Program Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 15-Jul-2021 | Report No: PIDA31736

BASIC INFORMATION

A. Basic Project Data

Country	Project ID	Project Name	Parent Project ID (if any)
Burkina Faso	P173529	Burkina Faso Third Fiscal Management, Sustainable Growth, and Service Delivery Development Policy Financing (P173529)	P166298
Region	Estimated Board Date	Practice Area (Lead)	Financing Instrument
AFRICA WEST	14-Oct-2021	Macroeconomics, Trade and Investment	Development Policy Financing
Borrower(s)	Implementing Agency		
BURKINA FASO	MINISTERE DE L'ECONOMIE, DES FINANCES ET DU DEVELOPPEMENT		

Proposed Development Objective(s)

The Program Development Objective (PDO) is to support the Government's efforts to: (i) strengthen fiscal management; (ii) improve natural resources management and livestock productivity; and (iii) enhance service delivery and social spending efficiency.

Financing (in US$, Millions)

SUMMARY

Total Financing	200.00

DETAILS

Total World Bank Group Financing	200.00
World Bank Lending	200.00

Decision

The review did authorize the team to appraise and negotiate

B. Introduction and Context

Country Context

The proposed Third Fiscal Management, Sustainable Growth and Service Delivery Development Policy Financing (DPF3) concludes a programmatic series of three DPF operations in a context of deteriorating security and humanitarian situations, COVID-19 pandemic outbreak, and climate vulnerability. In this context, this operation (DPF3) provides an anchor for bridging over an election period and ensures continuity of policy reforms. It is aligned with both the 2016-2021 National Socioeconomic Development Plan (PNDES) and the new National Development Framework (RND 2021-2015). The proposed operation will support the Government's efforts to (i) strengthen fiscal management; (ii) improve natural resources management and livestock productivity; and (iii) enhance service delivery and social spending efficiency. These are the three pillars of the proposed operation. A special focus is put on ensuring a continuity of the state presence in conflict-affected areas, improving the targeting of social assistance programs, and tackling climate vulnerabilities. Through pillars two and three, the operation is fully aligned with the objective of addressing fragility drivers as laid out in the Prevention and Resilience Allocation Eligibility Note. The macroeconomic policy framework is adequate for the proposed operation. The Government has established a track record of fiscal adjustment prior to the COVID-19 pandemic. Potential growth remains solid, underpinned by private investment in the gold and cotton sectors, with potential for productivity gains in agriculture and mining.

Relationship to CPF

The Country Partnership Framework (CPF) for FY18-FY23, which is embedded in the twin goals of ending extreme poverty and promoting shared prosperity in a sustainable manner, provides the overarching framework for this operation. The IDA19 Prevention and Resilience Allocation Eligibility Note provides another important anchor. Policy reforms supported through this operation are consistent with all three pillars of the CPF with other projects complementing the operation to achieve CPF outcomes. By supporting fiscal management, natural resources management, productivity, and public service efficiency, the proposed operation will contribute to helping the country achieve sustainable growth and shared prosperity. By supporting the mobilization of tax revenues and the control of the wage bill—both earmarked for sustainable development, protecting state forests as carbon sinks, promoting the vaccination of small ruminants that have a relatively favorable climate mitigation balance—while also helping the rural population to adapt to climate change, and strengthening the climate-responsiveness of social safety nets, the proposed operation will strongly contribute to the IDA Policy Commitment to “increase the use of development policy operations (DPFs) that support climate co-benefits.”

C. Proposed Development Objective(s)

The Program Development Objective (PDO) is to support the Government's efforts to: (i) strengthen fiscal management; (ii) improve natural resources management and livestock productivity; and (iii) enhance service delivery and social spending efficiency.

Key Results

This operation seeks to achieve results in a range of areas. First, it seeks to improve domestic revenue mobilization and help control the wage bill growth. Second, it seeks to secure State forests and protect small ruminants against *Peste des*

Petits Ruminants. Third, this operation fosters a positive State presence across territories to tackle conflict drivers. Further, this DPF will help establish a social registry to increase efficiency in targeting the poor while enhancing the climate-shock responsivesness of the national safety net system.

D. Project Description

The proposed operation is aligned with (i) the National Socioeconomic Development Plan 2016-2021, (ii) the Priorities outlined in the regional emergency plan (Programme d'Urgence Sahel), adopted to respond to the humanitarian, development, and peacebuilding challenges, and (iii) the National Development Framework (RND, 2021-2025). The proposed operation supports the Government's plans through several angles. The first pillar seeks to strengthen fiscal management through tax policy and tax administration reforms, and through a better control of the wage bill's growth. The second pillar seeks to improve natural resource management through securing state forests from land use change and securing them as carbon sinks. It further seeks to raise the climate-resilience and productivity of livestock through animal vaccination. The third pillar seeks to enhance service delivery and social spending efficiency through a comprehensive public administration reform—which is more ambitious than anticipated during DPF2, as it expands the focus beyond health and to the national level—and the establishment of a social registry, building on the groundwork laid through the COVID-19 Crisis-Response DPF.

E. Implementation

Institutional and Implementation Arrangements

Strengthening monitoring and evaluation is critical for the successful implementation of this DPF. The Ministry of Economy, Finance, and Development (MINEFID) is the designated implementing agency and has the responsibility of monitoring the overall execution of the measures outlined in this operation. MINEFID has experience in coordinating and implementing DPF operations. Day-to-day monitoring of the program will be the responsibility of the Directorate in charge of Cooperation (DGCOOP), a key department within MINEFID. MINEFID will be responsible for coordinating and reporting to the World Bank on progress for the proposed operation. The World Bank 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 monitoring and evaluation mechanism under the oversight of the MINEFID. This operation is incorporated into the ongoing policy reform dialogue, including regular discussions with the IMF and other development partners. Domestic Revenue Mobilization (DRM) reforms will be implemented by the Tax Revenue Authority (DGI) under the oversight of the MINEFID, with overall coordination provided by DGCOOP. The wage bill control reform will be co-implemented by the Ministry in charge of Public Administration and the MINEFID. The other reforms will be implemented by their associated line ministries. Sectoral ministries will provide 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, agriculture, environment, health, and social protection.

F. Poverty and Social Impacts, and Environmental, Forests, and Other Natural Resource Aspects

Poverty and Social Impacts

The revenue mobilization policy measure will create fiscal space to finance social protection programs at the central level in a context where the Government is likely to face more budget pressure due to security and COVID-19-related expenditure. Reducing deforestation will have positive social and poverty effects in the longer term. Maintaining the status quo would mean the continuation of a concerning deforestation trend observed over the past decades, which is associated with negative long-term impacts on people through the destruction of forests supporting livelihoods, biodiversity, carbon sequestration, and climate change adaptation. Animal vaccination will reduce the risk of livestock depletion due to diseases. Since livestock is a valuable income source, a means to cope with shocks, and a potential collateral, rural households will become less vulnerable to animal health pandemics and covariate shocks more generally, including those induced by climate change. Civil servants redeployment will positively impact public service delivery. The social registry will significantly help improve targeting of social assitance programs, reduce poverty, and strengthen resilience of the poor to cope with climate and other shocks. It will also enhance equity and equality, and therefore contribute to social cohesion, which in turn is a mitigant to conflict and fragility.

Environmental, Forests, and Other Natural Resource Aspects

The use of e-payment processes instead of a paper-based system will contribute to promoting environmentally-friendly technologies. Reducing deforestation will have a positive impact on fighting climate change through both mitigation and adaptation and support biodiversity. Vaccination will make sheep and goats more robust against a highly deadly disease. This will make them more productive in the use of land and may lead to less pressure to have a large herd and reduce the footprint on land. The establishment of a national social registry will support the most vulnerable parts of the population in their adaptation to the effects of climate change.

G. Risks and Mitigation

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 ongoing complementary operations and technical assistance. The COVID-19 crisis and related uncertainty around the national vaccine rollout create additional uncertainty and could weigh on the above-mentioned risks as it may induce longer than expected disruptions to economic activity, require higher than budgeted public spending, and reduce public administration effectiveness.

CONTACT POINT

World Bank

Daniel Pajank, Kodzovi Senu Abalo
Senior Economist

Borrower/Client/Recipient

BURKINA FASO
Inoussa Ouminga
Directeur General de la Cooperation

jouiminga@yahoo.fr

Implementing Agencies

MINISTERE DE L'ECONOMIE, DES FINANCES ET DU DEVELOPPEMENT
Inoussa Ouiminga
Directeur General de la Cooperation
jouiminga@yahoo.fr

FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: http://www.worldbank.org/projects

APPROVAL

Task Team Leader(s):	Daniel Pajank, Kodzovi Senu Abalo

Approved By

Country Director:	Yaye Ngouye Ndao Ep Diagne	28-Jun-2021