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IMPLEMENTATION COMPLETION REPORT
(IDA-36910 TF-50571)

ON A

CREDIT

IN THE AMOUNT OF SDR 28.1 MILLION

(EQUIVALENT US\$ 35 MILLION)

TO

BURKINA FASO

FOR A

POVERTY REDUCTION SUPPORT CREDIT (2)

December 29, 2004

Poverty Reduction and Economic Management 4
AFC15
Africa Region

Simplified Implementation Completion Report

Poverty Reduction Support Credit (2)

Project ID: P075378

Project Name: Poverty Reduction Support Credit (2)

Team Leader: Abdoulaye Seck

TL Unit: AFTP4

ICR Type: Core ICR

Report Date: December 29, 2004

1. Project Data

Name: Poverty Reduction Support Credit (2)

L/C/TF Number: IDA-36910; TF-50571

Country/Department: BURKINA FASO

Region: Africa Regional Office

Sector/subsector: General public administration sector (40%); Health (20%); General agriculture, fishing and forestry sector (20%); Primary education (20%)

Theme: Public expenditure, financial management and procurement (P); Poverty strategy, analysis and monitoring (P); Rural services and infrastructure (S); Regulation and competition policy (S); Environmental policies and institutions (S)

KEY DATES

PCD: 10/15/2001
Appraisal: 04/04/2002
Approval: 07/11/2002

Original Effective: 10/31/2002
MTR:
Closing: 06/30/2003

Revised/Actual
10/31/2002
06/30/2003

Borrower/Implementing Agency: BURKINA FASO/MINISTRY OF FINANCE AND BUDGET AND OTHER MINISTRIES

Other Partners:

STAFF

Vice President:

Current

Callisto E. Madavo

Country Director:

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2. Principal Performance Ratings

(focused on this operation's contribution toward overall program objectives)

(HS=Highly Satisfactory, S=Satisfactory, U=Unsatisfactory, HL=Highly Likely, L=Likely, UN=Unlikely, HUN=Highly Unlikely, HU=Highly Unsatisfactory, H=High, SU=Substantial, M=Modest, N=Negligible)
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Outcome:	S
Sustainability:	L
Institutional Development Impact:	SU
Bank Performance:	S
Borrower Performance:	S

	QAG (if available)	ICR
Quality at Entry:	S	S
Operation at Risk at Any Time:	No	No

3. Program Description

3.a. Overall program

1. A series of three PRSCs was designed in 2001 in line with the policy framework of the PRSP and focusing on two broad areas: public sector reform and governance and sectoral policies for the poor. The first component, reflecting objectives of the first and fourth PRSP pillar, included strengthening of the budgetary process, improving audit functions, revising procurement regulations, introducing budget deconcentration, and reforming the civil service. The second component, based on PRSP pillars 2 and 3, incorporated measures to improve service delivery in education and health and strengthen income-generating agricultural activities. The supported measures were perceived as inputs for improving economic management and social service delivery, considered to be essential to reach PRSP objectives.

3.b. PRSC-2 description

2. PRSC-2 – approved in June 2002 in a total amount of US\$35 million – is the second operation in the series of three PRSCs initiated in 2001. It supports the same objectives in the medium-term than PRSC-1 – achieving better outcomes in the management of public resources, and strengthen basic service delivery in the social sectors – but updates the detail of the program based on experience gained during the implementation of PRSC-1. The updates were expected as measures to be associated with successive credits in this series of PRSC were to be broadened to include selected policy measures drawn from the PRSP agenda, to accelerate growth and improve service delivery, in addition to a continuing focus on public finance management.

4. Achievement of Objectives and Outputs

3. The government has broadly satisfied all original triggers and benchmarks related to PRSC-2. New measures introduced under PRSC-2 compared to the original framework described in the program document for PRSC-1 – and including some changes in triggers and benchmarks – are

primarily attributable to the need to: (i) modify the medium-term program to reflect strength and weaknesses in policy implementation since PRSC-1; (ii) incorporate the finding of the PRSP-PR¹ and the CFAA; and (iii) adapt policy formulations to evolving knowledge of existing conditions and capacity constraints. For instance, PRSC-2 introduced a new section on PRSP Monitoring and Evaluation to further strengthen the program originally envisaged in PRSC-1, as the JSA of the PRSP-PR noted that increased efforts were required in the areas of poverty monitoring and evaluation. Policy measures undertaken under PRSC-2 are discussed in table 1 in annex A. Given the lag in translating policy actions in impacts, outcome achievements will be discussed in the programmatic ICR for the last PRSC of the series.

5. Major Factors Affecting Implementation and Outcome

4. In executing the 2002 budget, the government faced unexpected spending needs related to the Ivorian crisis with substantial unplanned expenditure for security purposes and humanitarian aid estimated at more than 0.5 percent of GDP, and rising oil prices with higher subsidies for electricity fuels and butane gas throughout the year. Moreover, with the onset of the conflict in Côte d'Ivoire in September 2002, the vulnerability of the Burkinabè economy was exacerbated as the country is heavily dependent on the Abidjan port for imports and exports and on Ivorian inputs for certain industrial activities. With the closure of the border, railway operations stopped and Burkinabè operators were forced to divert trade to other ports in Benin, Ghana, and Togo at higher costs and to find new suppliers for consumption goods and essential inputs. As a result, consumers face higher costs, and some businesses had to reduce work hours or close down. Livestock exports to Côte d'Ivoire largely ceased with repercussions on cash incomes in rural areas.

5. Notwithstanding the difficult overall context for the implementation of the 2002 budget, it is remarkable that the government was able to achieve a further significant increase in executing social expenditure. Domestically-financed social expenditure, including HIPC-financed expenditure in the priority sectors, increased from 4 percent of GDP in 1999 to 5 percent of GDP in 2002.

6. Bank and Borrower Performance

6. Overall Bank performance is satisfactory. As for PRSC-1, PRSC-2 is an integral part of the Country Assistance Strategy (CAS) presented to the Board on November 30, 2000 (Report 21285-BUR), and its objectives are well aligned with Government's development agenda, priorities and policies set out in the June 2000 Poverty Reduction Strategy Paper. Lessons learned from the implementation of PRSP and PRSC-1 were incorporated in the design of PRSC-2.

7. Overall Borrower performance is satisfactory. The good policy implementation record in PRSC-1 and PRSC-2 is a strong of the Borrower ownership and commitment to the program outlined in the PRSCs in June 2000. The swift and efficient reaction to the Ivorian crisis has also helped the Government to mitigate the adverse impact, thus allowing the continuous implementation of its poverty reduction strategy supported by the PRSCs.

¹ *Burkina Faso: Poverty Reduction Strategy Paper Annual Progress Report and Joint IDA-IMF Staff Assessment of the PRSP Annual Progress Report*—Report No. 23190-BUR (October 2001).

Quality at Entry Assessment by QAG of PRSC-2

8. The QAG panel rated the overall quality at entry satisfactory. The strategic relevance and approach dimension were rated highly satisfactory. The risk assessment dimension was rated marginally satisfactory and all other dimensions were rated satisfactory. Bank processes were also rated satisfactory. The strong features of PRSC-2 identified by the QAG panel included the alignment with the PRSP and the CAS, the inclusion in its design of lessons drawn from the satisfactory implementation of the PRSC-1 program, strong participation by the client in all aspects of PRSC-2 preparation, reflecting good ownership, and good collaboration with IMF and other donors. Areas needing improvement included the justification for basing PRSC-2 only on improved efficiency of public expenditures (improving the public financial management systems and improved pro-poor expenditure allocations within key sectors, to achieve better public services delivery), largely excluding other issues which may be significant for poverty reduction, such as general growth and competitiveness. The panel would also have liked greater elaboration of issues which may constitute a major risk to overall growth and poverty reduction, such as regional differences within the country. The panel felt the risk assessment was rather general in nature and does not discuss specific risks or risks mitigation measures related to PRSC-2. The operation also appears somewhat weak on capacity building issues in line ministries given that improved service delivery is a key objective of the operation. Lastly, the QAG panel felt that there were too many triggers, which is inconsistent with the concept of moving to "fewer and better" conditions or benchmarks in Bank operations.

7. Findings and Implications for Subsequent Operation(s) in Series

9. Overall, the satisfactory progress made since the approval of PRSC-2 warranted the move to PRSC-3.

10. PRSC-2 could not be also aligned with the budget cycle as previously sought, and this should be a priority in the next operation.

11. More attention should be paid in the subsequent operations, starting with PRSC-1, on capacity building in line ministries given the focus on improving service delivery.

Annex A – Progress since PRSC-1

Original Triggers and Benchmarks (PRSC I)	Status after Negotiations	Prior Actions (PRSC II)	Comments
A. Public Sector Reform and Governance			
(i) Budget Formulation			
Adoption of a budget bill for 2002 based on ceilings set with reference to the 2002-04 MTEF and PRSP priorities.	<u>Trigger fulfilled.</u> The budget bill was adopted in February 2002 and it was based on the MTEF 2002-2004, reflecting PRSP priorities.	Same formulation.	A Workshop was held in Kaya in March 2002, to (i) take stock of progress achieved and difficulties encountered in the MTEF, PER and PB exercises and (ii) define an agenda for future action. The Workshop also discussed the recommendations contained in the PRGB concerning these instruments. It saw the participation of the Government, World Bank and all other major multilateral and bilateral donors. The Committees charged with the PER, MTF and PB processes presented the strengths and weaknesses of each instrument and proposed a set of recommendations to improve them (see Annex 2). The key conclusions and recommendations have been already presented to the Bank and will be consolidated into an Action Plan harmonizing the recommendations of the CFAA, PRGB and ROSC. Key outcome-oriented policy actions will be selected for PRSC III on the basis of the plan.
Completion of Program budgets consistent with PRSP objectives in key ministries (including Economy and Finance, Infrastructure, Secondary and Tertiary Education), performance indicators included.	<u>Trigger fulfilled.</u> As discussed above, all ministries participated in this exercise, not only the 6 originally envisaged.	Same formulation.	
Completion of PER studies (including Economic Infrastructures, Justice, Ministry of Secondary and Tertiary Education).	<u>Trigger partially fulfilled.</u> The PER process has experienced some delays, notably because of lack of funding and delays in fund commitment by donors. The program discussed with the authorities for PRSC II included the completion of PERs on Economic Infrastructure and Rural Development, by March 2002. It also included the realization of a workshop to take stock of strengths and weaknesses of PER, MTEF and PB processes and define the agenda for the future actions to improve these instruments.	Completion of PER studies in the areas of Economic Infrastructure and Rural Development. Held workshop to analyze the strengths and weaknesses of the PER, MTEF and PB exercises and defined agenda for future action in these three domains.	
(ii) Budget Execution, monitoring and de-concentration			
Regionalization of payment order issuance through appointment of «delegated payers» and «secondary payers» within ministries to empower regional Government entities.	<u>Trigger fulfilled.</u> The article 41bis of the law no.013-2001, approved in July 2001 modifies the Decentralization Law and creates the region as an administrative entity. Within this new organization, the governor should have been made “ordonnateur secondaire” with direct powers on expenditure decision. Due to an error, the text says “ordonnateur délégué”. The authorities will revise the text accordingly.	Organization of regionalization of payment order issuance through creation of a legal framework for the appointment of «delegated payers» and «secondary payers» within ministries to empower regional Government entities.	De-concentration implies a revision of the role of the central government and its central administration, moving from direct implementation to planning, monitoring and reporting, while the periphery becomes the level of programming and implementing activities. This requires a re-alignment of responsibilities for budget and personnel management from the core ministries to the line ministries, and within the latter, from the centre to the periphery. Measures have been taken by law but now require effective implementation. A pilot experiment will be conducted in Bobo-Dioulasso in the context of PRSC III.

Not in the original matrix.	<u>Measure added</u> ⇒	Creation of “ <i>régies d’avance</i> ” (petty cash accounts) at the level of Regional Health Directorates and Health Districts.	The process is at an advanced stage and will be completed shortly. The authorities have identified the districts that will participate in this pilot (health sector) as well as the administrators of these accounts who will be trained in Ouagadougou for a week.
Preparation, by August 15, of a status report on budget implementation as of end June 2001, followed by corrective measures if necessary.	<u>Measure fulfilled.</u> Report submitted and considered satisfactory.	Same formulation.	-
Finalization of module on external financing of computerized expenditure circuit and deployment of new software for management of external financing.	<u>Measure fulfilled.</u> Original formulation modified. Measure reformulated as a prior action for PRSC II.	<u>Expenditure:</u> Extend integrated financial management system (IFMS) by adding the module for external financing management (at DGCOOP) to the computerized expenditure circuit (CID).	The medium-term objective here is to add more modules to the CID system, including the debt management module (SYGADE), and set up an integrated revenue collection and monitoring system (PRSC III).
<p>1) <i>ADOPTION OF A PROCUREMENT PROCEDURES MANUAL</i></p> <p>2) Redefinition of the roles of the two major departments (DGCOOP and DCMP) and adoption of capacity building measures;</p> <p>3) Revision of the general rules for public procurement to make them consistent with international standards of transparency and efficiency;</p> <p>4) Integrated in the Procurement Code, measure aimed at facilitating SME access to public procurement</p> <p>5) Verification that 50 percent of public procurement will have been subject to competitive procurement practices as required by law and that the largest contracts will be subject to public audit.</p>	<p><u>Trigger partially fulfilled.</u></p> <p>The reformulation of the actions in the following column reflects capacity constraints and evolving knowledge about the Burkinabè procurement framework. In particular, it was not clear that the satisfaction of original measures 2) and 3) required the approval of a decree modifying the existing Procurement Code. The time necessary to elaborate a new manual of procurement procedures was underestimated and the capacity of the DCMP overestimated.</p> <p>A decree modifying the Procurement Code has been approved and it satisfies triggers 2) and 3) under both the original and the revised formulations. The remaining steps to fully implement 1) and 5) under the original formulation will be included in PRSC III.</p>	<p>1) Approve the new Regulatory Decree for public procurement;</p> <p>2) Redefine the role of the two major departments DGCOOP and DCMP, limiting DGCOOP's role to lending and disbursement procedures and market regulation;</p> <p>3) Present terms of reference and launch the expression of interest for the selection of a consultant for the elaboration of a new Procurement Procedure Manual;</p> <p>4) Present a Capacity Building Plan (objectives, activities, calendar, budget) for strengthening the DCMP and DGCOOP, in the light of their new roles;</p> <p>5) Elaborate terms of reference and launch the expression of interest for the selection of a consultant/independent auditor to verify that at least 50 percent of public procurement for FY01 is subject to competitive procedures.</p>	The objective is to implement all key recommendations highlighted in the 2000 CPAR within the time frame of PRSC II and III. The Procurement Code will be further revised bringing it in line with practices satisfactory to the Bank.
(iii) Budget Reporting			
Submission of budget execution reports for fiscal years 1999 and 2000 and their remittal to the Supreme Audit Institution	<u>Trigger fulfilled.</u> Reformulation of prior action for PRSC II clarifies that the Supreme Audit Institution is currently the <i>Chambre de Comptes</i> .	Submission of Budget Execution Reports for FY99 and FY00 and their remittal to the Audit Office (<i>Chambre de Comptes</i>)	Measure verified at appraisal. The next stage will be to ensure that the Reports are audited by the <i>Chambre</i> within a reasonable timeframe and transmitted to the National Assembly.

Satisfactory implementation of the action plan for strengthening the Supreme Audit Institution on the basis of the recommendations of the PRGB and CFAA.	<u>Trigger partially fulfilled.</u> The formulation of the prior action for PRSC II takes into consideration the government's capacity constraints.	Presentation of an Action Plan for operationalizing the Supreme Audit Institutions (<i>Cour de Comptes</i>) Finalization of the CFAA study and presentation of related Action Plan.	Plan to operationalize the <i>Cour de Comptes</i> presented at appraisal. The targeted date for full operationalization is December 2002. The CFAA was finalized. Three magistrates were appointed in June, 2002. The key recommendations of the CFAA, compatible with those of the PRGB and ROSC, will be implemented before PRSC III.
B. Stakeholders' Participation			
Adoption of transparent mechanisms for allocating resources managed at the district level (e.g., posting budgets allocated to each health facility in public places in the districts).	<u>Trigger fulfilled.</u>	Same formulation.	Measure verified at appraisal.
C. PRSP Monitoring and Evaluation			
Not in the original matrix.	<u>Trigger added ⇒</u>	Refine the PRSP list of poverty indicators to be used as benchmarks for the monitoring and evaluation of the PRSP.	This section has been added to PRSC II. It reflects the willingness of the authorities to improve the quality of the monitoring and evaluation of the PRSP and to improve capacity in the analysis of alternative policy packages (and shocks of various kinds) on poverty and inequality in Burkina Faso. List of indicators and logistical arrangements on collection, elaboration and dissemination presented at appraisal. Medium-term program on macroeconomic modeling agreed with the Bank.
Not in the original matrix.	<u>Measure added ⇒</u>	Establish a medium-term program to strengthen the analytical capacity to analyze the impact on poverty of different policy reforms and shocks of various kinds.	
Not in the original matrix.	<u>Measure added ⇒</u>	Elaborate set of preliminary estimates, linking the growth and poverty frameworks.	
Completion of the study of opening up cotton sector to several operators	<u>Trigger fulfilled.</u> Moved to Component 2, Section C. Rural Development.	(see Table 8, Section C).	Originally under Section C Competition in Service Delivery (PRSC I), substituted by Section C above, Civil Service Reform and Decentralization).
Completion of the participatory poverty assessment	<u>Measure not fulfilled.</u> Moved to Component 2, Section C. Rural Development and to prior actions for PRSC III.	Same formulation.	Delays have been experienced in identifying donors to finance this study. Financing has now been secured (UNDP and National Budget).
D. Pro-Poor Sectoral Policies			
(i) Education			
Implementation of the Educational Policy Statement and of Governmental Action Plan in the area of basic education	<u>Trigger fulfilled.</u>	Same formulation.	The implementation of the 4 decrees that have been approved between April and October 2001 proceed as planned.
Implementation of a mechanism for subsidizing school supplies in the 20 poorest provinces	<u>Trigger fulfilled.</u>	Same formulation.	The Government has signed the contract for the purchase of school supplies (CFAF 450 million of HIPC resources for the year 2001). It is currently devising a mechanism to transfer the purchased material from the provincial directorates to the rural schools identified as recipients.

Increasing access to education in rural areas by expanding the number of schools—equipped with running water and separate sanitary facilities for girls—in the 20 rural provinces with the lowest coverage, by ensuring that schools utilize multigrade teaching where population density is too low to provide for six separate grades, and by expanding double-shift teaching in urban areas where there is excess demand	<u>Measure fulfilled.</u> Progress has been slower than originally programmed because of delays in mobilizing HIPC resources for 2001. Government has made up ground in recent months.	Same formulation.	Some CFAF 7 billion of HIPC resources for the year 2001 have been committed by end-March and will be spent by end-June.
Lowering the cost of education to poor families by continuing to provide books free of charge, ensuring sufficient allocations to rural schools to cover basic materials and operating costs, and making the payment of parent-teacher association (PTA) fees voluntary in the 20 provinces with enrollment rates below the national average, while increasing government allocations to those schools to compensate for the loss of school income	<u>Measure Fulfilled.</u> Prior action for PRSC II reformulated. Delays have been experienced in the mobilization of HIPC resources for 2001. Government has made up ground in recent months. The part of the measure referring to the PTA has been dropped, at the request of the authorities. It is considered that at the provincial level, the poorest parents are already exempt from paying school fees.	Lowering the cost of education to poor families by continuing to provide books free of charge, ensuring sufficient resources to rural schools to cover basic materials and operating costs.	All HIPC resources (CFAF 400 million of HIPC resources for the year 2001) have been committed by end-March and will be spent by end-June. Canteens have been subsidized.
(ii) Health			
Introduction of policy and institutional measures, rendering all preventive services at the primary health care level free of charge	<u>Trigger fulfilled.</u> Prior action for PRSC II reformulated to reflect clarification of the Government's policy in this area.	Introduce policy and institutional measures, extending the number of preventive services at the primary health care level free of charge.	A number of items (i.e. syringes for vaccination, iron, cloroquine, and the carnet de santé) are now provided free of charge. The MOH has been determined in its rejection of the trigger as originally formulated in PRSC I, on the grounds that its philosophy goes against the Bamako Initiative (cost recovery in health), of which the Bank is an active supporter.
Introduced appropriate measures to essential drugs sold by CAMEG with a view to reducing the cost of drugs to users	<u>Trigger fulfilled.</u>	Same formulation.	Two ministerial decrees issued jointly by the Ministry of Health and the Ministry of Commerce, Promotion of Enterprises and Crafts fixed at 25 percent the maximum profit margin on over 200 essential generic drugs (MEG) sold by wholesalers as from February 2002.
The Government will have provided financial resources in the 2002 budget to replace IDA funds under the recently-closed Health and Nutrition Project (expected to close on September 30, 2001); this will ensure continuity of quarterly disbursement to health districts and regional health directorates to “top off” financing from other sources to carry out their plans, maintain quarterly financial management and performance reports, and carry out random financial audits.	<u>Measure fulfilled.</u>	Provide financial resources in the 2002 budget to replace IDA funds which were financing health districts and regional health directorates under the recently-closed Health and Nutrition Project, with a view to ensuring continuity in quarterly disbursements that will “top off” financing from other sources.	-

Review (evaluation) of the COGES, including such issues as adequacy of financial management arrangements, quality of relations with communities and health agents	<u>Measure fulfilled.</u>	Review issues related to the COGES including quality of relations with communities and health sector actors and to the adequacy of financial management arrangements.	Review finalized.
Continued vaccination program in order to boost vaccination rates in accordance with PRSP objectives for 2000- with particular efforts targeting rural areas	<u>Measure fulfilled.</u>	Continue efforts to boost immunization coverage rates with a particular focus on targeting rural areas in accordance with PRSP targets.	-
Completion of a beneficiary assessment to ascertain perceptions and views of the population with regard to the efficiency and accessibility of health services, including financial, socio-cultural and geographic barriers to care	<u>Measure fulfilled.</u>	Complete beneficiary assessment to ascertain views and perceptions with regard to quality and access of health care services, including financial, socio-cultural and geographic barriers.	Beneficiary assessment completed and analyzed in a September 2001 workshop.
Implementation of the plan to staff CSPSs with minimum personnel in accordance with norms established by the MOH and reiterated in the PRSP (the proportion of CSPSs adhering to these norms should be at least 65% by the end of 2001);	<u>Measure fulfilled.</u>	Implement plan to staff CSPS with minimum personnel in accordance with norms established by the MOH and reiterated in the PRSP.	PRSP Target has been exceeded.
Maintained incidence of CAMEG's inventory shortfalls for the 45 generic drugs at a level below 8%	Measure fulfilled.	Same formulation.	The CAMEG drug stock out rate has been maintained below 2 percent.
(iii) Rural Development			
Completion of the study of opening up cotton sector to several operators	<u>Trigger fulfilled.</u> Prior action reformulated.	Open up the cotton sector to several operators - Decree ended SOFITEX legal monopoly in cotton marketing - Opened up two new cotton producing zones to new private investment in ginning - Established calendar of actions needed over the next 18 months to prepare the sector for new investors in new zones	The SOFITEX monopoly ended on December 27, 2001, with the approval by the Council of Ministries of two decrees opening two of the three cotton producing zones to new private sector investment in ginning activities.
Liberalized cotton seed marketing (auction sales and lifting of export ban)	<u>Trigger (partially) fulfilled.</u> SOFITEX is selling the seed (including on the export market) at a price that approaches world market. There is no export ban. The usefulness of auction sales is under discussion.	Liberalized cotton seed marketing	Measure referring to auction sale will be re-discussed with the authorities, to see how it fits into the liberalization strategy.

Restructuring, by end-2001, of rural development operations under implementation, in order to harmonize their objectives, implementation strategies, content, implementation and management procedures and monitoring-evaluation with those defined in the LPDRD and PRSP	<u>Trigger fulfilled.</u> Prior action reformulated to reflect its reference to IDA-funded agricultural operation.	Restructuring, by end-2001, of IDA funded rural development operations under implementation, in order to harmonize their objectives, implementation strategies, content, management procedures and monitoring and evaluation with those defined in the LPDRD and PRSP	Following the June 2001 mid-term review, the extension service component of the National Agricultural Services Program was restructured. A new demand-drive approach to agricultural service delivery was introduced, and a procedure manual drafted.
Development of action plans in other production streams and priority programs in agriculture and livestock (cotton, fruits and vegetables, livestock/meat, cowpea, oilseeds)	<u>Trigger partially fulfilled.</u> Diagnostic study on cowpea ready. TOR for fruits and vegetables and livestock and meat ready. TOR for oilseed underway.	Same formulation.	A program to develop private/public partnerships to boost agricultural diversification by improving market access for a variety of commodities (SOPROFA) was launched in December 2001.
Enforcement of health guidelines for livestock	<u>Measure fulfilled.</u>	Same formulation	-
Completed institutional audits of ministries active in the rural sector (Agriculture, Livestock, and Water and Environment)	<u>Measure not fulfilled.</u> Prior action for PRSC II reformulated while original action moved to PRSC III (see Annex 8). Terms of Reference (TOR) for the audit of the Ministries of Agriculture and Livestock finalized.	Finalize TOR for institutional audits of Ministries of Agriculture and Livestock	Nevertheless, there has been progress in this area. Donors agreed with government on an approach to review field level agricultural services. This would result in an institutional analysis (roles, responsibilities, structure and staffing) of the Ministries of Agriculture and Animal Resources.
(iv) Environment			
Update of the institutional responsibilities and the administrative procedures of the directorate and the agency responsible for enforcing environmental assessment requirements	<u>Measure fulfilled</u>	Clarify the mandates and responsibilities of CONAGESE and DGPE in those areas pertaining to EA compliance and enforcement	-
Update of the National Action Plan for the Environment	<u>Measure Dropped</u>	-	Measure considered not useful by both the Government and ASPEN
Not in the original matrix.	<u>Measure added ⇒</u>	Preparing a three-year capacity building plan for EA	The justification for these measures is discussed in detail in Annex 7.
Not in the original matrix.	<u>Measure added ⇒</u>	Establish small EA focal points in the key ministries involved in policy reforms listed as prior actions for PRSC II	