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INTERNATIONAL DEVELOPMENT ASSOCIATION

TECHNICAL ASSESSMENT OF THE
BURKINA FASO LOCAL GOVERNANCE FOR BASIC SERVICES & RESILIENCE PROGRAM (P177875)

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Governance Global Practice
Western and Central Africa Region

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ANNEX 3. TECHNICAL ASSESSMENT

A. Description of the Program

1. **The Government’s Program approved on December 30, 2022, amounts to US\$ 222.3 million will be implemented over six years.** It is structured around two complementary pillars: (i) Improving efficiency of selected services delivered by LGs (birth registration, school canteens, provision of learning and teaching materials) and DSs (proximity justice), and (ii) Strengthening institutional capacities and resilience of DSs and LGs. The Program aligns with the Model Municipalities Initiative and the “one child in school, one balanced meal per day” initiative. It reflects the GoBF’s commitment to advancing decentralization, reflected in further strengthening LGs and DSs to become real drivers of conflict mitigation by the provision of improved service delivery. The GoBF Program aligns with and builds on their long-standing dialogue with the World Bank and other donors. It will also embed regulatory reforms that will support this Program’s objective by lifting key bottlenecks that are impeding the delivery of the targeted local services. The GoBF Program has been developed with tools to render it resilient to increasing insecurity and a fluid authorizing environment. The focus is on improving access to services of the population.
2. **The GoBF Program builds on previous achievements in decentralization and deconcentration and introduces the following institutional changes/initiatives summarized in the below table.**

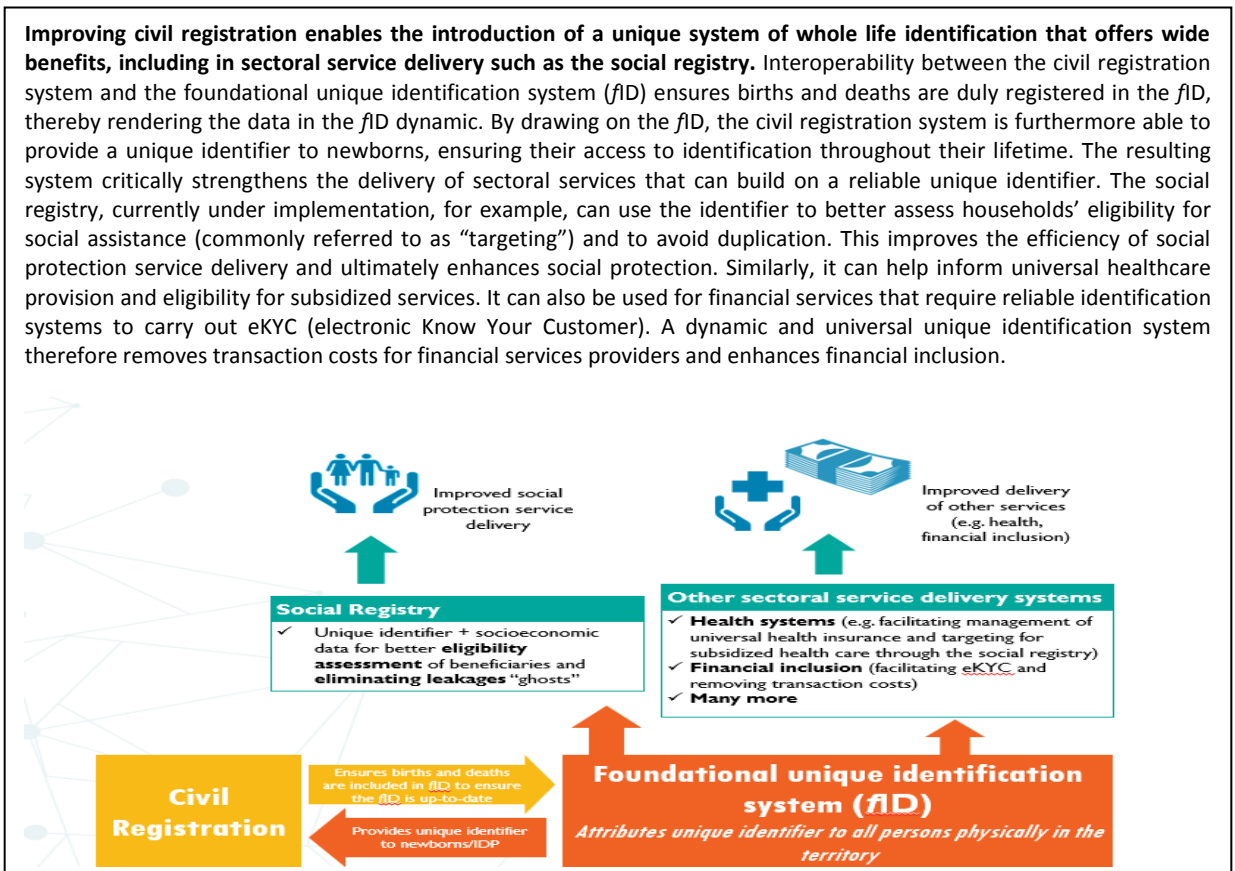
Table A.3.1: Summary of previous achievements in decentralization and deconcentration and new institutional reforms

Topics / Reforms	Previous Achievements	New changes/initiatives
Civil registration	Adoption of law and decree Transfer of civil registration’s competence to LGs	<ul style="list-style-type: none"> • Give local health centers the attributions of a secondary civil registration center to significantly decrease the number of unregistered births. • Lay the foundation for future reforms (such as full digitalization of the birth certificate process, which requires a revision of the existing Family Code).
Enhancing local justice	Deconcentration of department tribunals in all 352 LGs	<ul style="list-style-type: none"> • Enable departmental tribunals to operate better by increasing the financial resources and establishing new appointment criteria of members. • Foster alternative conflict resolution mechanisms.
Education and health	Transfer of selected competences and resources to LGs Establishment of COGES	<ul style="list-style-type: none"> • Revise the ministerial order regarding the learning and teaching materials minimum package to optimize its content given limited funds (focused on providing the most important items to the greatest number of students) and increase value for money of the resources transferred to the LGs. • Introduce a framework contract in the procurement of learning materials to make it available at the start of the school year. • Revise procurement procedures for control and certification of canteen food towards greater competition to speed up the distribution of food in school canteens. • Foster the scaling up of endogenous canteens. • Establish supra communal COGES.
Intergovernmental transfers	Operationalization of intergovernmental fiscal	<ul style="list-style-type: none"> • Introduce a PBG for LGs for greater predictability, transparency, and timely transfer that will also foster

	transfer	good management among LGs.
Career management of civil servants	Improved management of entry and promotion of civil servants	<ul style="list-style-type: none"> Adopt and implement regulations for human resources management in crisis and post crisis situations.

3. **The Program complements unique identifier reform supported by the World Bank social protection project (Box 1).**

Box 1: Complementarity between the civil registry and unique identifier



4. **To maximize its impact, the GoBF Program focuses its support to LGs in secondary cities, which are usually provincial and/or regional capitals and areas of convergence of IDPs.** The rationale for this approach is for three reasons: the security situation, the complementarity with DSs, and the existing technical capacity. First, in most of the regions/provinces' capitals, public institutions including DSs continue to function. These capitals represent anchors of resilience of the presence of the State, and are frontline barriers to the expansion of insecurity, which is why these cities are usually the first destination of IDPs fleeing neighboring areas. Second, the Program's intervention in urban LGs that also have DSs creates complementarity between the Program's result areas. As the Program aims to support both decentralized and deconcentrated institutions, support at this level will create synergies among the institutions and allow for stronger cooperation, which is one of the main objectives of the Program and represents a key lever to improve quality and coverage of services. Third, unlike rural LGs, selected LGs in regions/provinces are already endowed with the minimum necessary technical capacity to implement the Program and its innovations, which is an essential factor of success.

5. **Through this scoping, an indicative list of 30 LGs will be supported by the GoBF Program, which adopts a flexible and agile approach that allows adjustments depending on the evolution of the security situation on the ground.** These 30 LGs cover a population of 3.96 million people which represents 19 percent of the total Burkina Faso population and 37 percent of the country's IDP population. They cover nine out of the 13 regions (Boucle du Mouhoun, Centre Est, Centre Nord, Centre Ouest, Centre Sud, Est, Nord, Plateau Central, and Sahel). This list will be revised annually to reflect the volatile security situation. Focusing on an initially limited number of LGs will increase the depth of the Program in the targeted areas and will avoid sprinkling its funds and thus diluting its impact by including too many recipients. Considering the rapidly evolving security situation in the country, the GoBF will work with relevant ministries and relevant humanitarian organizations to be able to monitor the situation and update in real time the security assessment for each of the selected LGs (with monthly dedicated meetings). A waiting list of an additional 40 LGs is established to replace those on the initial list should their security situation deteriorate.

B. Strategic relevance and technical soundness of the Program

6. **The PforR is strategically relevant.** As noted in the Prevention and Resilience Allocation Eligibility Note and the PLR, improving local public service delivery and positive State presence are two critical ways which contribute to restoring confidence toward government institutions and reducing exclusions and marginalization and thus the risk of conflicts. In this context, the Program's support to strengthening the institutional and financial capacity of targeted municipalities and DTSs, while improving local service delivery in civil registry, education, and health sectors, is highly relevant.

7. **The Program's design relies on solid technical bases.** Over the last ten years, Burkina Faso has acquired experience with local program development anchored around LGs and DTSs supported by two World Bank funded projects (PMAP and PACT). In addition, the Program builds on the findings of the functional reviews in the education, health, public service, and justice sectors, and chapter 4 of the Public Expenditure Review, which analyze human resources and institutional and governance challenges affecting the performance of the DTSs and LGs.

8. **The functional reviews highlighted seven bottlenecks that constitute an obstacle to a resilient administration that places the citizen at the heart of public action:** (i) the typical organization of ministerial departments and their frequent reorganization reinforces bureaucracy and is not adapted to the crisis context; (ii) centralized and manual management of career acts, a HR management system to be upgraded, combined with inadequate work organization, affects productivity to the detriment of services; (iii) the DTSs are not sufficiently empowered and equipped to support LGs in the exercise of their public service missions; (iv) the management culture and the remuneration system do not follow a management system oriented towards performance, results, and user satisfaction; (v) the staff is insufficient and unevenly distributed over the territory and by position, to the detriment of rural areas and areas experiencing a high security challenge; (vi) financing remains insufficient in view of the challenges imposed by the multifaceted crises and the allocation of resources has room for optimization; and (vii) unsuitable working conditions and outdated information systems affect the quality of public services. The justice's functional review underscores the fact that the existing regulations do not give departmental tribunals in the region to which IDPs fled the jurisdiction to process requests for declarative or supplementary judgments of birth. Departmental tribunals are also constrained by a lack of resources.

9. **The PER's chapter 4 pointed out that, in an evolving context of multiform crises, service delivery could be improved through a set of actions.** The following reforms are particularly important to rein in underlying drivers of conflict: (a) Reforming the fiscal transfer modalities to LGs, and the use of performance-based transfer and accountability; and (b) Increasing the share of budget transfers to the DTSs to enable them to provide greater hands-on support to LGs. The report also underscores potential reforms to improve the delivery of health and education services at the local level through budgetary and financial

management reforms in the education sector, such as improved procurement procedures, quality control of the food supply chain, and enhanced social accountability through school and health center management committee (COGES). In addition, the report points out the fact that the existing local civil service regulations are outdated regarding core functions such as financial management and procurement. These regulations are being revised based on a study carried out by MATDS. The Technical Assistance Department of the ADCT, meant to address some of these issues, is not yet operational.

10. Lastly, the country has a track record in measuring performance of local public services delivered by the LGs thanks to the introduction in 2014 of SUPERMUN. The survey includes 16 performance indicators to capture: (i) institutional capacity (municipal staff, fiduciary management, municipal council, budget execution, and local governance processes) and (ii) performance in public services (education, health, water, sanitation, and civil registry) and currently covers 349 municipalities (out of 351) in all 13 regions of Burkina. These indicators may be improved as part of the PforR preparation.

11. The Program's design will reflect lessons learned from the World Bank's global experience with similar operations in several countries. These include the following:

- (a) **The need for a strong institutional champion at the national and local levels.** As mentioned, the Program relies on solid ownership by the PACT Project Implementation Unit (PIU) within MATDS and the Permanent Secretariat of Administration Modernization and Good Governance (SP MABG) within the MFPTPS. These have a strong institutional capacity built during the implementation of World Bank financed projects. They have reaffirmed their support for deepening decentralization/deconcentration. As for municipalities, the mayors have expressed, during various COPEGOL ceremonies, their strong interest in a results-based approach complemented by effective collaboration with well-equipped and staffed DTSS. This would enable them to compare the achievements of their city with those of other comparable cities and provide objective data to citizens and close the feedback loop. In a comprehensive survey of municipal decision makers (including mayors), conducted in 324 communes between June and September 2021, 90 percent of respondents were supportive of performance-based transfers to municipalities.¹
- (b) **Attention to jointly strengthening the interlocking elements of local capacity.** The Program includes reforms addressing essential aspects of decision making, financing, and management. Similarly, the Program places concomitant incentives on institutional, technical assistance, and service delivery objectives, in line with other local governance supporting PforRs.

12. The following core principles have been agreed on to design the performance-based grant.

- (a) **Objectivity, transparency, predictability:** the formula must be: (i) based on objective parameters (i.e., official data), (ii) publicly available for stakeholders to be able to calculate their allocation independently, and (iii) based on elements that are consistent over the years so that the LGs can estimate and anticipate the amount they will receive and include it in their investment planning.
- (b) **Equity (% to population including IDPs):** the individual envelope for each LG (i.e., the maximum amount that the LG can receive) is proportional to the population to which is added the number of IDPs present in the locality. Proportioning the envelopes to the population ensures that the per capita amount of the grant does not vary greatly from one LG to another. The

¹ This data was collected as part of the impact evaluation of the CBO Partnership approach conducted as part of the PACT.

current formula doubles the number of IDPs to consider the additional charges related to providing services to displaced populations.

- (c) **Controlled volatility** (*fixed and variable portions*): a portion of the individual envelope is fixed will depend on the LG’s performance assessment score. The fixed portion will be provided to the LG regardless of their score, ensuring a financial security cushion whatever the circumstances. This will allow, for example, LGs that fall into an insecure situation to still receive minimum funding to continue to provide key services.
- (d) **Incentivizing**: for the PBG to have its intended effect of improving the performance of LGs, the individual allocations must be large enough with regards to the budget of the LG to incentivize it to improve its performance score year after year. Current simulations indicate that the envelopes are to average between 10 percent and 20 percent of the LGs budgets (depending on the scenario).

13. The Program’s design benefited from the first performance assessment of LGs which was completed in December 2022. The result of this assessment shows the rate of success for each of the 11 PIs that have been selected under the performance assessment framework. Key findings are that out of the 11 indicators: (i) four show a high rate (> 60 percent), (ii) three show a medium rate (30 percent to 60 percent), and (iii) four show a low rate (<30 percent). The list of indicators will be updated annually to reflect the new challenges to be incentivized. This could include the deployment of e-filing/e-payment software at LGs to increase revenue collection, the promotion of endogenous canteens, the number of months during which the canteens are operational, and the timely establishment of procurement tender committee for each contract.

Table A.3.2: Rate of success per PI

	Indicators	Average score (value)	Maximum points	Success rate (% of maximum score)
	Institutional indicators (3)	28.99	48	60%
PI 1.1	Mandatory positions (standard chart) have been filled	9.3	10	93.00%
PI 1.2	Procurement plans execution rate	11.93	18	66.28%
PI 1.3	Communal development plans have been updated to include IDPs’ needs	0.86	5	17.20%
PI 1.4	Average term of payment	6.9	15	46.00%
	Participation and Transparency indicators (5)	14.97	32	46.78%
PI 2.1	Effective organization of “accountability day”	2.67	5	53.40%
PI 2.2	Budget publication (planning and execution)	3.47	9	38.56%
PI 2.3	Procurement plan publication	4.43	7	63.29%
PI 2.4	Operationalization of communal COGESs for education	0.33	6	5.50%
PI 2.5	Number of municipal council sessions organized	4.07	5	81.40%
	Service delivery indicators (2)	1.17	30	3.90%
PI 3.1	Proportion of health structures which have civil registry centers	1.17	15	7.80%
PI 3.2	LG has been labeled “Green Municipality”	0	15	0.00%
	Total	45.30	95²	47.51%

² To establish the baseline, PI 3.2 has been taken out of the calculation of the average score success rate because it assesses “green LGs” which is not yet in place, resulting in all LGs having 0 points for this indicator.

14. **This balanced distribution of success rates per indicator echoes the gaussian distribution of LGs' scores observed previously, which is consistent with an overall success rate of 45.30%.** It is interesting to note that most of the PIs that were already evaluated annually through the SUPERMUN system show a good success rate (e.g., 1.1, 2.1, 2.3, 2.5), which indicates that LGs tend to improve their performance on a given element when it knows it will be evaluated on it (even without the reward of grant attached to it since SUPERMUN did not provide such grants). On the other hand, the 4 PIs with low success rate (1.3, 2.4, 3.1, 3.2) are “new” indicators. And while they, regardless of being PIs, constitute important objectives for all LGs, they have not been the focus of LGs, but also of deconcentrated and central authorities which have not been proactive enough to support LGs in achieving these objectives. The capacity building framework to be provided in the PforR (which includes technical assistance, training, digital transformation...) will specifically aim at supporting LGs in improving their performance, particularly on these low results-PIs. Experience in other similar programs show that such an individual technical support has a short-term significant impact on the performance of the LG, even when the starting point is very low.

15. **The Program will focus on providing local entities with the technical capacities to improve the LGs performance on indicators with the lowest score.** This will support the strengthening of human resources in both the deconcentrated and decentralized entities (redeployment, deconcentration of responsibilities, etc.). It will be complemented by enhancing the operational framework within which local staff work with both technical (e.g., digitalized management tools) and regulatory improvements.

C. Program expenditure framework

16. **The Program supports the objectives of the GoBF 2023-2028 Government Program of improving local public services by empowering Burkinabe LGs and DSs with the capacity to fulfill their responsibilities.** The GoBF planned line expenditure for results areas supported by the PforR amounts to USD 222.3 million equivalent for the six-year period including USD 150.0 million equivalent by IDA and USD 72.3 million equivalent by the GoBF on targeted activities. The Program's budget lines were identified after thorough scrutiny to prevent any double-dipping with other World Bank or donor operations. They are included in the MATDS and MFPTPS program budgets and evaluated based on macroeconomic estimates and line ministry needs. Table 8 summarizes the Program Expenditure Framework.

17. **The GoBF's capacity to make available the needed funds to close the Program's financing will be essential.** The GoBF's track record in making available resources for PforRs has been adequate thanks to an acceptable macro-economic framework. Despite the volatile security situation, the GoBF continues to meet its obligation towards the LGs in fiscal transfer reform. The transfer level increased from 5 percent in 2018 to 15 percent in 2021. However, deterioration of the security situation may affect the availability of the funds needed for Program implementation. To mitigate this risk, the Bank will finance the activities/reforms in the critical path for achieving the DLIs and PDO. Expenditure to be financed by the GoBF under the Program mainly relates to fiscal transfer and essential activities for which the risk of non-financing is moderate to low.

Table A.3.3: Detailed Expenditure (US\$ million)

Budget Line	Activities	Implementing entities	2023	2024	2025	2026	2027	2028	Total	(%)
Result Area 1: Improved performance of basic service delivery of target local public entities			20.1	25.1	25.1	20.1	20.1	16.1	126.5	57%
Section 09 Program 14 Action 01406 Increasing LGs resources	Minimum school bags & Foods for school canteens	PACT - PIU/DGCT	15.0	15.0	15.0	15.0	15.0	15.0	89.8	40%
	Improvement of COGES Governance and recurrent cost	PACT - PIU/DGCT	1.1	1.1	1.1	1.1	1.1	1.1	6.7	3%
Section 09 Program 15 Action 01501, 01502 and 01503 Modernization of the Civil Registry	Civil registry services	PACT - PCU/DGMEC	2.0	2.0	2.0	2.0	2.0	0.0	10.0	4%
Section 10 Program 17 Action 01707 Activity 170703 Capacity Building of Departmental Courts	Proximity Justice (Departmental Tribunals)	PACT - PIU/Justice	1.0	1.0	1.0	1.0	1.0	0.0	5.0	2%
Section 22 Program 50 Action 0502 Activity 0500213	Essential Household Kits	PACT - PIU/DGCT	0.0	5.0	5.0	0.0	0.0	0.0	10.0	4%
Section 10 Program 20 Action 02002 Prevention and management of community conflicts / Section 1 Program 001 Activity 00128 Social Cohesion	Prevention of conflict	PACT - PIU/Justice	1.0	1.0	1.0	1.0	1.0	0.0	5.0	2%
Result Area 2: Improved institutional performance of target local public entities			11.3	15.5	16.5	17.5	17.5	17.5	95.8	43%
Section 09 Program 14 Action 01406 Increasing LGs resources	Performance-Based Grant Municipalities social infrastructures (rehabilitation of primary schools, primary health centers, including operating and maintenance) and technical assistance shop of the newly created Municipal Development Agency	ADCT/Target LG	6	6	7	7	7	7	40.0	18%
Section 18 Administration Reform Program	Advisory services by the de-concentrated actors, Deployment of upgraded HR Management Processes, Operationalization of the de-concentration charts, Redeployment of civil servants in regions, Deployment of complaint handling mechanism	SP MAGB/DTSS	2	3	3	4	4	4	20.0	9%

Section 09 Program 11 Action 01101 Organization of administrative districts	Rehabilitation of Governorates, High Commission and Prefectures	PACT - PIU/DGCT	1.8	5	5	5	5	5	26.8	12%
Section 09 Program 14 Action 01406 Increasing LGs resources	Program Coordination / Supervision Cost of PBG / Critical Mass of Projects and Programs Professional / Implementation of Environmental and Social Safeguards activities / Independent Verification of DLIs / External Audit	PACT - PIU	1.5	1.5	1.5	1.5	1.5	1.5	9.0	4%
Total			31.4	40.6	41.6	37.6	37.6	33.6	222.3	100%
PforR Contribution									150.0	
Government Contribution									72.3	

18. Alignment of the budget with Government priorities, and classification are assessed as more than adequate. The planned expenditures are adequate to achieve the PforR results. Program activities contained in the expenditure framework meet the directions set by the GoBF. They are aligned with the Program's intended results and with the national efforts to improve public service delivery and social inclusion at the local level. The Program budget's structure is clear in terms of sources of funding, budgetary vehicles, and categories of expenditure. The Program will mainly use the program-based budgets of the sectoral ministries involved. The program-based budget's structure is aligned with the General Budget of the State which conforms with the international budget classification (Classification of the Functions of Government) as confirmed by the various PFM assessments. The program-based budget composition has been stable over the last three years.

19. Overall predictability of the GoBF's expenditure programs is ensured by the existence of several tools: (1) the Three-year Program Budget, developed in the context of the Public Finance Act; (2) the annual performance plan endorsed by the Parliament, which describes the key programs, the associated budget, and the performance indicators; (3) the annual performance report, which summarizes the results achieved and the budget executed for a given year; and finally (4) a new yearly exercise of production of a fiscal risk statement (the first was published in May 2022) including gap analysis of budget targets and realization. Overall, as per the 2017 Public Expenditure Financial Accountability (PEFA), the predictability of GoBF expenditure is adequate with the indicator on predictability rated B.

20. Predictability of the Program Expenditure Framework is supported by acceptable mechanisms for intergovernmental fiscal transfers from the General Budget of the State to municipalities. Intergovernmental fiscal transfers to LGs are channeled through several instruments: (i) the State budget: Program #135 – line ministries transfer to the LGs – and Program #014 – recurrent and investment budgets to LGs, (ii) the ADCT through the drawing rights, and (iii) the mining funds for the share of mining revenues allocated to the municipalities. Main shortcomings are related to the delay in the transfer of these funds to the LGs and weaknesses of the accountability mechanism in place (there is no direct link between levels of transfer and performance of LGs). The Program includes mitigation measures to address these shortcomings (DLR#4.1 on the institutionalization of the PBG, DLR#4.2 on the operationalization of the PBG, and Program Action Plan on the adoption a new fiscal transfer law aiming to improve predictability of transfer) .

21. Program effectiveness is adequate. Program activities included under the Expenditure Framework are subject to technical and financial assessments to ensure their timely execution at envisaged costs. In addition, all Program executing entities are subject to public procurement rules, allowing for Program activities to be executed at the lowest cost. The implementing entities, mainly the LGs and DTSs, will be supported by a technical assistance and training plan as part of Result Area 2. Finally, transparency and accountability are streamlined in the Program's design to help close the loop of effectiveness, through dedicated LG performance indicators covering transparency in the planning/procurement processes and citizen engagement. The Program's own fiduciary risk control mechanisms (which will be more fully assessed within the Fiduciary System Assessment) provide a further driver of efficacy of expenditure and transparency under the Program.

D. Economic justification and financial sustainability

Economic Impact of the Program

22. Emerging evidence from similar Programs indicates that activities supported by the proposed Program will result in improved efficiency for fiscal transfer. The Program should translate into a reduction of transaction costs associated with the delivery of local services because of improved predictability and reliability of transfers from the Central Government to LGs; and enhanced administrative capacity at the local level resulting in improved responsiveness of LGs to the needs of citizens.

23. **The Program is expected to allocate US\$7 million per year (US\$35 million over five years DLI#4.2) of PBG in addition to existing financial transfers from the State.** Each individual allocation would be split into a fixed allowance (40 percent of the envelope) and a performance-based allowance (60 percent). The envelope for each LG would be proportionate to both their “local” and IDP populations, with scenarios where the IDP population would have a heavier weight in the formula. This methodology was tested assuming different hypotheses. The PBG allocations were compared to the LGs’ annual budget and their absorptive capacity.

24. **The MATDS completed the first performance assessment in December 2022.** The results of the performance assessment have been presented and discussed with the target LGs. The results from the performance assessment have been reviewed to fine tune the baseline and targets of the DLIs and the result matrix’s indicators. The results of the PBG simulations based on the first performance assessment are presented in table A.3.4.

Table A.3.4.: Simulations for the Allocation of the Performance-based Grant between LGs (FCFA)

REGION	PROVINCE	LG	Population 2019	IDP	PBG envelope per LG (potential) in USD	% Of Annual budget	PBG envelope per inhabitant in USD	Performance Score (%)	Final amount (after performance applied) in USD	Final amount per inhabitant in USD
BOUCLE DU MOUHOUN	BALE	BOROMO	40,228	1,471	76,340	25%	1.8	51.60%	53,438	1.3
BOUCLE DU MOUHOUN	BALE	POURA	285,081	2,452	512,798	169%	1.8	49.50%	205,119	0.7
BOUCLE DU MOUHOUN	MOUHOUN	DEDOUGOU	123,934	941	222,488	14%	1.8	56.80%	155,742	1.2
BOUCLE DU MOUHOUN	MOUHOUN	SAFANE	64,426	18	113,992	14%	1.8	43.20%	45,597	0.7
BOUCLE DU MOUHOUN	NAYALA	TOMA	39,109	97	69,502	23%	1.8	46.30%	27,801	0.7
CENTRE-EST	BOULGOU	BITTOU	102,400	1,991	188,122	28%	1.8	37.90%	75,249	0.7
CENTRE-EST	BOULGOU	GARANGO	91,158	57	161,402	21%	1.8	37.90%	64,561	0.7
CENTRE-EST	BOULGOU	TENKODOGO	157,947.00	67	279,544	19%	1.8	44.20%	111,818	0.7
CENTRE-EST	KOURITENGA	KOUELA	91,008	4,163	175,658	22%	1.8	44.20%	70,263	0.7
CENTRE-EST	KOURITENGA	POUYTENGA	118,511	8,133	238,334	20%	1.9	38.90%	95,334	0.8
CENTRE-NORD	BAM	KONGOUSSI	121,585	23,275	297,323	34%	2.1	50.50%	208,126	1.4
CENTRE-NORD	NAMENTENGA	TOUGOURI	115,068	43,126	356,006	54%	2.3	41.10%	142,403	0.9
CENTRE-NORD	SANMATENGA	KAYA	208,682	110,871	761,145	31%	2.4	31.60%	304,458	1.0
CENTRE-OUEST	BOULKIEMDE	KOUDOUGOU	216,774.00	51	383,515	16%	1.8	51.60%	268,460	1.2
CENTRE-OUEST	SANGUIE	REO	75,864	74	134,417	8%	1.8	66.30%	110,222	1.5
CENTRE-OUEST	SISSILI	LEO	85,560	1,882	157,957	18%	1.8	45.30%	63,183	0.7
CENTRE-OUEST	ZIRO	SAPOUY	86,729	10,819	191,632	29%	2.0	57.90%	134,142	1.4
CENTRE-SUD	BAZEGA	KOMBISSIRI	77,738	229	138,279	15%	1.8	44.20%	55,311	0.7
CENTRE-SUD	NAHOURI	PO	64,426	77	114,201	11%	1.8	37.90%	45,680	0.7
CENTRE-SUD	ZOUNDWEOGO	MANGA	44,068.00	0	77,928	14%	1.8	62.10%	63,901	1.5
EST	GOURMA	FADA N'GOURMA	187,692	69,384	577,299	27%	2.2	62.10%	473,385	1.8
EST	KOMANDJARI	GAYERI	76,201	20,514	207,303	23%	2.1	27.40%	82,921	0.9
NORD	YATENGA	Ouahigouya	199,387	37,894	486,609	20%	2.1	47.40%	194,643	0.8
PLATEAU CENTRAL	Ganzourgou	Zorgho	76,423	825	138,061	26%	1.8	64.20%	113,210	1.5
PLATEAU CENTRAL	Kourweogo	Bousse	58,641	427	105,209	21%	1.8	42.10%	42,083	0.7

PLATEAU CENTRAL	OUBRITENGA	ZINIARE	88,299.00	979	159,607	16%	1.8	55.80%	111,725	1.3
SAHEL	OULDALAN	GOROM-GOROM	72,407	32,456	242,829	8%	2.3	45.30%	97,132	0.9
SAHEL	SENO	DORI	180,512.00	54309	511,286	5%	2.2	34.70%	204,514	0.9
SAHEL	SOUM	DJIBO	83,193	251,125	1,035,274	51%	3.1	15.80%	414,110	1.2
SAHEL	YAGHA	SEBBA	34,763	12,948	107,267	24%	2.2	25.30%	42,907	0.9
TOTAL			3,267,814	690,655	8,221,327				4,077,438	

Source: Team calculation

25. The Program economic impact focuses on the four effects below.

a. **Impact of increasing efficiency of the LGs:** The Program will support several activities in support of LGs capacity. A sizeable impact will be on the increasing transfer of resources between central and local Governments, that will enhance the productivity of investment. A central assumption is that local governments have a higher productivity on their investments than Central Government, due to lower unit cost of the local projects resulting from lower levels of leakages as local governments are often more accountable to their beneficiaries, and lower transaction and supervision costs. Furthermore, thanks to the project activity, it can be expected and additional positive impact on the local fiscal multiplier, due to improved management, swifter procurement processes, greater collaboration between local Governments and decentralized technical services at local level, increase accountability and transparency from local government. The investment of the project in local development will generate substantial benefits, with an NPV of US\$26.1 million and an IRR of 26.4%.

b. **Impact of the reduction of household out-of-pocket expenditure:** There is substantive support from the project for school canteens, school bags, birth certificates and suppletive judgments, all of which will alleviate cost for parents. The assumption is that the savings made by households because of the project activities can be compared to cash transfer received by them, since these savings will be used for other type of expenditure. Based on a review of the literature, a multiplier of 2 has been used for this analysis, meaning that for each US\$1 saved by household and spent, the final impact on the local economy will be US\$2, taking into consideration direct and indirect effects. The projections over a 10-year period (2032) show an NPV of US\$ 19.1 million and an IRR of 75 %.

c. **Impact of enhanced social cohesion:** Management of internally displaced persons (IDP), including the need for essential household items, is a priority for the project. Activities in this area are covering: i) Support for the functioning of observatories in charge of conflict prevention and management and support for the operationalization of local dialogue and reconciliation committees and ii) distribution of essential household kits to IDPs. Based on a UN and World Bank joint research on pathways for peace's³ methodology and findings, two type of benefits have been derived: i) financial benefits, by prevention of future conflicts and the subsequent savings for peacebuilding activities, with a NPV of US\$ 42.6 million and an IRR of 80.8% over a period of 10 years and ii) economic benefits, resulting from avoidance of violent conflict that affect a country economic progress and loss in GDP, with a NPV of US\$ 1,405.7 million and an IRR of 289%.

d. **Impact on schooling:** Most of the project activities will have a clear and direct impact on access and retention to school. Birth certificates and suppletive judgments will give children an opportunity to enroll in schools. School canteens and school's bags will support their retention in school. Redeployment of staff, particularly teachers, will improve quality of education. It is therefore assumed the increasing in school enrollment and increasing in the number of years of schooling completed.

³ World Bank, United Nations (2018): Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict

According to the Global partnership for education⁴, annual GDP will increase by 10 percent per additional year of schooling completed. Applying this methodology and considering that the project is covering only 16% of the total population, the results show a NPV of US\$ 509.5 million and an IRR of 203% over a 10-year period.

26. The improvements to school canteens included in the Program will positively impact access and retention of students in education, especially those who live far from their schools. Considered as a strategy to achieve the objectives of Education for All, school canteens are designed to provide students with a regular food supply in vulnerable areas and to promote children’s access to quality basic education, especially for girls. The availability of food from school canteens has been linked to school access and performance through increased enrolment, sustained attendance, and increased cognitive abilities. The benefits of school feeding go far beyond a school meal and include consequences for equity and inclusion in education. School feeding leads to an increase in school attendance and retention. Indeed, school meals act as an incentive for families to enroll and keep their children in school, and dissuade parents from marrying their daughters off early, which impedes their education and limits their life opportunities.⁵ In humanitarian contexts, school feeding can limit the negative consequences of emergencies on education thus lowering barriers to accessing and completing education, especially for girls.⁶ Many studies and impact evaluation of school feeding programs have found that school feeding significantly increases school attendance and attentiveness in class, which enhances pupils’ participation in the teaching and learning process leading to improvement in their academic performance.⁷ School meals alleviate immediate short-term hunger, and this is expected to increase pupil attentiveness in the class. Children who are not hungry are more attentive and have higher cognitive abilities.⁸

Financial Sustainability: Implications of the fiscal context on the PforR Program

27. Burkina Faso’s overall medium-term fiscal outlook is adequate to ensure the sustainability of the Program. Potential growth remains solid (over 5 percent), underpinned by private consumption, gold exports, public consumption, and public investment. With past WB DPFs and International Monetary Fund (IMF) programs, the Government has established a track record of fiscal adjustment in times of need. As assessed in the latest Debt Sustainability Analysis (2023), public debt is sustainable, and the overall and external risks of debt distress are rated as “moderate”. Further, supported by IDA’s Sustainable Development Finance Policy, the country has made substantial progress over the past years (including under the successive post-coup governments in 2022) on fiscal risks monitoring and management, and debt management and transparency. The 2023-2027 medium-term budgetary framework provides a path to regain the West African Economic and Monetary Union’s 3 percent of GDP deficit target by 2027. Finally, the IMF Board recently approved a Food Shock Window financing under the Rapid Credit Facility. Negotiations for a new IMF Extended Credit Facility program are set to resume in the coming months. The program’s conclusion, along with the Bank’s continued policy dialogue and technical assistance, could help mitigate downside risks to the macro-fiscal outlook.

Financial Sustainability: Implications of the PforR Program on the fiscal context

28. The Program is expected to have a positive long-term impact on the fiscal outlook. In line with its decentralization agenda, which aims at giving more autonomy to local governments, the GoBF’s strategy is to strengthen LGs’ capacity to improve local revenue mobilization and better fulfill their responsibilities as

⁴ Global Partnership for Education accessed at: <https://www.globalpartnership.org/education/the-benefits-of-education>

⁵ World Fund Program Annual Reports, 2020a and 2020c

⁶ Aurino et al., 2019

⁷ Vermeersch and Kremer, 2004; Kazianga et al. 2009

⁸ Adelman et al., 2019

public service providers. This would be made possible by tapping into unrealized tax potential⁹ and improving the efficiency and targeting of social (health and education) spending, most of which is concentrated in larger LGs (secondary cities) located in provinces and the capital, the main targets of this operation. Ultimately, public resources transferred will support both local consumption and investment, while the program's support to civil registration, canteen, and furniture expenses will positively impact poverty levels and improve long-term human capital development prospects outside of Ouagadougou. The long-term strategy of the GoBF is to use the Program to put secondary cities on a trajectory in which they will be able to meet their service delivery responsibilities while enjoying greater financial autonomy. This would in turn allow the State to focus its financial support to smaller LGs, often characterized by very low tax potential and greater long-term financial support needs from the central government. In the long run, the program will help rationalize transfer spending from the central government to LGs and open additional fiscal space that could be used either for increased support to LGs or for other lines of expenditure, including crucially needed public investments.

29. **In addition, the PBG will strengthen the country's fiscal framework.** As of 2021, the country fiscal framework includes a transfer of 15 percent of the budget to LGs with limited impact on service delivery. The PBG aims to introduce a window so that a portion of the existing fiscal transfer will be based on performance.

E. Institutional Arrangements

30. **The institutional arrangements have been discussed with the authorities and are based on a well-established coordination unit (PACT – PIU) that is familiar with World Bank procedures.** PACT – PIU has executed the two phases of the Local Government COVID-19 and Resilience Response Project (PACT – P120517). The arrangements rely on principles of transparent governance and agility, alongside well-defined roles and responsibilities, and accountability mechanisms. Good ownership of the program and effective institutional anchoring of actions and activities are two key conditions for the success of the Program.

31. **The Program will be coordinated under the supervision of the MATDS (Figure A.3.1.).** Coordination and governance of the Program, detailed in the POM, will be ensured through the establishment of a steering committee.

32. **The steering committee will supervise both the PforR activities and the overall Government Program.** The committee will be chaired by the MATDS's Directorate General of Decentralization – DGCT and will include senior representatives from Ministries, including the MFPTPS, Education, Health, and Justice, and other relevant bodies, including the Burkina Faso Association of Mayors, DSs, and ADCT. Its main functions will be: (i) strategic orientation and monitoring of Program implementation; (ii) coordination of Program implementation in coherence with other Programs; and (iii) coordination of support from relevant partners. The chair of the committee will also play the role of sponsor of the change management process, thus authorizing, legitimizing, and demonstrating ownership for the change.

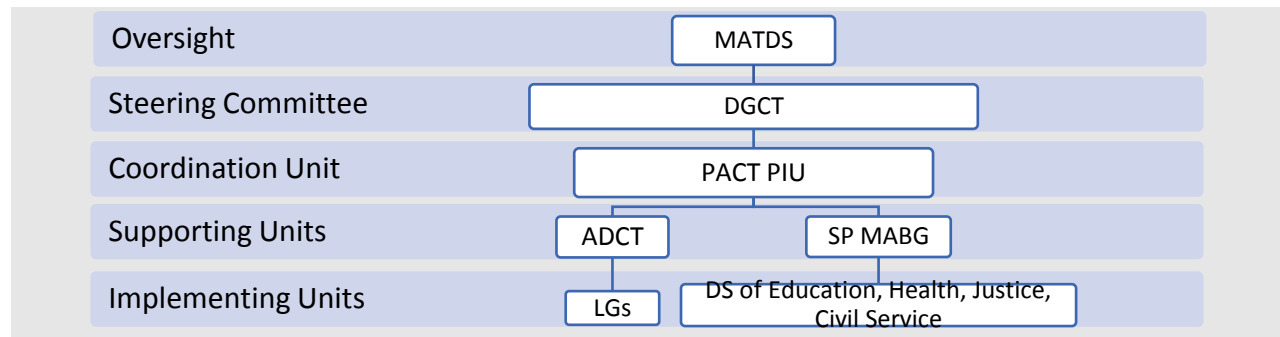
33. **PACT - PIU is well established with experienced employees and will support day-to-day coordination and M&E.** PACT – PIU's staff, comprising a Coordinator, M&E Specialist, Financial Management Specialist, and Procurement Specialist, will be reinforced by an Environmental Safeguards Specialist and a Social Safeguards Specialist to be recruited following a competitive process. PACT – PIU will have the following responsibilities: (i) daily coordination and monitoring of Program implementation; (ii) regular updating of the Results Framework database; (iii) fiduciary management and environment and social commitments; (iv)

⁹ The Program includes activities aiming to improve LGs own revenues by deploying e-filing/e-payment system of local taxes and the CICT.

preparation of technical and steering committee meetings; (v) consolidation of implementation reports; and (vi) coordination of change management strategy.

34. **Implementing units such as ADCT, and SP MAGB**, will: (i) oversee the PforR implementation in the respective departments, and (ii) ensure adequate flow of information between the PACT - PIU and the various stakeholders at local level, and (iii) proactively contribute to achieving the expected results.

Figure A.3.1.: Institutional arrangements



F. GoBF program technical risks and mitigation measures

35. **Moderate technical design risk.** The Program will introduce and fund a PBG transfer system from the State to LGs, which represents a brand-new concept and mechanism for Burkina Faso, thus entailing risk in terms of implementation. The adequate track record on the Competition for Excellency in Local Governance (*Compétition pour l'excellence dans la Gouvernance Locale – COPEGOL*), through which the top performing LGs received a grant based on SUPERMUN, justified this moderate technical risk rating. In addition, the first round of the performance assessment completed as part of the Program’s preparation helped significantly mitigate the technical risk. This also helped simulate the performance-based grant allocation per LG. Those simulations confirm that the individual allocation is adequate to incentivize the LGs to engage in the Program. Another risk is the predictability and sustainability of the PBG. DLR#4.1 aims to institutionalize the PBG in the intergovernmental fiscal transfer. The opening of the dedicated treasury account to secure the PBG and ensure predictability is a Program effectiveness condition. Adoption of the new Law on Fiscal Transfer on programming of LGs’ resources will be essential to address the predictability risk.

36. **Substantial Institutional capacity and sustainability risk.** The substantial risk rating is mainly driven by sustainability risk. Core institutions to ensure the successful implementation of the Program are in place and are currently supporting the Burkina Faso Water Supply and Sanitation Program (P164345). The sustainability risk of the Program outcomes stems from the deteriorating political and security context. To mitigate the risk the team will maintain a continuous dialogue with the government to gradually transfer the financing of the PBG framework to national resources. The sustainability of the outcomes in the education sector will be achieved through the complementarity of the Program operations with WB education projects.

37. **Table A3.5. below summarizes the Program Action Plan detailed in the various sections in the sector context of the PAD.**

Table A.3.5.: Proposed Priority Action Plan / Dated Covenant / Effectiveness Condition

Technical Risk	Actions	PAP/Dated Covenant / Effectiveness Condition
Predictability of the performance-based grant	<p>Adoption of the new Law on Fiscal Transfer on programming of LGs' resources will be essential to address the predictability risk.</p> <p>Adoption of the decree on the new standard organization chart of the LGs administrations.</p> <p>Institutionalization of the performance-based grant.</p> <p>Ensure that the risk of substitution effect is mitigated (through an annual verification of the fiscal transfer).</p> <p>Open a dedicated treasury account for the performance-based grant.</p>	<p>PAP</p> <p>PAP</p> <p>DLR#4.1</p> <p>PAP</p> <p>Effectiveness condition. Done before effectiveness</p>
Local Justice	<p>Revision of the law or adoption of a standalone law to give jurisdiction to departmental tribunals to process requests for substitute and declaratory judgments and citizens born outside the country.</p>	<p>PAP</p>
Low capacity of the LGs	<p>Adoption and implementation of deconcentration plans by target ministries (education, health, justice, and civil service).</p> <p>Increase budget allocations for DTSs to LGs for technical support missions.</p>	<p>PAP</p> <p>PAP</p>
Coordination	<p>Adoption of a POM including (i) an assessment framework for the performance-based grant, (ii) environmental & social procedures, and (iii) financial management & procurement arrangements.</p> <p>Appointment of environmental and social specialists before effectiveness.</p> <p>Annual audit of a sample of target LGs.</p> <p>Appointment of focal points within the Health and Education Ministries to act for environmental and social matters.</p>	<p>Effectiveness Condition</p> <p>Three months after effectiveness</p> <p>PAP</p> <p>PAP</p>