Report Number: ICRR0022666

1. Project Data

Project ID	Project Name
P119662	Bagre Growth Pole
Country	**Practice Area(Lead)**
Burkina Faso	Finance, Competitiveness and Innovation

L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD)
IDA-61840,IDA-H7270,IDA-Q9350	30-Sep-2017	126,722,032.35
Bank Approval Date	**Closing Date (Actual)**	
21-Jun-2011	30-Nov-2020	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	115,000,000.00	0.00
Revised Commitment	142,483,727.10	0.00
Actual	126,722,032.35	0.00

Prepared by	Reviewed by	ICR Review Coordinator	Group
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2. Project Objectives and Components

a. Objectives

Original Objective. According to the Financing Agreement (page 5), the original Project Development Objective (PDO) of the Burkina Faso - Bagré Growth Pole Project (P119662) was “*to contribute to increased economic activity in the Project Area, resulting in an increase in private investment, employment generation and agricultural production*”.

Revised Objective. According to the Additional Financing Paper (page 15), the revised PDO was *"to increase private investment, employment generation, and agricultural production in the Project Area"*.

ICR applied two splits to assess the Project's achievements and outcomes: one, at the time of the first restructuring on May 31, 2016; and another, at the time of the Additional Financing on May 08, 2018. ICRR applies the same splits in assessing the Project's achievements in Section 4 and Project's outcomes in Section 6:

- the justification for the first split in the ICR was strong because PDO-level indicators were modified and the scope of the Project was significantly reduced during the first restructuring. For example, the target for the PDO-level indicator "volume of cereals and horticulture production" was reduced from 450,000 tons to 170,000 tons. Also, PDO-level indicators "volume of fish production" and "volume of animal food production by the factory" were dropped. In addition, activities related to roads and electricity under component 2 were dropped.
- the justification for the second split was aligned with the ICRR Review guidelines (pages 46 & 47) because the Additional Financing expanded the scope (by including activities on electricity, roads, and diagnostics for an industrial park), statement of the objective was revised, and targets for the PDO-level indicators "volume of cereals and horticulture production", "value of investment flows" and "number of jobs created" were revised.

Although the PDO was revised, the three sub-objectives (increase private investment, employment generation, and agricultural production) remained the same during the life of the Project. In addition, these three sub-objectives were interrelated because some of the Project's components and activities contributed towards the achievement of more than one of these sub-objectives. For purposes of assessing the Project's achievements in Section 4, the PDO will be assessed as one objective using split ratings across the following three periods:

- From Project effectiveness to first restructuring. Original Objective: To contribute to increased economic activity in the Project Area, resulting in an increase in private investment, employment generation and agricultural production --- using original indicators and targets (PAD, pages 29-31).
- From first restructuring to Additional Financing. Original Objective: To contribute to increased economic activity in the Project Area, resulting in an increase in private investment, employment generation and agricultural production --- using revised indicators and targets (First restructuring paper, pages 4 & 5).
- From Additional Financing until Project closing. Revised Objective: To increase private investment, employment generation, and agricultural production in the Project Area --- using revised indicators and targets (Additional Financing paper, pages 26-30).

b. Were the project objectives/key associated outcome targets revised during implementation?
Yes

Did the Board approve the revised objectives/key associated outcome targets?
Yes

Date of Board Approval

08-Mar-2018

c. Will a split evaluation be undertaken?

Yes

d. Components

The Project had three components (PAD, pages 8-12):

Component 1. Improvement of Institutional Capacity for Better Zone Management and Investment Climate in the Project Area (Appraisal estimate: $20.50 million, Additional Financing: $7.15 million, Actual cost: $26.30). This component aimed at improving the zone management and business environment for reducing the costs and risks of doing business in the Project Area.

Component 2. Development of Critical Infrastructure (Appraisal estimate: $78.5 million, Additional Financing: $36.00 million, Actual cost: $89.10). This component aimed at completing public infrastructure in the Project Area and at promoting agricultural development.

Component 3. Development of Critical Services and Direct Support to Smallholders and SMEs (Appraisal estimate: $12.5 million, Additional Financing: $6.85 million, Actual cost: $23.71). This component covered a two-window matching grants program:

- **Matching grants to service providers.** It aimed at promoting the provision of critical services (such as fuel supply, communication/connectivity, banking facilities etc.) in the Project Area through partial financing of technical assistance and capacity building.
- **Matching grants to SMEs and smallholders and their associations.** It aimed at stimulating the establishment of small-scale enterprises by helping small holders to improve their capacity.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project Cost. The total cost of the Project estimated at appraisal in 2011 was $133.70 million and increased by $50.00 million at additional financing in 2018 to $183.70 million. The actual cost of the Project was $159.90.

Project Financing. The Project was financed with an IDA grant of $115.00 million in 2011 and supplemented by an Additional Financing IDA loan of $50.00 million in 2018. Based on the data from the government counterpart, $139.12 million (representing 84.31 percent of the combined IDA grant and Additional Financing IDA loan of $165.00 million) was disbursed. Of the remaining $25.88 million, $23.56 million of the additional financing IDA loan was cancelled and the remaining $2.32 million cannot be explained by the ICRR because of data discrepancies in the ICR.

Borrower contribution. The estimated government and beneficiaries' commitment at appraisal was $18.7 million. Of which, $10 million was the beneficiary counterpart funding for the matching grant and the remaining $8.7 million was the Government's counterpart funding. The Government's commitment amount increased by $10 million at Additional Financing in 2018 bringing the total estimated Government's commitment to $18.70 million. Based on the data provided by the Government counterpart, the actual Government contribution was $20.78 million. The $2.08 million increase in government contribution between appraisal and closing cannot be explained by the ICRR because of data discrepancies in the ICR.

There was parallel financing from the African Development Bank for $35 million (which is not included in the total Project cost above) for the construction of the Rive Droite project.

Dates:

- The Project was approved on June 21, 2011 and became effective on November 01, 2011.
- At the first restructuring on May 31, 2016, $43.00 million was disbursed.
- At the second restructuring on January 18, 2018, $81.03 million was disbursed.
- The Project received an Additional Financing on May 08, 2018 of US$50.00 million.
- At the third restructuring on April 26, 2019, $101.01 million was disbursed.
- At the fourth restructuring on September 11, 2020, $112.20 million was disbursed.
- The Project closed on November 30, 2020, three years after the original closing date.

3. Relevance of Objectives

Rationale

The Project objectives were aligned with the strategic priorities of Burkina Faso at appraisal and at closing. At appraisal, economic diversification was one of the major challenges in Burkina Faso because of the country's high dependence on the cotton sub-sector for economic growth. The Project objectives were aligned with the strategic priority *"development of the pillars of accelerated growth"* of the Government's 2011-2015 Strategy for Accelerated Growth and Sustainable Development, which focused on growth poles and value chains for accelerating growth and job creation through private investments and diversified high-value production.

At closure, the Project objectives were aligned with the strategic priority *"economic transformation for growth and job creation"* of the Government's 2016-2020 National Economic and Social Development Plan, which focused on accelerating sustainable private sector-led growth for job creation.

The Project's objectives were also aligned with the Bank Group strategy for Burkina Faso at appraisal and at closing.

- The Project objectives were aligned with the strategic theme *"minimizing economic vulnerability and promoting growth through economic transformation"* of the Country Assistance Strategy (CAS) for the period FY10-12, which supported the 2003 Poverty Reduction Strategy Paper's first and third pillars related to growth and increased employment and income generating activities.
- The Project's objective *"increased private investment"* was aligned with the outcome *"enhanced enabling environment for private sector-led diversification"* of the CAS. The Bank was expected to assist the Government in further developing an institutional and regulatory framework conducive to encouraging private sector-led diversification in growth poles. In addition, the Project's third objective *"increased agricultural production"* was aligned with the outcomes *“increased agricultural productivity and improved environmental management”* and *“accelerated diversification and increased exports”* of the CAS. Increased agricultural production was expected to help improve food security, generate rural revenue and facilitate the shift from subsistence farming to production for market. Also, in line with the government’s 2011-2015 Strategy for Accelerated Growth and

Sustainable Development, the CAS adopted a spatially concentrated 'growth pole' approach to diversification, and commercialization of agriculture and livestock.

- The Project objectives were aligned with the focus area *"accelerate sustainable private-sector led growth for job creation"* of the Country Partnership Framework for Burkina Faso for the period FY18-FY23.

Rating

High

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

To contribute to increased economic activity in the Project Area, resulting in an increase in private investment, employment generation and agricultural production --- using original indicators and targets (PAD, pages 29-31).

Rationale

Theory of Change: Improved infrastructure from the development of an irrigation network should lead to increased agricultural production. Improved infrastructure from electricity supply for irrigation and roads to facilitate access to markets along with: (i) capacity building to Bagré Development Authority to improve overall zonal management and business environment; (ii) capacity building to service providers for the provision of critical services (such as fuel supply, communication/connectivity, banking facilities etc.); and (iii) capacity building to increase opportunities for SMEs, smallholders and their associations to respond to markets and increase their competitiveness though matching grants could lead to increased private investments. Overall, increased agricultural production and increased private investments could ultimately lead to growth, job creation, and rising incomes.

Outputs: The Project achieved two of the seven output targets originally defined for this objective at appraisal:

- Private Investments: The Project activities resulted in the establishment of 253 new enterprises along the agricultural value chains in the Project Area, exceeding the original target set at appraisal of establishing 40 new enterprises.
- The Project activities were not successful in providing private investors with access to electricity. Therefore, the original target set at appraisal of 850 private investors was not achieved.
- A total of 114 private service providers were operating in the Bagré region, exceeding the original target set at appraisal of 15 service providers.
- The volume of World Bank funding dedicated to the institutional development of SMEs was $3.17 million as of February 2016, below the original target set at appraisal of $6 million.

- Agricultural Production: The result of the indicator "Irrigated hectares developed and under production" was 1,880 hectares as of February 2016, significantly below the original target set at appraisal of 15,000 hectares.
- Private Investments and Agricultural Production: A total of 1,034 hectares of land with land title or under a lease was allocated to private investors, significantly below the original target set at appraisal of 15,000 hectares.
- The indicator "number of agribusiness firms investing in more than 500 hectares" was reset to zero in February 13, 2016 because of the confusion around the wording of this indicator. As a result, the original target set at appraisal of 3 agribusiness firms was not achieved.

Outcomes: The Project achieved three of the four outcome targets originally designated for this objective at appraisal:

- Private Investments: $33.6 million in private investments were made in the Project Area, significantly above the original target set at appraisal of $20 million. The investments were from SMEs, smallholders, Farmer's Organizations and private service providers.
- Agricultural Production: Volume of production in the Project Area.
    - 228,863 tons of cereal was produced, significantly below the original target set at appraisal of 450,000 tons.
    - 392 tons of fish production was produced as of February 2016, significantly below the original target set at appraisal of 1,250 tons.
    - 4,074 tons of animal food was produced as of February 2016, exceeding the original target set at appraisal of 2,400 tons. However, it is difficult to fully attribute this to the Project alone.
- Job Creation: 33,154 jobs were created in the Project Area, exceeding the original target set at appraisal of 30,000 jobs. Of the total jobs created: (i) close to 50 percent were related to agriculture. These jobs were mainly created from the 253 new enterprises along the agricultural value chains, SMEs, smallholders and Farmer's Organizations that benefitted from the cash transfers and matching grants program; (ii) about 25 percent were from the creation of the 114 private service providers that benefitted from the cash transfers and matching grants program; and (iii) about 15 percent from labor intensive activities such as construction of the 119.57 kilometers of dirt roads and trails. Of these, 80 percent were permanent jobs.
- Job Creation: 31,465 stakeholders directly benefitted from the Project as of December 2017, exceeding the original target set at appraisal of 20,000 direct beneficiaries.
    - Of the 31,465 direct beneficiaries from the Project, 31 percent were female, exceeding the original target set at appraisal of 30 percent.

The achievement of the objective is Modest because the Project barely achieved its outcomes as explained below:

- An impact evaluation conducted by the WBG Jobs group on a sample of beneficiaries of cash transfers and matching grants program between 2018 and 2020 showed that there was no effect on both investment and employment for recipients of matching grants as compared to the control group. In addition, the impact on profitability for recipients of matching grants was negative as compared to the control group.
- The outcome on volume of cereals produced was not achieved because of significant reduction in the area of land under irrigation to 2,200 hectares against the original target set at appraisal of 15,000 hectares.

- Although the Project achieved three of four outcome targets originally defined for this objective at appraisal, the link between component 1 and component 2 contributing to the Project outcome (increased private investment) and the Project's impact (job creation) along the Theory of Change was weak. The vast majority of the private investments and job creation were from the beneficiaries of cash transfers and matching grants program (component 3, which represented only 17 percent of the total IDA funding). Whereas contributions from the other two components (which represented 83 percent of the total IDA funding) were negligible.

Rating

Modest

OBJECTIVE 1 REVISION 1

Revised Objective

To contribute to increased economic activity in the Project Area, resulting in an increase in private investment, employment generation and agricultural production --- using revised indicators and targets in the Second Restructuring Paper.

Revised Rationale

Theory of Change:

Note: The original Theory of Change (under Objective 1 above) was modified to take into account: (i) the reduction in the scope of the component 2 because of the elimination of activities related to roads and electricity; and (ii) the expansion in the scope of component 3 because of the addition of an unconditional cash transfers program.

Improved infrastructure from the development of an irrigation network was to lead to increased agriculture production. Following three activities: (i) capacity building to Bagré Development Authority to improve overall zonal management and business environment; (ii) capacity building to service providers for provision of critical services (such as fuel supply, communication/connectivity, banking facilities etc.); and (iii) capacity building to increase opportunities for SMEs, smallholders and their associations to respond to markets and increase their competitiveness though cash transfers and matching grants program could lead to increased private investments. Overall, increased agriculture production and increased private investments could ultimately lead to growth, job creation, and rising incomes.

<u>Outputs</u>:

- Private Investments: The Project activities resulted in the establishment of 253 new enterprises along the agricultural value chains in the Project Area, exceeding the target of establishing 40 new enterprises.
- A total of 114 private service providers were operating in the Bagré region, exceeding the revised target of 40 private sector providers.
- A total of 1,738 micro-projects was financed by cash transfers and a matching grants program, exceeding the revised target of 500.

- Close to 96 percent of the beneficiaries were satisfied with the cash transfers and matching grants, significantly above the revised target of 80 percent.
- Agricultural Production: The result of the indicator "Area provided with irrigation and drainage services" was 2,200 hectares, slightly above the revised target of 2,194.
- The result of the indicator "Area of irrigated land in production with Project support" was the same as the above indicator. There was lack of clarity on how this indicator differed from the above indicator.
- Water User Associations were not established under this Project, below the revised target of 1 (Not achieved).
- Private Investments and Agricultural Production: A total of 1,034 hectares of land with land title or under a lease was allocated to private investors, significantly above the revised target of 100 hectares of land. However, the revised target was too low as compared to the original set target at appraisal of 15,000 hectares.
- A total of 15 agro-investors invested in more than 5 hectares of irrigated land, exceeding the revised target of 3 agro-investors.

Outcomes: The Project achieved three of four outcome targets at restructuring:

- Private Investments: $33.6 million in private investments were made in the Project Area, significantly above the target of $20 million at restructuring.
- Agricultural Production: 228,863 tons of cereal was produced, below the revised target of 300,000 tons.
- Job Creation: 33,154 jobs were created in the Project Area, above the target of 30,000 jobs at restructuring.
  - 29 percent were female, above the target of 28 percent at restructuring.
  - 40 percent were youth, above the target of 28 percent at restructuring.
- Job Creation: 31,465 stakeholders directly benefitted from the Project as of December 2017, exceeding the target of 20,000 direct beneficiaries at restructuring.
  - Of the 31,465 direct beneficiaries from the Project, 31 percent were female as of December 2017, exceeding the target of 30 percent at restructuring.

Given the progress against the designated targets, the rating for the revised objective is Substantial with moderate shortcomings.

Revised Rating
Substantial

OBJECTIVE 1 REVISION 2
Revised Objective
To increase private investment, employment generation, and agricultural production in the Project Area --- using revised indicators and targets (Additional Financing Paper, pages 26-30).

Revised Rationale
Theory of Change:

Note: The revised Theory of Change (Objective 1 Revision 1 above) was modified to take into account the expansion in the scope of: (i) the component 1 because of addition of activities to strengthen the investment climate; and (ii) the component 2 because of addition of activities related to roads, electricity and diagnostics for an industrial park.

Improved infrastructure from development of irrigation network (financed under the original Project) could lead to increased agriculture production. The following three activities financed by the Additional Financing --- (i) improved infrastructure from electricity supply for irrigation and roads to facilitate access to markets; (ii) industrial park diagnostics for transforming basic agricultural products; and (iii) targeted investment promotion activities--- along with the following three activities financed under the original Project: (a) capacity building to Bagré Development Authority to improve overall zonal management and business environment; (ii) capacity building to service providers for provision of critical services (such as fuel supply, communication/connectivity, banking facilities etc.); and (iii) capacity building to increase opportunities for SMEs, smallholders and their associations to respond to markets and increase their competitiveness though cash transfers and matching grants program could lead to increased private investments. Overall, increased agriculture production and increased private investments could ultimately lead to growth, job creation, and rising incomes.

Outputs: Although the Project achieved nine of fourteen output targets for this objective, these results must be treated with caution because four important outputs (construction of roads, access to electricity, feasibility studies on industrial parks and Water User Associations) were not achieved. In addition, the target of an important indicator "land with land title or under a lease allocated to private investors" was likely too low.

- Private Investments: The Project activities resulted in establishment of 253 new enterprises along the agricultural value chains in the Project Area, exceeding the revised target set at Additional Financing of 200.
- Private Investments: A total of 114 private service providers were operating in the Bagré region, exceeding the revised target set at Additional Financing of 1100 private sector providers.
- Private Investments: A total of 1,738 micro-projects was financed by cash transfers and matching grants program, exceeding the revised target set at Additional Financing of 1,600 micro-projects.
- Private Investments: The Project did not construct paved roads. In addition, the length of unpaved roads constructed by the project was 102 kilometers, below the target set at Additional Financing of 150 kilometers.
- Private Investments: The Project was not successful in constructing or rehabilitating transmission lines for access to electricity.
- Private Investments: The industrial park was not built. In addition, the two planned feasibility studies were not carried out, which negatively affected private participation.
- Private Investments: Close to 96 percent of the beneficiaries were satisfied with cash transfers and matching grants, significantly above the revised target set at Additional Financing of 80 percent.
- Private Investments: About 81 percent of the recipients of a survey conducted by the Project indicated satisfaction with the unpaved roads, slightly above the target set at Additional Financing of 80 percent.
- Private Investments: An impact evaluation of the cash transfers and matching grants program was conducted.
- Agricultural Production: The result of the indicator "Area provided with irrigation and drainage services" was 2,200 hectares, slightly above the revised target set at Additional Financing of 2,194.

- Agricultural Production: The result of the indicator "Area of irrigated land in production with Project support" was the same as the above indicator. There was lack of clarity on how this indicator differed from the above indicator.
- Agricultural Production: Water User Associations were not established under this Project, below the revised target set at Additional Financing of 26.
- Private Investments and Agricultural Production: A total of 1,034 hectares of land with land title or under a lease was allocated to private investors, significantly above the revised target set at Additional Financing of 300 hectares.
- Private Investments and Agricultural Production: A total of 15 agro-investors invested in more than 5 hectares of irrigated land, below the revised target set at Additional Financing of 20 agro-investors.

Outcomes: The Project achieved all three outcome targets.

- Private Investments: $33.6 million in private investments were made in the Project Area, above the revised target set at Additional Financing of $32 million.
- Agricultural Production: 228,863 tons of cereal was produced, slightly above the revised target set at Additional Financing of 220,000 tons.
- Job Creation: 33,154 jobs were created in the Project Area, above the revised target set at Additional Financing of 33,000.
    - 29 percent were female, above the target of 28 percent.
    - 40 percent were youth, above the target of 28 percent.

The achievement of this objective is Modest because the Project partly achieved its outcomes as explained below:

- The main activities on critical infrastructure related to the construction of roads and transmission lines for electricity were not implemented under the Additional Financing project. As a result, lack of access to markets and electricity continue to impede private investments.
- The majority of the private investments and job creation were from the beneficiaries of cash transfers and matching grants program. The impact evaluation found that there was a positive effect on investment for beneficiaries of cash transfers as compared to the control group. However, there was no effect on investment for beneficiaries of the matching grants program as compared to the control group. Also, there was no effect on employment and a negative effect on profitability for beneficiaries of both cash transfers and matching grants program as compared to the control group.
- Although the outcome on the volume of cereal produced was achieved, the target was lowered significantly by 44 percent from 400,000 in the PAD to 220,000 tons in the Additional Financing paper and it was lowered further by 14 percent at fourth restructuring, just two months before Project closing. There is limited justification for the constantly diminishing targets given the commitment to increasing agriculture output through support from the project.

Revised Rating

Modest

OVERALL EFFICACY

Rationale

The efficacy against the original indicators and targets in the PAD is assessed as Modest (31 percent weight according to the Project's disbursements).

Overall Efficacy Rating	Primary Reason
Modest	Low achievement

OVERALL EFFICACY REVISION 1

Overall Efficacy Revision 1 Rationale

The efficacy against the revised indicators and targets in the Second Restructuring Paper is assessed as Substantial (27 percent weight according to the Project's disbursements).

Overall Efficacy Revision 1 Rating

Substantial

OVERALL EFFICACY REVISION 2

Overall Efficacy Revision 2 Rationale

The efficacy against the revised indicators and targets in the Additional Financing Paper is assessed as Modest (42 percent weight according to the Project's disbursements) given the limited progress following the additional financing.

Overall Efficacy Revision 2 Rating	Primary Reason
Modest	Low achievement

5. Efficiency

Economic Efficiency: The ex-ante economic analysis in the PAD estimated the economic rate of return (ERR) and net present value (NPV) of both Project and private investments. The analysis was based on three agricultural areas: (i) those newly developed by the Project in lowlands; (ii) downstream irrigated land; and (iii) pumped irrigation land above the canals by private investors. Since the scope of the Project changed significantly because important activities such as roads and electricity were not implemented, ICR could not replicate the analysis in the PAD.

Ex-post economic analysis in the ICR was based on the Project's total cost disbursed over the life of the Project and benefits derived from jobs created from both agriculture and non-agriculture employment, incremental production of cereals from the land irrigated by the Project, and private investments. Analysis showed that the

NPV of $5.6 million and ERR of 13.28 percent calculated ex-post in the ICR were much lower than the NPV of $263 million and ERR of 20 percent calculated ex-ante at Project appraisal.

Operational Efficiency: The cash transfers activity, a smaller activity under Component 3, was the most efficient in terms of value for money. However, cost overruns from component 2 crowded out funding for activities crucial for private investments and also led to penalty payments to companies constructing the irrigation networks. As per the ICR, the cost of irrigation infrastructure under this Project was significantly higher than in neighboring countries. The Project closed on November 30, 2020, three years after the original closing date of September 30, 2017. Despite Additional Financing of $50 million, the Project was unable to implement important activities (such as roads and electricity) at closing. As a result, funding allocated for the construction of paved roads and transmission lines for electricity were moved to other World Bank projects. Overall, Burkina Faso did not get the maximum net benefit from this Project.

Efficiency Rating

Modest

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal	✓	20.00	100.00 ☐ Not Applicable
ICR Estimate	✓	13.28	100.00 ☐ Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

A split rating is applied. For the original project objective, high relevance of objectives, modest efficacy, and modest efficiency leads to an outcome of moderately unsatisfactory (3 out of 6). For the objective 1 revision 1, high relevance of objectives, substantial efficacy, and modest efficiency leads to an outcome of moderately satisfactory (4 out of 6). For the objective 1 revision 2, high relevance of objectives, modest efficacy, and modest efficiency lead to an outcome of moderately unsatisfactory (3 out of 6). Thirty-one percent of the project disbursements were made before the first project restructuring, 27 percent of disbursements were made between the first project restructuring and Additional Financing, and 42 percent of disbursements were made afterward, so project ratings are weighted accordingly (3 X 0.31 + 4 X 0.27 + 3 X 0.42 = 3.27, which rounds to 3, or moderately unsatisfactory). Thus, the overall outcome rating is moderately unsatisfactory.

a. Outcome Rating

Moderately Unsatisfactory

7. Risk to Development Outcome

COVID-19 Pandemic Risk. According to the IMF Report on Burkina Faso 2020 Article IV Consultation, the COVID-19 pandemic negatively impacted Burkina Faso's economy. Real Gross Domestic Product (GDP) contracted by 1.4 percent and 8.6 percent (year-on-year) in the first and second quarters of 2020, respectively. The government took swift actions to contain the spread of the pandemic, and implemented appropriate fiscal measures, including additional healthcare spending and support for vulnerable households and affected businesses. Uncertainty surrounding the duration of the pandemic continues to be one of the main risks to economic growth.

Political risk. According to the IMF Report on Burkina Faso 2020 Article IV Consultation, the security crisis due to terrorist attacks claimed more than 2,400 casualties, affected about 5.2 million people and caused over one million people to be internally displaced as of September 2020. According to the April 2022 Economic Intelligence Unit Report, a military coup overthrew the democratic government and assumed power in January 2022. Military junta's failure to contain the insurgency, bring down high unemployment and tackle the coronavirus could lead to labor unrest and continued protests in the country. As a result, political instability is expected to persist and the security situation is expected to remain dire in 2022-23.

Macroeconomic risk. According to the April 2022 Economic Intelligence Unit Report, despite the military coup, the economy in 2022-23 is expected to be supported by robust gold output and rising cotton export volumes because of rising global prices. However, due to the economic disruptions from the coup, Economic Intelligence Unit has revised down the real GDP growth forecast for 2022 from 4.3 percent to 2.3 percent, and growth forecast for 2023 from 5.1 percent to 3.1 percent. Weaker growth would result in lower government revenue. As a result, the fiscal deficit is expected to average 1.4 percent of GDP a year in 2022-23, up from an annual average of 0.9 percent of GDP.

The risk to development outcome is High.

8. Assessment of Bank Performance

a. Quality-at-Entry

The Project suffered from substantial shortcomings at entry:

- The objective and scope of the Project were overly complex, especially in a country with weak institutional capacity. In addition, the original timeline of seven years was unrealistic because the Project was planning to implement major activities (such as construction of roads, transmission lines for electricity and irrigation canals) across multiple sectors (Transport, Energy, Water and Agriculture) which by themselves were typical World Bank stand-alone projects. This is evident from the fact that despite Additional Financing and several extensions of the closing dates, the Project was not successful in implementing these activities thereby, impeding private investments.
- In addition, there were significant shortcomings in the technical aspects, especially in the design of the irrigation canals, which ultimately affected the achievement of Project outcomes. For

example, adequate diagnostics and technical/topographic studies for construction of irrigation canals were not conducted because the Project was prepared in a short period of only nine months. As a result, the construction of irrigation canals were based on studies that were seven years old. This led to technical errors and severe underestimation of irrigation costs, resulting in cost overruns and crowding out funding for roads and electricity activities of the Project. These activities were crucial for achieving access to markets and electricity (intermediate outcomes) in order to contribute to private investments responding to the Theory of Change. Without electricity, the private sector cannot power the pumping stations for getting water from the irrigation canals into their fields. Similarly, without roads, agricultural products cannot get to their destination markets.

- There were also sequencing issues because the construction companies for the irrigation canals were mobilized months before the supervision company was on board. As a result, the construction companies proceeded with outdated technical studies which the supervisory company, if on board early on, could have identified these issues. This ultimately led to ten months of penalty payments to the construction companies.
- Risks and appropriate mitigation measures to address outdated technical studies and proper sequencing of critical activities were not factored into the Project's design. These risks materialized during implementation and affected the achievement of Project outcomes.
- The original targets set at appraisal for the increase in private investment and job creation were likely too low because they were achieved even without the provision of critical infrastructure.

Quality-at-Entry Rating
Moderately Unsatisfactory

b. Quality of supervision
The following were some of the positive contributions from the Project team during supervision:

- Initially, coordination issues between the Investment Promotion Agency and Bagré Development Authority led to delays in following up with the agro-investors eligible to receive land allocations in the Project Area. However, this to some extent was resolved because of good collaboration between the World Bank and International Finance Corporation (IFC) which helped in building the capacity of the Investment Promotion Agency.
- According to the Additional Financing Paper (pages 71 and 72), the audit report (which included community consultations and identification of affected people under the Bagré Dam and the original Project) was completed and published on February 15, 2016, much later than was originally programmed in the PAD (at the latest December 30, 2012). This delay represented a failure of the Government to comply with legal covenants on time. As a result, the Project team modified the land rights and dam safety review legal covenants during the second restructuring of the Project.
- The radio station "Radio Bagrepole" was an innovative approach used by the Project to communicate with the local stakeholders on how they can access the matching grants program offered by the Project.

However, the Project suffered from significant shortcomings at supervision:

- There was weak collaboration between the Task Team Leader (Finance, Competition and Innovation Global Practice) and team members from other Global Practices (Transport, Energy, Water and Agriculture). In addition, the Project team struggled to resolve key implementation issues in a timely manner. Although cost overruns from irrigation infrastructure was identified during the mid-term review and activities on roads and electricity were eliminated at the Project restructuring in 2016, the Additional Financing project (involving roads, electricity and investment promotion activities) was approved only in May 2018. Given the complexity of these critical activities, the implementation timeline of only two-and-half years for the Additional Financing project was unrealistic. This also indicates that the lessons learnt during implementation were not adequately factored into the design of the Additional Financing project.
- Although the Project team conducted a worker safety and health audit in response to two fatal accidents of workers at the irrigation sites on April 6 and June 3, 2017, there were two other fatalities in the Project Area over the two year period between 2017 and 2019.
- There is evidence of weak collaboration between the World Bank and African Development Bank. According to the ICR (page 28), during implementation, the difference in approach and philosophy to several issues between the WBG and the African Development Bank arose, which made implementation challenging. In addition, on occupational safety and health practices, the WBG considered itself to be vulnerable to the reputational risk because of the weaker response from its partner organization (ICR, page 27).

Quality of Supervision Rating
Moderately Unsatisfactory

Overall Bank Performance Rating
Moderately Unsatisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design
The Results Framework of the original Project in the PAD (Annex 1, page 29) was sound with clear linkages between the components, intermediate outcomes and the outcomes of increasing private investment, employment generation and agricultural production. The statement of the original objective was clear and convincing and was linked to the above three outcomes of the Project.

However, there were moderate shortcomings in the M&E Design of the Project:

- As mentioned in the ICR (page 29), the targets for the three PDO-level indicators (private investment, employment generation and agricultural production) were likely too low, given that they were achieved without most of the key infrastructure (such as road and electricity). This is because the original job creation and investment targets of 30,000 jobs and $20 million in private investments respectively, were exceeded even after being revised upwards to 33,000 jobs and $32 million investments respectively. In addition, the targets for the intermediate indicators were likely too low. This is because the original targets for "private service providers in the Project Area" and

"establishment of new enterprises" of 15 service providers and 40 new enterprises respectively, were exceeded even after being revised to 110 service providers and 200 new enterprises.
- The PDO-level indicator "number of stakeholders directly benefitted from the Project" was redundant because the beneficiaries were already counted under the PDO-level indicator on employment generation. Similarly, the indicator on "volume of funding through matching grants to SMEs" added limited value on measuring results.

b. M&E Implementation

The Project was monitored by Bagré Development Authority, which collaborated with the Burkina Faso Business Association on M&E for the matching grants program and cash transfers. The indicators included in the results framework were measured and monitored in a timely manner, which is evident from the reporting of results of the indicators in the ISRs during Project implementation. An impact evaluation was funded from the Jobs Multi-Donor Trust Fund and the M&E funds under the Additional Financing project. The impact evaluation involved a baseline survey, which was conducted between 2018 and 2019, and two follow-up surveys. The efficacy section of this ICRR benefitted from the results of the first follow-up survey. The second and the final follow-up survey is expected to be available in July 2022. New indicators related to the construction of paved and unpaved roads and transmission lines for electricity were added to the M&E framework at the time of Additional Financing.

However, there were significant shortcomings in the M&E at Project implementation:

- The dropping of the critical infrastructure activities significantly impacted the linkages between Project's activities and private investments along the Theory of Change. According to the ICR (page 29), the link between greater private investment and project activities played out differently from what was originally envisioned because the targeted increases in private investment and jobs were attained, to a significant degree, through the channels, namely, the creation of SMEs and service providers.
- During Project restructurings, the targets for the PDO-level indicator on volume of cereal production was significantly revised downward from the original target of 450,000 tons in the PAD to 220,000 tons in the Additional Financing to 190,000 tons in the fourth restricting of the Project. Revising the target downward just two months before closing is not considered to be a good practice. In addition, important sub-indicators "volume of fish production" and "volume of animal food produced" of the PDO related to agricultural production were dropped during the first restructuring.
- Targets were significantly revised downwards for several intermediate indicators due to cost overruns from irrigation infrastructure. For example, the original target of land with land title or under a lease allocated to private investors was significantly revised downward from 15,000 hectares to 1,000 hectares. Targets were revised upwards (e.g., jobs, investments etc.) or downwards (e.g., cereal production, water user association etc.) during Project restructurings and Additional Financing based on how the Project is performing in certain areas rather than using well defined target values for indicators to measure Project's performance. This undermined the credibility of the M&E framework.
- Investments on installation of energy production equipment by agro-investors were made because the Project was not successful in constructing transmission lines. Therefore, these investments cannot be attributed to this Project.

c. M&E Utilization

There is some evidence in the February 2016 Implementation Status and Results (ISR) that decision on Additional Financing was based on the results of an economic analysis (conducted in the last two quarters of FY16) on the relative importance of the roads, power and irrigation infrastructure, and their potential impacts on the private sector investment. The impact evaluation results of the first follow-up survey (i.e., impact on employment and investment generated from beneficiaries of the matching grant program and cash transfers against a control group) provided useful evidence well beyond the absolute numbers on jobs and investments reported in the ICR. Since the second and the final follow-up survey under the impact evaluation is unfunded, the level of oversight by WBG, timely delivery of this survey, and the extent to which this survey is expected to influence future interventions is unclear.

M&E Quality Rating

Modest

10. Other Issues

a. Safeguards

Environmental Safeguards: The Project was classified as an Environmental Assessment category "A" at appraisal mainly because of key investments in large-scale irrigation.

- Environmental Assessment Policy: The Government prepared an Environment and Social Management Framework at appraisal.
- Natural Habitats Policy: The Project financed the implementation of an environmental and biodiversity action plan under component 1 (ICR, page 30), .
- Pest Management Policy: A Pest Management Plan was reviewed by the World Bank and resources for its implementation were included in the Project at appraisal.
- Physical Cultural Resources Policy: Chance Finds were addressed under Environment and Social Management Framework (ICR, page 30).

Social Safeguards:

- Occupational Safety and Health: As a result of four fatal accidents near the irrigation construction areas from 2017 to 2019, several detailed reviews on occupational safety and health standards and practices were conducted at both the World Bank and the African Development Bank construction sites (ICR pages 15 & 16).
- Involuntary Resettlement Policy: The scope of the resettlement included: (i) 1,279 Project affected people (including 527 women) that were relocated to 2,582 hectares of land developed by the Project; (ii) demarcation and registration work for the 2,200 hectares under the Project and 3,380 hectares (of irrigated land prior to this Project); and (iii) socio-economic infrastructure (770 parcels, 32 boreholes, 12 warehouses for storage, three health centers and 12 latrines) were constructed and rehabilitated (ICR, page 72).

- Dam Safety Policy: A dam safety inspection was carried out, reviewed, and cleared by the World Bank at appraisal. Under the Additional Financing project, funding was provided to also include dam inspections carried out by Bagré Development Authority.
- International Waterways Policy: The Government notified riparian states of the proposed Project activities and their impact on water use and obtained their no objection through the Volta Basin Authority, an authority established by treaty among the riparian countries.

b. Fiduciary Compliance

Procurement: A building for the field office/one-stop shop that was constructed under the Project was declared as an ineligible expenditure during the first Project restructuring. This is because this construction was not included as an activity under the original design of the Project. According to the first restructuring paper (page 8), component 2 faced a significant cost overrun for core activities in preparation of the civil works for the establishment of new irrigation areas in the Project zone. This was partially due to unplanned costs in the amount of $4 million for the compensation of the two firms contracted to construct the irrigation ditches, given that their work was put on hold for a period of several months in order for an essential technical (topographical) study to be conducted. During the interview with the Project team, IEG found that it took a long time to make this payment because the Project team had to analyze and understand the claims from the contractors along with the procurement specialist.

Fiduciary: There is no discussion in the ICR on whether the audited financing statements were shared with the Project team on time, despite the fact that the fiduciary risk was assigned a rating of "High" in the last five ISRs of the Project.

c. Unintended impacts (Positive or Negative)

According to the ICR (page 21), partnership with financial institutions established under the Project raised $18.4 million of loans to companies supported by the Project.

d. Other

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11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Moderately Unsatisfactory	Modest efficiency and Modest to Negligible ratings on efficacy.
Bank Performance	Moderately Satisfactory	Moderately Unsatisfactory	There were substantial shortcomings with both design and supervision.

Quality of M&E	Substantial	Modest	There were significant shortcomings in the M&E, particularly at Project implementation.
Quality of ICR	---	Substantial	

12. Lessons

Three lessons are drawn from the ICR (pages 35-37) with some adaptation.

- In low-capacity environments, design should be simple and include a realistic set of components and activities implementable by the Project Coordination Unit. The scope of the Project was complex and included several activities such as irrigation canal construction, electric power infrastructure, roads, investment promotion and capacity building, and agriculture productivity. As a result, there was limited progress during Project implementation. This was evident from the fact that only 28 percent of the funds were disbursed more than four years after Project effectiveness. In addition, low implementation capacity and significant shortcomings in the technical aspects of irrigation networks further exacerbated the situation.
- For projects that involve construction of irrigation canals, it is crucial to allocate sufficient preparation time to ensure that the design of the irrigation canals is based on more recent or updated diagnostics and technical/topographic studies. In the case of this Project, the design of the irrigation canals was based on outdated technical/topographic studies, resulting in significant cost overruns during implementation. Thereby, affecting the implementation of activities crucial for access to markets and electricity to achieve private sector investments in agriculture.
- For World Bank projects that focus on achieving private sector-led group collaboration with the IFC teams, it is crucial to build the capacity of investment promotion agencies in the country in order to attract and retain investors. In the case of this Project, the weak coordination between the implementing agency and the investment promotion agency was strengthened after the Project team collaborated with IFC, which helped in building the capacity of the investment promotion agency.
- A matching grant scheme should clearly identify the needs of the beneficiaries at the time of the project design, especially in countries that lack funding from financial institutions to firms. As part of the Additional Financing, a parallel cash transfers program was implemented without a requirement for an own contribution from beneficiaries. This is because during implementation the Project team found that the original requirement for an own contribution of 20 percent under the matching grants program was unrealistic for many SMEs.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR was well written and provided a clear overview of the Project. The lessons were useful and based on evidence outlined in the ICR. The quality of evidence and analysis was aligned with the messages outlined in the ICR. However, the following were some of the minor shortcomings:

- Important guidelines were not followed by the ICR in the efficacy section. For example, the ICR did not assess the objectives and PDO-level indicators (private investments, job creation and agricultural production) across the Project's entire lifetime (ICR Review guidelines, page 49).
- The ICR did not discuss whether the audited financing statements were qualified or unqualified and whether they were shared with the Project team on time.
- There were significant discrepancies in the data on actual Project cost reported in the ICR. For example, the ICR reported three different actual costs of the Project: (i) the table on Financing (ICR, page 2) reported a total IDA financing of $126.7 million; (ii) the paragraph 37 (ICR, page 18) reported a total disbursement of $138.2 million; and (iii) the Annex 3 (ICR, page 51) reported an actual cost of $137.94 million at closing. Due to these discrepancies, the actual Project cost in sections 2d "Components" and 2e "Comments on Project Cost, Financing, Borrower Contribution, and Dates" in this ICRR are based on the data provided by the Government counterpart.

a. Quality of ICR Rating

Substantial