disease Control and Prevention
CGAB	General Budget Support Framework ( <i>Cadre Général d’organisation des Appuis Budgétaires</i> )
CNT	National Transition Council ( <i>Conseil National de Transition</i> )
COVID-19	Coronavirus Disease 2019
CPF	Country Partnership Framework
CR-DPF	COVID-19 Crisis-Response Development Policy Financing
DGCOOP	Directorate General of Cooperation ( <i>Direction Générale de la Coopération</i> )
DPF	Development Policy Financing
DSA	Debt Sustainability Analysis
DSSI	Debt Service Suspension Initiative
ECF	Extended Credit Facility
ERP	Emergency Response Plan
ESIA	Environmental and Social Impact Assessment
EU	European Union
FAO	Food and Agriculture Organization
FCV	Fragility, Conflict, and Violence



FY	Fiscal Year
GDP	Gross Domestic Product
GoBF	Government of Burkina Faso
GRS	Grievance Redress Service
IBRD	International Bank for Reconstruction and Development
ICT	Information and Communication Technology
IDA	International Development Association
IDP	Internally Displaced Persons
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IHR	International Health Regulations
ILO	International Labor Organization
IMF	International Monetary Fund
IOM	International Organization for Migration
IPF	Investment Policy Financing
IT	Information Technology
LDP	Letter of Development Policy
M&E	Monitoring and Evaluation
MFI	Microfinance Institutions
MINEFID	Ministry of Economy, Finance and Development <i>(Ministère de l'Économie, des Finances et du Développement)</i>
MSME	Micro, Small and Medium Enterprises
NAP	National Climate Change Adaptation Plan
OIE	World Organization for Animal Health
ONEA	National Water Utility <i>(Office Nationale de l'Eau et de l'Assainissement)</i>
PAPSA	Agricultural Productivity and Food Security Project
PEFA	Public Expenditure and Financial Accountability
PDO	Program Development Objective
PFM	Public Financial Management
PNDES	National Development Program <i>(Programme National de Développement Économique et Social)</i>
SCD	Systematic Country Diagnostic
SDR	Special Drawing Rights
SESA	Strategic Environmental and Social Assessment
SONABEL	National Electricity Provider <i>(Société Nationale d'Électricité du Burkina)</i>
UNCDF	United Nations Capital Development Fund
USAID	United States Agency for International Development
y/y	Year on Year
WAEMU	West African Economic and Monetary Union
WB	World Bank
WBG	World Bank Group
WFP	World Food Program
WHO	World Health Organization



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**BURKINA FASO**

**BURKINA FASO COVID-19 CRISIS-RESPONSE DPF**

TABLE OF CONTENTS

<b>SUMMARY OF PROPOSED FINANCING AND PROGRAM .....</b>	<b>3</b>
<b>1. INTRODUCTION AND COUNTRY CONTEXT .....</b>	<b>5</b>
<b>2. MACROECONOMIC POLICY FRAMEWORK.....</b>	<b>9</b>
2.1. RECENT ECONOMIC DEVELOPMENTS.....	9
2.2. MACROECONOMIC OUTLOOK AND DEBT SUSTAINABILITY .....	13
2.3. IMF RELATIONS .....	20
<b>3. GOVERNMENT PROGRAM .....</b>	<b>20</b>
<b>4. PROPOSED OPERATION .....</b>	<b>21</b>
4.1. LINK TO GOVERNMENT PROGRAM AND OPERATION DESCRIPTION .....	21
4.2. PRIOR ACTIONS, RESULTS AND ANALYTICAL UNDERPINNINGS .....	22
4.3. LINK TO CPF, OTHER WORLD BANK OPERATIONS AND THE WBG STRATEGY .....	37
4.4. CONSULTATIONS AND COLLABORATION WITH DEVELOPMENT PARTNERS .....	38
<b>5. OTHER DESIGN AND APPRAISAL ISSUES .....</b>	<b>39</b>
5.1. POVERTY AND SOCIAL IMPACT .....	39
5.2. ENVIRONMENTAL, FORESTS, AND OTHER NATURAL RESOURCE ASPECTS .....	41
5.3. PFM, DISBURSEMENT AND AUDITING ASPECTS .....	44
5.4. MONITORING, EVALUATION AND ACCOUNTABILITY .....	46
<b>6. SUMMARY OF RISKS AND MITIGATION .....</b>	<b>47</b>
<b>ANNEX 1: POLICY AND RESULTS MATRIX .....</b>	<b>51</b>
<b>ANNEX 2: IMF RELATIONS ANNEX .....</b>	<b>53</b>
<b>ANNEX 3: LETTER OF DEVELOPMENT POLICY.....</b>	<b>55</b>
<b>ANNEX 4: ENVIRONMENT AND POVERTY/SOCIAL ANALYSIS TABLE.....</b>	<b>70</b>
<b>ANNEX 5: BURKINA FASO’S COVID-19 EMERGENCY RESPONSE PLAN (OVERVIEW AND COSTING).....</b>	<b>71</b>



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## SUMMARY OF PROPOSED FINANCING AND PROGRAM

### BASIC INFORMATION

Project ID	Programmatic
P174315	No

### Proposed Development Objective(s)

This operation aims at expanding economic opportunities for growth, building crisis-adaptive capacity of the state, and improving fiscal transparency and accountability.

### Organizations

Borrower: BURKINA FASO

Implementing Agency: MINISTERE DE L'ECONOMIE, DES FINANCES ET DU DEVELOPPEMENT

## PROJECT FINANCING DATA (US\$, Millions)

### SUMMARY

Total Financing	100.00
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### DETAILS

International Development Association (IDA)	100.00
IDA Credit	50.00
IDA Grant	50.00

## INSTITUTIONAL DATA

### Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

### Overall Risk Rating

Substantial



## Results

Indicator Name	Baseline (2019)	Target (2021) <sup>1</sup>
<b>Pillar 1: Expanding Economic Opportunities for Growth</b>		
<b>Results Indicator #1:</b> Share of fertilizer and seeds input distributed through the e-voucher system (volume-based)	Fertilizer: 46% Seeds: 23%	Fertilizer: 70% Seeds: 60%
<b>Results Indicator #2:</b> Individuals and businesses listed in the largest credit bureau as a share of the adult population	2%	10%
<b>Results Indicator #3:</b> Women listed in the largest credit bureau as a share of the adult population	0.4%	5%
<b>Pillar 2: Building Crisis-Adaptive Capacity of the State</b>		
<b>Results Indicator #4:</b> Number of (a) One Health strategies, (b) roadmaps of thematic commissions, and (c) reports of thematic commissions published	0 / 0 / 0	1 / 5 / 15
<b>Results Indicator #5:</b> Total number of <i>personnes indigentes</i> (incl. internally displaced persons (IDPs)) to whom an identity credential adapted to the foundational ID platform has been issued	0	Total: 500,000 IDPs: 150,000 Female: 250,000
<b>Results Indicator #6:</b> Number of ministries using at least five digital platforms	0	22
<b>Pillar 3: Improving Fiscal Transparency and Accountability</b>		
<b>Results Indicator #7:</b> Procurement contract lead time for medical supplies (days)	169	90
<b>Results Indicator #8:</b> Number of COVID-19 value for money audit reports published (including notes on the follow up on the implementation of recommendations of the preceding audit)	0	2
<b>Results Indicator #9:</b> Number of (a) debt bulletins or reports, (b) borrowing plans, and (c) reviews of the borrowing plan published in line with the order	0 / 0 / 0	3 / 1 / 1

<sup>1</sup> The targets set the minimum amounts to be achieved with the exception of Results Indicator #7 where the target sets the maximum amount to be achieved.





## IDA PROGRAM DOCUMENT FOR A PROPOSED CREDIT AND A PROPOSED GRANT TO BURKINA FASO

### 1. INTRODUCTION AND COUNTRY CONTEXT

1. **The proposed COVID-19 Crisis-Response Development Policy Financing (CR-DPF) complements the Government's response to the COVID-19 shock with structural measures to foster recovery and build back better.** The financing consists of an IDA grant in the amount of SDR 35.6 million (US\$50.0 million equivalent) and an IDA credit of EUR 42.7 million (US\$50.0 million equivalent). The impact of the health and economic crisis in a fragile security and rapidly deteriorating humanitarian context is severe and has triggered large unanticipated public financing needs against the backdrop of limited concessional funds. The Program Development Objective (PDO) is three-fold: (i) expanding economic opportunities for growth; (ii) building crisis-adaptive capacity of the state; and (iii) improving fiscal transparency and accountability. The proposed operation strengthens and complements the ongoing programmatic DPF series, it is aligned with the 2016-2020 National Socioeconomic and Development Plan (*Programme National de Développement Economique et Social*, PNDES) and complements the Government's short-term focused COVID-19 Emergency Response Plan (ERP) outlined in Annex 5. It is consistent with the priorities outlined in the FY18-FY23 Country Partnership Framework (CPF) and the World Bank Group (WBG) COVID-19 Crisis Response Approach Paper of June 2020. The DPF also supports the implementation of IDA's Sustainable Development Finance Policy and it is consistent with commitments under the Debt Service Suspension Initiative (DSSI).

2. **Burkina Faso was among the first countries in Sub-Saharan Africa hit by the pandemic, and the Government took early and decisive action to contain and mitigate the spread of the virus.** As of end-March, the country recorded 261 cases or 8 percent of all reported cases in Sub-Saharan Africa, a share only surpassed by South Africa. The Government put two key containment measures in place: it quarantined all cities with confirmed COVID-19 cases, including Ouagadougou and Bobo-Dioulasso; and it suspended commercial flights and closed land borders, except for freight and humanitarian traffic. In addition, the following mitigation measures were imposed: (i) closure of all schools and universities; (ii) national curfew; (iii) prohibition of demonstrations and gatherings of people in places or venues open to the public in the capital region; (iii) suspension of the holding of baptisms, weddings, and any other event gathering in public; and (iv) closure of bars, restaurants, and markets in Ouagadougou and its surroundings. These measures were gradually lifted as the spread of the virus had slowed. By November 11, Burkina Faso's share in all reported cases in Sub-Saharan Africa was down to 0.2 percent with 2,581 COVID-19 cases (and 67 COVID-19 deaths).

3. **The pandemic and associated containment and mitigation measures have plunged the country into an economic crisis and increased budgetary pressures.** As a result of both the global slowdown and the domestic COVID-19 outbreak, the economy is projected to contract by 2 percent in 2020 (compared to growth of 6 percent projected pre-COVID-19) and associated with a contraction of 5 percent in per capita terms. On the demand side, containment and mitigation measures have hit private consumption and a shift into crisis-fighting mode has led to cuts in both public and private investment. Further, the global recession has negatively affected the country's exports. On the supply side, the services sector—the growth driver in past years—is shrinking. Subsectors particularly hit are restaurants, hotels, retail, travel and transport services. While industry is shrinking as well, growth in agriculture has prevented a



more severe downturn so far. However, this sector is not resilient to the vagaries of weather and climate, and pressures from the spreading conflict. Budgetary pressures have substantially increased in 2020 due to rising security and COVID-19 related spending and lower revenues, with the fiscal deficit projected at 6 percent of GDP, twice as high compared to pre-COVID-19 projections.

4. **COVID-19 hit the country on top of an already deteriorating security situation with persistent armed violence and severe humanitarian consequences.** Violent conflict has grown dramatically over the past two years, involving violent extremism increasingly intertwined with frustration over longstanding local tensions and self-defense dynamics. Six of 13 regions are under a state of emergency. Even before COVID-19 had reached the country, as of early February 2,410 schools were closed due to insecurity, affecting about 318,000 students.<sup>2</sup> At the same time, nearly 1.5 million people were projected to lack access to health care in 2020 because every tenth facility was closed, and another 12 percent offered only limited services. In the first half of 2020, the spiral of violence has accelerated further with 1,685 reported fatalities, compared to 2,219 for the entire year 2019. As a result, Burkina Faso is experiencing one of the world's fastest-growing IDP crises. The number of internally displaced persons (IDPs) has increased 20-fold from 50,000 in January 2019 to over 1 million in August 2020. Most provinces (incl. *Nord, Sahel, Centre-Nord, Centre, Est*) are hosting IDPs, which puts an already poor population under additional stress and threatens the Government's ability to deliver social services while at the same time facing pressure for higher security spending. Natural hazards such as droughts induced by climate change are exacerbating this situation.

5. **The economic downturn and deteriorating security situation are increasing poverty and worsening social conditions.** Poverty remains widespread. In 2019, two out of five Burkinabè lived under the national poverty line. This corresponds to 8.5 million people, of which over 90 percent reside in rural areas. Among this latter group, more than half do not meet basic nutritional and non-food needs, compared to only 13 percent among the urban population. The poor are also highly vulnerable: in 2019, over 80 percent of households reported experiencing a shock in the past three years. Most reported shocks related to climate (e.g. drought or erratic rains), health (e.g. illness or accident), and food prices. Women are more likely to be among the poor. According to the 2020 Human Development Report, Gross National Income of women is less than 65 percent of that of men in Burkina Faso and women have a substantially lower Human Development Index at 0.40 compared to 0.46 for men. The COVID-19 induced downturn is reversing the reduction in poverty achieved in recent years and will exacerbate social conditions in the medium term. Scenario analysis suggests that the poverty rate might rise from 37 percent in 2019 to over 39 percent in 2020 (using the international poverty line). While direct impacts such as loss of earnings due to illness and out-of-pocket health expenses could be manageable, indirect impacts are more widespread, severe, and uncertain. Among those impacts are loss of labor income, loss of non-labor incomes (including remittances), disruption of markets and supply chains, and disruptions in basic service delivery.

6. **The proposed operation will help the country recover and build back better through expanding economic opportunities for growth, building crisis-adaptive capacity of the state, and improving fiscal**

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<sup>2</sup> By March 12, 2020 (latest available estimate), the number of formal schools closed due to insecurity had risen to 2,512, about 90 percent of which recorded as primary education, affecting approximately 350,000 formal school students. The reasons for the closures were terrorist threats (62 percent), armed attacks (33 percent), and occupation by IDPs (3%).



**transparency and accountability.** The program is organized around three pillars. The first pillar seeks to expand economic opportunities for growth through selected interventions in agriculture and the business environment. The nation-wide scale-up of the e-voucher distribution system will make subsidy distribution for high quality agricultural inputs (e.g. fertilizer and seeds) more efficient, transparent and resilient, which is expected to improve the productivity and incomes of smallholder farmers. Expanding the coverage of the main credit bureau will allow financial institutions to better assess risks and widen the pool of potential clients, particularly Micro, Small and Medium Enterprises (MSMEs). The second pillar seeks to build the crisis-adaptive capacity of the state, which—if it had been in place at the onset of the COVID-19 crisis—would have helped the Government respond faster and more effectively. For example, the One Health Technical Secretariat will provide the coordination framework that is so urgently needed. The third pillar seeks to improve fiscal transparency and accountability through measures tackling the governance of crisis-funds, including through more public oversight, and public debt management and reporting. The reform on enhancing debt management establishes the regulatory framework for the proposed FY21 Policy and Performance Actions (PPAs) under the Sustainable Development Finance Policy (SDFP).

**7. The selected measures have the potential to be transformative for the country and its citizens.**

For example, a universal unique identifier is the basis for a country's identification system with implications for social protection (e.g. safety nets), financial inclusion (e.g. as prerequisite for a mobile money account), education (e.g. proof of identity for students), and health (e.g. for the universal health care scheme in preparation). This operation supports the process to achieve this transformational reform and aims to show that within a year 500,000 people, including 250,000 women and 150,000 IDPs can be reached. Another example of a potential transformational reform is the usage of Information Technology (IT) platforms by government entities. It improves the functioning of the state and resilience during crisis. A strong user-centered digital government is the first and foremost foundation for any digital development as it stimulates the development of applications by the private sector to help transform the economy in the long run. Better identification and the digitalization of the public sector will enable crisis-adaptive and targeted services delivery. Health services will benefit from these measures and further from more efficient procurement of essential medicines supported under Pillar 3.

**8. This proposed CR-DPF complements the ongoing programmatic DPF series.**

The series supports the Government's efforts to (i) strengthen fiscal management; (ii) improve natural resources management and raise mining and livestock productivity; and (iii) improve health service delivery and social spending efficiency. The proposed CR-DPF bolsters the Government's response to the COVID-19 shock, the worsening security situation, and the economic downturn. Specifically: (i) it includes prior actions on health and social assistance that will help achieve results under the programmatic series; (ii) it puts a stronger emphasis on crisis-response and preparedness with a focus on COVID-19 and other emergencies (e.g. the September 2020 floods); and (iii) it extends the policy dialogue to complementary areas which have become important to recover from the COVID-19 downturn (i.e. agriculture, access to credit, digitalization, fiscal governance, and public debt). Completing the programmatic DPF series and achieving results remains a priority for the Government. DPF2 was approved in June 2020, and progress on DPF3 triggers is strong, with seven out of ten indicative triggers well-advanced. With DPF3 tentatively scheduled for Board decision in August 2021, there is sufficient time for completing all prior actions after the November 2020 presidential and legislative elections. The option of integrating follow-up measures from the CR-DPF into DPF3 is available to further strengthen the policy dialogue and the implementation of



major reforms such as establishing a social registry. To ensure smooth coordination, the same World Bank team is leading DPF3 and the CR-DPF.

9. **The proposed CR-DPF is coordinated with the international community, and it supports the Government to better address fragility, conflict, and violence (FCV) risks and the root causes of the conflict.** The COVID-19 induced fiscal financing gap for 2020 is projected at US\$467 million (3 percent of GDP), with 56 percent covered through external financing (US\$145 million from the International Monetary Fund (IMF), US\$55 million from the World Bank, and US\$63 million from the DSSI, African Development Bank (AfDB), European Union (EU), France and others) and the remainder covered through domestic financing (securities, Development Bank of West Africa (*Banque Ouest Africaine de Developpement*, BOAD)). The international community is supporting the Government’s immediate crisis-response with dedicated interventions. The IMF provided liquidity support through a Rapid Credit Facility and has approved the release of the final tranches under the Extended Credit Facility (ECF) program, while the World Bank and other donors have stepped up their engagement in the health and social protection sectors. This CR-DPF complements these efforts through policy dialogue and coordination of a multi-sector response. It also supports the country’s eligibility to access IDA’s Prevention and Resilience Allocation (see Box 1).

**Box 1: Prevention and Resilience Allocation**

*Burkina Faso is potentially eligible to access the IDA19 Prevention and Resilience Allocation (PRA), which, if confirmed, will provide US\$700 million in addition to the country’s Performance Based Allocation. To confirm eligibility, an Eligibility Note is submitted to the Board with a government strategy that describes the concrete steps that the country will take to reduce the risks of conflict or violence. Countries that are eligible to the PRA recalibrate their full IDA country program to focus principally and directly on de-escalating the conflict and violence through development interventions. This means that all operations in the portfolio should contribute to help the Government better address conflict and violence risks and the underlying drivers of conflict. Discussions have been held with the Government on the country’s strategy for the return to peace and the recalibration of the World Bank’s portfolio. The Eligibility Note will be discussed by the Board on the same day as this DPF.*

*The IDA19 PRA context has the following implications for this operation: (i) the prior actions should not reinforce existing fault lines, inequalities or grievances (in application of the “do no harm” principle); and (ii) the operation should proactively address conflict drivers, in particular the grievances towards the state, and address specific vulnerabilities of groups heavily impacted by the current conflict and potentially by the COVID-19 crisis.*

*The proposed DPF has been reviewed by the World Bank’s FCV team which concluded that no prior action in its current design appears to reinforce existing fault lines, inequalities or grievances. The risk of exclusionary targeting is recognized and will be mitigated through strong implementation support. Several measures included in the operation help vulnerable groups affected by FCV risks. For example, Prior Action #1 aims to improve access for smallholder farmers (including in conflict areas) to high-quality agricultural production factors; Prior Action #4 will provide ID credentials to “personnes indigentes,” which include IDPs, i.e. those that likely suffer the most from the conflict; and Prior Action #6 introduces a streamlined governance framework to ensure rapid disbursement of crisis funds to most vulnerable groups impacted by the crisis and the conflict.*

10. **The macroeconomic policy framework is adequate for the proposed operation.** The Government has established a track record of fiscal adjustment in recent years. Potential growth remains solid, underpinned by private investment in the growing gold sector, and in the cotton sector currently under rehabilitation, with potential of productivity increases in agriculture. While accommodating a temporary



deviation owing to insecurity and COVID-19-related spending, the Government has committed—as reflected in the medium-term budgetary framework—to regain the West African Economic and Monetary Union (WAEMU) 3 percent of GDP deficit target by 2024. The fourth and fifth combined reviews under the IMF supported ECF were completed on November 13, 2020. Public debt as assessed in the Debt Sustainability Analysis (DSA) from October 2020 is sustainable, the risk of overall and external debt distress is moderate, and the country is participating in the G20 DSSI. Further, fiscal sustainability, debt management and debt transparency are being strengthened as part of this DPF, which also supports the IDA19 Sustainable Development Finance Policy, in close coordination with the IMF.

## 2. MACROECONOMIC POLICY FRAMEWORK

### 2.1. RECENT ECONOMIC DEVELOPMENTS

11. **Real GDP growth decelerated to 5.7 percent in 2019 (from 6.8 percent in 2018) on account of a moderation in agriculture and a worsening security situation towards the end of the year; the impact of COVID-19 on the economy is worse than anticipated (Table 2.1).** Agriculture sector growth weakened to 4.6 percent in 2019, following exceptional harvests in 2018 that led to 9.9 percent growth in the sector. Cotton production dropped by 31 percent as a result of land substitution in favor of crops. Ultimately, agriculture only contributed 1.1 percentage points to growth compared to 2.4 percentage points in 2018. Security threats in late 2019 forced a temporary closure of a key gold mine, leading up to a halving of industry’s contribution to growth (0.5 percentage points). Services contributed the biggest share (4.1 percentage points) to growth (up from 3.4 percentage points in 2018), supported by new 4G license issuances and expanding information and communication technology (ICT) market penetration. On the demand side, private consumption, fueled by accelerating credit growth (6.7 percent in 2018 and 11.1 percent in 2019), was the main driver of growth with a contribution of 4.6 percentage points. Public consumption also contributed 2.8 percentage points, driven by the rise in government expenditure in response to the dual security and humanitarian crises. Based on official data,<sup>3</sup> the impact of the COVID-19 shock in the first six months of 2020 were stronger than anticipated. Real output contracted by 1.4 percent and 8.6 percent (y/y) in the first two quarters, respectively. The contraction was broad-based, with significant losses in hotels and restaurants (-32 percent), commerce (-25 percent), and real estate activities (-13 percent).

12. **Inflation was -2.6 percent (y/y) in 2019, helped by bumper food harvests and declining communication prices; it accelerated to 4.6 percent (y/y) as of October 2020 (Table 2.2).** The deflationary pressures reached a peak in September 2019 when the consumer price index (CPI) dropped by 5.4 percent (y/y) and the food price sub-category by as much as 9.8 percent. Thereafter, food prices recovered, reflecting cereals harvests reverting to normal levels. Additional inflationary pressures emanated from a rise in utility and fuel prices by 3 percent (y/y). In the first quarter of 2020, prices were relatively stable. However, with the worsening COVID-19 shock in the second quarter, fears of rationing, price-gauging in some instances, and actual or anticipated logistics and supply chain disruptions caused inflationary pressures. By October 2020, CPI inflation had increased to 4.6 percent (y/y).

<sup>3</sup> Provided by the National Statistical Institute INSD.



TABLE 2.1: CONTRIBUTIONS TO REAL GROWTH FROM SUPPLY AND DEMAND SIDES, 2016-2023

	2016	2017	2018	2019e	2020p	2021p	2022p	2023p
<i>Supply Side</i>								
Agriculture	1.1	-0.3	2.4	1.1	0.4	0.6	0.9	1.0
Industry	1.4	2.8	1.0	0.5	-0.8	0.3	0.8	1.0
Services	3.5	3.7	3.4	4.1	-1.5	1.4	3.0	3.5
<i>Demand Side</i>								
Consumption	4.7	0.3	2.2	7.4	3.1	1.9	3.6	4.4
Private	3.0	2.0	1.0	4.6	0.0	2.3	4.2	4.9
Public	1.7	-1.7	1.1	2.8	3.1	-0.5	-0.6	-0.5
Investment	3.0	3.2	4.1	-1.6	-4.0	1.5	1.8	1.6
Private	2.6	2.8	4.0	0.4	-2.9	1.2	1.4	1.3
Public	0.4	0.4	0.1	-2.0	-1.1	0.3	0.3	0.2
Exports	0.7	4.0	1.6	-0.6	-1.8	1.1	1.3	1.3
Imports	-2.4	-1.4	-1.2	0.5	0.7	-2.1	-1.9	-1.8
<b>GDP Growth</b>	<b>6.0</b>	<b>6.2</b>	<b>6.8</b>	<b>5.7</b>	<b>-2.0</b>	<b>2.4</b>	<b>4.7</b>	<b>5.4</b>

Source: Burkina Faso authorities; World Bank and IMF staff estimates (IMF staff most recently projected growth at -2.8 percent in 2020 and at 4.1 percent in 2021, thus being slightly more pessimistic for 2020 while being more optimistic for 2021). Note: "e" is estimated, "p" is projected.

TABLE 2.2: SELECTED ECONOMIC INDICATORS, 2016-2023

	2016	2017	2018	2019e	2020p	2021p	2022p	2023p
<i>Annual percentage change, unless otherwise indicated</i>								
<b>National Accounts and Prices</b>								
GDP at constant prices	6.0	6.2	6.8	5.7	-2.0	2.4	4.7	5.4
GDP per capita at constant prices	3.0	3.3	3.9	2.8	-5.0	-0.6	1.8	2.9
GDP deflator	2.5	2.0	2.4	-3.0	3.7	1.8	2.4	2.4
Consumer prices, <i>end of period</i>	-1.6	2.1	0.3	-2.6	3.2	2.1	2.4	2.4
<b>Selected Monetary Accounts</b>								
Banks' credit to the government	-4.5	5.9	-0.2	2.6	8.2	6.1	4.6	3.2
Banks' credit to private sector	12.1	14.4	6.7	11.1	6.2	8.9	10.4	10.5
Broad money (M3)	11.8	21.6	10.4	8.8	12.1	14.7	14.5	12.5
<i>Percent of GDP, unless otherwise indicated</i>								
<b>Fiscal Accounts</b>								
Total revenue and grants	18.6	19.2	19.4	20.4	22.1	21.1	21.5	21.8
Total expenditure and net lending	21.5	26.1	23.6	23.6	28.1	25.7	25.5	25.3
Overall fiscal balance, <i>with grants</i>	-3.0	-6.8	-4.2	-3.2	-6.0	-4.6	-4.0	-3.5
Total public debt	33.3	33.5	37.7	42.7	47.7	50.7	53.9	53.3
<b>External Sector</b>								
Current account balance	-6.1	-5.0	-4.1	-4.8	-3.8	-3.8	-4.1	-4.3
Goods and service balance	-6.2	-5.0	-4.0	-4.7	-4.5	-3.4	-3.8	-4.0
Foreign direct investment	2.7	-0.1	1.2	1.2	0.9	0.9	0.7	0.8
External public debt	23.7	21.1	21.5	23.7	24.5	25.2	26.7	27.2
<b>Nominal GDP</b>								
In US\$ million	12,213	14,846	15,616	15,178	15,421	16,073	17,237	18,605

Source: Burkina Faso authorities; World Bank and IMF staff estimates and projections. Note: "e" is estimated, "p" is projected.



13. **The current account deficit widened to 4.8 percent of GDP in 2019 (from 4.1 percent in 2018), but it has likely narrowed in the first half of 2020, due to favorable external price developments (Table 2.2).** The increase in the current account deficit in 2019 was driven by a sharp decline in cotton exports due to a drop in production combined with lower cotton prices. Positive developments in the primary (profit repatriation) and secondary income accounts (remittances and donor grants) helped prevent a further deterioration. With FDI inflows hardly covering a quarter of the current account deficit, the bulk of the deficit was financed through debt-creating portfolio flows (issuances of government securities in the regional market) and concessional borrowing from International Financial Institutions. In the first six months of 2020, the current account deficit has likely narrowed, due to a lower oil-related import bill and higher international prices of Burkina Faso's main export commodity: gold.

14. **The fiscal deficit decreased to 3.2 percent of GDP in 2019 (from 4.2 percent in 2018), helped by a one-off revenue windfall from the sale of 4G licenses and cuts in capital spending (Table 2.3).** In 2019, total revenues and grants rose by 1 percentage point of GDP supported by an increase in non-tax revenues (by 1.5 percentage points of GDP) due to the one-off sale of 4G licenses to mobile phone operators. Tax revenues also rose slightly by 0.3 percentage points due to improved collection measures and a hike in taxes on alcoholic beverages. Meanwhile, grants fell sharply, by 0.9 percentage points of GDP. Total expenditure stagnated at 23.6 percent of GDP in 2019. Current transfers were up by 1.0 percentage point of GDP due to increasing transfers to vulnerable populations, including IDPs.<sup>4</sup> Moreover, wages and salaries were up by 1.4 percentage points of GDP, whereas interest payments on debt rose by 0.2 percentage points of GDP. Finally, security spending also rose to about 4 percent of GDP in 2019, up by about 1.7 percentage points from its pre-2017 level. To contain the rise in overall expenditure, the Government slashed capital spending by as much as 2.4 percentage points to 6.0 percent of GDP. About two thirds of the fiscal deficit was financed through debt issuance in the regional securities market (Table 2.4).

15. **Monetary policy has remained fairly prudent, thus not generating inflationary pressures to countervail the above-mentioned trend in food prices.** Burkina Faso's monetary and exchange rate policies are managed by the Central Bank of West African States (*Banque Centrale des Etats de l'Afrique de l'Ouest*, BCEAO), which maintains a fixed peg between the CFA Franc and the Euro. The French Treasury provides an unlimited guarantee for the convertibility of CFA francs into euros. BCEAO's international reserves improved in terms of import coverage from 4.5 months in 2018 to 4.9 months in 2019, on the back of Eurobond issuances of the economically stronger members of the WAEMU zone. The real effective exchange rate (REER) depreciated slightly in 2019 and remains moderately overvalued. While low inflation would permit monetary expansion, the current level of external reserves is below the estimated adequate range of six to seven months of import coverage.

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<sup>4</sup> Government transfers to vulnerable parts of the population (e.g., partial or full health coverage for some vulnerable groups, including IDPs) are costly because of the existing identification system that is fragmented, poorly maintained, and leads to inefficient targeting. Fuel price subsidies are another, smaller component of current transfers. The increase in wages and salaries mainly reflects the expansion in personnel and the introduction of an incentive scheme for security forces, including retroactive pay for 2018.



TABLE 2.3: CONSOLIDATED OPERATIONS OF THE CENTRAL GOVERNMENT, 2016-2023

	2016	2017	2018	2019e	2020p	2021p	2022p	2023p
<b>Total revenue and grants</b>	<b>18.6</b>	<b>19.2</b>	<b>19.4</b>	<b>20.4</b>	<b>22.1</b>	<b>21.1</b>	<b>21.5</b>	<b>21.8</b>
Total revenue	16.2	16.9	17.0	18.9	17.7	18.5	19.0	19.3
Tax revenue	14.2	15.0	15.1	15.4	15.3	16.2	16.7	17.1
Mining sector	0.3	0.5	0.5	0.6	0.7	0.8	0.9	1.0
Non-tax revenue	2.0	1.8	2.0	3.5	2.4	2.4	2.4	2.3
Grants	2.4	2.4	2.4	1.5	4.4	2.6	2.5	2.5
<b>Expenditures and net lending</b>	<b>21.5</b>	<b>26.1</b>	<b>23.6</b>	<b>23.6</b>	<b>28.1</b>	<b>25.7</b>	<b>25.5</b>	<b>25.3</b>
Current expenditures	14.7	16.0	15.4	17.8	18.8	18.3	17.8	17.4
Wages and salaries	7.3	7.5	7.8	9.2	9.7	9.7	9.4	9.0
Goods and services	1.7	2.1	2.2	2.2	2.0	1.9	1.8	1.8
Current transfers	4.9	5.6	4.3	5.3	5.6	5.1	4.8	4.8
Interest on debt	0.9	0.8	1.1	1.3	1.4	1.6	1.7	1.8
Capital expenditure	6.9	10.1	8.4	6.0	9.4	7.4	7.8	7.9
Domestically financed	4.5	7.1	5.9	4.6	5.6	4.4	4.8	4.9
Externally financed	2.4	3.0	2.5	1.5	3.8	3.0	3.0	3.0
<b>Fiscal balance</b>	<b>-3.0</b>	<b>-6.8</b>	<b>-4.2</b>	<b>-3.2</b>	<b>-6.0</b>	<b>-4.6</b>	<b>-4.0</b>	<b>-3.5</b>
External financing	1.4	0.9	0.8	1.1	2.6	1.3	1.8	1.9
Domestic financing	0.4	5.0	4.4	2.1	3.4	3.3	2.2	1.6

Source: Burkinabe authorities; World Bank and IMF staff estimates and projections. All figures are in percent of GDP. Note: "e" is estimated, "p" is projected.

TABLE 2.4: EXTERNAL FINANCING REQUIREMENTS AND SOURCES, 2016-2023

	2016	2017	2018	2019e	2020p	2021p	2022p	2023p
<b>Financing requirements</b>	<b>-6.6</b>	<b>-5.6</b>	<b>-4.7</b>	<b>-5.4</b>	<b>-4.6</b>	<b>-4.5</b>	<b>-4.8</b>	<b>-5.0</b>
Current Account Balance	-6.1	-5.0	-4.1	-4.8	-3.8	-3.8	-4.1	-4.3
Amortization of loans	-0.5	-0.6	-0.6	-0.6	-0.7	-0.7	-0.7	-0.7
<b>Financial Sources</b>	<b>6.6</b>	<b>5.6</b>	<b>4.7</b>	<b>5.4</b>	<b>4.6</b>	<b>4.5</b>	<b>4.8</b>	<b>5.0</b>
Capital grants	2.0	2.1	2.0	1.1	2.7	2.2	2.1	2.0
FDI (net)	2.7	-0.1	1.2	1.2	0.5	0.5	0.7	0.9
Portfolio investments (net)	-3.1	0.8	3.6	3.0	0.3	1.3	1.1	1.0
Short-term debt disbursements	-0.9	-1.0	0.2	0.8	0.1	-0.1	-0.1	0.0
Long term debt disbursements	5.2	5.1	1.1	3.1	1.8	1.4	2.1	2.4
IMF credit (net)*	-0.1	0.1	0.1	-0.3	-1.0	0.2	0.1	0.1
Errors and Omissions	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
Change in reserves	0.9	-1.5	-3.5	-3.4	0.1	-0.9	-1.4	-1.3

Source: Burkinabe authorities; World Bank and IMF staff estimates and projections. All figures are in percentage of GDP. Note: "e" is estimated, "p" is projected, \*incl. prospective financing.

16. **The small financial sector is sound and poses little risk to the economy.** While credit growth picked up in 2019, credit to the private sector still remains below 30 percent of GDP which is small in international comparison. The banking system is well-capitalized with a capital adequacy ratio of about 12 percent, which exceeds the regulatory minimum of 8.6 percent. Further, the share of non-performing





loans in total loans (NPL ratio) fell from 8.8 percent in 2018 to 7.4 percent in 2019. Net credit exposure to the Government remained low at 2.1 percent of GDP in 2019.

17. **Public debt increased to 42.7 percent of GDP in 2019 (from 37.7 percent in 2018) with a further compositional shift towards more expensive domestic borrowing.** The sharp increase in public debt is mainly due to the primary deficit (contribution of 2.2 percentage points), real exchange rate depreciation (1.5 percentage points), and the average real interest rate (1.2 percentage points). Real GDP growth counter-balanced these factors only to some extent (by 2.0 percentage points), leaving a fairly large residual (2.1 percentage points), including data revisions. On the one hand, about three fifths of the rise in the debt stock stems from debt issuance in the regional market where the Government benefited from favorable liquidity conditions but also faced the cost of more expensive borrowing terms. As a result, the stock of domestic debt increased from 16.2 percent of GDP in 2018 to 19.0 percent of GDP in 2019. On the other hand, about two fifths of the rise in debt stem from external borrowing. As a result, external debt, which has remained highly concessional, rose from 21.5 percent of GDP in 2018 to 23.7 percent of GDP in 2019. This shift towards a higher share of (more expensive) domestic debt, which doubled over the past three years, has triggered an increase in interest payments from 0.9 to 1.3 percent of GDP over the same period.<sup>5</sup>

## 2.2. MACROECONOMIC OUTLOOK AND DEBT SUSTAINABILITY

18. **The COVID-19 pandemic is hitting the economy hard and introducing significant uncertainty to the medium-term macroeconomic outlook.** Recognizing the economic nature of the threat posed by COVID-19, the Government introduced an Emergency Response Plan (ERP) that goes beyond the containment of the health crisis. Indeed, the ERP also aims at mitigating the economic impact of COVID-19 on households and firms through a mix of cash transfers, deferred rent and utilities payments, temporary tax exemptions, deferred taxes, credit to small businesses, and other measures (see Annex 5).

19. **As a result of the COVID-19 shock, economic activity is projected to contract by 2 percent in 2020, with a gradual recovery expected from 2021 onwards.** As a result of COVID-19-driven disruptions to domestic supply and demand and related increased uncertainty, investment is expected to contract by 18 percent. On the demand side, only public consumption is expected to positively contribute to growth as the Government steps in to mitigate the impact of the pandemic and support the economy. On the supply side, notwithstanding a resilient agriculture sector (+1.5 percent) whose production comes mainly from COVID-19-spared rural areas, both services and industry sectors are projected to significantly suffer from the containment measures introduced in the first semester, with output levels projected to decline by -3.0 and -3.1 percent, respectively. Assuming that the COVID-19 pandemic does not dissipate quickly, the negative impacts on industry and services are expected to protract to the first quarter of 2021. As a result, the economy is projected to rebound only modestly in 2021 (2.4 percent), followed by a relatively stronger recovery in 2022 (4.7 percent), with potential growth underpinned by private investment in the growing gold sector and in the cotton sector (under restructuration), and also by private consumption expected to be supported by larger bank credit to the economy. The recovery will be further strengthened through the Government's commitment to reforms under this DPF, in particular through Pillar 1 which

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<sup>5</sup> The sharp rise in domestic debt has been driven by relatively high public financing requirements in combination with limited availability of concessional borrowing and high roll-over costs of domestic financing.



seeks to expand economic opportunities for growth in agriculture (via improved productivity) and for MSMEs (via improved access to credit). CPI inflation is projected to reach 3.2 percent by end 2020, as food prices recover from 2019 deflationary pressures, and decrease somewhat thereafter.

20. **The current account deficit is projected to narrow to 3.8 percent of GDP in 2020 (from 4.8 percent in 2019) and gradually rise over the medium term.**<sup>6</sup> In 2020, the trade balance is expected to improve by 0.7 percentage points of GDP, mainly due to increasing gold exports in the wake of record high prices and a lower oil-related import bill. This improvement is somewhat counterbalanced by a decline in cotton exports, due to a 10-year low in international cotton prices combined with an increase in medicine and health equipment imports. FDI coverage of the current account deficit is projected to decline from 25.2 percent in 2019 to about 13.5 percent in 2020, with project grants and government borrowing covering the bulk of the external financing needs. Portfolio inflows are projected to remain positive as the Government issues additional debt securities in the regional financial market to fund the fiscal deficit. Over the medium term, the current account deficit is projected to increase gradually as the oil price picks up again and as imports in the mining and health sectors remain elevated.

21. **The fiscal deficit is projected to increase to 6.0 percent of GDP in 2020 (compared to 3.1 percent projected pre-COVID-19), with a sharp decrease in revenues.** Domestic revenue collection (excluding grants) is projected at 17.7 percent of GDP, 2.9 percentage points lower than envisaged under the initial budget (Table 2.5), due to a contracting economy, lower customs revenue, and temporary tax deferrals or cancellations to cushion the economic impact of the COVID-19 shock. The decrease in domestic revenue will be partially offset by a significant increase in grants, projected at 4.4 percent of GDP, i.e. about 0.8 percentage points higher than anticipated in the initial budget and in nominal terms three times the level of 2019 (CFAF 404 billion in 2020 vs CFAF 134 billion in 2019).<sup>7</sup> The combination of total revenue and grants are expected to be 2.1 percentage points of GDP lower than planned pre-COVID-19.

22. **Of the 3.0 percentage point of GDP deviation from the initial budget, 2.5 percentage points are related to COVID-19 mitigation measures and the rest is related to security spending.** On the expenditure side, current expenditure and investments are projected to increase by 0.7 and 0.5 percentage points of GDP, respectively, compared to figures in the initial budget. Within the current expenditure envelope, the Government made room for COVID-19-related health and transfers expenditures (1.1 percent of GDP) by keeping the wage bill unchanged in nominal terms<sup>8</sup> and cancelling non-priority spending (-0.4 percent of GDP). Moreover, the Government postponed important but non-urgent investments (1.2 percent of GDP) while adding COVID-19-related investments (1.7 percent of GDP)

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<sup>6</sup> In 2020, the projected decrease in financing requirements stemming from the balance of payments is outweighed by a rise in domestic financing requirements. The composition of financing is also projected to shift away from FDI towards debt-creating flows. This explains the disconnect between a rising fiscal deficit and a shrinking current account deficit.

<sup>7</sup> 2020 stands out as an exceptional year for the country in terms of grant inflows. This is mostly explained by the unprecedented nature of the COVID-19 shock and the deteriorating security crisis that triggered donor attention, in combination with strong Government efforts to mobilize additional grants throughout the year. About half of the grants mobilized are linked to projects and the other half is linked to budget support operations. Among the key grant contributors are the EU, World Bank, AfDB, and France, with additional savings from the interest payment portion of the DSSI and IMF debt relief.

<sup>8</sup> Although unchanged in nominal terms relative to the pre-COVID budget, this still represents a 0.5 percentage point of GDP increase relative to 2019. In terms of tax revenue, the wage bill is projected to increase from 59.3 percent in 2019 to 63.7 percent in 2020. The Government is committed to decrease the wage bill over the medium term, an objective also supported through the programmatic DPF series.



and security investments.<sup>9</sup> Supported by this COVID-19 Crisis-Response DPF, an oversight mechanism, with the participation of civil society, has been put in place to coordinate the Government's response to COVID-19 and ensure transparency and accountability of COVID-19-related expenditures through systematic tracking and reporting (see Prior Action #6).

TABLE 2.5: COVID-19 INDUCED CHANGES IN THE FISCAL POLICY FRAMEWORK IN 2020

	<i>in US\$ million</i>		<i>in percent of GDP</i>	
	<i>Pre-COVID-19 budget</i>	<i>post-COVID-19 [1] projections</i>	<i>Pre-COVID-19 budget</i>	<i>post-COVID-19 [1] projections</i>
<b>Total revenue and grants</b>	<b>3,916</b>	<b>3,590</b>	<b>24.1%</b>	<b>22.1%</b>
<b>Total revenue</b>	3,320	2,875	20.5	17.7
<b>Current revenue</b>	3,320	2,875	20.5	17.7
Tax revenue	2,913	2,483	18.0	15.3
Non-tax revenue	407	392	2.5	2.4
<b>Capital revenue</b>	0	0	0.0	0.0
Capital profit	0	0	0.0	0.0
<b>Grants</b>	596	715	3.7	4.4
<b>Expenditure and net lending</b>	<b>4,418</b>	<b>4,559</b>	<b>27.2%</b>	<b>28.1%</b>
<b>Expenditure</b>	4,435	4,576	27.3	28.2
<b>Current expenditures</b>	2,855	3,050	17.6	18.8
Wages and salaries	1,546	1,581	9.5	9.7
Goods and services	350	328	2.2	2.0
Current transfers	741	906	4.6	5.6
Interest on debt	217	235	1.3	1.4
<b>Capital expenditure</b>	1,580	1,526	9.7	9.4
Domestically financed	882	905	5.4	5.6
Externally financed	681	620	4.2	3.8
Capital grants (funds)	18	0	0.1	0.0
<b>Net lending</b>	-17	-17	-0.1	-0.1
<b>Fiscal balance</b>	<b>-502</b>	<b>-969</b>	<b>-3.1%</b>	<b>-6.0%</b>
<b>Financing</b>	<b>502</b>	<b>969</b>	<b>3.1%</b>	<b>6.0%</b>
External financing	156	419	1.0	2.6
Domestic financing	346	550	2.1	3.4
Residual financing	0	0	0.0	0.0

**COVID-19 induced financing gap US\$467 million**

Source: Burkinabe authorities; World Bank and IMF staff estimates and projections, based on data collected from Government and development partners. [1] As of August 20, 2020. Note that the GDP growth was revised down from 6 percent (in pre-COVID-19 budget) to -2 percent (post-COVID-19).

<sup>9</sup> The COVID-19-related investments include health investments and capital grants for businesses hit by COVID-19.



TABLE 2.6: COVID-19 ADDITIONAL FISCAL FINANCING REQUIREMENTS IN 2020

	Pre-COVID-19 budget	post-COVID-19 projections	COVID-19 induced financing gap	
			value	percentage
<i>Amounts in US\$ million</i>				
<b>Fiscal balance</b>	-502	-969	-467	100%
Financing	502	969	467	100%
<b>Domestic financing</b>	<b>346</b>	<b>550</b>	<b>204</b>	<b>44%</b>
<i>West African Development Bank</i>	0	24	24	5
<i>T-bills and bonds</i>	346	525	180	39
<b>External financing [1]</b>				
<b>of which</b>	<b>156</b>	<b>419</b>	<b>263</b>	<b>56%</b>
<i>IMF</i>	22	167	145	31
<i>World Bank</i>	50	105	55	12
<i>AfDB</i>	21	35	14	3
<i>DSSI</i>	0	25	25	5
<i>Others (EU, France, etc.)</i>	63	87	24	5
<b>Residual financing</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Source: Burkinabe authorities; World Bank and IMF staff estimates and projections, based on data collected from Government and development partners. [1] Figure exclude grants. Note that the US\$25 million savings from DSSI were factored into the calculation of the post-COVID-19 fiscal deficit.

23. **The near doubling of the fiscal deficit has opened a financing gap, most of which (56 percent) financed with additional external support.** The Government has been mobilizing additional external support throughout 2020 (Table 2.6) to help finance the US\$467 million increase in the 2020 fiscal deficit related to the COVID-19 and security crises. Including grants, IMF total disbursements (RCF and combined fourth and fifth ECF reviews) and debt relief under the CCRT contribute a total of about US\$167 million. Compared to an initially planned US\$160 million, the World Bank is scheduled to disburse about US\$210 million in 2020, half of which in the form of grants. Other external creditors that contribute include the AfDB (US\$70 million, half of which are grants as well), the European Union, France and others. Burkina Faso is also benefiting from the G20 DSSI and is expected to save about US\$25 million (0.2 percent of GDP) in 2020. In total, US\$419 million financing are provided by external creditors in 2020, including US\$263 million as post-COVID-19 additional support. The remaining fiscal needs for 2020 (US\$550 million) are funded through debt issuance on the regional market, including US\$180 million through COVID-19 bonds.

24. **Over the medium term, defense and security spending will continue to put a heavy burden on the budget and the Government is taking measures to gradually return to the WAEMU 3-percent of GDP target.** Already before the onset of COVID-19, the WAEMU Heads of States (in coordination with the IMF) temporarily relaxed the regional deficit convergence criterion for several Sahel countries, including Burkina Faso, to accommodate additional outlays related to the security and humanitarian crises. With a prolonged global pandemic, such deviations from target will last longer as tax revenues are reduced and expenditures increased to address COVID-19 health and economic impacts. To mitigate the decline in domestic revenues, the Government is taking steps to strengthen revenue collection, including: (i) mandating online payment by medium-size enterprises starting in 2021 (supported through DPF3 under the programmatic series); (ii) partially phasing out COVID-19 related fiscal relief and incentives granted in 2020; and (iii) introducing new domestic revenue enhancement measures in the 2021 finance law



(adopted on October 19, 2020), including a new tax on selected financial activities. As the recovery strengthens, the Government is also committed to reduce non-priority current spending while creating fiscal space to increase growth-supporting capital expenditure and reduce the fiscal deficit. This is reflected in the medium-term budgetary framework.<sup>10</sup>

25. **The Joint World Bank/IMF DSA from October 2020 indicates that Burkina Faso’s risks of overall and external debt distress are moderate, and there is substantial space to absorb shocks on external debt.** Using the Debt Sustainability Framework for Low-Income Countries (LIC DSF), the country’s debt carrying capacity is consistent with a “medium” classification. The DSA baseline scenario accounts for Burkina Faso’s recent GDP rebasing, which has caused downward revisions to all debt to GDP indicators, and it incorporates the macroeconomic impact of both the deteriorating security situation and the COVID-19 shock (Table 2.7).<sup>11</sup> All external debt indicators remain below their relevant thresholds under the baseline scenario. Under a standard stress test of a shock to exports, two of the thresholds for public and publicly guaranteed (PPG) external debt are breached (Figure 2.1). Overall public debt also remains at moderate risk of distress, as the present value (PV) of debt-to-GDP ratio is vulnerable to an export shock as well (Figure 2.2).

TABLE 2.7: PUBLIC DEBT TRAJECTORY, 2016-2023

	2016	2017	2018	2019e	2020p	2021p	2022p	2023p
<i>In US\$ million</i>								
Public and Publicly Guaranteed Debt	4,064	4,973	5,880	6,477	7,354	8,155	9,289	9,916
External PPG Debt	2,889	3,125	3,352	3,600	3,777	4,053	4,601	5,054
Domestic PPG Debt	1,175	1,848	2,528	2,877	3,578	4,101	4,687	4,862
<i>In percent of GDP</i>								
Public and Publicly Guaranteed Debt	33.3	33.5	37.7	42.7	47.7	50.7	53.9	53.3
External PPG Debt	23.7	21.1	21.5	23.7	24.5	25.2	26.7	27.2
Domestic PPG Debt	9.6	12.4	16.2	19.0	23.2	25.5	27.2	26.1

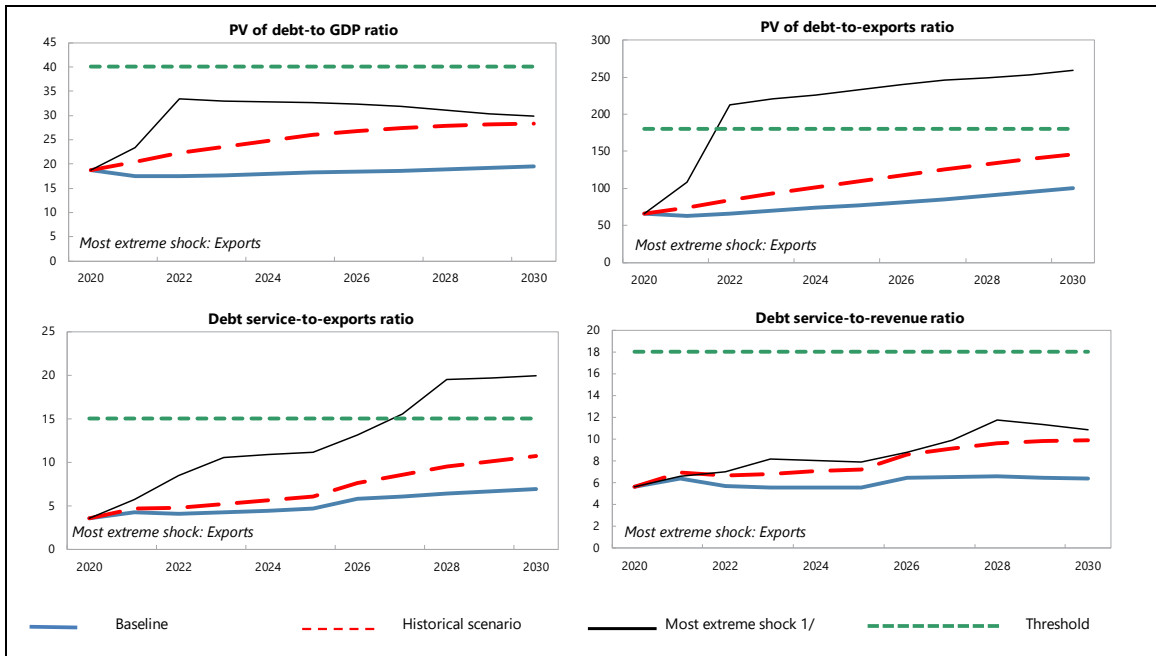
Source: Burkinabe authorities; World Bank and IMF staff estimates and projections. Note: “e” is estimated, “p” is projected.

<sup>10</sup> The 2021 budget will remain influenced by the outlook for COVID-19 and the security crisis. The budget outline projects a fiscal deficit of 5.5 percent of GDP in 2021, notwithstanding extremely optimistic revenue projections (+20 percent relative to 2020). At the same time, investment spending is too ambitious in the context of recent performance. A fiscal deficit in the range of 4.5 to 5 percent of GDP in 2021 appears more plausible. Financing through the regional banking sector is expected to remain the default option, unless more concessional financing can be mobilized.

<sup>11</sup> This DSA accounts for a relaxation of the WAEMU fiscal deficit target, IMF disbursements and debt relief, other external support, and 2020 fiscal savings from the DSSI.

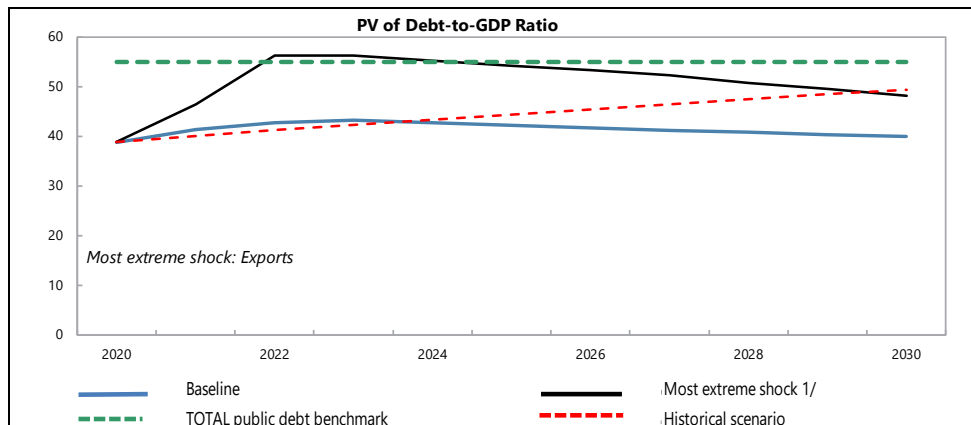


**FIGURE 2.1. INDICATORS OF PUBLIC AND PUBLICLY GUARANTEED EXTERNAL DEBT UNDER ALTERNATIVE SCENARIOS, 2020-2030**



Source: Joint IMF-World Bank DSA (October 2020). Note: 1/ The most extreme stress test is the test that yields the highest ratio in or before 2030.

**FIGURE 2.2. INDICATORS OF PUBLIC DEBT UNDER ALTERNATIVE SCENARIOS, 2020-2030**



Source: Joint IMF-World Bank DSA (October 2020). Note: 1/ The most extreme stress test is the test that yields the highest ratio on or before 2030.

26. **The macroeconomic outlook is subject to a prolonged COVID-19 crisis scenario.** A durable continuation or an intensification of the ongoing pandemic could bring back border closures and further subdue global demand. Extended external demand and terms-of-trade shocks could reduce the country's trade, impede its capacity to attract foreign investment, and plunge the tourism sector in a long-lasting



crisis. To quantify this risk along with others (see next paragraph), a downside scenario was calibrated (Table 2.8). It assumes a second wave of new infections followed by a second lockdown that starts in the last quarter of 2020 and reaches into early 2021. The downside scenario also factors in an extension of the conflict across the territory and its negative impact on mining (gold production) and agriculture outputs. In this downside scenario, GDP growth declines further in 2021 and 2022 and takes longer to return to its pre-COVID-19 path. The most severe impacts are transmitted through further negative shocks to demand (especially through private investment and consumption) and a more severe collapse in the services and agricultural outputs. In this scenario, agricultural output falls significantly (and contributes negatively to growth, as already were industries and services in the baseline scenario) because of COVID-19- and IDP-driven negative shocks to labor supply. The fiscal deficit reaches 6.8 percent of GDP in 2021 and 6.2 percent of GDP in 2022. The associated rise in financing needs further increases debt pressures and the debt stock reaches as much as 60 percent of GDP in 2022.

TABLE 2.8: MACROECONOMIC OUTLOOK SCENARIOS

	2017	2018	2019e	2020p		2021		2022	
	Recent history			Pre-COVID-19	Post-COVID-19	Base-line	Down-side	Base-line	Down-side
<i>Percentage change</i>									
Real GDP growth	6.2	6.8	5.7	6.0	-2.0	2.4	0.9	4.7	2.5
Inflation	0.4	2.0	-3.2	2.0	3.2	2.1	2.5	2.4	2.9
<i>In percent of GDP</i>									
Current Account Balance	-5.0	-4.1	-4.4	-4.0	-3.8	-3.8	-4.9	-4.1	-5.1
Fiscal Balance	-6.8	-4.2	-3.2	-3.0	-6.0	-4.6	-6.8	-4.0	-6.2
Public Debt	33.5	37.7	42.7	43.1	47.7	50.7	54.8	53.9	60.0

Source: The downside projections are based on World Bank staff estimates. Note: “e” is estimated, “p” is projected.

27. **Three other downside risks to the outlook should be considered.** First, the security crisis could affect the mining sector and hamper gold exports. Insecurity could also further disrupt labor supply in the agricultural sector, and ultimately affect agricultural output with the potential to aggravating food insecurity in several parts of the country.<sup>12</sup> Second, there is a risk of locust attack and extreme weather, both of which are accelerated by climate change. This could significantly impact agricultural output and its contribution to growth. Third, in a context of crises and elections, further measures to broaden the tax base and wage bill cuts may be difficult to undertake, as they could contribute to social tensions which could endanger the Government’s commitment to reforms. The security risk is to some extent mitigated by the geographic insularity of gold mine locations, and climate-related risks are mitigated through measures supported by this Crisis-Response DPF. Finally, the Government has a track-record on fiscal

<sup>12</sup> Beside the security dimension, climate and environmental risks can also impact food security. Along the Southern edge of the Sahelian band, Burkina Faso has the arid to semi-arid climate typical of the region. The rainfall is low overall, irregular and poorly distributed; and it is experiencing a downward trend. Agriculture faces difficult conditions, worsened by climate change and increasing human pressure.



adjustment measures aimed at containing the deficit while protecting pro-poor spending. Mitigating fiscal policy risks is also closely monitored and supported by the IMF and the World Bank.

28. **The macroeconomic policy framework is adequate for the proposed operation.** The Government has established a track record of fiscal adjustment in recent years. Potential growth remains solid, underpinned by private investment in the growing gold sector, and in the cotton sector currently under rehabilitation, with potential of productivity increases in agriculture. While accommodating a temporary deviation owing to insecurity and COVID-19-related spending, the Government has committed—as reflected in the medium-term budgetary framework—to regain the West African Economic and Monetary Union (WAEMU) 3 percent of GDP deficit target by 2024. The fourth and fifth combined reviews under the IMF supported ECF were completed on November 13, 2020. Public debt as assessed in the Debt Sustainability Analysis (DSA) from October 2020 is sustainable, the risk of overall and external debt distress is moderate, and the country is participating in the G20 DSSI. Further, fiscal sustainability, debt management and debt transparency are being strengthened as part of this DPF, which also supports the IDA19 Sustainable Development Finance Policy, in close coordination with the IMF.

### 2.3. IMF RELATIONS

29. **Performance under the ECF-supported program has been satisfactory and the fourth and fifth reviews were completed on November 13, 2020.** The ECF arrangement was approved on March 14, 2018 for a total of SDR 108.36 million (90 percent of quota at time of approval) to maintain macroeconomic stability, reduce poverty and create fiscal space for priority spending. On December 20, 2019, the IMF Executive Board concluded the third review of Burkina Faso’s performance under the ECF arrangement. This enabled the disbursement of SDR18.06 million (about US\$24.9 million). On April 14, the IMF Executive Board approved a disbursement of SDR 84.28 million (70 percent of quota and about US\$115.3 million) under the Rapid Credit Facility (RCF) to address the COVID-19 pandemic. On November 13, the IMF Executive Board completed the fourth and fifth (final) reviews under the ECF arrangement and approved the immediate disbursement of US\$51.28 million, bringing total disbursements under the arrangement to about US\$152.58 million. In addition, Burkina Faso has benefited from IMF debt service relief under the Catastrophe Containment and Relief Trust (CCRT).

## 3. GOVERNMENT PROGRAM

30. **The Government’s development goals are contained in the 2016-2020 PNDES.** The PNDES is divided into three strategic axes: (i) reforming institutions and modernizing public administration; (ii) developing human capital; and (iii) dynamizing growth- and jobs-driven sectors.<sup>13</sup> The PNDES aims on the one hand to provide coherent, efficient and sustainable health and social protection policies for the poor and vulnerable sectors of the economy, including for young people and women.<sup>14</sup> On the other hand, it focuses on developing high growth potential and job-creating sectors. Furthermore, it aims at maintaining

<sup>13</sup> These pillars are consistent with the World Bank’s 2016-2022 CPF.

<sup>14</sup> “Social and gender inequalities are reduced and women are promoted as active players of development” is one of the expected impacts under the strategic objective aimed to “promote decent employment and social protection for all, including for young people and women” under Axis 2 (“Develop Human Capital”).





macroeconomic stability while creating fiscal space for productive and social investment through increased domestic resource mobilization and improved public spending.

31. **In the wake of the COVID-19 outbreak, the Government seeks to contain the spread of the disease and mitigate the economic and poverty impact to safeguard the progress achieved under the PNDES.** The Government's ERP introduced in April 2020 is a comprehensive set of actions aiming at (i) containing the spread of the virus and treating patients; (ii) helping vulnerable populations and MSMEs mitigate the economic impact of the COVID-19 shock; and (iii) laying the ground for a strong recovery. Although closely aligned with the objectives of the PNDES, the ERP has its own specificity due to the relative magnitude of the health response component: the Emergency Health Plan (EHP), which includes containment and treatment of patients and suspected cases. More broadly, alongside the socioeconomic dimension, the ERP supports vulnerable households and individuals (e.g., cash transfer; utility bill suspension or support), MSMEs and the informal sector (e.g., temporary tax incentives, suspension, or delay; special private sector funds) and vulnerable sectors (e.g., fiscal support to hotel, commerce, transportation industries).

32. **Under the ERP the Government has set up three emergency funds and revised the budget law.** The ERP is coordinated by the Prime Minister's Office; the Ministry of Economy, Finance and Development (*Ministère de l'Économie, des Finances et du Développement*, MINEFID); and a Special Committee on Health.<sup>15</sup> Three emergency funds have been set up and are being managed by MINEFID: one at the Central Bank for donor funds, and two at the Department of the Treasury (DGTCP), including one to collect private donations and one for public resources.<sup>16</sup> All expenses are overseen by certified accountants. The Government has publicly committed to full transparency and accountability regarding the use of the above mentioned COVID-19 funds, the identification of beneficiaries of COVID-19-induced social safety net programs (to poor and vulnerable populations), the digitization of key public services, and private sector support programs (to MSMEs). Further, a revised budget law for 2020 was adopted in July in order to account for changes in public revenues and expenditures, incorporate new priorities regarding public investment, and acknowledge the post-COVID-19 widening fiscal deficit and define a financing plan. The present Crisis-Response DPF is supporting the above-mentioned actions and objectives.

## 4. PROPOSED OPERATION

### 4.1. LINK TO GOVERNMENT PROGRAM AND OPERATION DESCRIPTION

33. **The proposed single tranche, stand-alone COVID-19 Crisis-Response DPF is built around three pillars to support and complement the Government's COVID-19 ERP.** The PDO is three-fold: (i) expanding economic opportunities for growth; (ii) building crisis-adaptive capacity of the state; and (iii) improving fiscal transparency and accountability. The PDO is implemented along three pillars. Under the first pillar, the operation will increase economic opportunities for growth for farmers and for MSMEs through the

<sup>15</sup> The economic response to the crisis is managed by the MINEFID. The health component (EHP) of the ERP is overseen by the *Comité national de gestion de l'épidémie du COVID-19*, chaired by the Prime Minister but under the operational leadership of the Ministry of Health.

<sup>16</sup> Complementary initiatives were undertaken in response to the crisis, such as a fundraising (*Coronathon*) organized by the Parliament in April 2020 which mobilized about US\$1 million.



adoption of a nation-wide e-voucher system and improved access to finance. Under the second pillar, it will strengthen the Government’s crisis-response capacity through an improved epidemic surveillance system; better identification and targeting of the most vulnerable, including women and IDPs; and better, faster and, if needed, contactless public services. Under the third pillar, the operation will improve fiscal accountability and transparency through putting in place a governance framework dedicated to crisis-funds and supporting debt management and reporting.

34. **Lessons from the implementation of previous DPFs and from similar operations in low income and fragile countries informed the design of this DPF.** The main lesson has been that in Burkina Faso, macroeconomic stability and social programs will not have a strong positive impact on poverty indicators in the absence of broad-based economic growth. Specific lessons include the need for: (a) strong and sustained commitment to and leadership for sensitive reforms such as social targeting; (b) greater realism to better reflect what can be achieved in a context of limited institutional capacity; (c) simple design to ensure effective and successful implementation; (d) sustained follow-up of prior actions that can have cascading effects on the follow-up measure to achieve results; and (e) leverage parallel policy-based support through technical assistance and investment financing operations. In accordance with these lessons learnt, the proposed DPF addresses major bottlenecks in the social sectors, the public sector, and the private sector. It also supports a concerted donor approach to reforms (see section 4.4).

**4.2. PRIOR ACTIONS, RESULTS AND ANALYTICAL UNDERPINNINGS**

35. **Under the proposed Crisis-Response DPF the Government has completed all seven prior actions that are grouped into three pillars.** The two prior actions in Pillar 1 expand economic opportunities for growth for farmers (through a nation-wide e-voucher system to improve access to fertilizer and seeds) and for MSMEs (through a five-fold increase in coverage of the credit bureau to improve access to finance). Both actions are tackling the key challenges faced by farmers and entrepreneurs. The three prior actions in Pillar 2 build crisis-adaptive capacity of the state with a focus on social protection, health, and digitalization. The completion of these actions required a large amount of inter-ministerial coordination to address the key cross-sectoral issues. Finally, the two actions in Pillar 3 improve fiscal transparency and accountability to ensure the proper use of crisis-response funds and to anchor IDA’s Sustainable Development Finance Policy and the G20 DSSI. This DPF integrates fragility (see Box 1), gender equality (see Box 2), and climate change (see section 5.2) as cross-cutting themes that are tackled in their complexity through several policy areas. For each policy area, the following questions are answered: What is the key issue and why does it matter now? What measure(s) will be taken to resolve the issue? What will be the result(s) and how will we track progress? What longer-term impact can these measures have, especially when enhanced with follow-up interventions?

**Box 2: Integration of Gender Equality Aspects**

*Women in Burkina Faso are suffering from many constraints. Two are particularly prevalent and they are reinforcing each other. For one, low-income women are disproportionately cut out from formal credit markets which limit their opportunities to access financing in order to advance economically. According to the World Bank’s Global Findex 2017 report, Burkina Faso had a 17-percentage point gender gap in financial inclusion, the highest in the WAEMU region. For another, women are disproportionately affected by poverty and vulnerability and more likely than men to be among those “personnes indigentes.” According to the 2020 Human Development Report, Gross National Income of women is less than 65 percent than that of men in Burkina Faso*



and women have a substantially lower HDI (0.40 for women compared to 0.46 for men).<sup>17</sup> Data from the above-referenced Global Findex report show that almost 25 percent of Burkinabe women above the age of 15 do not have a national ID card, more than 10 percentage points more than among men. Exclusion from economic activity is therefore reinforced. Both constraints need to be tackled at the same time as both an ID and a credit record are required to access credit.

**Prior Action #2** and the associated results indicator have been designed to tackle the first key constraint to gender equity. The inclusion of “non-traditional” data from utility companies and mobile phone operators in the credit bureau offers an excellent opportunity for low-income women to build valid credit histories and track records that can be used to open up access to credit and other financial services. Credit information systems built on traditional lending data only, which was the case prior to the intervention supported by the CR-DPF, offer little scope for low-income women to access formal credit markets.

**Prior Action #4** and the associated results indicator have been developed to tackle also the second constraint. By particularly targeting women in the provision of identity credentials for “personnes indigentes” (as they tend to be the designated recipients of social assistance programs), strengthening identification overall and contributing to the development of a social registry, the measures are expected to decrease gender disparities in the long run.

Both prior actions together are expected to enhance the empowerment of women in Burkina Faso.

## Pillar 1: Expanding Economic Opportunities for Growth

*Policy Area: Improve Access to Agricultural Input for Poor Smallholders*

36. **Issue:** Burkina Faso is characterized by chronic food insecurity, exacerbated by climate change and COVID-19, which reduces farmers’ access to productive inputs. Several factors have a negative impact on agricultural production which leads to a further expansion of agricultural land resulting in deforestation. Key, mostly exogenous, factors are: (i) the humanitarian crisis of IDPs due to conflict; (ii) climate change and variability; (iii) the fall armyworm; and (iv) the threat of locust attacks. Among endogenous factors, the lack of access to inputs such as fertilizers and seeds figures most prominently. This is primarily due to an ineffective subsidy distribution system. The current distribution system is paper-based and involves several public structures at central and lower levels creating multiple layers between farmers and agro-dealers.<sup>18</sup> This is an inefficient and non-competitive system that discourages private sector involvement. As a result, the traditional system, which does not allow targeting nor traceability of input subsidy distribution, limits access to inputs and contributes to structurally low productivity within the sector. With social distancing due to COVID-19, further problems of the traditional paper-based system have come to the fore. Farmers consequently have troubles accessing inputs, which increases the risk of food insecurity.

37. **Measure:** the nationwide scale-up of the piloted e-voucher input system will tackle the key bottleneck in agricultural input distribution. The e-voucher platform has been piloted successfully by the

<sup>17</sup> <http://hdr.undp.org/en/countries/profiles/BFA>

<sup>18</sup> The input subsidies started with the 2008 food crisis to facilitate poor farmers’ access to inputs. For the onset, the system was purely government-led with limited participation of the private sector. It has been reformed in 2013 to integrate lower level structures tasked with the identification of farmers but private sector involvement has remained very limited.



Agricultural Productivity and Food Security Project (PAPSA, P114236).<sup>19</sup> The scaling up to the national level is a reform that builds on several outputs of PAPSA: (i) a digital platform with a reliable database of targeted beneficiary farmers; (ii) a directory and access of agro-dealers to the platform; and (iii) a monitoring and evaluation (M&E) mechanism. The farmer database and the directory of agro-dealers are established based on eligibility criteria. The system requires also a partnership between the Government and different private sector actors such as ICT companies, private input providers, financing institutions, and farmer organizations. The measure implements specific objective #2 in the area of agriculture of Burkina Faso’s National Climate Change Adaptation Plan (NAP).<sup>20</sup> The reform is also in line with the Government’s agenda highlighted in the PNDES to create a conducive environment for the private sector to invest in agriculture.

38. **Results: an M&E system is being developed with World Bank assistance to track the nationwide rollout and support learning and improvement.** The Ministry of Agriculture and Hydro-Agricultural Development, responsible for this reform, has adopted a ministerial order (*arrêté*) to declare the e-voucher distribution system as *the* official national distribution system of government-subsidized inputs.<sup>21</sup> The Government has also mobilized key actors, including agro-dealers, their partners and development partners, to use the same distribution channel. The implementation of the e-voucher reform will be evaluated through a two-pronged result indicator.

<p><b>Prior Action #1.</b> To improve access for smallholder farmers to subsidized agricultural inputs and allow for better targeting of beneficiaries, the Recipient’s Ministry of Agriculture and Hydro-Agricultural Development has adopted the nation-wide rollout of an electronic distribution system for subsidized inputs (“Agri-Voucher”), which can exceptionally be waived to allow direct provision of agricultural inputs and equipment subject to the authorization of the minister in charge of agriculture, as evidenced by Arrêté N°2020-0079/MAAH/CAB dated August 7, 2020.</p>	<p><b>Results Indicator #1:</b> Share of fertilizer and seeds input distributed through the e-voucher system (volume-based)</p>	<p><b>Baseline (2019):</b> Fertilizer: 46% Seeds: 23% <b>Target (2021):</b> Fertilizer: 70% Seeds: 60%</p>
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39. **Impact: the e-voucher system will make subsidy distribution more efficient, transparent and resilient, which is expected to improve the productivity of smallholder farmers.** The nationwide rollout of the e-voucher system will improve smallholder targeting and create a transparent platform for establishing direct contact between farmer and agro-dealer. The e-voucher system will allow eligible farmers to access quality input and extension services. Private sector involvement, facilitated through the digital platform, is expected to improve professionalism and investment in the sector. The digitalized input distribution will improve targeting and coordination of stakeholders. Other technological solutions and products such as agricultural insurance and e-extension can use the same platform. In short, the nation-

<sup>19</sup> The e-voucher system has been designed to improve targeting. In this system targeting is done a priori based on a set of criteria and approved farmers registered in the system are eligible. The focus is on vulnerable smallholders who have difficulty to access inputs. For example, the program does not support farmers who have more than 5 ha. It is considered that those farmers are able to buy the otherwise subsidized inputs themselves.

<sup>20</sup> Burkina Faso NAP (Ministry of Environment and Fishery Resources, 2015). Specific objective #2 in the area of agriculture is as follows: “Improve access to farmers to high quality agricultural production factors (equipment, input, land, results of agricultural research etc.)” (p.12). In addition, the measure supports also specific objective #3: “Improve the resilience of stakeholders to climate change.” (p.12).

<sup>21</sup> The pilot covered 6 regions of the country while the current program is meant to expand to the entire country. The 2020 season target is 317,000 farmers, compared to the pilot that reached 69,095 farmers for the 2019 season.



wide rollout of the new system is a critical stepping-stone toward higher agricultural productivity, thus reducing deforestation, and safeguarding food security against external factors such as conflict and climate change.<sup>22</sup>

*Policy Area: Improve Access to Credit of Individuals, Micro, Small and Medium Entrepreneurs (MSMEs)*

40. **Issue:** the COVID-19 shock has weakened access to finance for MSMEs, which was already their biggest growth constraint before the pandemic. Many factors are constraining private sector development in Burkina Faso. Three quarters of SMEs interviewed as part of the World Bank SME finance survey in 2017 considered access to finance their biggest growth constraint, before access to electricity or the rule of law.<sup>23</sup> Women are more strongly affected with a gender gap at 17 percentage points in financial inclusion, according to the latest Global Findex report. COVID-19 has weakened the resilience of supply side stakeholders like banks and microfinance institutions (MFIs) as well as demand side stakeholders such as MSMEs. On the financial sector side, the uncertainty about the scale of the outbreak in addition to existing data scarcity, asymmetry of information, and lack of collateral leads to high perceived risk of a sector or borrowers, contributing to credit tightening. Access to credit for individuals and small businesses is particularly constrained by weak credit reporting systems. Women-owned businesses are more strongly affected. They have disproportionately less access to finance and other resources (e.g., land, education, legal rights) when compared to men-owned businesses. This disparity can have distortionary impacts, resulting in under-resourcing and undercapitalization of women's businesses with negative consequences for the entire economy through a lower long-term growth potential.<sup>24</sup>

41. **Measure:** large utility companies are now mandated to provide financial consumer data to the main credit bureau. The measure supports the main credit bureau (*Bureau d'Information sur le Credit*, BIC), which has so far not been able to fully serve its purpose. In 2019, it covered only 2 percent of the adult population (roughly 20 percent of which are women)<sup>25</sup> compared to the Sub-Saharan average of 11 percent. This is a result of its reliance on financial consumer data only collected from classic lenders such as banks and MFIs. The measure is anchored in a decree and implementation is supported by World Bank technical assistance. The decree requires major public and private utility billers to transmit financial consumer data to BIC. Raising the coverage ratio with data from the National Water Utility (*Office*

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<sup>22</sup> The e-voucher agricultural input system is part of a broader reform agenda. In 2021, the Government envisions to develop a private sector input distribution strategy which can further broaden the scope of the e-voucher system. The review and update of the fertilizer law is planned for the following year to clarify roles and responsibilities of stakeholders and streamline the business environment in the input sector. Finally, the review and update of the seed law in harmonization with ECOWAS is due in 2023. As a result of these reforms accompanied by the technical assistance from the World Bank the agricultural sector will become more resilient to climate change and other external factors to ensure food security and improved livelihoods for smallholders.

<sup>23</sup> Financial Sector Review in Burkina Faso, 2018. World Bank background study for the Financial Inclusion Support Project (P164786). Similarly, the World Bank Enterprise Survey 2009 (latest available) found that SMEs identified "access to finance" as their biggest business environment obstacle.

See <https://www.enterprisesurveys.org/content/dam/enterprisesurveys/documents/country-profiles/Burkina-Faso-2009.pdf>.

<sup>24</sup> IFC. 2011. Strengthening Access to Finance for Women-Owned SMEs in Developing Countries.

<sup>25</sup> While the credit bureau provides no gender breakdown, there is a proxy available. According to the Global Findex 2017 report, only 20% of those holding an account at a bank or microfinance institution in Burkina Faso are women. Prior to 2020, the credit bureau relied on data provided by such institutions only. Hence, this figure can be used as a proxy for the gender breakdown of the credit bureau.



Nationale de l'Eau et de l'Assainissement, ONEA), National Electricity Provider (Société Nationale d'Électricité du Burkina, SONABEL), TELMOB (mobile provider) and Orange (mobile provider) will lift BIC to a new level and render its database more useful for financial institutions.<sup>26</sup> Including “non-traditional” data, especially from mobile phone operators—34 percent of mobile money account owners are women compared to 20 percent for bank/MFI ownership—will increase the share of women covered by the credit bureau. As a result, disproportionately more (low-income) women will have the opportunity to build valid credit histories/track records that can be used to open up access to credit and other financial services.

42. **Results: to track progress, the Government counts all individuals and firms listed in the largest credit bureau—BIC in Burkina Faso—and expresses the aggregate as a share of the adult population.** Implementation support to achieve results is provided through the World Bank supported Financial Inclusion Support Project in Burkina Faso (P164786). Similar decrees in the region (Senegal, Côte d'Ivoire, Togo) have led to a significant expansion in adult population coverage in the credit bureaus, which are now able to move towards more sophisticated credit scoring instruments because of the increase in data available through the credit bureau.

<b>Prior Action #2.</b> To improve access to credit of individuals, micro, small and medium enterprises, the Recipient’s Council of Ministers has mandated major public and private utility billers, including, inter alia, water, electricity, and mobile providers to report post-paid consumer data to the electronic platform for sharing credit information as evidenced by Decree N°2020-0726/PRES/PM/MINEFID/MDENP/MCIA dated August 24, 2020.	<b>Results Indicator #2:</b> Individuals and businesses listed in the largest credit bureau as a share of the adult population <sup>27</sup>	<b>Baseline (2019):</b> 2% <b>Target (2021):</b> 10%
	<b>Results Indicator #3:</b> Women listed in the largest credit bureau as a share of the adult population	<b>Baseline (2019):</b> 0.4% <b>Target (2021):</b> 5%

43. **Impact: expanded coverage of the credit bureau will allow financial institutions to better assess risks and widen the pool of potential clients, thus enhancing access to credit for MSMEs, and disproportionately for those owned by women.** By collecting positive and negative financial information on borrowers and prospects, credit bureaus reduce the information asymmetry between debtors and creditors. Expanding the coverage of the credit bureau will enhance data quality and information on debtors’ repayment behaviors.<sup>28</sup> Mobile data, most of all, will serve to build more scoring methodologies for lenders. As a result, banks will be able to make better informed lending decisions with a positive impact on their loan portfolio performance and balance sheet.<sup>29</sup> In turn, increased access to credit affords individuals and firms financial resources to invest in opportunities that can boost their revenue. Increased

<sup>26</sup> According to CreditInfo Volo, the credit bureau firm managing national credit bureaus in the WAEMU region, the minimum coverage threshold for the database to be useful for risk assessments and credit scoring purposes is 5 percent.

<sup>27</sup> The indicator is a standard metric on credit bureau coverage, and one adopted by the WBG’s Doing Business, tracked annually. With this definition Burkina Faso will be able to benchmark progress against peers in and outside the region.

<sup>28</sup> Information sharing is associated with improved availability and lower cost of credit to firms. This correlation is stronger for opaque firms than transparent ones and stronger in countries with weak legal environments than in those with strong legal environments. (Brown, Jappelli and Pagano, 2009: “Information Sharing and Credit: Firm-level Evidence from Transition Countries.” Journal of Financial Intermediation 18 (2): 151-72.)

<sup>29</sup> In Kenya, cCredit scoring leverages M-Pesa and phone account data. In Chile, the credit-scoring agency Equifax uses cell phone data to provide a “Predictor Inclusion Score” for people with no credit history. Similarly, Credit Vidya in India has developed an alternative credit scoring platform that uses non-traditional data and advanced machine learning techniques to build credit scores.



revenue helps to invest and build resilience to smooth consumption over climate and weather shocks. Stable employment increases an individual's resiliency, especially for youth, and may also decrease the likelihood of turning to violent groups for economic gain and other benefits. The lack of access to credit is particularly pronounced for MSMEs who lack credit histories, collateral or connections.<sup>30</sup> The share of women-ownership of such enterprises is relatively higher compared to more formalized enterprises that are already covered by the credit bureau. Therefore, strengthening the credit reporting bureau in Burkina Faso will have a relatively stronger positive impact on women thus contributing to narrowing the gender gap.

## Pillar 2: Building Crisis-Adaptive Capacity of the State

### *Policy Area: Increasing Health System Capacity and Resilience*

44. **Issue: the overall health system was not equipped to deal with COVID-19 because neither an integrated coordination nor a strategic vision or action plan existed.** The country does not meet the 2005 World Health Organization (WHO) International Health Regulations (IHR) requirements in that it lacks an integrated disease surveillance and response system, nor does it meet the World Organization for Animal Health (OIE) international standards. Veterinary services are still challenged by limited animal disease control and surveillance as well as insufficient laboratory capacity. The West Africa Ebola outbreak lessons have not been addressed (e.g. unprepared labs; inadequate medical capacity at borders) and the COVID-19 shock laid bare many shortcomings including the absence of a coordinated framework of prevention, detection, response, and recovery to zoonotic and vector-borne diseases (which could spread more rapidly due to a changing climate) and insufficient monitoring of the supply chain for essential medicines.

45. **Measure:** to address the IHR and OIE weakness, the creation and operationalization of the One Health Technical Secretariat<sup>31</sup>—which requires the six key ministries<sup>32</sup> to agree on a program and establishes the institutional basis for a structured framework that will help prevent, detect, respond, and recover from zoonotic or vector-borne diseases—has been put into place. This measure implements specific objective #1 in the area of health of Burkina Faso's NAP: "ensure leadership and governance in terms of adapting to the impacts of climate change on the health sector." It also contributes to specific objective #3, i.e. "improve the early warning system and the response to climate change-related phenomena."

46. **Results: a functional One Health architecture will enable stronger event-based surveillance and mitigate against disease outbreaks.** The inter-ministerial order will help overcome the current challenges of inter-ministerial coordination. Implementation support is provided through the Health Systems Development Project (P164696; technical capacity for inter-agency data exchange and formal education

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<sup>30</sup> IFC. 2011. Strengthening Access to Finance for Women-Owned SMEs in Developing Countries.

<sup>31</sup> One Health is the internationally agreed approach to monitor for signs of risks across human, animal, and environmental health. The measure takes the first legal step towards setting up a full-fledged system by creating the technical secretariat and defining the framework in which it will operate. This is an outcome of the IHR evaluation of end-2017.

<sup>32</sup> These are the Ministries of (i) Health; (ii) Economy, Finance, and Development; (iii) Higher Education, Scientific Research, and Innovation; (iv) Agriculture and Hydro-Agricultural Development; (v) Animal Resources and Fisheries; and (vi) Environment, Green Economy, and Climate Change.



across One Health ministries) and the Burkina Faso COVID-19 Preparedness and Response Project (P173858; community health workers for One Health). The Burkina Faso Emergency Human Capital Project (P173707) and the programmatic DPF series (P173529) also focus on health and provide additional anchors for implementation.

<p><b>Prior Action #3.</b> To increase health system capacity and resilience, to prevent, detect, respond, and recover from zoonotic and vector-borne diseases, the Recipient has specified the attributions, composition, organization and functioning of the Technical Steering Committee, the One Health technical secretariat, as evidenced by inter-ministerial Arrêté N°2020 210/MS/MINEFID/MESRSI/MAAH//MRAH/MEEVCC dated June 30, 2020.</p>	<p><b>Results Indicator #4:</b> Number of (a) One Health strategies, (b) roadmaps of thematic commissions, and (c) reports of thematic commissions published<sup>33</sup></p>	<p><b>Baseline (2019):</b> 0 / 0 / 0 <b>Target (2021):</b> 1 / 5 / 15</p>
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47. **Impact: the measure will foster health system resilience during COVID-19 and future crises.** Potentially, the COVID-19 Multiphase Approach operation may provide support to expand event-based surveillance beyond the limited existing coverage. In addition, the Letter of Development Policy (LDP) includes weekly monitoring of all commodities and points in the Central Purchasing Agency for Essential Medicines (*Centrale d’Achat de Médicaments Essentiels Génériques et des Consommables Médicaux*, CAMEG) supply chain to improve the logistical efficiency of the COVID-19 response. Measures under Prior Action #6 that reduce procurement lead times and enhance transparency and accountability will provide support on the supply side.

*Policy Area: Strengthening the Social Protection System and Crisis Response Capacity*

48. **Issue: the absence of two central building blocks in Burkina Faso’s social protection system hampers the country’s ability to provide benefits and services.** Social protection delivery systems are crucial for a government’s ability to adaptively respond to needs arising from covariate shocks and crises, such as climate events, food insecurity, fragility, displacement, and COVID-19. To assess the needs of poor and vulnerable populations and to determine their eligibility for social programs, such systems rely on two central building blocks: (i) a unique identifier provided through a foundational ID system; and (ii) a social registry. Neither of these two building blocks is currently in place. Coverage of existing identification systems is low and the system itself is severely fragmented; over a quarter of the population is without proof of identity (with women disproportionately suffering from lack of identification),<sup>34</sup> among those many *personnes indigentes*, those most vulnerable to covariate shocks and crises, including climate change.<sup>35</sup> In the absence of a social registry, various social programs collect ad-hoc information on registered households and store these data in separate information systems without the possibility of

<sup>33</sup> The strategy and the roadmaps will be validated by the National One Health Council (article 5 of *Décret 2019/1086 /PRES/PM/MRAH/MINEFID/MESRSI/MS/MAAH/MEEVCC portant création, attributions, organisation et fonctionnement de la Plateforme nationale de coordination One Health*).

<sup>34</sup> World Bank. 2017. Global Findex Database.

<sup>35</sup> World Bank. 2018. Global ID4D Dataset.





exchanging information.<sup>36</sup> As a result, the country's social protection system remains highly fragmented and suffers from duplication and inefficiency.<sup>37</sup>

49. **Measures:** two measures have been adopted to put the building blocks of a robust social protection system in place. The first measure harmonizes identification systems and supports the Government to put in place a unique identifier. By aligning the identifier for so-called *personnes indigentes* ("destitute people") with the unique identifier developed through the West Africa Unique Identification for Regional Integration and Inclusion (WURI) Program (P161329 and P169594), fragmentation and resulting inefficiencies in the delivery of benefits and services for the *personnes indigentes* and beyond are avoided. Ensuring that an ID credential established for the purpose of benefit and service delivery, such as the one for the *personnes indigentes*, relies on the overall unique identifier, will furthermore set the precedent for a well-designed, modular identification system, which will underpin the overall (social) service delivery architecture while respecting principles of data protection and privacy. The second measure represents a crucial step towards a social registry that supports the process of intake, registration and assessment of needs and conditions of households to determine their eligibility for social programs. In order to establish a social registry, data sharing protocols are necessary at two levels: (i) to perform data exchanges between the social registry and its partners, constituted by agencies involved in the implementation of social programs; and (ii) to allow for interoperability with other government databases for data verification and validation, with appropriate data protection and privacy measures. The measures help the Government implement the NAP priorities of sustainable food and nutrition security and protection from extreme climate events and natural disasters.<sup>38</sup> They furthermore build on and strengthen the World Bank's long-term objectives in social protection and represent a continuation of the policy dialogue of the past years.

50. **Results:** the results indicator measures the number of *personnes indigentes* that have received an ID credential that is aligned with the unique identifier. With the adoption of interministerial *arrêté* N°2020-046 alignment between the functional identifier for *personnes indigentes* and the foundational unique identifier has been guaranteed. The results indicator aims to ensure the *arrêté's* implementation so *personnes indigentes* can access all services provided for their benefit, including the planned universal health coverage. As per current legislation, *personnes indigentes* are defined as the bottom quintile of the population in terms of consumption, i.e. roughly 4 million individuals. Given that neither the unique identifier nor a system to identify the *personnes indigentes* is in place, the indicator targets a first wave of 500,000 credentials provided by the end of 2021, or about 12 percent of the targeted population. Of those, at least half are expected to be women thereby contributing to addressing gender disparities in identification and access to services. In the context of social protection programs, especially social

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<sup>36</sup> The largest of these is maintained by the World Bank-financed Social Safety Net Project (P124015 and P160371), which has registered about 135,000 households and 900,000 individuals, representing about 4.5 percent of the country's population.

<sup>37</sup> See World Bank. 2019. The Way Forward for Social Safety Nets in Burkina Faso, available at <https://openknowledge.worldbank.org/handle/10986/32329>. The COVID-19 pandemic, which highlighted the difficulties in reaching urban informal sector workers who were most strongly affected, has underlined this assessment.

<sup>38</sup> The DPF supports the implementation of the NAP objective of ensuring sustainable food and nutrition security through the following adaptation measure outlined in the NAP: "improve social protection of vulnerable communities and households in order to secure their livelihood." (p.15) The DPF further supports the implementation of the NAP objective to protect persons and goods from extreme climate events and natural disasters through the following adaptation measure outlined in the NAP: "Use social safety nets for vulnerable populations."



assistance, women tend to be the designated recipient of benefits, thus creating an incentive for women to be the priority target group in the provision of ID credentials. Furthermore, IDPs will also be targeted explicitly. Implementation will be supported through the recently approved Phase 2 of the West Africa Unique Identification for Regional Integration and Inclusion (WURI) program (P169594). As WURI is not intended to provide a specific credential to the *personnes indigentes* and would not have been able to guarantee an alignment between a unique identifier and the credential for the *personnes indigentes*, the prior actions’ results represent a significant increase in scope compared to the WURI results framework. In addition to complementing the objectives of WURI, by providing credentials to *personnes indigentes* who have already completed their assessment of needs and conditions the proposed results indicator represents a continuation of the measures of the programmatic DPF series. The WURI operation but also other World Bank lending and technical assistance, such as the Social Safety Net project and the engagement in the health sector, will be able to ensure the link between the *personnes indigentes* identifier and services such as cash transfers and universal health care.

<p><b>Prior Action #4.</b> To facilitate access to services and strengthen the country’s crisis-response capacity, the Recipient has: (i) aligned the system issuing identity credentials to <i>personnes indigentes</i> to the construction of an ID platform in the context of the West Africa Unique Identification for Regional Integration and Inclusion (“WURI”) Program, as evidenced by inter-ministerial Arrêté N°2020-0046/MFSNFAH/MATDC/MINEFID/MDENP dated July 3, 2020; and (ii) adopted a data sharing protocol, as evidenced by inter-ministerial Arrêté N°2020-0047/MFSNFAH/MATDC/MFPTPS/ MINEFID dated July 3, 2020.</p>	<p><b>Results Indicator #5:</b> Total number of <i>personnes indigentes</i> (incl. IDPs) to whom an identity credential adapted to the foundational ID platform has been issued</p>	<p><b>Baseline (2019):</b> Total: 0 <b>Target (2021):</b> Total: 500,000 IDPs: 150,000 Female: 250,000</p>
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51. **Impact: both a unique identifier and data-sharing as a step towards putting in place a social registry strengthen the country’s ability to respond to crises and bring multiple cross-sectoral benefits.** The harmonization of the functional identifier for *personnes indigentes* with the foundational one developed through WURI will serve as the model for the harmonization of eventually all functional IDs with one and only foundational ID. A universal unique identifier as the basis for the country’s identification system has implications beyond the social protection sector and benefits financial inclusion (e.g. unique identifier as prerequisite for a mobile money account), education (e.g. proof of identity for students), and health (for universal health care). Data sharing, in turn, represents a crucial step towards putting in place a social registry, which will need to be complemented by further activities supported through the World Bank lending and TA portfolio such as the adoption of a harmonized questionnaire for data collection, the use of the social registry by social programs, the elaboration of a strategy for increased coverage of the social registry, and the application of appropriate data protection and privacy measures. Overall, the completed prior action and subsequent steps will put in place the building blocks of an adaptive social protection system that will increase the inclusion of poor and vulnerable populations, improve coordination of social policy and programs as well as strengthen the country’s crisis-response capacity that will also help address the IDP crisis. Improved targeting increases also the reach and effectiveness of social protection measures and safety nets to vulnerable populations in times of climate crises. While social protection interventions such as social assistance are the primary use cases, service delivery in other sectors is expected to benefit substantially. Improved service delivery in multiple sectors will furthermore contribute to conflict mitigation, particularly in geographies considered to be under pressure and in zones



were prevention is a priority. In areas suffering from instability or climate change, the reforms should facilitate the Government's capacity to provide services to affected populations.

*Policy Area: Digitizing the Public Administration*

52. **Issue: the lack of a coordinated digitalization of the public administration is a bottleneck in the Government's COVID-19 response and beyond.** Social distancing requirements and other barrier measures during the COVID-19 pandemic and other crises have a profound impact on the way governments operate to ensure business continuity. In Burkina Faso, a Whole-of-Government approach to use the power of digital technology for Government-to-Government services is still absent. No strategy is in place, coordination across the Government is poor and investments in government technology are siloed. For example, the private sector cannot develop e-commerce if legal prerequisites are not met as a result of the lacking digital strategy. This is a critical bottleneck that has not only delayed the COVID-19 response but has wider implications for the economy. Digitalized Government-to-Government services are often a first step, before expanding into Government-to-People services which can then be leveraged by non-government actors.

53. **Measure: the ministerial order signed by the prime minister requires all public entities to adopt key digital platforms with a focus on Government-to-Government services.** Several digital government platforms have been developed and deployed to selected pilot public bodies.<sup>39</sup> First, the central government website ("*guichet virtuel*") provides information on all administrative procedures, lists, and addresses of public service facilities. Second, an open data platform serves all public entities to publish data and allow citizens, firms and other entities to access, share and re-use these data. Third, a document management system is ready to be used by all administrations to digitize paper form documents, record, manage, transfer and archive. Fourth, a mission management system helps administrations manage local and international missions of their staff and improve accounting and tracking of budget spending. Fifth, a mobile data collection platform allows administrations to collect, store and deliver public administration data. Sixth, an integrated management system allows to monitor progress on PNDES projects and programs. The ministerial order mandates the adoption and uptake of these digital platforms by all administrations and semi-autonomous public bodies. This measure will also help implement the National Adaptation Plan (NAP), which includes several data-driven measures.

54. **Result: the goal is for all ministries, public and semi-public entities to adopt and use those platforms that are relevant for them which will improve the functioning of the state.**<sup>40</sup> The results indicator focuses on ministries and puts the target at a realistic but ambitious 66 percent (22 ministries) for the roll-out of five digital platforms. The use of interoperable digital platforms will help protect key government functions and strengthen the crisis response. This matters not only for the time of COVID-19 but more generally in the context of fragility with lower physical presence of the public administration in conflict-affected regions. Overall, if implemented thoroughly, the measure will improve the functioning

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<sup>39</sup> The ongoing Burkina Faso eGovernment Project (P155645) ensured adequate technology and standards for the creation of the six digital platforms and training of administrators. All platforms are functioning and available in the cloud awaiting a government-wide roll-out.

<sup>40</sup> In terms of appropriation and adoption, the mandatory nature of the inter-ministerial order puts an end to the desire for duplication of platforms by certain ministries.



of the state and thereby support the achievement of other results under this DPF. The use of the mobile data platform and the integrated management system of budget programs will also support the systematic use by the administration of digital solutions including Geo-enabling for Monitoring and Supervision (GEMS) and remote-sensing technologies to enhance supervision and implementation (measure #2 of the FCV Strategy).

<b>Prior Action #5.</b> To support the business continuity of the state, improve service delivery, and prepare the digital transformation of the economy, the Recipient’s Prime Minister has ordered the roll-out and uptake of high-priority digital platforms, as evidenced by Arrêté N°2020-037/PM/CAB dated July 13, 2020.	<b>Results Indicator #6:</b> Number of ministries using at least five digital platforms	<b>Baseline (2019):</b> 0 <b>Target (2021):</b> 22
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55. **Impact: a strong user-centered digital government can increase government effectiveness and stimulate the development of applications by the private sector to help transform the economy.** Digitizing Government-to-Government services is only a first step towards a digital economy. More steps need to follow to extend the reach to the wider population.<sup>41</sup> As a result of a set of interventions, government effectiveness may increase through the usage of shared electronic services. For the citizens and private sector, access to information is simplified and the burden of transacting with the government (e.g. no more standing in long queues) reduced. Digital platforms can also facilitate greater access to information, services, know-how and finances, which may improve the business environment in several sectors, including agriculture and financial services.

### Pillar 3: Improving Fiscal Transparency and Accountability

*Policy Area: Improving the Governance of Crisis-Response Funds*

56. **Issue: an inadequate governance framework to mobilize and manage resources leads to weak transparency and accountability in the use of COVID-19 funds.** Prior to COVID-19, no adequate framework was in place to manage the use of crisis-related funds according to principles of good governance (i.e. efficacy, efficiency, and transparency) and to respond to the specific and urgent needs of people affected by the crisis. Inadequate institutional arrangements undermined the effectiveness of the initial crisis-response. To fill the most urgent gaps, the Government has established a crisis management center<sup>42</sup> by Decree 2020/326 and issued additional regulations to implement the COVID-19 Emergency Plan. However, adding new regulations without establishing an adequate governance framework risks

<sup>41</sup> The following reforms could be undertaken over the next three years: (i) the adoption and implementation of a digital government strategy and related program; (ii) digital skills and digital financial services programs; and (iii) reference data infrastructure including registries for population (supported through Prior Action #4), businesses, immovable properties, addresses and reference maps. Such reforms make key digital government platforms interoperable using key registry data for the provision of public services throughout the territory that will also open opportunities for using digital payment solutions and multi-channel approaches for the delivery in remote areas.

<sup>42</sup> The crisis management center aims at (i) overseeing the operationalization of the COVID-19 Emergency Plan, (ii) mobilizing financial and human resources, and (iii) providing strategic guidance related to the pandemic. The Prime Minister chairs the center, which is grouped into four committees that comprise core sectoral ministries, civil society organizations, and the donor community. The finance committee includes experts from MINEFID and sectoral ministries and oversees spending and resource collection.



failing to address the crucial weakness (i.e. transparency and accountability). This would undermine trust of both citizens and development partners in Burkina Faso's public institutions.

57. **Measure:** to facilitate the immediate COVID-19 response, a crisis-response governance framework with adequate control arrangements has been established. The new crisis-response governance framework builds on the existing public financial management system and covers the following five pillars: (i) crisis oversight; (ii) budgeting; (iii) financial management; (iv) procurement, as well as single source of medical supplies in justified situations, while considering quality, cost, and timely delivery; and (v) an audit, accountability, and transparency mechanism that includes public participation in the oversight process. The framework includes a key role for civil society organizations in the crisis management center chaired by the Prime Minister, the dissemination of financial reports, and the participation in the audit, including follow-up on the implementation of recommendations. Further, the framework provides for measures to trace COVID-19-related expenditures, and to publish information on resources collected, public contracts procured, the list of beneficiaries, and cash positions in the bank accounts. Reporting arrangements are clear, and biannual audit reports will be issued with a delay of 1 month and audited within 2 months. Audits will be conducted by the High Authority for State Control jointly with civil society organizations. The audit scope will include value for money and iterative beneficiaries monitoring diligence. This will ensure transparency and accountability of public institutions vis-à-vis their citizens and development partners. The overall framework has been adopted by a ministerial order. The procurement pillar required a dedicated decree to complement the ministerial order as it includes recourse to emergency procedures.

58. **Results:** ongoing World Bank technical assistance is helping the Government to enforce the framework and achieve results. The Bank has accompanied the establishment of the governance framework as part of the governance of the COVID-19 funds agenda in the Sahel countries. To mitigate the risk of limited capacity to enforce the framework, additional implementation support will be provided through the Emergency Recurrent Cost Financing Project (P169486) for (i) the elaboration of financial reporting; (ii) the production of audit reports; and (iii) the development of a dedicated website to publish the various financial and audit reports. The governance framework introduces streamlined procurement procedures, and transparency and accountability in the management of funds allocated to crises. Two result indicators associated with each of the objectives were selected. The first indicator will measure the efficiency improvements in the procurement of medical supplies to mitigate the effect of the health crisis. This will be achieved without compromising quality and transparency. The second indicator will measure transparency and accountability improvements by publishing bi-annual audit reports covering the periods until September 2020, March 2021, and September 2021, respectively. Regular audits will help identify corrective measures in crisis management, compared to a single ex-post audit. This will help address the overall performance of the institutions involved in crisis management. Lastly, the ex-post evaluation report included in the governance framework will be an important analytical document to capture the lessons learned from each crisis.



<b>Prior Action #6.</b> To improve efficiency, transparency and accountability in the use of COVID-19 funds and accelerate the response during future crises and/or disasters as defined in Law N°012-2014/AN dated April 22, 2014, the Recipient’s Ministry of Economy, Finance and Development has established a crisis-response governance framework, as evidenced by Arrêté N°2020-418/MINEFID/CAB dated August 26, 2020.	<b>Results Indicator #7:</b> Procurement contract lead time for medical supplies (days)	<b>Baseline (2019):</b> 169 <b>Target (2021):</b> 90
	<b>Results Indicator #8:</b> Number of COVID-19 value for money audit reports published (including notes on the follow-up on the implementation of recommendations of the preceding audit)	<b>Baseline (2019):</b> 0 <b>Target (2021):</b> 2

59. **Impact: the improved governance framework will reinforce the country’s resilience to COVID-19 and other crises.** It aims to ensure that financial resources are used to restore, redevelop, and revitalize natural socio-economic environments to cope with crisis impacts and better withstand future crises. While established for the immediate needs related to the use of COVID-19 funds, the new crisis-response governance framework will be applicable to non-COVID-19 related crises as well, including disasters such as droughts or floods induced by climate change or events related to FCV. As a result, public expenditure will be more effective in such circumstances. At the same time, the new framework will reduce fiduciary risks that may result from the loosening of prior controls, which is necessary to facilitate a rapid crisis-response. In the short run, the new framework will support the implementation of a tracking system of special funds spending and therefore foster greater transparency around the utilization of the internal and external resources mobilized in the wake of the COVID-19 shock. This is particularly critical in a pre-electoral context and for development partners providing support to Burkina Faso, including through the DSSI. The implementation of the framework will help identify inclusion/exclusion errors in the cash transfer and other related activities included in the Emergency Plan as well as improve effectiveness of such spending through the iterative beneficiaries monitoring. Lastly, the recent flooding catastrophes in August and September 2020 already offer an opportunity to evaluate the response of the Government under this new governance framework.

*Policy Area: Improve Public Debt Management and Transparency*

60. **Issue: key drivers of debt vulnerabilities include weaknesses to debt management capacity and debt transparency.**<sup>43</sup> First, while the management of concessional debt has been broadly adequate, the capacity of the debt office needs strengthening, particularly with respect to key policy instruments such as the medium-term debt management strategy (MTDS) and the annual borrowing plan (ABP). An MTDS is in place, but it needs a post-COVID-19 update. Further, the ABP deriving from the MTDS is incomplete as it covers only external borrowing. Moreover, there is no review of the previous year’s ABP available, which would inform the next borrowing plan and improve debt management. Second, the World Bank’s CPIA assessment and Debt Reporting Heat Map highlighted two key areas of debt transparency in need of substantial improvement: (i) debt reporting (particularly on data accessibility, timeliness and periodicity of publication); and (ii) debt coverage (particularly on limited coverage of domestic debt, which does not extend to contingent liabilities such as guarantees and non-guaranteed SOEs debt).

<sup>43</sup> Other vulnerabilities originating from fiscal sustainability weaknesses are being jointly addressed through the programmatic DPF series and the IMF’s ECF-financed program.



61. **Measure:** the Government has established the framework and procedures for improved debt management and transparency. Supported by the World Bank, a regulatory framework was put in place, defining the scope, responsibilities, timing, and procedures for the publication of quarterly debt bulletins and ABPs.<sup>44</sup> Coverage of debt statistics will be expanded to include contingent liabilities in order to enable the Government to make better informed decisions and improve accountability vis-à-vis stakeholders. Further, the production of quarterly debt bulletins is put on a solid basis with a clear definition of who needs to publish what, where, when, and in which form. Moreover, the new borrowing plan is not only aligned with international standards but captures also COVID-19 realities and other recent developments (e.g. fragility). It is required to include also domestic financing. Finally, an implementation review of the ABP has been introduced to be completed by mid-year. The review will be conducted and published to inform the preparation of the following medium-term debt management strategy and borrowing plan.

62. **Results:** the Government will publish more comprehensive ABPs and debt bulletins in a systematic manner.<sup>45</sup> First, the Government finalized the MTDS 2021-2023 along with the ABP 2021 in August 2020, supported by World Bank technical assistance. These key policy documents were annexed to the finance law 2021. Following the new regulatory framework, both the strategy and the borrowing plan are made publicly available at most two weeks after the adoption of the finance law. Second, an implementation review of the ABP 2020 will be conducted and completed by end-June 2021 and serve to inform the preparation of the MTDS 2022-2024. Third, following new international standards regarding quality, content and coverage, a first debt bulletin covering the period from October 2019 to September 2020 is expected to be published by mid-January 2021. A second bulletin covering the calendar year 2020 will be published by mid-April 2021. A third bulletin covering the period from April 2020 to March 2021 will be published by mid-July 2021.

<p><b>Prior Action #7.</b> To improve debt management and transparency, the Recipient’s Ministry of Economy, Finance and Development has defined the scope, responsibilities, timing, and procedures for: (i) the quarterly publication of a debt bulletin; (ii) the annual publication of a borrowing plan; and (iii) the annual review of the implementation of the borrowing plan, as evidenced by Arrêté N°2020-298/MINEFID/SG/DGTCP dated July 2, 2020.</p>	<p><b>Results Indicator #9:</b> Number of (a) debt bulletins or reports, (b) borrowing plans, and (c) reviews of the borrowing plan published in line with the order</p>	<p><b>Baseline (2019):</b> 0 / 0 / 0 <b>Target (2021):</b> 3 / 1 / 1</p>
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63. **Impact:** improved debt management and transparency will support the sustainability of the macroeconomic framework and build trust with development partners. On the one hand, better debt management and planning will make the fiscal accounts more resilient to crises and ad hoc policy decisions. More stable fiscal accounts and a debt trajectory that is known in advance and managed actively will support the sustainability of the macroeconomic framework. On the other hand, increased transparency and accountability can help donors and international financial institutions justify their financing in grants or at concessional terms.

<sup>44</sup> The new regulatory framework was developed in anticipation of IDA’s Sustainable Development Finance Policy (SDFP) that is implemented in FY21 through the CR-DPF.

<sup>45</sup> The MTDS, ABP, and debt bulletins will be published on the MINEFID website.



**Table 4.1: DPF Prior Actions and Analytical Underpinnings**

Prior Actions	Analytical Underpinnings
<b>Pillar 1: Expanding Economic Opportunities for Growth</b>	
Prior Action #1	<ul style="list-style-type: none"> <li>• <i>Enabling Business for Agriculture (World Bank, 2019)</i>. Efficient fertilizer distribution schemes facilitate the introduction of new products into markets, leading to increased fertilizer use by farmers and consequently higher yields.</li> <li>• <i>Rural Income Diagnostic (World Bank, 2019)</i>. Overall fertilizer use is still low, when comparing to peer countries, despite high input subsidies. The use of e-vouchers is proposed to deliver fertilizer subsidies.</li> <li>• <i>Digitizing Agriculture. Evidence from e-Voucher Programs in Mali, Chad, Niger and Guinea (World Bank, 2019)</i>. The report provides lessons learnt based on pilot practices in the sub-region.</li> <li>• <i>Burkina Faso Agriculture Public Expenditure Review Light (World Bank and Government of Burkina Faso (GoBF), 2017)</i>. Inefficiencies in public sector fertilizer distribution identified and options to improve fertilizer distribution.</li> </ul>
Prior Action #2	<ul style="list-style-type: none"> <li>• <i>Doing Business Report (World Bank, 2020)</i>. Burkina Faso has one of the lowest rankings on "Getting credit" and credit bureau coverage in the region and in Africa. Credit bureau coverage is 2 percent compared to Cote d'Ivoire at 22 percent.</li> <li>• <i>Etude Diagnostique du Climat des Affaires Assortie d'un Plan Stratégique (World Bank and GoBF, 2020)</i>. Increasing the coverage of the main credit bureau will be beneficial for Burkina Faso's Doing Business score.</li> <li>• <i>Country Private Sector Diagnostic – CPSD (World Bank Group, 2019)</i>. Access to credit, especially for SMEs, remains a major constraint to private sector development. Promoting a refinancing facility, capacity building for banks and MFIs, strengthening the credit infrastructure (e.g., credit bureau and collateral registry) and developing value chain financing are some of the proposed recommendations.</li> <li>• <i>Financial Sector Review (World Bank, 2018)</i>. Medium term recommendations for strengthening the financial infrastructure (credit bureau, credit registry) to enhance credit access to individuals and firms.</li> </ul>
<b>Pillar 2: Building Crisis-Adaptive Capacity of the State</b>	
Prior Action #3	<ul style="list-style-type: none"> <li>• <i>Operational Framework for Strengthening Human, Animal, and Environmental Public Health Systems at their Interface (World Bank, 2018)</i>. Zoonotic diseases account for more than one billion cases and a million deaths per year. Need for resilient public health systems to face existing and future disease threats at the human-animal-environment interface.</li> <li>• <i>Animal health feasibility study in West Africa (World Organization of Animal Health, 2013)</i>. There is a lack of budgetary resources and human resources for preventing and controlling animal disease.</li> </ul>
Prior Action #4	<ul style="list-style-type: none"> <li>• <i>The way forward for social safety nets in Burkina Faso (World Bank, 2019)</i>. While overall social protection spending is enough to eliminate extreme poverty, poor targeting means that only a small fraction of the population benefits from safety nets.</li> <li>• <i>ID4D Country Diagnostic Burkina Faso (World Bank, 2017)</i>. Fragmentation and weak coverage of existing identification systems remain key impediments in the identification process.</li> </ul>
Prior Action #5	<ul style="list-style-type: none"> <li>• <i>Burkina Faso Digital Development Diagnosis using the Digital Government Readiness Assessment (DGRA) tool (World Bank, 2020)</i>. While substantial improvements were achieved thanks to the e-Burkina Investment Project Financing (IPF), improvements and quick wins exist in the areas of deployment of digital platforms developed, adoption of an e-government strategy, and the development of e-commerce.</li> </ul>





Pillar 3: Improving Fiscal Transparency and Accountability	
Prior Action #6	<ul style="list-style-type: none"> <li>Advisory Services and Analytics (ASA) on governance of COVID-19 funds in Sahel countries (World Bank, 2020). Core governance principles for management of COVID-19 funds including institutional, budgeting, accounting, procurement, internal/external audit, and transparency/accountability arrangements.</li> </ul>
Prior Action #7	<ul style="list-style-type: none"> <li>Promoting Debt Transparency: Because the SDGs Depend on It (World Bank, 2019). Policymakers in borrowing countries need reliable debt information to make informed borrowing decisions. Creditors, donors, analysts, and rating agencies need it to assess sovereign creditworthiness, and to appropriately price debt instruments. Citizens need it to hold their governments accountable.</li> </ul>

### 4.3. LINK TO CPF, OTHER WORLD BANK OPERATIONS AND THE WBG STRATEGY

64. **The CPF for FY18-FY23<sup>46</sup> and the WBG COVID-19 Crisis Response Approach Paper provide the overarching framework for this operation.** The CPF is based on the priorities identified in the Systematic Country Diagnostic (SCD) from 2017 and is aligned with the Government’s PNDES. The CPF focuses on three strategic pillars: (1) accelerate sustainable private-sector-led growth for job creation; (2) invest in human capital and social protection systems; and (3) strengthen governance and support citizen engagement. The support provided through this Crisis-Response DPF is consistent with all three pillars of the CPF. Policy reforms in agriculture (Prior Action #1) and access to credit (Prior Action #2) are supporting sustainable growth and job creation (CPF Pillar 1). Policy reforms in health (Prior Action #3) and social protection (Prior Action #4) contribute to human capital (CPF Pillar 2). Finally, the digitalization of the public administration (Prior Action #5), the governance of crisis-funds (Prior Action #6), and debt management and transparency (Prior Action #7) are consistent with CPF Pillar 3. The WBG COVID-19 Crisis Response Approach Paper from June 2020 presents four pillars: (i) saving lives; (ii) protecting poor and vulnerable people; (iii) ensuring sustainable business growth and job creation; and (iv) strengthening policies, institutions and investments for rebuilding better. While other World Bank emergency projects focused on pillars (i) and (ii), the Crisis-Response DPF is aligned with pillars (iii) and (iv) of this framework to complete the World Bank’s approach in Burkina Faso. For complementarity of the COVID-19 Crisis Response DPF with other WBG Engagements see Box 3.

Box 3: Complementarity with Non-DPF WBG Engagements
<p><b>Prior Action #1</b> builds on the <i>Agricultural Productivity and Food Security Project (PAPSA, P114236)</i> and is achieving results is supported by the <i>Burkina Faso Agriculture Resilience and Competitiveness Project (P167945)</i>, which aims at increasing agricultural productivity and market access for small producers and small and medium agribusiness entrepreneurs for selected value chains in project areas. The project is supporting sustainable access to inputs and will support private sector-led agriculture in Burkina Faso.</p>
<p><b>Prior Action #2</b> builds on the ongoing WBG support to the financial sector. The measure complements the <i>Financial Inclusion Support Project in Burkina Faso (P164786)</i>, which aims to increase access to digital financial services and facilitate access to credit for targeted beneficiaries. The project provides support for establishing a partial portfolio credit guarantee fund and providing matching grants and capacity support for MSMEs, women and farmers. The prior action reinforces these activities and increases the likelihood that these populations will have greater access to credit. In addition, the measure builds upon the <i>WAEMU Regional Credit</i></p>

<sup>46</sup> World Bank. Burkina Faso – Country partnership framework for the period FY18-FY23 (English). Washington, D.C. Report Number 123712.



*Program supported by the International Finance Corporation (IFC) to establish a harmonized regulatory framework for credit reporting and the set-up of a regional credit information sharing system.*

***Prior Action #3** builds on ongoing and future support to the health and agriculture sectors. In the area of One Health, the COVID-19 Multiphase Approach (P173858) is financing related activities for community health workers, while the Health Systems Development Project (HSDP; P164696) will support specializations in public health and epidemiology (M.A. degrees) and practical degree-granting courses in field epidemiology to increase response capacity. In addition, the HSDP and the Agricultural Resilience and Competitiveness Project (P167945) will support food safety. The ongoing programmatic DPF series is focusing on the logistics information system that will also benefit from increased attention to the supply chain as part of the Memorandum of Understanding between the Ministry of Health and CAMEG supported through the CR-DPF outside the policy matrix.*

***Prior Action #4** builds on the experience of the social protection emergency response to COVID-19 and is designed to strengthen the country's adaptive protection system for future crisis-response. Through the Social Safety Net Project (P124015), the response as of September 2020 consists of providing cash transfers to (i) 106 households directly affected by the virus, (ii) 13,616 households of female market vendors to mitigate the economic shock from public health and safety measures, and (iii) 5,078 urban households (with a total of 20,000 planned) in Ouagadougou and Bobo Dioulasso to provide relief to urban poor, who were hit particularly hard by the virus and its economic consequences. The absence of a social registry and robust identification have been considerable challenges to the rapid targeting and provision of cash transfers and the measures carried out under the present CR-DPF would have significantly facilitated a more rapid response to the pandemic in the sector. Prior Action #4 is further supported and complemented by the West Africa Unique Identification for Regional Integration and Inclusion (WURI) Program (P169594), the Sahel-Adaptive-Social-Protection-Program-funded ASA (P173554), and WURI and ID4D Regional ASA (P173384).*

***Prior Action #5** builds on the ongoing WBG support to the digital economy sector. The measure complements the West Africa Regional Communications Infrastructure Program (WARCIP, P122402) in Burkina Faso which aims to increase the geographical reach of broadband networks and to reduce costs of communication services. Following the inauguration of the IXP and Virtual Landing Point (VLP) in Ouagadougou on 10 July 2018, the city of Bobo Dioulasso has now also been equipped, as of 4 September 2020, with the same infrastructure under WARCIP additional financing. Traffic on the internet exchange point has grown from 3 Gbps per day in 2018 to 8 Gbps per day in 2019. Before June 2018, traffic on the Burkina Faso IXP (BFIIX) had been less than 700 Mbps per day. This performance is a major sign of BFIIX's smooth operation and its contribution to the improvement of internet access in the country with a traffic growth by a factor of 11 within 12 months.*

***Prior Action #6** is accompanied by the Economic Governance and Citizen Engagement Project (P155121) and the Emergency Recurrent Cost Financing Project (P169486). As such, this Crisis-Response DPF builds on preparatory work delivered through the above-mentioned projects which will also accompany the implementation of the more involved measures to achieve results following the completion of the prior actions.*

#### 4.4. CONSULTATIONS AND COLLABORATION WITH DEVELOPMENT PARTNERS

65. **The proposed DPF contains policy measures that complement the Government's COVID-19 Response Plan, enacted in the Head of State's address to the Nation.** The plan is the result of recommendations from the National Pandemic Management Committee chaired by the Prime Minister and comprising a dozen sectoral ministries, technical and financial partners, and civil society organizations. Feedback from this process included the need to increase accountability and transparency, which is addressed under Prior Action #6 through public participation in the oversight arrangements both



in the audit and the iterative beneficiaries monitoring. However, the COVID-19 outbreak and associated lock-down measures adversely affected the consultation process that is usually undertaken with the wide public through physical workshops. At the same time, the World Bank has intensified the policy dialogue in the health, social protection, education and agriculture sectors. For example, in health the Government went through several iterations of the COVID-19 response plan, the first of which was actively discussed in the Cadre Sectoriel de Dialogue. Later ones were discussed in smaller group settings, with the lead donor (WBG) and WHO. Moreover, the DPF builds on the country's strong track record of coordination and consultation under the General Budget Support Framework (*Cadre Général d'Organisation des Appuis Budgétaires*, CGAB).

**66. The proposed operation builds on several collaborative frameworks with development partners in Burkina Faso.** The World Bank has closely coordinated with the IMF on the macroeconomic policy framework and the assessment of the impact of COVID-19 on the economy. Prior actions were developed within existing sectoral collaboration frameworks, that include their own consultation processes. For example, on Prior Action #1 the World Bank has been collaborating closely with the Alliance for a Green Revolution in Africa (AGRA), the Food and Agriculture Organization (FAO), the International Fund for Agricultural Development (IFAD) and the private sector. On Prior Action #2, the World Bank has been working with the United Nations Capital Development Fund (UNCDF), the French Development Agency (*Agence Française de Développement*, AFD), and the Embassy of Luxemburg. On Prior Action #3 the Bank has been working with USAID, the Center for Disease Control and Prevention (CDC), FAO, and others. Further, the work on Prior Action #4 has been coordinated with the IMF, the European Commission, the International Labor Organization (ILO), the International Organization for Migration (IOM), the World Food Program (WFP) and others. Moreover, Prior Action #6 has benefited from collaboration with the IMF, the EU, the AfDB, and the WHO. In other areas covered by this multisectoral operation, the World Bank has joined forces with BOAD, AFD, the Dutch Embassy and other development partners.

## 5. OTHER DESIGN AND APPRAISAL ISSUES

### 5.1. POVERTY AND SOCIAL IMPACT

**67. Prior Action #1 is expected to have positive effects on agricultural productivity, household's income, food security, and poverty reduction.** The e-voucher system has been designed to improve targeting. In this system targeting is done a priori based on a set of criteria and approved farmers registered in the system are eligible. The focus is put on vulnerable smallholders who have difficulty to access inputs. For example, the program does not support farmers who have more than 5 ha. It is considered that those farmers can buy the otherwise subsidized inputs themselves. The nation-wide roll-out of the e-voucher input distribution system will improve access to productivity-enhancing input packages (seeds, fertilizer), and it will be accompanied by proximity extension services to train the farmers on the best use of improved inputs. The pilot covered six regions of the country while the program supported through the prior action is meant to expand to the entire country. The 2020 season target is 317,000 farmers, compared to the pilot that reached 69,095 farmers for the 2019 season. The adoption of quality inputs will increase productivity and production, hence contribute to food security and farmers' incomes. Farmers will produce for their families and sell the surplus on the market, which will increase



their income and contribute to poverty reduction, particularly in rural areas where the incidence of poverty is much higher than in urban areas. The IT platform created for the e-voucher program will also be used to develop more products such as agricultural insurance to enhance smallholders' resilience to natural hazards, including those induced by climate change.

68. **Prior Action #2 is also expected to have positive poverty and social impacts.** The expansion of coverage of the credit bureau will allow financial institutions better assess risks and widen the pool of potential clients by a factor of five. These new clients will typically be smaller, and poorer than those already covered. Access to credit affords individuals and firms financing resources to invest in opportunities that can boost their revenue. Increased revenue and credit help build resilience to smooth consumption over climate and weather shocks. Increased investment leads to growth and has a positive impact on jobs, often for unemployed youth. Stable employment increases an individual's resilience, especially for youth, and may also decrease the likelihood of turning to violent groups for economic gain and other benefits. Evidence suggests that the expansion of credit bureau coverage will disproportionately benefit relatively smaller firms and poorer entrepreneurs, including those that are relatively less transparent.<sup>47</sup>

69. **Prior Action #3 has strongly positive poverty and social impacts.** The measure supports the development and implementation for the large-scale pilot phase of the development and rollout of a One Health system. Improving preparedness, notification, investigation, response, and epidemic management capacity across the actors will mitigate against risks that affect both rural (animal husbandry and crops) and urban areas (shutdown effects, risk of transmission due to at-risk living conditions). Another measure supported through the DPF outside of the policy matrix improves targeting and coordination of resources and enables the provision of proper medical inputs in a timely and cost-effective manner. Reducing the duration and severity of the epidemic will reduce the risk to the population, particularly the poor.<sup>48</sup>

70. **Prior Action #4 has significant social impacts and contributes to poverty alleviation.** The first measure strengthens the implementation of a foundational ID system in the country which contributes to improved service delivery across several sectors and has wide-ranging positive knock-on effects. The sub-action strengthens the implementation of a functional ID for the *personnes indigentes* who are expected to benefit from targeted services such as universal health care. As this targets the poorest 20 percent of the population, positive distributional effects are expected. By strengthening unique identification, the measure furthermore strengthens overall social protection delivery systems, including by improving poverty targeting, which is anticipated to improve social service delivery and contribute to poverty alleviation. While 500,000 individuals are expected to directly benefit by 2021, the activity will create the blueprint and processes for extending the functional ID for the *personnes indigentes* and the foundational

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<sup>47</sup> Enhancing credit reporting has been found to have a larger impact on smaller, opaque firms and those operating in weak legal environments than large more transparent ones (see Brown, Jappelli, and Pagano 2009). IFC's 2018 report "Improving Access to Finance for SMEs: Opportunities through Credit Reporting, Secured Lending and Insolvency Practices" states that credit reporting is an essential element of the financial infrastructure needed to foster access to credit for SMEs. Credit reporting helps to overcome information challenges in SME lending, e.g. SME small size, weak transparency standards and unpredictable life cycles of SMEs—in contrast to larger firms—can contribute to the generation of asymmetric information in credit markets.

<sup>48</sup> High-frequency monitoring survey results show that 52 percent of agricultural, 76 percent of industry, 76 percent of service firms suffered decreases in economic activity since the start of the outbreak. This translates into reduced income for employees (COVID-19 Impact Monitoring at the household level, INSD and World Bank, August 2020).



ID to the broader population, including the most vulnerable like the more than 1 million IDPs in the country, multiplying the positive impacts going forward. The second measure complements the positive impacts. Data sharing strengthens social protection delivery systems and is a critical step for putting in place a social registry, which is expected to enhance efficiency and coordination in the delivery of social benefits and services to reduce poverty in the medium term. Through close collaboration with data protection agencies and the strengthening of the country's institutional and legal framework through the WURI project, any potential negative social impacts are expected to be minimized.

71. **Prior Action #6 is expected to have positive poverty and social impacts.** The participatory audit and iterative beneficiaries monitoring included in the governance framework will help identify inclusion/exclusion errors of the various activities associated with the issues of targeting such as cash transfer, food, and hygiene kits. In addition, implementation of the participatory audit and iterative beneficiaries monitoring will strengthen accountability on the input distribution system and increase poverty and social impacts of both actions.

## 5.2. ENVIRONMENTAL, FORESTS, AND OTHER NATURAL RESOURCE ASPECTS

72. **The reforms and policy actions supported by the proposed operation are not likely to have significant risks and negative effects on the country's environment, forests and other natural resources, and several will have positive effects.** As per policy, the World Bank assessed whether specific country policies supported by the DPF are likely to cause significant positive or negative effects on the country's environment, forests, and other natural resources. The assessment concluded that the policies supported by the proposed DPF are not likely to have risks and negative impacts on the country's natural assets. All the actions supported throughout the operation are policy-oriented; they do not support direct investment in environmentally impactful projects or involve policy actions with significant environmental risks and consequences. The institutional framework relating to the environment is underpinned by the Constitution promulgated on June 11, 1991 and its amendments. This institutional framework for environmental governance revolves around three main actors: (i) the State and its subdivisions, especially the Ministry of Environment, Green Economy and Climate Change as well as other ministerial departments and administrative divisions (provinces, departments, communes and villages); (ii) local communities including the IDPs; (iii) the private sector; and (iv) the civil society. Burkina Faso has a legal and regulatory framework governing the preparation of Environmental Impact Assessments (EIA),<sup>49</sup> Environmental and Social Impact Assessments (ESIA) and Strategic Environmental and Social Assessments (SESA).

73. **The assessment of potential risks and negative environmental impacts related to actions supported by the DPF relies on the existing national legal and regulatory framework and will be monitored and addressed through national procedures.** If gaps exist, the Environmental and Social Framework (ESF) will serve as main instrument to address them. The national environmental protection agency (*Bureau National*

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<sup>49</sup> Decree 2001-342/PRES/PM/MEE of July 17, 2001 defines the scope, content, and procedures for undertaking an EIA. This decree was improved upon by Law No 006-2013/AN of March 2, 2013 on the environment code in Burkina Faso, in particular its articles 5 sub-paragraphs 4 and 17 to 23, outlining the procedures for an ESIA and the importance of public consultations. Finally, the decree No 2015-1187 provides conditions and procedures for the preparation of a SESA. The decree clarifies and classifies civil works, installations, and activities that could be a subject of a SESA or ESIA including the three-tier classification of A, B, and C depending on the severity and magnitude of impacts.



*des Evaluations Environnementales*, BUNEE), is institutionally empowered to review and clear environmental assessment instruments such as EIA, ESIA, Environmental Audit, and SESA. BUNEE is tasked with reviewing and approving environmental assessment instruments and ensuring the monitoring, evaluation and implementation of mitigating and compensation measures. Key challenges are enforcement and the weakness of the legal framework for the management of environmental issues, although the SESA decree of 2015 addressed some of these weaknesses.<sup>50</sup> To address remaining weaknesses, Memorandum of Understandings are signed between the agency and donor funded projects including by the World Bank. Progress has been made in enhancing both monitoring and enforcement functions. In addition, staff of BUNEE have benefited from several World Bank safeguards trainings for Project Implementation Units (PIUs). Eventually, vaccination services may result in hazardous medical waste (syringes, cannulas, vaccine containers) with a direct impact on the environment and humans if not properly managed. This is also relevant to medical waste associated with COVID-19 treatments. While national regulations and capacities pertinent to the environmentally safe management of medical waste will prevail, this risk will also be mitigated by the Emergency Health IPF.

74. **Prior Action #1 is expected to increase farmers' resilience to natural hazards and decrease deforestation.** Through capacity building and extension services, farmers will be trained on agricultural good practices to combine inorganic and organic fertilizer to improve soil health and increase agricultural productivity. Organic fertilizers, like manure, improve soil fertility by feeding microorganisms in the soil, reducing erosion and keeping the soil well hydrated. The use of improved seeds and fertilizers distributed through the e-voucher system will be promoted on irrigated land to optimize the output, which will strengthen farmers' resilience to natural hazards induced by climate change. The ability of farmers to produce a surplus on a limited land through a sustainable use of improved inputs will also reduce pressure for expanding agricultural lands into forest areas. In other words, increased productivity on the same land will lead to less deforestation. Prior Action #1 implements specific objective #2 in the area of agriculture of Burkina Faso's NAP, i.e. "improve access to farmers to high quality agricultural production factors (equipment, input, land, results of agricultural research etc.)."<sup>51</sup>

75. **Prior Action #2 is expected to increase individuals' and firms' resilience and adaptation to the effects of climate change.** This measure will strengthen the credit bureau which is expected to have a positive impact on access to credit for individuals and firms. Access to credit affords people the opportunity to invest in climate adaptation technologies, such as drought resistant seed varieties, drip irrigation and water catchment facilities, solar and wind power systems, and materials to reinforce houses and buildings to better deal with extreme temperatures, floods, and storms. These investments increase resilience acting as a buffer to the negative impacts of climate change. Disruptions to business activity and livelihoods are minimized resulting in more stable income flows and making them more resilient to future shocks. To improve positive and mitigate negative potential impacts on the environment, forests, and natural resources in general, the World Bank' Financial Inclusion Support Project (P164786) supports all banks and large MFIs to ensure their environmental framework on lending meets World Bank requirements.

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<sup>50</sup> In addition, there are challenges in terms of qualified staff, vehicles for field visits and sometimes funds to pre-finance field missions or laboratory analysis to confirm some facts.

<sup>51</sup> Burkina Faso NAP (Ministry of Environment and Fishery Resources, 2015). P.12. In addition, the measure supports also specific objective #3: "Improve the resilience of stakeholders to climate change." (p.12).



76. **Prior Action #3 is expected to have positive effects on the environment.** The One Health agenda focuses on environmental health as part of the overall package. The event-based notification system to be put in place at the local level will help rapidly identify and investigate any suspicious events. This will support overall environmental health. An improved health system will make the population also more resilient to crises, including the vagaries of weather and climate which can also intensify the spread of zoonotic and vector-borne diseases. Prior Action #3 implements specific objective #1 in the area of health of Burkina Faso's NAP, i.e. "ensure leadership and governance in terms of adapting to the impacts of climate change on the health sector." It also contributes to specific objective #3, i.e. "improve the early warning system and the response to climate change-related phenomena."

77. **Prior Action #4 supports the most vulnerable parts of the population in their adaptation to the effects of climate change.** Both measures support the Government to put in place robust, shock-responsive social protection delivery systems. Among other things, the measures will (i) enable the assessment of needs and conditions to determine the eligibility of households who are vulnerable to climate change risks; (ii) help them cope with impacts of climate change and increase their resilience through social safety nets and other social programs; (iii) facilitate the scale-up of social safety net programs and the provision of emergency cash transfers in response to climate change-induced disasters; and (iv) help improve institutional coordination to respond to climate change-induced crises. Overall, it is expected that the measures will help households cope with shocks by smoothing their consumption and strengthen their resilience in the medium term. As such, the measures will help the Government implement two objectives of the National Adaptation Plan, i.e. ensure sustainable food and nutrition security, and protect persons and goods from extreme climate events and natural disasters.

78. **Prior Action #5 will foster both climate change mitigation and adaptation.** As regards climate change mitigation, the deployment and uptake of digital government platforms by the administration and related online services for the citizens is expected to decrease (or slowdown the increase in) greenhouse gas emissions through three channels: (i) a reduction of trips of public agents, by car or motorbike, between public facilities; (ii) a reduction of trips of citizens and employees, by car, motorbike or bus, between work, homes, and administrations; and (iii) lower use of paper and copy machines for printing. This can be monitored through the number of digital only transactions that replace physical transactions associated with producing greenhouse gas emissions. As regards climate change adaptation, the measure seeks to promote information sharing within and between administrations to increase the resilience of the state. Burkina Faso is particularly vulnerable to droughts, storms, and floods, whose severity and frequency have been increasing due to climate change, primarily affecting the rural population. In this context, the deployment and uptake of digital government platforms by the national and local administrations will help implement the National Adaptation Plan (NAP), which includes several data-driven measures such as better monitoring of small water reservoirs, the implementation of an early warning system, and the provision of real time advice to farmers. This can be monitored through the number of climate-related datasets and documents available on the public digital platforms [servicepublic.gov.bf](http://servicepublic.gov.bf) and [data.gov.bf](http://data.gov.bf).

79. **Prior Action #6 will have positive climate co-benefits by accelerating the Government's response during crises induced by climate change, conflict, or other events.** The crisis-response governance framework builds on the country's experience in managing different types of crises such as health (COVID-19, Ebola, avian influenza), climate change (floods, droughts, bushfires) and security. Two



adaptation benefits are associated with the crisis-response governance framework. First, it improves resilience and targets disaster reduction and recovery from climate change events. It is applicable to climate-change-induced events such as droughts, floods and heat waves and other climate-induced emergencies. The framework provides an approach to identify risks and to reduce vulnerabilities to climate risks by developing PPRR (prevention, preparedness, response and recovery) frameworks with road maps and fiduciary responsibilities necessary to facilitate a rapid crisis-response. Second, the governance framework on resilience will bring the focus on climate change priorities and public expenditures relating to preparedness, response and recovery from climate-related disasters into budgeting, accounting, procurement, audit, and accountability arrangements. This will improve the preparedness of the Government to respond to a wide range of risks. It includes national, state, and local stakeholder groups for hazard identification, risk assessment, and disaster reduction strategies.

### 5.3. PFM, DISBURSEMENT AND AUDITING ASPECTS

80. **The Government has adopted a public financial management (PFM) reform strategy to address public financial management challenges highlighted in recent PFM assessments.** Based on the 2017 Public Expenditure and Financial Accountability (PEFA) assessment, which highlighted significant progress made in the areas of comprehensiveness and transparency of budgets, policy-based budgeting has been implemented. This involves the introduction of multi-year programmatic budgets for all sectoral ministries, as well as compliance with good practices in budget preparation, approval, and amendment procedures. In addition, some key PFM reforms (i.e. transition to accrual accounting and implementation of the single treasury account) are in progress. However, the assessment identified a few areas for improvement, particularly in strengthening effectiveness in collection of tax payments, monitoring of arrears, budget comprehensiveness, procurement, internal controls and external audits. Unpredictable revenue inflows mean that Burkina Faso at times uses the availability of cash as the de facto mechanism for trying to keep expenditure within set limits, with budget execution managed through “cash rationing.” Spending may be limited by reducing the amounts that ministries are authorized to spend below the amounts set in the budget law.

81. **The proposed operation will have a positive impact on the country’s PFM arrangements.** Prior Action #6 on the crisis-response governance framework aims to establish streamlined budgeting, procurement, reporting, and accountability and auditing arrangements that are necessary to facilitate a rapid crisis-response while reducing fiduciary risks. Among others, the framework comprises the adoption a decree on streamlined procurement procedures including single sourcing of medical supplies.

82. **The World Bank provides dedicated assistance in the area of governance and citizen engagement.** The Economic Governance and Citizen Engagement Project (P155121), which became effective in October 2016, supports the implementation of PFM reforms and assists the Government in improving core areas of economic governance and citizen engagement through: (i) developing mechanisms for social accountability, transparency, and access to information on the management of public funds, including strengthening capacities of audit institutions, the judiciary, and the civil society to fight fraud and corruption; (ii) increasing fiscal space through the modernization of tax and customs systems and the improvement of revenue collection capacities; and (iii) strengthening public expenditure management, including procurement system efficiency and predictability, and control in budget execution.





83. **Design and scope of this operation exploit synergies with both the Government program and other donor activities to further improve the overall financial management system.** While the IMF's ECF program supports fiscal consolidation as well as debt and cash management, the World Bank's Economic Governance and Citizen Engagement Project supports the upgrade of information systems for budgeting and core treasury operations as well as interfaces for core systems, including for revenue management. The EU and Switzerland are also supporting the institutional development efforts of the Government, notably through enhancement to the tax information management system, and support to improve controls and training. Overall, the Multi-Donor Budget Support Group provides technical assistance, including for the elaboration of strategic plans and the production of statistics to inform public policies.

84. **The Government is aligning its PFM systems with current WAEMU directives.** Overall, the legislative and institutional framework for PFM as well as for governance and anti-corruption in place in Burkina Faso complies with regional requirements. The Government has adopted the WAEMU Transparency Code and is aligning its national legislation with WAEMU's six new PFM directives. The National Transitional Committee (*Conseil National de Transition*, CNT, Parliament) enacted the directive on the Finance Act (*Loi Organique relative aux Lois de Finances, LOLF*) in November 2015. The operationalization of the WAEMU directives transposed into national laws, such as the budget program and the new procurement code, is on-going despite some challenges. Alignment with the directives will ensure convergence of the system with international standards of public finance. Expected outcomes of this comprehensive reform include: (i) realistic and sustainable budget forecasts; (ii) overall spending amounts determined on the basis of a multi-year budget and economic planning; (iii) resources allocated more logically in order to achieve objectives; and (iv) better accountability of main authorizing officers (ministers and presidents of institutions).

85. **The IMF carried out an updated safeguards' assessment of the BCEAO in 2018 and found that progress has been made in strengthening the BCEAO's safeguards framework.** The central bank retains a strong control system, and all recommendations from the assessment have been implemented. The audit procedures are compliant with international standards and the financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The central bank has recently enhanced the oversight role of its audit committee as recommended by the 2013 assessment. The FY19 external audit was performed by an external audit firm with International Standards of Auditing (ISA) experience. The external auditor issued a clean opinion on FY19 financial statements. The central bank's annual financial statements and external audit reports are publicly available on its external website. The flow-of-funds arrangements between the BCEAO and Burkina Faso's Treasury have been reviewed based on an annual audit funded by the CGAB.

86. **Overall, the fiduciary risk of the proposed operation is rated "moderate."** This rating is based on the current status of the PFM system and improvements observed in the central bank's safeguard framework, accounting systems and audit arrangements. The Government has made progress in strengthening multiple aspects of public financial and budgetary management since the 2017 PEFA assessment, and its continuing efforts are supported by donors in the CGAB. Annual budgets, quarterly budget execution reports, citizen budget and mid-year budget reviews are made available online at [www.dgb.gov.bf](http://www.dgb.gov.bf), which strengthens budget transparency. Finally, the BOOST public expenditures data base was updated to further increase transparency, including in the use of COVID-19 funds.



87. **The proposed operation consists of a single-tranche disbursement.** An IDA grant of SDR 35.6 million (US\$50 million equivalent) and an IDA credit of EUR 42.7 million (US\$50 million equivalent) will be made available upon effectiveness and disbursed based on a withdrawal application. The Recipient is the GoBF, represented by the MINEFID. The credit and the grant will follow IDA's disbursement procedures for DPF and will not be linked to specific expenditures.<sup>52</sup> The resources will be disbursed against satisfactory implementation of the development policy program and maintenance of a satisfactory macroeconomic framework.

88. **Proceeds of the IDA credit and grant.** Once the financing agreement becomes effective, upon receipt of a withdrawal application, provided that IDA is satisfied with the program being carried out by the Government, and with the appropriateness of the country's macroeconomic policy framework, the proceeds of the credit and the grant will be deposited by IDA into an account dedicated by the GoBF at the BCEAO, where they will form part of the country's official foreign exchange reserves.<sup>53</sup> The Government will credit the local currency equivalent in its budget using the prevailing exchange rate. As a due diligence measure, IDA will obtain confirmation from the Government that: (i) the sum of the proceeds was received into an account of the Government that is part of the country's official foreign exchange reserves (including the date and the name/number of the Government's bank account in which the amount has been deposited); and (ii) an equivalent amount has been accounted for in the country's budget management system (including the Chart of Accounts name/account number, the date of transfer, and the exchange rate used). Confirmation will be expected within 30 days of disbursement. If, after being deposited in this account, the proceeds are used for excluded expenditures as defined in the Financing Agreement, IDA will require the Recipient to refund directly to IDA an amount equal to the amount of the ineligible payment promptly upon notice. Amounts refunded to the World Bank upon such a request will be canceled. The World Bank reserves the right to seek an audit of the dedicated account by an independent auditor acceptable to the World Bank.

89. The closing date for the operation is December 31, 2021.

#### 5.4. MONITORING, EVALUATION AND ACCOUNTABILITY

90. **Strengthening M&E is critical for the successful implementation of the Emergency Plan objectives as well as for this DPF.** MINEFID is the designated implementing agency and has the responsibility for monitoring the overall execution of the measures outlined in the Regular and Crisis-Response DPF. MINEFID has experience in coordinating and implementing DPF operations. Day-to-day monitoring of the program will be the responsibility of the Directorate General of Cooperation (*Direction Générale de la Coopération, DGCOOP*) within MINEFID.

91. **MINEFID will be responsible for coordinating and reporting to the World Bank on progress of the proposed operation.** The World Bank's multi-sectoral team will undertake supervision missions and provide technical assistance where needed. The institutional arrangements for the preparation and execution of this operation are within the established framework of the M&E mechanism under the

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<sup>52</sup> The Recipient has opted for the Euro as a single currency. The credit will be financed under standard IDA terms, with a 38-year maturity and a six-year grace period.

<sup>53</sup> The use of a dedicated account is a common feature of budget support operations in WAEMU member states and mitigates fiduciary risk.



oversight of the Emergency Response Committee chaired by the Prime Minister. This committee created by Decree No 2020/326 comprises all line ministries concerned by the Emergency Plan and is supported by five sectoral committees including an executive secretariat under the responsibility of MINEFID. This operation is incorporated into the ongoing policy reform dialogue, including regular discussions with the IMF and other development partners. Governance, debt, and private sector reforms will be implemented by the respective technical units in the MINEFID, with overall coordination provided by DGCOOP. Sectoral ministries will furnish relevant information and documentation on the status of their respective reforms to the DGCOOP, which will monitor progress against program objectives. Monitoring of achievements under the DPF will also benefit from leveraging the M&E systems in place for ongoing technical assistance and investment operations in governance, health, social protection, and digitalization (see section 4.3 above for a list of related World Bank projects).

92. **The results matrix that tracks the operations has concrete indicators and empirical targets to monitor progress and facilitate ex-post evaluation.** The World Bank is currently supporting Burkina Faso and other WAEMU countries to harmonize poverty assessment methods, which will also help monitor the DPF results framework. Additional monitoring arrangements are in place through ongoing projects that complement this operation and support the M&E capacity of the Government.

93. **Grievance Redress.** Communities and individuals who believe that they are adversely affected by specific country policies supported as prior actions or tranche release conditions under a World Bank Development Policy Operation may submit complaints to the responsible country authorities, appropriate local/national grievance redress mechanisms, or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address pertinent concerns. Affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org).

## 6. SUMMARY OF RISKS AND MITIGATION

94. **The overall risk rating for the proposed operation is substantial.** Substantial macroeconomic, political and governance risks as well as substantial technical design, institutional capacity, and stakeholder risks could adversely impact implementation and the achievement of results under the program supported by this operation. These risk ratings take mitigation factors into account, including this DPF and complementary operations and technical assistance. The COVID-19 crisis creates uncertainty and could weigh on the above-mentioned risks because it may induce a longer than expected disruption to economic activity, require higher than budgeted public spending, and reduce the effectiveness of public administration interventions. If the downside scenario were to materialize risks could increase going forward. The risk ratings are summarized in Table 6.1.



95. **Political and governance risks are substantial (S):** Burkina Faso continues its political transition announcing presidential and legislative elections on November 22, 2020. Security threats related to terrorism have heightened with terrorist attacks that struck the capital Ouagadougou and the northern and eastern parts of the country. Security risks could directly affect the attainment of some results in this program, notably the roll-out of the One Health framework; the biometric identification process necessary to issue IDs to *personnes indigentes*; and the implementation of the social registry as a follow up measure to the establishment of data sharing protocols. Also, recurrent strikes in the civil service before COVID-19 were affecting the Government's willingness and ability to implement reforms and social tensions remained high. The risk of political instrumentalization of the DPF is mitigated, as the policy reforms being supported have wide-spread ownership among the key stakeholders. For implementation challenges, for example in the context of Prior Action #4, associated IDA-financed projects will provide support and close supervision with World Bank teams able to provide technical assistance where needed to ensure efficient roll-out. This should help avoid political interference, especially in beneficiary targeting. A further mitigant is provided through other external partners. For example, in the context of Prior Action #3, multiple donors are engaged on the One Health intervention, particularly USAID, CDC, the WBG, and FAO. For now, the security risks have been generally overcome in contact tracing and for One Health with using community health workers. Lastly, the risk associated with the e-voucher and social registry in a context of elections will be mitigated by the implementation of measures that are part of the governance framework such as Iterative Beneficiary Monitoring. This consists of collecting beneficiaries' feedback on project implementation, including confirmation of effectiveness of their goods/cash transfer.

96. **Macroeconomic risks are substantial (S):** External and domestic shocks and policy slippages constitute a substantial source of risks. Shocks and election-prone outlays could divert resources away from priority needs and reduce the Government's efforts and ability to sustainably implement the planned reforms. It could also reduce resources for improving public service delivery. The country is also vulnerable to external shocks which could threaten the attainment of tax collection objectives. A larger than expected decline in cotton, and eventually gold prices, a larger than expected increase in oil imports and high oil prices, as well as higher security, humanitarian and COVID-19-related expenses with rising flows of internally displaced persons may put further pressure on Burkina Faso's macroeconomic framework. This would translate into a further slowdown in growth, reduced fiscal revenues, larger outlays and larger fiscal and current account deficits. The operation is designed to support growth enhancing public and private investment and ensure business continuity of the public administration to lessen the effects of shocks.

97. **Technical design risk is substantial (S):** Both sub-actions of Prior Action #4 are prone to this risk. For one, identification systems are technically complex, and governments tend to lack the capacity to implement them. In addition, governments are confronted with a limited number of private sector suppliers and their particular technical solution which often creates a technical dependence called "vendor lock-in." For another, consensus is needed on institutional arrangements, funding and technical aspects related to the establishment and operationalization of the social registry. This consensus is currently in place, but it will have to be fostered further through strong implementation support. Further, as regards Prior Action #6 there is a risk of poor quality of external audits which would affect the measurement of progress according to the results indicator. Technical assistance is being provided to the High Authority of State Control to mitigate this risk.



98. **Institutional capacity (S):** Weak capacity in central and line ministries could delay the achievement of results supported by this operation, particularly on Prior Action #4 on the harmonization of the functional identifier for *personnes indigentes* with the foundational ID platform to reach half a million beneficiaries within a year. On Prior Action #6, the Ministry of Health's limited procurement capacity may affect the procurement lead time despite the streamlined procedures established in the crisis-response governance framework. As mitigation, the World Bank is working to support the deployment of the foundational ID platform through the WURI Program. The World Bank will also continue to provide technical assistance to strengthen the capacity of the Ministry of Health in the areas of PFM, procurement, contract management and debt management.

99. **Stakeholder risks are substantial (S):** Inter-ministerial coordination is a challenge in any country. This operation puts a strong emphasis on such coordination which is particularly important in times of crisis. The completion of prior actions that required multi-ministerial buy-in can already be viewed as a success of this DPF but the buy-in needs to prevail during the implementation phase. For example, due to its cross-cutting nature, Prior Action #4 requires coordination and agreement among various stakeholders from within the Government and from civil society, including those that have held diverging opinions in the past. The continuous engagement with stakeholders through the Social Safety Nets Project, the WURI Project and related ASAs has already led to significant advances and the implementation following the prior action will continue to benefit from in-depth substantive consultations to further foster a shared vision and understanding. Overall, stakeholder risks will be mitigated by engagement with all stakeholders within and across policy areas.



**Table 6.1: Summary Risk Ratings**

Risk Categories	Rating
1. Political and Governance	● Substantial
2. Macroeconomic	● Substantial
3. Sector Strategies and Policies	● Moderate
4. Technical Design of Project or Program	● Substantial
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● Moderate
7. Environment and Social	● Moderate
8. Stakeholders	● Substantial
9. Other	
<b>Overall</b>	● Substantial



**ANNEX 1: POLICY AND RESULTS MATRIX**

Policy Program	Results		
Prior Actions	Indicator Name	Baseline (2019)	Target (2021)
<b><i>Pillar 1: Expanding Economic Opportunities for Growth</i></b>			
<p><b>Prior Action #1.</b> To improve access for smallholder farmers to subsidized agricultural inputs and allow for better targeting of beneficiaries, the Recipient’s Ministry of Agriculture and Hydro-Agricultural Development has adopted the nation-wide rollout of an electronic distribution system for subsidized inputs (“Agri-Voucher”), which can exceptionally be waived to allow direct provision of agricultural inputs and equipment subject to the authorization of the minister in charge of agriculture, as evidenced by Arrêté N°2020-0079/MAAH/CAB dated August 7, 2020.</p>	<p><b>Results Indicator #1:</b> Share of fertilizer and seeds input distributed through the e-voucher system (volume-based)</p>	<p>Fertilizer: 46% Seeds: 23%</p>	<p>Fertilizer: 70% Seeds: 60%</p>
<p><b>Prior Action #2.</b> To improve access to credit of individuals, micro, small and medium enterprises, the Recipient’s Council of Ministers has mandated major public and private utility billers, including, inter alia, water, electricity, and mobile providers to report post-paid consumer data to the electronic platform for sharing credit information as evidenced by Decree N°2020-0726/PRES/PM/MINEFID/MDENP/MCIA dated August 24, 2020.</p>	<p><b>Results Indicator #2:</b> Individuals and businesses listed in the largest credit bureau as a share of the adult population</p>	<p>2%</p>	<p>10%</p>
	<p><b>Results Indicator #3:</b> Women listed in the largest credit bureau as a share of the adult population</p>	<p>0.4%</p>	<p>5%</p>
<b><i>Pillar 2: Building Crisis-Adaptive Capacity of the State</i></b>			
<p><b>Prior Action #3.</b> To increase health system capacity and resilience, to prevent, detect, respond, and recover from zoonotic and vector-borne diseases, the Recipient has specified the attributions, composition, organization and functioning of the Technical Steering Committee, the One Health technical secretariat, as evidenced by inter-ministerial Arrêté N°2020-210/MS/MINEFID/MESRSI/MAAH//MRAH/MEEVCC dated June 30, 2020.</p>	<p><b>Results Indicator #4:</b> Number of (a) One Health strategies, (b) roadmaps of thematic commissions, and (c) reports of thematic commissions published</p>	<p>0 / 0 / 0</p>	<p>1 / 5 / 15</p>



Policy Program	Results		
<p><b>Prior Action #4.</b> To facilitate access to services and strengthen the country’s crisis-response capacity, the Recipient has: (i) aligned the system issuing identity credentials to <i>personnes indigentes</i> to the construction of an ID platform in the context of the West Africa Unique Identification for Regional Integration and Inclusion (“WURI”) Program, as evidenced by inter-ministerial Arrêté N°2020-0046/MFSNFAH/MATDC/MINEFID/MDENP dated July 3, 2020; and (ii) adopted a data sharing protocol, as evidenced by inter-ministerial Arrêté N°2020-0047/MFSNFAH/MATDC/MFPTPS/MINEFID dated July 3, 2020.</p>	<p><b>Results Indicator #5:</b> Total number of <i>personnes indigentes</i> (incl. internally displaced persons (IDPs)) to whom an identity credential adapted to the foundational ID platform has been issued</p>	<p>0</p>	<p>Total: 500,000 IDPs: 150,000 Female: 250,000</p>
<p><b>Prior Action #5.</b> To support the business continuity of the state, improve service delivery, and prepare the digital transformation of the economy, the Recipient’s Prime Minister has ordered the roll-out and uptake of high-priority digital platforms, as evidenced by Arrêté N°2020-037/PM/CAB dated July 13, 2020.</p>	<p><b>Results Indicator #6:</b> Number of ministries using at least five digital platforms</p>	<p>0</p>	<p>22</p>
<p><b>Pillar 3: Improving Fiscal Transparency and Accountability</b></p>			
<p><b>Prior Action #6.</b> To improve efficiency, transparency and accountability in the use of COVID-19 funds and accelerate the response during future crises and/or disasters as defined in Law N°012-2014/AN dated April 22, 2014, the Recipient’s Ministry of Economy, Finance and Development has established a crisis-response governance framework, as evidenced by Arrêté N°2020-418/MINEFID/CAB dated August 26, 2020.</p>	<p><b>Results Indicator #7:</b> Procurement contract lead time for medical supplies (days)</p>	<p>169</p>	<p>90</p>
	<p><b>Results Indicator #8:</b> Number of COVID-19 value for money audit reports published (including notes on the follow-up on the implementation of recommendations of the preceding audits)</p>	<p>0</p>	<p>2</p>
<p><b>Prior Action #7.</b> To improve debt management and transparency, the Recipient’s Ministry of Economy, Finance and Development has defined the scope, responsibilities, timing, and procedures for: (i) the quarterly publication of a debt bulletin; (ii) the annual publication of a borrowing plan; and (iii) the annual review of the implementation of the borrowing plan, as evidenced by Arrêté N°2020-298/MINEFID/SG/DGTCP dated July 2, 2020.</p>	<p><b>Results Indicator #9:</b> Number of (a) debt bulletins or reports, (b) borrowing plans, and (c) reviews of the borrowing plan published in line with the order</p>	<p>0 / 0 / 0</p>	<p>3 / 1 / 1</p>





ANNEX 2: IMF RELATIONS ANNEX



PRESS RELEASE

## IMF Staff Completes a Virtual Fourth and Fifth Extended Credit Facility Reviews Mission with Burkina Faso

FOR IMMEDIATE RELEASE

End-of-Mission press releases include statements of IMF staff teams that convey preliminary findings after a visit to a country. The views expressed in this statement are those of the IMF staff and do not necessarily represent the views of the IMF's Executive Board. Based on the preliminary findings of this mission, staff will prepare a report that, subject to management approval, will be presented to the IMF's Executive Board for discussion and decision.

- *The ongoing pandemic and its response resulted in a sharp decline in economic activity in the first half of 2020. While a recovery is underway, economic growth is projected to remain muted until 2021.*
- *The budget deficit is projected to widen in 2020 and remain high in 2021 as revenues have declined and the pandemic response has boosted expenditure.*
- *The 2021 budget supports recovery from the pandemic shock, as well as security and priority development spending. The medium-term fiscal path should be underpinned by reforms to advance tax administration, right size the wage bill, and promote stronger public financial management, governance and social safety nets.*

**Washington, DC – October 14, 2020:** A staff team from the International Monetary Fund (IMF), led by Calixte Ahokpossi, conducted a virtual mission during September 8 to 30, 2020 to conduct discussions for the fourth and fifth reviews of Burkina Faso's economic and financial program supported by the IMF under the Extended Credit Facility (ECF) arrangement. The fourth review was delayed from March 2020, allowing the authorities time to respond to the pandemic and the IMF provided emergency financing and debt relief on debt service to the Fund (SDR103.28 million in total) to help address the impact of the pandemic. Discussions for the 4<sup>th</sup> and 5<sup>th</sup> reviews have allowed the authorities and the IMF team to reach a staff level agreement, subject to approval by IMF management and the Executive Board. Consideration by the IMF's Executive Board is expected in November 2020.

At the end of the mission, Mr. Ahokpossi issued the following statement:

“The economy has been hit hard by the COVID19 pandemic with economic activity contracting in the first half of 2020. At the same time, there remain considerable uncertainties about the strength of the recovery that now appears to be underway. Against this background, real GDP is projected to decline by 2.8 percent in 2020 and to grow by 4.1 percent in 2021. Meanwhile inflation has begun to reverse its recent negative trend as supply chain issues related to the pandemic begin



to impact prices. The economic outlook remains subject to downside risks, however, owing to the uncertain evolution of the pandemic and the impact of the ongoing security crisis.

“The pandemic has negatively affected revenue collection while requiring additional expenditures to contain its impacts. As a result, the budget deficit for 2020 is expected to widen to 5.3 percent of GDP. The supplementary spending is essentially allocated for health, transfers to vulnerable households, support for the most affected economic sectors and for security. The COVID19-related spending is also subject to high standards of transparency, with audited reports of the spending to be published in 2020 and 2021. Lower international oil prices combined with a partial implementation of fuel price mechanism has helped lower subsidies. The mission urged the authorities to take advantage of this context to clear outstanding subsidies that have emerged under the fuel price adjustment mechanism and contain their buildup going forward.

“The mission reached agreement with the authorities on a 2021 budget framework that is in line with program and WAEMU objectives. The budget would allow fiscal space for the continued response to the pandemic and the ongoing security crisis, in addition to priority development expenditure. The deficit is expected to remain elevated, at around 5.5 percent of GDP. At the same time, the focus on improving tax administration should continue; the recent reform to VAT reimbursements is a promising first step in this area.

“In the face of significant challenges, program performance has been satisfactory. The authorities have strived to meet program targets in the face of the increased fiscal pressures presented by the pandemic. While targets for end 2019 were met, the impact of the shock on the budget deficit for 2020 has meant that the June target for net domestic financing was missed. Progress has been made in key structural reforms such as the implementation of the Treasury Single Account and the online publication of asset declarations *by members of the government and the parliament*. Staff urged the authorities to continue efforts to foster consensus around a medium-term public sector compensation strategy that could provide the basis for more sustainable medium-term path for salaries and allowances. At the same time, the pandemic has highlighted the important role that a social safety net can have in providing well-targeted, timely support for the most vulnerable. Staff urged the authorities to continue their efforts to rationalize their social safety nets and continue to expand their scope.”



ANNEX 3: LETTER OF DEVELOPMENT POLICY

MINISTERE DE L'ECONOMIE,  
DES FINANCES ET DU DEVELOPPEMENT

\*\*\*\*\*

SECRETARIAT GENERAL

\*\*\*\*\*

DIRECTION GENERALE  
DE LA COOPERATION



BURKINA FASO

Unité - Progrès - Justice

Ouagadougou, le

28 SEP. 2020

N° 2020-2360/MINEFID/SG/DGCOOP/DSPF

Le Ministre

A

Monsieur David Malpass,  
Président du Groupe de la Banque mondiale  
-Washington DC, USA-

**Objet** : Appui budgétaire d'urgence- Lettre  
de politique de développement

**Monsieur le Président,**

Je voudrais vous traduire toute la satisfaction du Gouvernement burkinabè pour l'engagement de votre auguste Institution à accompagner le Burkina Faso pour faire face aux effets de la COVID-19 à travers un appui budgétaire d'urgence. Dans ce cadre, toutes les actions préalables convenues avec les services de la Banque Mondiale ont été entièrement réalisées. Aussi, par la présente, voudrais-je solliciter le décaissement de cette aide budgétaire d'urgence d'un montant de cent (100) millions de dollars, dont la moitié sous forme de dons.

La présente lettre de politique de développement (LPD) résume, d'une part, l'évolution économique récente du Burkina Faso et, d'autre part, présente les perspectives économiques et financières du pays à moyen terme. Elle met également l'accent sur les réformes soutenues par la Banque à travers l'appui budgétaire d'urgence.

**I. Situation économique récente**

1. Le cadre macroéconomique est resté globalement stable en 2019 malgré la crise sécuritaire et humanitaire. Selon les dernières estimations, le taux de croissance du PIB réel ressortirait à 5,7% en 2019 contre 6,8% en 2018, imprimé principalement par le secteur tertiaire dont la valeur ajoutée progresserait de 10,8% en 2019 contre 6,0% en 2018, les secteurs primaire et secondaire étant en décélération. En effet, leurs valeurs ajoutées passeraient de 8,0% pour chacun des deux secteurs en 2018 à 1,0% et 1,6% respectivement.
2. Le taux d'inflation moyen s'établirait à un niveau négatif de 3,2% en 2019 en raison des bonnes récoltes agricoles vers fin 2018, ce qui a entraîné des effets baissiers sur les prix des denrées alimentaires.
3. Le compte des transactions courantes avec l'extérieur, en valeur absolue, s'est légèrement détérioré en 2019. Cependant, en proportion du PIB, le déficit s'est amélioré passant de 4,7% en 2018 à 4,6% en 2019. Cette détérioration est due à l'atténuation de l'excédent commercial en lien avec la progression des importations (+2,3%) plus importante que celle des exportations (+0,6%). Les exportations ont presque stagné en raison, d'une part, de la diminution des quantités exportées d'or malgré l'augmentation de son cours, et d'autre part, du fait de la baisse du cours et des quantités du coton. Quant aux importations, leur progression, en dépit de la



baisse de la facture pétrolière, est portée notamment par les biens intermédiaires et les biens d'équipements en soutien à l'activité économique.

4. Les créances sur l'économie ont marqué une progression de 9,4% en 2019, après des taux d'accroissement de 10,5% en 2017 et 12,4% en 2018. La croissance du crédit au secteur privé reflète la légère décélération de l'activité économique. Les actifs extérieurs nets du système bancaire se sont également inscrits en hausse (+4,5%), aussi bien au niveau des banques commerciales que de la BCEAO. En phase avec l'évolution de ses contreparties, la masse monétaire s'est accrue de 10,4% au 31 décembre 2019, en lien avec la progression de ses deux composantes que sont la circulation fiduciaire (+13,5%) et les dépôts en banque (+8,3%).
5. Au niveau des finances publiques, le déficit global « base engagement » a baissé, passant de 4,9% du PIB en 2018 à 3,2% en 2019 grâce à une meilleure mobilisation des ressources et une maîtrise des dépenses.
6. En 2020, les perspectives initialement défavorables sur le déroulement de l'activité économique mondiale, à la suite de l'apparition de la pandémie du coronavirus en début d'année, se sont davantage détériorées au cours du deuxième trimestre de l'année. Suite aux perturbations socio-économiques causées par cette pandémie qui se sont matérialisées par de lourdes pertes en vies humaines, des mesures drastiques prises (confinement presque mondial, diverses mesures restrictives, mise en quarantaine des villes, annulation des vols de voyageurs, rupture dans les chaînes d'approvisionnement mondiales...) ont engendré une récession économique au premier semestre de l'année 2020.
7. Au niveau national, l'activité économique en 2020 se déroule également dans un environnement socioéconomique difficile, impacté par la pandémie de la COVID-19 et la persistance des attaques terroristes entraînant un déplacement interne des populations.
8. En raison du ralentissement durable de l'économie et de la propagation au niveau domestique de la COVID-19 constatée dans le courant du premier semestre 2020, la croissance du PIB devrait s'établir à 1,5 % en 2020, en baisse par rapport aux prévisions pré-COVID 19 de 6%. Cette prévision de croissance pour l'année 2020 reste sujette à des incertitudes et des risques qui pourraient entraîner une baisse de ce niveau de croissance. Après 2020, les perspectives prévoient une reprise au cours des trois prochaines années et la croissance économique devrait s'établir à 5,4% en 2021, 5,2% en 2022 et 5,1% en 2023. Cette reprise devrait être principalement tirée par les secteurs des mines et des services. S'agissant de l'inflation, elle ressortirait en hausse de 1,4% par rapport à 2019 (-3,2%).

## **II. Etat de mise en œuvre du Plan National de Développement Economique et Social (PNDES)**

9. La conduite de l'action publique par le Gouvernement a permis d'engranger des résultats qui se présentent comme suit par axe stratégique du PNDES.

### **Axe 1 : Réformer les institutions et moderniser l'administration**

10. Les principaux résultats obtenus ont concerné notamment (i) la relecture du code électoral qui permet la participation des burkinabè de l'extérieur aux scrutins électoraux, (ii) les révisions du code pénal et du code de procédure pénal renforçant l'intégration des droits humains dans la gestion des affaires pénales ainsi que de la loi portant organisation judiciaire, (iii) l'élaboration



d'une politique de sécurité nationale, (iv) le renforcement des capacités opérationnelles des Forces de défense et de sécurité (FDS) à travers l'augmentation des effectifs, (v) l'acquisition d'équipements performants et (vi) la construction de commissariats de police et de brigades de gendarmerie.

11. Concernant la diversification des instruments de financement de l'économie, la Banque pour le financement de l'agriculture et la Caisse de dépôts et consignations ont été opérationnalisées.

### **Axe 2 : Développer le capital humain**

12. Dans le domaine du développement du capital humain, les efforts du Gouvernement ont permis la poursuite de la politique de gratuité des soins au profit des femmes enceintes et des enfants de moins de 5 ans.
13. Les autres acquis ont concerné l'opérationnalisation du Centre des Opérations de réponses aux urgences sanitaires (CORUS) qui améliore le service de santé dans sa capacité à faire face aux urgences sanitaires, l'accroissement du personnel médical et paramédical et l'adoption de la gratuité des produits et services de la planification familiale pour les femmes.
14. Au niveau de l'éducation, les efforts d'amélioration de l'offre et de la qualité de l'enseignement ont été poursuivis avec l'achèvement des constructions et l'accroissement des effectifs du personnel enseignant. Pour l'enseignement supérieur, les avancées sont principalement l'achèvement de certains investissements structurants des Universités Thomas SANKARA et Nazi BONI.
15. Concernant l'accessibilité des populations à l'eau potable, le taux d'accès est passé de 74 % en 2018 à 75,4% en 2019 grâce à la construction et à la réhabilitation de systèmes d'adduction d'eau potable simplifiés, de points d'eau autonomes, de nouveaux forages et de pompes à motricité humaine.

### **Axe 3 : Dynamiser les secteurs porteurs pour l'économie et les emplois**

16. Les avancées enregistrées au niveau de ce pilier portent notamment sur l'amélioration du taux de couvertures céréalières et l'amélioration du taux de couverture des besoins alimentaires du cheptel.
17. S'agissant des investissements dans les transports et les infrastructures routières, on note la sécurisation des titres de transport, la réalisation de pistes rurales, de voiries urbaines et le bitumage de routes dans le but d'améliorer le trafic routier et l'approvisionnement du pays.
18. En matière de développement des capacités énergétiques, la puissance installée enregistre un accroissement, passant de 359,5 MW en 2018 à 410 MW en 2019 et la part des énergies renouvelables dans la production totale a été portée à 18,36% contre 16,87% en 2018.
19. Concernant l'amélioration des services d'accès à internet, les avancées constatées résultent du maillage du territoire en fibre optique dont 861,8 km ont été déployés avec la mutualisation des efforts de l'administration publique et des opérateurs de téléphonie. Ainsi, la capacité de la bande passante en 2019 s'est située à 44,3 Gbps contre 39,3 Gbps en 2018.



20. Aussi, se fondant sur la Loi N°034-2018/AN du 27 juillet 2018, portant pilotage et gestion du développement et l'arrivée à échéance du PNDES (2016-2020), le Gouvernement a entrepris la formulation d'un nouveau référentiel national de développement qui conduira l'action publique au cours de la période 2021-2025.

### **III. Lutte contre la pandémie de la COVID-19**

21. L'avènement de la pandémie de la COVID-19, débuté en mars 2020, a affecté les perspectives économiques et budgétaires.
22. Afin de contenir la propagation de la Covid-19, d'importantes mesures ont été prises : un couvre-feu sur tout le territoire national, la fermeture des écoles et des universités, l'annulation des grands événements publics, la suspension des vols commerciaux, la fermeture des frontières terrestres, l'interdiction du transport interurbain de personnes, la fermeture des principaux marchés dans les grands centres et la mise en quarantaine (interdiction des entrées et sorties) des villes ayant enregistré au moins un cas de la Covid-19, etc. Ces mesures surviennent à un moment où le pays faisait déjà face à une situation sécuritaire assez difficile avec comme corollaire une forte hausse de personnes déplacées internes.
23. Un tel contexte a imposé de nouveaux défis au niveau sanitaire, social et économique qui ont nécessité de nouvelles stratégies pour y faire face. Ainsi, le Gouvernement a adopté une loi de finances rectificative, notamment pour prendre en compte les effets négatifs sur la mobilisation des recettes propres et l'apparition de nouvelles priorités à satisfaire afin de faire face aux effets de la pandémie, à la crise sécuritaire et l'organisation des élections présidentielle et législative en novembre 2020.
24. Au niveau sanitaire, les priorités majeures du Gouvernement ont été la prise en charge efficace des cas avérés, la prévention à travers les mesures barrières ainsi que le renforcement des plateaux techniques et des capacités d'accueil des centres spécialisés. Ainsi, il a adopté un plan de riposte sanitaire, d'un coût de 177,9 milliards de FCFA (1,8% du PIB) qui vise à répondre aux besoins médicaux immédiats ainsi qu'aux actions visant à renforcer la résilience du système de santé.
25. Au niveau social, les efforts de maîtrise de la propagation du virus à travers les mesures de distanciation sociale et de mise en quarantaine des villes et localités touchées pouvaient avoir de conséquences néfastes sur le bien-être des populations vulnérables. Conscient de cette situation, le Gouvernement a pris des mesures d'accompagnement de ces couches vulnérables en vue d'alléger les difficultés qu'impose cette pandémie.
26. Le Gouvernement a aussi pris des mesures d'accompagnement pour limiter les effets économiques néfastes de la COVID-19 sur les entreprises ainsi que sur les travailleurs. Ces mesures qui sont de deux types portent sur des allègements fiscaux et une intervention à travers le financement directe ou indirecte des entreprises qui seraient en difficulté. Ces mesures de par leurs caractères pourront contribuer à maintenir l'outil de production, à soulager la trésorerie et à préserver les emplois dans les secteurs fortement impactés par la COVID-19.



#### IV. Mesures de réformes convenues dans le cadre de l'appui budgétaire d'urgence

27. L'appui d'urgence COVID-19 de la Banque comprend sept (7) actions préalables mises en œuvre à travers trois (3) piliers à savoir : (i) offrir les opportunités de croissance économique, (ii) renforcer la capacité de l'Etat en période de crise et (iii) améliorer la transparence budgétaire et la redevabilité. L'objectif principal de cet appui budgétaire est d'aider le Gouvernement à atténuer l'impact du choc de la COVID-19 sur les vies et les moyens de subsistance.
28. A terme, cet appui budgétaire devrait permettre (i) d'améliorer l'identification et la réponse aux épidémies, (ii) de renforcer les filets sociaux, (iii) de numériser l'administration publique, (iv) d'améliorer la gouvernance des fonds COVID-19, (v) de stimuler les investissements du secteur privé et enfin (vi) de renforcer la transparence de la dette publique.

##### **Pilier 1 : Offrir les opportunités de croissance économique.**

29. Dans le cadre de la réforme de la subvention des intrants et équipements agricoles, le Gouvernement s'est engagé à piloter le système de distribution Agri-Voucher. Ce système vise à assurer (i) une meilleure traçabilité des opérations de distribution, (ii) l'amélioration du ciblage des bénéficiaires, (iii) l'implication des acteurs privés et des représentants des agriculteurs, (iv) et la facilitation du suivi en temps réel. Après la phase pilote, le Gouvernement a décidé de passer à l'échelle nationale de Agri-Voucher à compter de la campagne 2020-2021 à travers l'arrêté N°2020/079/MAAH/CAB du 07 août 2020 portant instauration d'un système de distribution électronique des intrants et équipements agricoles à prix subventionnés.
30. La crise de la COVID-19 a affaibli l'accès au crédit des particuliers et des Micro, Petites et Moyennes Entreprises (MPME). Afin d'améliorer leur accès au financement, le Gouvernement a adopté le décret N°2020-0726 /PRES /PM /MINEFID/MDENP /MCIA du 24 août 2020 portant autorisation de l'intégration des données sur les antécédents de crédits et de paiements de la clientèle des grands facturiers (SONABEL, ONEA, ONATEL, Telecel, Telmob, Orange) dans la base de données du Bureau d'information du Crédit (BIC). Cette intégration vise à enrôler le maximum de clients dans cette plateforme aux fins de l'enrichir et permettre aux offreurs de services d'avoir de la lisibilité, notamment sur les demandeurs de services qui n'ont pas de données historiques dans le secteur financier de l'Union Economique et Monétaire de l'Afrique de l'Ouest (UEMOA). Des décrets similaires dans la sous-région (Sénégal, CDI, Togo) ont eu un impact significatif sur la couverture de la population adulte. La réforme est essentielle à la transformation des activités de prêt pour les personnes mal desservies, afin de soutenir la phase de redressement de la COVID-19 et au-delà.

##### **Pilier 2 : Renforcer la capacité de l'Etat en période de crise.**

31. Afin d'améliorer l'identification et la réponse aux épidémies, le Gouvernement s'est engagé à rendre fonctionnelle la plateforme One Health. A cet effet, il a signé, le 30 juin 2020, l'arrêté interministériel N°2020-210 /MS /MINEFID /MESRSI /MAAH /MRAH/MEEVCC portant attributions, organisation, composition et fonctionnement du Comité Technique de Pilotage,



des Commissions Thématiques, du Secrétariat Technique et des Points Focaux One Health. La prise de cet arrêté vise à établir un cadre structuré à travers une base institutionnelle qui aidera à prévenir, détecter, répondre et se remettre des maladies zoonotiques ou à transmission vectorielle. De plus, il favorisera une bonne résilience du système face aux crises futures.

32. Pour faciliter l'accès aux services et renforcer la réponse du pays à la COVID-19 et aux autres chocs covariés, le Gouvernement a signé, le 03 juillet 2020, l'arrêté interministériel N°2020-046/MFSNFAH/MATDC/MINEFID/MDENP portant conditions d'adaptation du système d'identification des *personnes indigentes* à la plateforme d'identification de base dans le cadre du Programme d'identification unique pour l'intégration régionale et l'inclusion en Afrique de l'Ouest (WURI) au Burkina Faso. Avec cet arrêté, les systèmes d'identification seront harmonisés et l'objectif de mettre en place un identifiant unique par le Gouvernement sera atteint.
33. Un autre arrêté interministériel qui définit un protocole de référence pour le partage de données, validé par la Commission de l'Informatique et des Libertés (CIL) a été pris. Il s'agit de l'arrêté N°2020-047/MFSNFAH/MATDC/MFPTPS/MINEFID/ portant adoption d'un protocole de partage des données des ménages pauvres et vulnérables au Burkina Faso en date du 03 juillet 2020. Il permet de jeter les bases d'un registre social qui soutient le processus d'admission, d'enregistrement et d'évaluation des besoins et des conditions des ménages afin de déterminer leur admissibilité aux programmes sociaux.
34. Dans le but d'appuyer la continuité de l'Etat et de préparer la transition numérique du Pays, l'arrêté N°2020-037/PM/CAB signé le 13 juillet 2020, portant adoption d'applications numériques au profit de l'administration publique burkinabè, a pour objectif de rationaliser la technologie et les normes déployées (projet pilote eBurkina) au sein du Gouvernement en vue d'assurer la durabilité. La liste des plateformes numériques inclut à minima; la plateforme des données ouvertes (data.gov.bf) ; le Système Intégré de Gestion des Documents (SIGEDE) ; le Système Intégré de Gestion des Établissements Publics de l'État (SIGEPE) ; le Système d'Information des Référentiels de Développement le Circuit Intégré des Missions (CIM).

**Pilier 3 : Améliorer la transparence budgétaire et la redevabilité.**

35. Pour assurer une réponse rapide au COVID-19 et aux autres crises et garantir l'utilisation des fonds afférents, le Gouvernement a pris l'arrêté N°2020-418/MINEFID/CAB mettant en place un dispositif réglementaire et institutionnel intégré de gouvernance (gestion financière, passation de marchés, mécanismes de responsabilité et de transparence de l'information aux citoyens et aux organisations de la société civile) impliquant des organes de contrôle. Ce dispositif permet non seulement de garantir l'efficacité, l'efficience et la transparence dans l'utilisation des fonds mais aussi d'améliorer les risques fiduciaires et la résilience du pays face aux crises futures.
36. Pour améliorer la transparence et la gestion de la dette, le Ministère de l'Économie, des Finances et du Développement a pris le 02 juillet 2020 l'arrêté N°2020-298/MIENFID/SG/DGTCP portant collecte et publication des données de la dette. Cet arrêté définit le champ d'application, les responsabilités, le calendrier et les procédures pour la





publication (i) d'un bulletin trimestriel de la dette ; (ii) d'un plan annuel d'emprunt ; et (iii) d'un rapport annuel sur la mise en œuvre du plan d'emprunt.

#### **V. Réformes additionnelles en cours de mise en œuvre**

37. Dans le domaine de la santé, le Gouvernement à travers le Ministère de la Santé a signé, le 19 mai 2020, avec la Centrale d'Achat des Médicaments Essentiels Génériques et des consommables médicaux (CAMEG), un protocole d'accord pour la gestion des intrants entrant dans le cadre de la riposte à la COVID-19. A travers ce protocole, il est attendu le renforcement de la gouvernance du système de santé liée au flux et à la distribution de l'information entre le Ministère de la Santé et la CAMEG.
38. Dans le domaine de l'investissement public, le Gouvernement avait dans le cadre de l'opération d'appui budgétaire précédente mis en place par arrêté N°2019-000289/MINEFID/SG/DGEP du 12 juillet 2019, le Comité interministériel de validation des études de faisabilité et des documents des projets d'investissements publics. Après ce premier jalon important qui a pour objectif de garantir une meilleure qualité de maturation des projets d'investissement publics, le Gouvernement est en train de déployer les actions nécessaires pour approfondir cette réforme et optimiser l'impact des investissements publics sur la résilience, et la croissance. A cet effet, le processus de révision du Programme d'Investissements Publics 2020-2021 intègre l'accélération de la mise en œuvre des investissements qui atténuent les effets de la crise COVID-19, et qui favorisent la relance économique.
39. Afin de poursuivre la réforme de la gestion des investissements, des critères additionnelles au-delà de celui de la qualité de la maturation s'imposent pour informer le processus décisionnel de priorisation, cela dans un contexte marqué par (i) un effet d'éviction des dépenses de sécurité sur les autres dépenses, (ii) le besoin d'assurer une répartition spatiale de l'investissement sur le territoire et de la prise en compte de l'impact des investissements sur l'environnement et le climat.
40. C'est pourquoi, le Gouvernement a entamé les réflexions pour l'opérationnalisation d'un processus de priorisation qui prennent en compte une analyse multi – critères parmi lesquels : (i) l'efficacité économique (taux de rentabilité interne économique, impact sur la création d'emploi et sur l'activité économique nationale), (ii) l'équité sociale et régionale/spatiale (impact sur le genre, sur les Populations Déplacées Internes, et les zones de prévention et/ou de conflit), (iii) et l'équité environnementale (gestion des ressources naturelles, efficacité énergétique).

#### **VI. Cadre institutionnel de mise en œuvre**

41. Le Ministère de l'Economie, des Finances et du Développement assumera la responsabilité de l'exécution du programme. A cet effet, il veillera à ce que les Ministères et les structures concernés de l'Administration burkinabé jouent pleinement leur rôle respectif dans la mise en œuvre des réformes et des mesures qui relèvent de leur domaine de compétence. L'organe technique d'exécution sera la Direction Générale de la Coopération du Ministère en charge des Finances qui est chargée du suivi des programmes d'appui budgétaire.



42. Le Gouvernement reste convaincu qu'avec le soutien de ses partenaires, notamment la Banque Mondiale, la mise en œuvre de ce programme d'appui budgétaire à travers les actions prévues contribuera à promouvoir le développement des secteurs concernés, à consolider le cadre macro-économique et à soutenir une croissance économique forte et inclusive pour une réduction significative et durable de la pauvreté.

En vous remerciant pour l'appui constant que votre institution apporte à mon pays, je vous prie d'agréer, **Monsieur le Président**, l'assurance de ma considération distinguée.



**Burkina Faso COVID-19 Crisis-Response  
Development Policy Financing (P174315)**

**Letter of Development Policy**

UNOFFICIAL TRANSLATION

**Subject:** Emergency Budget  
Support - Development  
Policy Letter

**Mr. President,**

I would like to express to you the full satisfaction of the Government of Burkina Faso for the commitment of your august institution to accompany Burkina Faso in dealing with the effects of COVID-19 through emergency budget support. Within this framework, all the prior actions agreed upon with the World Bank have been fully implemented. Therefore, I hereby request the disbursement of this emergency budget support in the amount of one hundred (100) million dollars, half of which is in the form of grants.

This Development Policy Letter (DPL) summarizes recent economic developments in Burkina Faso and presents the country's medium-term economic and financial outlook. It also highlights the reforms supported by the Bank through emergency budget support.

**I. Recent economic situation**

1. The macroeconomic framework remained broadly stable in 2019 despite the security



and humanitarian crisis. According to the latest estimates, the real GDP growth rate would be 5.7% in 2019 against 6.8% in 2018, driven mainly by the tertiary sector, whose value added would increase by 10.8% in 2019 against 6.0% in 2018, with the primary and secondary sectors decelerating. Indeed, their value-added increase would shrink from 8.0% for each of the two sectors in 2018 to 1.0% and 1.6%, respectively.

2. The average inflation rate is estimated to be negative 3.2% in 2019 due to good agricultural harvests towards the end of 2018, which led to downward effects on food prices.
3. The external current account, in absolute terms, deteriorated slightly in 2019. However, as a share of GDP, the current account deficit improved from 4.7 percent in 2018 to 4.6 percent in 2019. The deterioration is due to the narrowing of the trade surplus in line with the increase in imports (+2.3%) greater than that of exports (+0.6%). Exports were almost stagnant due, on the one hand, to the decrease in the quantities of gold exported despite the increase in its price, and on the other hand, due to the decline in the price and quantities of cotton. As for imports, their growth, despite the decline in the oil bill, is driven in particular by intermediate and capital goods to support economic activity.
4. Credit to the economy grew by 9.4% in 2019, following growth rates of 10.5% in 2017 and 12.4% in 2018. Growth in credit to the private sector reflects the slight deceleration in economic activity. Net external assets of the banking system also increased (+4.5%), both at the level of commercial banks and the BCEAO. In line with the development of its counterparts, the money supply increased by 10.4% at December 31, 2019, in line with the growth of its two components, namely currency in circulation (+13.5%) and bank deposits (+8.3%).
5. In terms of public finances, the overall "commitment basis" deficit fell from 4.9% of GDP in 2018 to 3.2% in 2019 thanks to better resource mobilization and expenditure control.
6. In 2020, the initially unfavorable outlook for global economic activity, following the emergence of the coronavirus pandemic at the beginning of the year, deteriorated in the second quarter of the year. In response to the socio-economic disruption caused by this pandemic, which resulted in heavy loss of life, drastic measures taken (almost global containment, various restrictive measures, quarantine of cities, cancellation of passenger flights, disruption in global supply chains, etc.) led to an economic recession in the first half of 2020.
7. At the national level, economic activity in 2020 is also taking place in a difficult socio-economic environment, impacted by the COVID-19 pandemic and the persistence of terrorist attacks leading to the internal displacement of populations.
8. As a result of the sustained economic slowdown and the domestic spread of COVID-19 observed in the first half of 2020, GDP growth is expected to be 1.5% in 2020, down from the pre-COVID-19 forecast of 6%. This growth forecast for the year 2020 remains subject to uncertainties and risks that could lead to a decline in this level of growth. After 2020, the outlook calls for a recovery over the next three years and economic growth is expected to be 5.4% in 2021, 5.2% in 2022, and 5.1% in 2023. This recovery is expected



to be driven mainly by the mining and services sectors. Inflation is expected to rise by 1.4% compared to 2019 (-3.2%).

**II. State of implementation of the National Plan for Economic and Social Development (PNDES)**

9. The Government's leadership of public action has led to the following results by strategic axis of the PNDES.

**Axis 1: Reforming institutions and modernizing the administration**

10. The main results achieved included (i) a review of the electoral code, which allows for the participation of Burkinabè from outside Burkina Faso in the electoral process, and (ii) revisions to the penal code and the code of criminal procedure that strengthen the integration of human rights in the management of criminal cases and the law on the organization of the judiciary, (iii) development of a national security policy, (iv) strengthening the operational capacity of the Defense and Security Forces (FDS) through an increase in personnel, (v) acquisition of high-performance equipment, and (vi) construction of police stations and gendarmerie brigades.
11. With regard to the diversification of instruments for financing the economy, the Bank for the Financing of Agriculture and the Caisse de Dépôts et Consignations have been operationalized.

**Axis 2: Developing human capital**

12. In the area of human capital development, the Government's efforts have made it possible to continue the policy of free health care for pregnant women and children under five years of age.
13. Other achievements included the operationalization of the Center for Health Emergency Response Operations (CORUS), which improves the health service's ability to respond to health emergencies, the increase in medical and paramedical staff, and the adoption of free family planning products and services for women.
14. At the education level, efforts to improve the supply and quality of education continued with the completion of buildings and the increase in the number of teaching staff. For higher education, progress has been made mainly through the completion of certain structural investments at the Thomas SANKARA and Nazi BONI Universities.
15. As regards the population's access to drinking water, the access rate rose from 74% in 2018 to 75.4% in 2019 thanks to the construction and rehabilitation of simplified drinking water supply systems, autonomous water points, new boreholes and human-powered pumps.

**Axis 3: Boosting sectors that are promising for the economy and jobs**

16. The progress recorded in this pillar includes an improvement in the rate of cereal coverage and an increase in the rate of coverage of livestock feed needs.



17. With regard to investments in transport and road infrastructure, there is the securing of transport tickets, the construction of rural and urban roads, and the asphaltting of roads to improve road traffic and the country's supply chains.
18. In terms of energy capacity development, the installed capacity has increased from 359.5 MW in 2018 to 410 MW in 2019 and the share of renewable energy in total production has been increased to 18.36% against 16.87% in 2018.
19. Concerning the improvement of internet access services, the progress made is the result of the country's fiber optic network, of which 861.8 km have been deployed with the joint efforts of the public administration and telephone operators. Thus, the bandwidth capacity in 2019 was 44.3 Gbps against 39.3 Gbps in 2018.
20. In addition, based on Law No. 034-2018/AN of July 27, 2018, on the steering and management of development and the expiry of the PNDES (2016-2020), the Government has begun to formulate a new national development reference framework that will guide public action during the period 2021-2025.

### **III. Combating the COVID-19 pandemic**

21. The advent of the COVID-19 pandemic, beginning in March 2020, has affected the economic and fiscal outlook.
22. In order to contain the spread of Covid-19, important measures have been taken: a curfew throughout the national territory, the closure of schools and universities, the cancellation of major public events, the suspension of commercial flights, the closure of land borders, the prohibition of interurban transport of people, the closure of main markets in major centers and the quarantine (prohibition of entry and exit) of cities that have registered at least one case of Covid-19, etc. These measures came at a time when the country was already facing a rather difficult security situation with a sharp increase in the number of internally displaced persons (IDPs) as a corollary.
23. Such a context has imposed new health, social and economic challenges that require new strategies to address them. Thus, the Government has adopted a Revised Budget Law, in particular to take into account the negative effects on the mobilization of own revenues and the emergence of new priorities to be met in order to cope with the effects of the pandemic, the security crisis and the organization of presidential and legislative elections in November 2020.
24. At the health level, the Government's main priorities have been the effective management of severe cases, prevention through barrier measures, and the strengthening of technical platforms and the capacity of specialized centers. Thus, it has adopted a health response plan, costing 177.9 billion CFA francs (1.8% of GDP), aimed at meeting immediate medical needs and actions to strengthen the resilience of the health system.
25. At the social level, efforts to control the spread of the virus through social distancing and quarantine measures in affected towns and cities could have negative consequences on



the well-being of vulnerable populations. Aware of this situation, the Government has taken measures to support these vulnerable groups in order to alleviate the difficulties posed by the pandemic.

26. The Government has also taken accompanying measures to limit the adverse economic effects of COVID-19 on businesses as well as on workers. These measures, which are of two types, include tax relief and intervention through direct or indirect financing of companies in difficulty. By their very nature, these measures could help maintain production facilities, relieve cash flow and preserve jobs in sectors heavily impacted by COVID-19.

#### **IV. Reform measures agreed under the emergency budget support**

27. The Bank's COVID-19 emergency support comprises seven (7) prior actions implemented through three (3) pillars, namely (i) providing opportunities for economic growth, (ii) strengthening state capacity in times of crisis, and (iii) improving fiscal transparency and accountability. The main objective of this budget support is to help the Government mitigate the impact of the COVID-19 shock on lives and livelihoods.
28. Ultimately, this budget support should make it possible to (i) improve the identification and response to epidemics, (ii) strengthen social safety nets, (iii) digitize the public administration, (iv) improve governance of the COVID-19 funds, (v) stimulate private sector investment, and finally (vi) increase the transparency of public debt.

##### ***Pillar 1: Provide opportunities for economic growth***

29. As part of the reform of subsidies for agricultural inputs and equipment, the Government has committed to piloting the Agri-Voucher distribution system. This system aims to ensure (i) better traceability of distribution operations, (ii) improved targeting of beneficiaries, (iii) involvement of private stakeholders and farmers' representatives, (iv) and facilitation of real-time monitoring. After the pilot phase, the Government decided to move to the national scale of Agri-Voucher as of the 2020-2021 campaign through Order N°2020/079/MMH/CAB of August 7, 2020 establishing an electronic distribution system for agricultural inputs and equipment at subsidized prices.
30. The COVID-19 crisis has weakened access to credit for individuals and Micro, Small, and Medium-Sized Enterprises (MSMEs). In order to improve their access to financing, the Government adopted Decree N°2020-0726 /PRES /PM /MINEFID/MDENP /MCIA of August 24, 2020 authorizing the integration of data on the credit and payment histories of the customers of major billers (SONABEL, ONEA, ONATEL, Télétel, Telmob, Orange) into the database of the Credit Information Bureau (BIC). This integration aims to enroll the maximum number of customers in this platform in order to enrich it and allow service providers to have readability, especially on service requesters who do not have historical data in the financial sector of the Economic and Monetary Union of West Africa (UEMOA). Similar decrees in the subregion (Senegal, Côte d'Ivoire, Togo) have had a significant impact on adult population coverage. The reform is essential to transform lending activities for the underserved, in order to support the recovery phase of COVID-19 and beyond.



***Pillar 2: Strengthen the capacity of the State in times of crisis***

31. In order to improve the identification and response to epidemics, the Government has committed to making the One Health platform operational. To this end, on June 30, 2020, it signed the interministerial Decree N°2020-210 /MS /MINEFID /MESRSI /MAAH /MRAH/MEEVCC on the attributions, organization, composition and functioning of the Technical Steering Committee, the Thematic Commissions, the Technical Secretariat and the One Health Focal Points. The purpose of this decree is to establish a structural framework through an institutional base that will help prevent, detect, respond to and recover from zoonotic or vector-borne diseases. In addition, it will promote a good resilience of the system in the face of future crises.
32. To facilitate access to services and strengthen the country's response to COVID-19 and other covariate shocks, on July 3, 2020, the Government signed interministerial Order N°2020-046/MFSNFAH/MATDC/MINEFID/MDENP on conditions for adapting the system for identifying indigent persons to the basic identification platform under the West Africa Unique Identification for Regional Integration and Inclusion (WURI) program in Burkina Faso. With this Decree, the identification systems will be harmonized and the objective of establishing a unique identifier by the Government will be achieved.
33. Another interministerial order defining a reference protocol for data sharing, validated by the Commission de l'informatique et des Libertés (CIL), has been issued. This is Order N°2020-047/MFSNFAH/MATDC/MFPTPS/MINEFID/ adopting a data sharing protocol for poor and vulnerable households in Burkina Faso is dated July 3, 2020. It lays the foundation for a social registry that supports the process of admission, registration and assessment of household needs and conditions in order to determine eligibility for social programs.
34. With the aim of supporting the continuity of the State and preparing the country's digital transformation, Order N°2020-037/PM/CAB signed on July 13, 2020, on the adoption of digital applications for the benefit of the public administration in Burkina Faso, aims to rationalize the technology and standards deployed (eBurkina pilot project) within the Government to ensure sustainability. The list of digital platforms includes, at a minimum, the open data platform (data.gov.bf); the Integrated Document Management System (SIGEDE); the Integrated Management System for State Public Establishments (SIGEPE); the Information System for Development Reference Frameworks (Système d'information des Référentiels de Développement); and the Integrated Circuit for Missions (Circuit intégré des Missions, CIM).

***Pillar 3: Improve budget transparency and accountability***

35. To ensure a rapid response to COVID-19 and other crises and to ensure the proper use of the related funds, the Government issued Order No. 2020-418/MINEFID/CAB establishing a regulatory and institutional mechanism for integrated governance (financial management, procurement, mechanisms for accountability and transparency of information to citizens and civil society organizations) involving oversight bodies. This mechanism not only ensures the effectiveness, efficiency and transparency in the use of funds, but also improves fiduciary risks and the country's resilience to future crises.



36. In order to improve transparency and debt management, the Ministry of Economy, Finance and Development issued Order N°2020-298/MIENFID/SG/DGTCP on July 2, 2020 on the collection and publication of debt data. This order defines the scope, responsibilities, timetable and procedures for the publication of (i) a quarterly debt bulletin; (ii) an annual borrowing plan; and (iii) an annual review on the implementation of the borrowing plan.

**V. Additional reforms being implemented**

37. In the area of health, the Government, through the Ministry of Health, signed a memorandum of understanding on May 19, 2020, with the Central Purchasing Agency for Essential Generic Drugs and Medical Consumables (CAMEG) for the management of inputs in the context of the response to COVID-19. Through this protocol, it is expected that the governance of the health system related to the flow and distribution of information between the Ministry of Health and CAMEG will be strengthened.
38. In the area of public investment, the Government had under the previous budget support operation set up by Order No. 2019-000289/MINEFID/SG/DGEP of July 12, 2019, the Interministerial Committee for Validation of Feasibility Studies and Documents for Public Investment Projects (Comité interministériel de validation des études de faisabilité et des documents des projets d'investissements publics). Following this first important milestone, which is aimed at ensuring better quality maturation of public investment projects, the Government is now deploying the actions needed to deepen this reform and optimize the impact of public investment on resilience and growth. To this end, the process of revising the Public Investment Program 2020-2021 includes accelerating the implementation of investments that mitigate the effects of the COVID-19 crisis and foster the economic recovery.
39. In order to pursue the investment management reform, additional criteria beyond that of the quality of maturation are needed to inform the prioritization decision-making process, in a context marked by (i) a crowding out effect of security expenditure on other expenditure, (ii) the need to ensure a spatial distribution of investment over the territory and the need to take into account the impact of investments on the environment and the climate.
40. For this reason, the Government has begun thinking about how to operationalize a prioritization process that takes into account a multi-criteria analysis, including: (i) economic efficiency (economic internal rate of return, impact on job creation and national economic activity); (ii) the social and regional/spatial team (impact on gender, internally displaced populations, and prevention and/or conflict zones); and (iii) the environmental team (management of natural resources, energy efficiency).

**VI. Institutional framework for implementation**

41. The Ministry of Economy, Finance and Development will be responsible for the execution of the program. To this end, it will ensure that the relevant ministries and structures of the Burkina Faso Government fully play their respective roles in implementing the reforms and measures that fall within their areas of competence. The technical





implementing body will be the Directorate General of Cooperation of the Ministry in charge of Finance, which is responsible for monitoring budget support programs.

42. The Government remains convinced that, with the support of its partners, particularly the World Bank, the implementation of this budget support program through the planned actions will help promote the development of the sectors concerned, consolidate the macroeconomic framework and support strong and inclusive economic growth for a significant and sustainable reduction in poverty.

In thanking you for the continued support that your institution provides to my country, please accept, **Mr. President**, the assurance of my highest consideration.



**ANNEX 4: ENVIRONMENT AND POVERTY/SOCIAL ANALYSIS TABLE**

Prior Actions	Significant positive or negative environment effects	Significant positive or negative poverty, social or distributional effects
<b>Pillar 1: Expanding Economic Opportunities for Growth</b>		
Prior Action #1	Positive	Positive
Prior Action #2	Positive	Positive
<b>Pillar 2: Building Crisis-Adaptive Capacity of the State</b>		
Prior Action #3	Positive	Positive
Prior Action #4	Positive	Positive
Prior Action #5	Positive	No
<b>Pillar 3: Improving Fiscal Transparency and Accountability</b>		
Prior Action #6	Positive	Positive
Prior Action #7	No	No



**ANNEX 5: BURKINA FASO'S COVID-19 EMERGENCY RESPONSE PLAN (OVERVIEW AND COSTING)**

<p><b>HEALTH MEASURES:</b> <i>These measures aim at controlling the spread of the virus and bringing the local outbreak under control</i></p>	
<ul style="list-style-type: none"> <li>▪ Communication campaigns for awareness and prevention</li> <li>▪ Lab testing of suspected cases</li> <li>▪ Contact-tracing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Isolation (in hosting facilities) and monitoring of at-risk cases<sup>54</sup></li> <li>▪ Clinical trials on Hydroxychloroquine</li> <li>▪ Treatment of patients</li> </ul>
<p><b>SOCIAL MEASURES:</b> <i>These measures aim at mitigating the negative economic consequences of the pandemic on vulnerable and low-income households, and in some cases, on the entire population</i></p>	
<ul style="list-style-type: none"> <li>▪ 3 months coverage of water bills for low income population</li> <li>▪ 3 months coverage of electricity bills for low income population</li> <li>▪ Cancellation of penalties on electricity and water invoices</li> <li>▪ Reduction by 50 percent in the cost of solar kits for low income households</li> <li>▪ Securing stocks of goods and reinforced price</li> <li>▪ Reactivation of social food shops</li> </ul>	<ul style="list-style-type: none"> <li>▪ Free distribution of food and hygiene kits to low income households for three months</li> <li>▪ Cash transfers to vulnerable and low-income households</li> <li>▪ Suspension of payment for shop rent, parking fees, and security fees in and around markets</li> <li>▪ Establishment of a solidarity fund for the benefit of the informal sector and women</li> </ul>
<p><b>FISCAL MEASURES:</b> <i>These measures aim at mitigating the negative economic consequences of the pandemic on MSMEs and building their resilience</i></p>	
<ul style="list-style-type: none"> <li>• <b>General tax relief</b> <ul style="list-style-type: none"> <li>▪ Cancellation of penalties for delays in the execution of public contracts and orders</li> <li>▪ Automatic forgiveness of penalties and fines due for the months of April, May and June 2020</li> <li>▪ Suspension of tax recovery proceedings</li> <li>▪ Direct tax rebates as part of an individualized review of applications in extreme cases</li> </ul> </li> <li>• <b>Import tax relief</b> <ul style="list-style-type: none"> <li>▪ Exemption of import duties on rice and milk</li> <li>▪ Exemption from value added tax on the sale of products used in the fight against COVID-19</li> <li>▪ Exemption from taxes and customs duties on pharmaceuticals, medical consumables and equipment used in the fight against COVID-19</li> </ul> </li> <li>• <b>Individuals/households tax relief</b> <ul style="list-style-type: none"> <li>▪ Extension of deadline for payment of motor vehicle tax from March 31, 2020 to June 30, 2020</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Labor tax relief</b> <ul style="list-style-type: none"> <li>▪ Suspension of Employers Apprenticeship Tax on salaries from April to June 2020 for the benefit of companies in passenger transport and hotel sectors</li> <li>▪ Deferment of tax and social security obligations (taxes paid on salaries, pension and medical funds, and value added tax) for solvent companies hit by the pandemic over a six-month period</li> </ul> </li> <li>• <b>Sector-specific fiscal relief</b> <ul style="list-style-type: none"> <li>▪ Reduced value added tax rate of 10 percent for hotels and restaurants</li> <li>▪ Elimination of charges and taxes imposed on the organization of cultural activities;</li> <li>▪ 25 percent reduction of the patent in favor of companies in the passenger transport, hotel and tourism sector</li> <li>▪ Exemption of contribution of micro-enterprises in the informal sector from April to June 2020</li> </ul> </li> </ul>
<p><b>RECOVERY MEASURES:</b> <i>These measures aim at boosting the economy and ensuring a sound recovery</i></p>	
<ul style="list-style-type: none"> <li>▪ Establishment of an economic recovery fund for companies in difficulty</li> <li>▪ Safeguarding agricultural inputs and feed for livestock</li> </ul>	<ul style="list-style-type: none"> <li>▪ Establishment of a solidarity fund to support the informal sector</li> <li>▪ Funding research on infectious diseases and medicine</li> </ul>

<sup>54</sup> Individuals that have been in contact with positively diagnosed patients.



<b>Costing of the Emergency Response Plan (amounts in US\$ million)</b>			
	<i>Total cost to be split in 2020, 2021, 2022 finance laws</i>	<i>Amount budgeted in 2020 revised finance law</i>	<i>% budgeted in 2020</i>
<b>Health Emergency Response Plan</b>	<b>312</b>	<b>149</b>	<b>48%</b>
Patients treatment	102	49	48%
Prevention and disease control	88	32	36%
Logistics	79	54	69%
Laboratory	16	9	56%
Response coordination	15	4	25%
Monitoring	10	1	9%
Communication	2	1	36%
<b>Social Measures</b>	<b>128</b>	<b>66</b>	<b>52%</b>
Water bills	9	6	67%
Electricity bills	25	18	70%
Reactivation of SONAGESS shops	7	-	0%
Cash transfer	20	-	0%
Solar kits	10	1	12%
Food, hygiene and dignity kits	42	41	98%
Shop rents and space rights in markets, security fees and free parking for taxis	6	-	0%
Awareness campaign and access to fresh products for everyday consumption	9	-	0%
<b>Recovery Measures</b>	<b>267</b>	<b>200</b>	<b>75%</b>
Subsidies to private sector	176	123	70%
Agricultural inputs and animal feed	53	53	99%
Subsidies to the women in the informal sector	9	9	100%
Infectious disease research and drug production	26	9	33%
Arrears in the tourism and cultural sectors	3	6	176%
<b>Total</b>	<b>708</b>	<b>416</b>	<b>59%</b>
<b>Total (% of 2020 GDP)</b>	<b>4.6%</b>	<b>2.7%</b>	

Source: World Bank staff calculations based on reports from MINEFID.