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PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR 46 MILLION
(US$66 MILLION EQUIVALENT)

TO

BURKINA FASO

FOR AN

AGRICULTURAL DIVERSIFICATION AND MARKET DEVELOPMENT PROJECT

May 23, 2006

Environmental and Social Development (AFTS4)
Country Department 10
Africa Region

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CURRENCY EQUIVALENTS
(Exchange Rate Effective April 14, 2006)

Currency Unit	=	CFA Franc (CFAF)
CFAF 541	=	US$1
US$1	=	SDR 0.69

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AAP	Africa Action Plan
ADMDP	Agricultural Diversification and Market Development Project
AFD	French Development Agency
AGOA	African Growth and Opportunity Act
AOP	Annual Operational Plan
APIPAC	Association for Private Irrigation and Related Activities *Association des Professionnels de l'Irrigation Privée et des Activités Connexes*
ASP	Agro-silvo-pastoral (agro for agriculture, silvo for silvicuture [a branch of forestry dealing with the development and care of forests], and pastoral for livestock)
BMAC	Budget Management and Accounting Center
CAS	Country Assistance Strategy
CICB	*Comité Inter-professionnel des Céréales du Burkina* (Inter-professional cereals committee)
CIDA	Canadian International Development Agency
COB	*Comité des Oléagineux du Burkina* (Oleaginous committee)
CPCE	*Comités Provinciaux de Concertation et d'Échanges*
DIPAC	Pilot Private Irrigation Development Project *Développement de l'Irrigation Privée et des Activités Connexes*
DPSF	Down Payment Support Fund
DTIS	Diagnostic Trade Integration Study
EU	European Union
FCFA	Currency for the West Africa Monetary Union
FEB	Federation of Burkina Breeders
FODEL	*Fonds de Développement de l'Elevage*(Livestock Development Fund)
GF	Guarantee Facility
GNP	Gross National Product
GoBF	Government of Burkina Faso
GTZ	*Deutsche Gesellschaft fur Technische Zusammenarbeit* (German Cooperation Agency)
IDA	International Development Association
IEPC	*Initiative Elevage, Pauvreté, Croissance* (Lvestock, Poverty and Growth Initiative)
IFAD	International Fund for Agricultural Development
IFPI	Investment Fund for Private Initiatives
INSD	National Institute of Statistics and Demographics
M&E	Monitoring and evaluation
MAWRF	Ministry of Agriculture, Water Resources and Fisheries
ME	*Maison de l'Entreprise du Burkina Faso* (Entrepreneurs Business Center)
NGO	Nongovernmental organization

OIE	*Organisation Internationale de l'Elevage* (International Livestock Organization)
ONAC	*Office National du Commerce Extérieur* (National Board of Foreign Trade)
PACDE	*Projet d'Appui à la Compétitivité et au Développement de l'Entreprise* (Support to Competitiveness and Enterprise Development Project)
PADAB	*Programme d'Appui au Développement de l'Agriculture du Burkina* (Aiculture Development Support Program)
PAF	*Projet d'Appui aux Filières Bio-alimentaires* (Supply Chains Development Project)
PA/OPC	*Plan d'Action pour les Organisations des producteurs de coton* (Action Plan for the Cotton Producers Organizations)
PAPISE	Work Plan and Investment Program for the Livestock Sector
PCMS	Panel Control Monitoring System
PCU	Project Coordination Unit
PDA	*Programme de Développement de l'Agriculture* (Agriculture Development Program)
PF	Promotion Fund
PNDSA	National Agricultural Services Development Project *(Programme National de Développement des Services Agricoles)*
PNGT	*Programme National de Gestion des Terroirs* (National Land Management Program)
PO	Professional Organization
PPIDP	Pilot Private Irrigation Development Project
PRSP	Poverty Reduction Strategy Paper
PSC	Project Steering Committee
PST2	*Programme Sectoriel des Transports* (Transport Sector Program II)
RCC	Regional Coordination Committee
RDS	Rural Development Strategy
SCPF	Supply Chain Promotion Fund
SDP	Strategic development plan
SNFAR	*Stratégie Nationale de Formation Agricole et Rurale* (National Strategy for Agricultural and Rural Training)
SOBFEL	*Société Burkinabè des Fruits et Légumes* (Burkinabe company for fruits and vegetables)
SSP	Specialized Service Providers
SME	Small and medium enterprises
SPS	Sanitary and Phytosanitary Standards
SWOT	Successes, Weaknesses, Opportunities and Threats
UNDP	United Nations Development Program
UNPCB	*Union Nationale des Producteurs de Coton du Burkina* (National Union of Burkinabe Cotton Producers)
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
VS	Veterinarian Services
WAEMU	West Africa Economic Monetary Union
WTO	World Trade Organization

Vice President:	Gobind T. Nankani
Country Director:	Mats Karlsson
Sector Manager:	Mary A. Barton-Dock
Task Team Leader:	Abdoulaye Touré

BURKINA FASO

Agricultural Diversification and Market Development Project

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Map No. 34699

BURKINA FASO

AGRICULTURAL DIVERSIFICATION AND MARKET DEVELOPMENT PROJECT

PROJECT APPRAISAL DOCUMENT

AFRICA

AFTS4

Date: May 23, 2006	Team Leader: Abdoulaye Touré
Country Director: Mats Karlsson	Sectors: Agricultural marketing and trade (40%);Agricultural extension and research (30%);General agriculture, fishing and forestry sector (20%); Agro-industry (10%)
Sector Manager: Mary A. Barton-Dock	Themes: Trade facilitation and market access (P); Rural markets (P); Rural services and infrastructure (S)
Project ID: P081567	**Environmental** screening category: Partial **Assessment**

Lending Instrument: Specific Investment Loan

Project Financing Data

[ ] Loan [X] Credit [ ] Grant [ ] Guarantee [ ] Other:
Total Bank financing (US$ equivalent m.): 66.00
Proposed terms: Standard Credit
Grace Period (Years): 10
Years to Maturity: 40
Commitment fee: Standard
Service Charge: Standard

Financing Plan (US$m)

Source	Local	Foreign	Total
BORROWER/RECIPIENT	3.50	0.00	3.50
IDA	41.80	24.20	66.00
FINANCIAL INTERMEDIARIES	7.50	0.00	7.50
BENEFICIARIES	7.50	0.00	7.50
TOTAL	60.30	24.20	84.50

Borrower: Government of Burkina Faso
Responsible Agency:
Ministry of Agriculture, Water Resources and Fisheries
PO Box 7029, Ouagadougou, Burkina Faso
Tel: (226) 5033 6508 Fax: (226) 5033 6508
dgpv@burkinaonline.bf

FY	07	08	09	10	11	12
Annual	6.00	15.00	15.00	10.00	12.00	8.00
Cumulative	6.00	21.00	36.00	46.00	58.00	66.00

Does the project depart from the CAS in content or other significant respects? ***Ref. PAD A.3***	[ ]Yes [X] No
Does the project require any exceptions from Bank policies? ***Ref. PAD D.7*** Have these been approved by Bank management? Is approval for any policy exception sought from the Board?	[ ]Yes [X] No [ ]Yes [ ] No [ ]Yes [X] No
Does the project include any critical risks rated "substantial" or "high"? ***Ref. PAD C.5***	[ ]Yes [X] No
Does the project meet the Regional criteria for readiness for implementation? ***Ref. PAD D.7***	[X]Yes [ ] No

Project development objective ***Ref. PAD B.2, Technical Annex 3***
The project development objective is to increase the competitiveness of selected agricultural subsectors that target national and regional markets, thereby contributing to shared agricultural growth in Burkina-Faso.

Project description *[one-sentence summary of each component]* ***Ref. PAD B.3.a, Technical Annex 4***
The project will include the following three components:

1- **Improvement of agro-sylvo-pastoral supply chains performance** that will address the weak supply chain organization, strengthen professional and commodity associations and increase Burkina agricultural product competitiveness.

2- **Development of irrigation and marketing infrastructure** to improve productivity, product quality and linkages with markets.

3- **Improvement of the business environment, regulatory framework and provision of services** to facilitate private initiative and attract private investors.

Which safeguard policies are triggered, if any? ***Ref. PAD D.6, Technical Annex 10***
Environmental Assessment; Pest Management and Involuntary resettlement.

Significant, non-standard conditions, if any? No ***Ref. PAD C.6***
Board presentation: June 20, 2006
Credit effectiveness: September 30, 2006
Covenants applicable to project implementation: Not applicable

Effectiveness conditions, as negotiated, the Recipient will (a) select and appoint the project coordinator, the financial management specialist, the monitoring and evaluation specialist and the procurement specialist with experience and qualification satisfactory to the Association; (b) adopt the project implementation manual in form and substance satisfactory to the Association; (c) establish a computerized information system for the financial management of the Project (including software customization, adoption of the Project Manual of Financial, Accounting and Administrative Procedures in form and substance satisfactory to the Association, training and short term assistance) in the Project Coordination Unit; (d) recruit an external auditor on the basis of terms of reference, and with experience and qualification satisfactory to the Association; (e) open the Designated Account; (f) prepare annual work plans for 2006 and 2007.

A. STRATEGIC CONTEXT AND RATIONALE

1. Country and Sector Issues

Country Overview and Strategies

Located in the middle of Western Africa, Burkina Faso has a population of 12.5 million inhabitants with a territory of 274,000 Km2. It is one of the poorest countries in the world, characterized in 2003 by a per capita revenue of US$350. The economy of Burkina Faso is dominated by agriculture, which generates about 40 percent of the country's total GDP (25 percent from cropping agriculture, 12 percent from livestock, 3 percent from forestry and fisheries together). This sector provides jobs and revenues to about 86 percent of the population and accounts for 80 percent of total export earnings. Sustained agricultural growth is thus central to Burkina Faso's economic and social development.

During the 1990s the Government implemented an Agricultural Sector Adjustment Program that led to the liberalization of trade in agricultural products; the privatization of agro-industrial enterprises; the reorganization of mentoring and other business development services; the privatization of almost all public enterprises operating in the production, processing, and commercialization of agricultural products; and the suppression of the subsidies on agricultural inputs.

The Government of Burkina Faso (GoBF) adopted the Policy Letter of decentralized Rural Development in 2002. The goal of this policy letter was to harmonize methods and approaches of projects and programs targeting rural communities.

The Poverty Reduction Strategy Paper (PRSP), completed in 2000 and revised in 2003, emphasizes the important contribution of agricultural to economic growth and poverty reduction. It proposes to create an environment conducive to private investments (particularly in the areas of production, marketing, and industrial processing), and the development of small and medium enterprises (SMEs) in rural areas and poverty pockets, supported by an enabling biophysical environment.

To translate the PRSP's objectives into concrete actions, the Government issued a Rural Development Strategy (RDS) in 2003, which targets the sustainable growth of the rural sector, as the preferred mechanism for ensuring greater food security and promoting genuine rural development. The RDS constitutes the reference framework for all GoBF and most donor interventions in the rural development area.

Growth Opportunities

Burkina Faso's economy has achieved significant performance—5.5 percent per year—over the last 10 years, with a strong contribution of the primary sector (agriculture, livestock, forestry, and fisheries). During 1998–2003, the primary sector grew on average by 7.8 percent per year, driven by good performance of cereals, livestock, and cotton.

Strong agricultural growth has, however, not yet translated into broad poverty reduction. The proportion of people living below the poverty line in 2003 was still about 46.4 percent (compared to 54.6 percent in 1998), with 94 percent of poor living in rural areas.

Market conditions may constrain growth potential, notably in the area of cereals, where domestic demand in a typical year is now satisfied for some types of cereals, while the potential for exports is uncertain. For other commodities, future growth potential depends on productivity improvements.

Diversification of the production base is becoming increasingly important to reduce the dependency on only a few commodities, and thus vulnerability of the rural economy, and take advantage of new high-growth and higher value added opportunities. Burkina Faso has a potential comparative advantage in several nontraditional cash crops, such as fruits (mango) and vegetables (onions, tomatoes, potatoes and beans) for the coastal and European countries where the demand is high, particularly demand for organic products. Sesame export to Europe and the Arab countries, and cowpea production for the regional markets, including Nigeria, also have high growth potential.

Constraints and Difficulties

To take advantage of these potential sources of growth, Burkina Faso needs to adequately address a series of constraints in order to increase the competitiveness of its supply chains and gain better access to markets. Agricultural producers face a series of economy-wide and value chain-specific constraints that can be grouped into four major categories: (i) inadequate policy and institutional framework (trade policy, market efficiency) and poor services for supporting production and trade (market information, advisory services, finance, etc.); (ii) poor infrastructure and high cost of public services and utilities (transportation, energy, and water); (iii) limited capacity in the public and private sector to address the complexity of certain "preferential" regimes - for example in the case of the African Growth and Opportunity Act (AGOA); and (iv) weak producer/professional associations.

Many of the economy-wide constraints (macroeconomic, transport and connectivity infrastructure, trade facilitation) are being addressed under Government's PRSP. The government has already launched several initiatives to support private sector development and export promotion, such as the establishment within the *Office National du Commerce Extérieur* (ONAC) of the following units: (i) a "One stop center" (*Centre de Guichet Unique)* where all the formalities required for exporting can be done; (ii) the Burkina Trade Point to provide export facilitation, thanks to its sizable computerized data base on international markets opportunities and requirements and (iii) Fasonorm which has for mandate to regulate the quality of products and assist exporters with accessing information on the prevailing norms and standards in importing countries. The findings and recommendations of the on-going DTIS will permit to improve the efficiency of these institutions and of Government's overall trade and export development strategy.

Addressing the weak capacities of most professional associations is the major challenge to be able to undertake collective action along supply chains. The cotton sector is the exception, with well-structured producer associations and a relatively efficient mechanism for the joint management of the value chain by its stakeholders. APIPAC is another efficient organization that represents operators involved in irrigated agriculture and fruits production. Other professional associations are emerging in the livestock (cattle and poultry) sector. However, all these professional associations are either nascent or dysfunctional, and thus unable to implement collective advocacy and economic interventions to support the development of their supply chains.

2. Rationale for Bank Involvement

The GoBF is committed to supporting the development of the rural sector and has asked the Bank to support the preparation of a new agricultural project.

Based on its experience in other African countries in supporting agricultural market development programs (Senegal, Mali, Côte d'Ivoire, Ghana...), the Bank is well positioned to assist the GoBF in designing and implementing an agricultural market diversification programs. The design of this new operation will also draw lessons from the long-standing Bank experience in Burkina Faso based on the Pilot Private Irrigation Development Project ("*Développement de l'Irrigation Privée et des Activités Connexes*" - DIPAC) and the National Agricultural Services Development Projects (PNDSA).

To support the development of small-scale private irrigation, DIPAC succeeded in promoting irrigation and post-harvest technologies thanks to the creation of a professional association ("*Association des Professionnels de l'Irrigation Privée et des Activités Connexes*" - APIPAC). APIPAC played an important intermediation role with the banking sector to facilitate access to credit for investors by establishing financing instruments linked to a guarantee facility managed by commercial Banks. PNDSA contributed to reform extension services, to strengthen research capacities and to promote producers associations, including regional agricultural chambers. It also financed the construction of core market infrastructure with a fruit facility in Bobo-Dioulasso and cold storage facilities at Ouagadougou Airport. These projects did not address crucial issues related to linking producers to market, to improving the investment climate and organizing supply chains. By focusing on specific commodity and market-driven supply chains, the proposed Agricultural Diversification and Market Development Project (ADMDP) will fill a critical gap by assisting value-adding business initiatives.

3. Higher-level Objectives to which the Project Contributes

Project higher-level objectives are in line with the GoBF's Rural Development Strategy to promote sustainable agricultural development, improve food security, and increase rural incomes. The project would contribute to the core objectives of the Bank's Africa Action Plan in terms of identifying the drivers of growth, developing the private sector in Africa, encouraging exports, promoting regional trade integration, expanding irrigated perimeters and supporting sustainable land management. The project is also aligned

with Burkina Faso's priorities as expressed in the four pillars of the PRSP: i) accelerating shared growth; ii) increasing access to basic social services; iii) expanding income and employment opportunities for the rural poor; and iv) promoting good governance. The Bank's Country Assistance Strategy (CAS), which was discussed by the Board in June 2005, aims to contribute to results across all four pillars of the PRSP. The proposed project is an integral element of the Bank's strategy, making a particular contribution to the following four CAS results: (1.1) Increased regional integration; (1.2) Expanded and diversified export earnings; (3.2) Increased economic opportunities for women; (3.3) reduced risk and increased revenues for rural households."

The project intends to stimulate market-oriented agro-sylvo-pastoral (ASP) supply chains to increase the competitiveness of products and improve operators' gross and net revenues. By stimulating private-sector-led economic growth, the project will contribute to the objectives of economic and income growth, while stimulating employment in rural areas for non-farm activities along supply chains. At the same time, the strengthening of professional organizations will empower private operators and increase their voice in decision-making processes and policy formulation. Stronger grassroots producer organizations and professional commodity associations will contribute to improve governance by fostering more effective and transparent public policies and services at all levels.

B. PROJECT DESCRIPTION

1. Lending Instrument

The project will be financed by an IDA sector investment credit in the amount of US$66 million equivalent. The terms are the standard International Development Association terms, with a 40-year maturity and a 10-year grace period.

2. Project Development Objective and Key Indicators

The project development objective is to increase the competitiveness of selected agricultural sub-sectors that target national, sub-regional and international markets thereby contributing to shared agricultural growth in Burkina Faso. To achieve this objective the program will pursue the three following sub-objectives: (i) support private sector organizations and commodity associations in strengthening their ability to plan and implement a sound strategy for the development of market-driven agricultural supply chains (ASC); (ii) develop productive and marketing infrastructure to improve productivity, agricultural product quality and linkages with markets; (iii) improve the provision and efficiency of core support services, including the promotion of a more conducive institutional, regulatory and financial environment for private investment.

The project will result in the following outcomes: (i) a better organization and coordination of private operators all along the selected supply chain; (ii) professional and inter-professional organizations able to deliver services to their members and help them

better respond to market requirements in terms of product quality and quantity; (iii) an increase in the value of production and exports of selected sub-sectors; (iv) a legal/ regulatory framework and a business environment, more attractive to private investors; and (vi) a network of public and private service providers, prompt and efficient in responding to private operators needs in terms of training, advisory services, quality controls, etc.

Key performance indicators:

The key performance indicators, by the end of project, are the following:

- Burkina agricultural exports for the targeted supply chains (except cotton) on the international market reach 35,000 tons at the end of the project;
- Burkina agricultural exports for the targeted supply chains (except cotton) on the sub-regional market reach 20,000 tons at the end of the project;
- At least 60 percent of producers that benefited from project support have increased their income from targeted supply chains by at least 50 percent.

Targeted supply chains:

The most promising sub-sectors, and specific supply chains within them, were selected based on a long selection process involving all private stakeholders and public services, based on a scoring system. Project support will focus on the four following supply chains: Mangoes, Onion, Cattle/beef and Local poultry. In addition, cotton will be supported in close collaboration with a AFD funded project, with a focus on cotton productivity and farming system diversification in cotton producing areas. Cowpeas and sesame will be specifically supported by an IFAD project under preparation. The project will have a national coverage, but will more specifically focus on regions not targeted by other supply chain development projects, such as the GTZ-funded project (PDA) in the South-West region and the Danish-funded project (PADAB) in the East and East-Center regions.

3. Project Components

Component 1 - Improvement of agro-sylvo-pastoral supply chains performance (US$39.5 million) (Including all contributions)

Component Objective: The objective of this component is to improve the performance of the targeted sub-sectors by improving supply chain coordination, by strengthening private operators' capacities to respond to market opportunities and requirements, and by increasing agricultural product productivity.

Issues to be addressed: (i) the weak organization and interaction among actors at the different levels of the supply chain; (ii) the insufficient range and quality of financial and business management services; (iii) the weaknesses of professional organizations; and (iv) the difficulty for producers to access markets and respond to quality requirements.

Target Groups: private stakeholders along the targeted supply chains, from producers, small-scale rural agro-processors and traders to exporters, agro-investors and agro-industries.

Sub-component 1.1 - Capacity building for professional and agricultural trade organization (US$7.0 million): This sub-component will contribute to improve coordination and performance of the targeted sub-sectors by bringing together key stakeholders to identify and lift key constraints to supply chains development. The main programmatic vehicle for the development of sub-sectors will be the supply chain strategic development plan (SDP). Project support will consist of capacity building and technical assistance to stakeholders to help them carry out a comprehensive diagnostic of the supply chain, elaborate SDPs and annual operational plans (AOP), build efficient professional organizations and set-up M&E systems. Assistance will be provided by strategic partners with relevant international experience in supply chain development.

For the cotton sub-sector, the national cotton producer organization (UNPCB) and the three ginning factories have recently created their inter-professional association to undertake collective action and identify mechanism to manage commodity price risk. Within the actions plan elaborated by the cotton inter-profession, the project will finance activities for producer organizations' capacity building, small-scale storage facilities for professional organizations (POs), as well as activities related to cotton productivity increase and farming system diversification. The French Development Agency (AFD) will finance activities related to research on soil fertility, POs financial management and technical advice to producers.

A Diagnostic Trade Integration Study (DTIS) is under preparation for Burkina Faso. The project will build on the findings of the DTIS to adjust its intervention and the content of the SDP and the AOP. The sub-component will support the organization of stakeholders' workshop to disseminate and discuss the finding of the DTIS and include the main recommendations into the SDP.

Sub-component 1.2 - Investments for supply chain development (US$32.5 million): This sub-component will provide funds for investments required to improve supply chain performance. First, it will finance the implementation of the different annual operation plans (AOPs) elaborated in the framework of the sub-component 1.1 and validated by the project steering committee.

It will also finance investment operations undertaken by individual operators or professional associations in the selected supply chains, and which are consistent with the relevant supply chain SDP and the AOPs. To this end, the project will support the establishment of a **supply chain promotion fund** that will provide matching grants to finance micro-projects proposed by smallholders and small-scale processors for specific categories of investments, such as: adaptive research for technology generation and test, capacity building activities, market studies, logistic tests, small-scale equipment and infrastructure, technology tests and dissemination, technical advisory services, food safety and quality expertise, etc. The supply chain promotion fund will be managed by a

commercial bank. Operational mechanisms will be detailed in the Project Implementation Manual.

This sub-component will also facilitate access to credit to private investors, small-scale rural entrepreneurs and smallholders. It will liaise with commercial banks and the micro-finance institutions to help them test innovative financing instruments (leasing, inventory credit, etc.) and to mobilize existing instruments, such as the successful guarantee facility established under the Pilot Private Irrigation Project.

Component 2 - Development of irrigation and marketing infrastructure (US$33.7 million) (including all contributions)

Component Objective: The objective of this component is to contribute to agricultural productivity increase, product quality improvement, and agricultural diversification while strengthening producers' linkages to markets.

Issues Addressed: (i) the low productivity in the targeted supply chains; (ii) the lack of productive and marketing infrastructures.

Target Groups: all stakeholders involved in the targeted supply chains that may be interested in the construction of productive and marketing infrastructures.

Sub-component 2.1 - Irrigation infrastructure (US$26.7 million): The project will support the development of two types of irrigation approaches: (i) the development, on a pilot basis, of large-scale irrigation schemes for the production of high-value crops by private investors. Implementation modalities will rely on private operators that will be recruited to ensure, under the supervision of the Ministry of Agriculture, Water Resources and Fisheries (MAWRF), the overall coordination of the process and (ii) the development of small-scale private irrigation for producer associations and individual investors. The approach will build upon the experience of the now closed Pilot Private Irrigation Promotion Project and of the Small Scale Village Irrigation Program for the dissemination of innovative technologies. Operators will be selected to strengthen existing networks of artisans for the manufacturing and maintenance of technologies for pumping, transporting and storing water. They will help investors access technical advice, credit and other innovative financing instruments.

Sub-component 2.2 - Marketing infrastructure (US$7.0 million): Burkina Faso is under-equipped to compete effectively on the fresh product export markets that require adapted and efficient logistics and post-harvest treatments, particularly cold chains, and strict compliance with the more and more stringent consumer requirements in terms of standards, quality and safety. Project interventions in this area will thus consist of: (i) up-grading or rehabilitating existing commercial infrastructure; (ii) building new facilities, already identified as required and vital to compete on the international markets; and (iii) building medium-scale infrastructure that will be identified under project implementation in the framework of the elaboration of the Strategic Development Plan (SDP) by the targeted supply chain. By providing adequate support in terms of technical assistance,

institutional strengthening and capacity building, the project will ensure that these infrastructures are properly managed and operated as efficiently and professionally as possible by private operators.

Component 3 - Improvement of the business environment, regulatory framework and provision of advisory services (US$11.3 million) (including all contributions)

Component Objective: This component aims at improving the business environment to make it more attractive to local and international private investors, by creating an enabling legal and regulatory framework more conducive to private investments and by strengthening capacities of public and private service providers required for supply chain development.

Issues Addressed: (i) legal, regulatory and financial constraints to private investments; (ii) norms and quality control, and (iii) weak public and private service providers.

Target Groups: core public services within the Ministry of Livestock, the Ministry of Agriculture, Water Resources and Fisheries, the Ministry of Environment and the Ministry of Trade, as well as private service providers.

Sub-component 3.1 - Improvement of Regulatory, Legal, and Financial Framework (US$1.3 million): The current overall policy/institutional framework provides an acceptable starting base for project implementation. Supply chain organization that will be carried out under component 1 will contribute to identify key constraints to be tackled. The project itself would only address constraints directly affecting selected sub-sectors and more broadly agricultural exports. The project's M&E mechanisms would however help tracking constraints in the policy and institutional environment and bringing them to the attention of policy-maker. This project will support the revision and adaptation of key legal and regulatory texts in accordance with existing regulations related to production, agro-processing and exports. New legal and regulatory texts could be elaborated on specific emerging issues, such as the legal framework for inter-professional and commodity trade organizations' activities. The project will ensure a broad dissemination of information to operators through various channels such as the Regional Agricultural Chambers and the Chamber of Commerce.

Sub-component 3.2 - Capacity building for service providers (US$4.7 million): This sub-component will be two-fold by: (i) building capacities of private service providers, including technical advisory providers for smallholders, accounting and management advisers for professional associations, local firms for micro-project preparation and feasibility study at the grassroots level, networks of private input suppliers and artisans for equipment manufacturing and maintenance; and (ii) strengthening the capacities of core public services to deliver proper support to supply chain development and ensure a close and reliable monitoring and evaluation of the agricultural sector and sub-sectors. The definition of measures to be taken, and monitoring and enforcement methods, will be carried out in close collaboration with the private sector. This process will result in the definition of an action plan for strengthening the service provider environment, whose

implementation will be supported by the project and other programs. Project funding will be conditioned by the elaboration of performance-based contracts between service providers and their clients. Finally, the project will support the creation or the strengthening of sector and sub-sectors M&E systems within the Ministry of Agriculture, Water Resources and Fisheries, Ministry of Livestock and Ministry of Trade. These systems will be responsible for collecting data in the various sub-sectors, for analyzing results, and for disseminating information to all stakeholders on supply chain performance and market development.

Sub-component 3.3 - Project Coordination and Management (US$5.3 million): This sub-component will support the establishment and operation of a small team of specialists (the "PCU") located within the Ministry of Agriculture, Fisheries and Water Resources. Implementation of activities will be directly undertaken by project beneficiaries, including: i) private actors, with the support of specialized operators and many service providers; and, ii) the relevant public services involved in the project. The project coverage will be nation-wide. Therefore, the PCU will coordinate interventions and the preparation of annual work plans and budgets, oversee financial management and procurement aspects and ensure the overall monitoring and evaluation of project activities and impact. Three local offices will be established at the decentralized level to ensure closer coordination of field activities and a proper and more efficient coverage of the regions covered by project interventions. Within the PCU, a M&E unit will be set up for establishing and maintaining a database of outgrowers and service providers, of subprojects financed under Supply Chain Promotion Fund, and for updating key performance indicators. The M&E unit will elaborate and edit periodic reports, organize periodic surveys, and conduct economic, social, and environmental impact evaluations, among other studies. The project will finance the PCU staff and operating costs, technical assistance related to the recruitment of service providers at national and regional levels, capacity building for project staff including focal points within implementing agencies, and audits. The project will also finance equipment (computers, vehicles) and goods (software, digitized maps).

4. Lessons Learned and Reflected in the Project Design

The design of the project draws lessons from other IDA financed projects implemented in Burkina Faso and in other countries, as well as on experiences from projects and programs financed by the GoBF and other donors. The major lessons include:

- **Holistic approach to competitiveness**: Focusing exclusively on specific constraints, upstream at the production level or downstream on marketing aspects, has proved unsuccessful. As demonstrated in other countries, the project should look at supply chains as a whole, paying attention to all aspects from production to commercialization, to tackle key constraints and bottlenecks all along the supply chains.
- **Market-oriented supply chain development**: Previous experiences, where agricultural production was supported without considering market potential and requirements, resulted in over- or underproduction, while discouraging producers.

Project interventions will thus be governed by market considerations and requirements.

- **Private sector-led interventions**: Supply chain development must be private sector led, with public interventions aimed at helping the private sector overcome critical constraints and market failures. Private operators, including professional and producers' organizations, must play the leading role in developing supply chains by collaborating to identify key constraints and elaborate operational solutions to lift them. Establishing dialogue and building partnership among private operators along supply chains will be at the core of the project implementation strategy.
- **Equitable distribution of value added:** Agricultural supply chains are often driven by large private operators who may exert excessive power on the other actors of the chain. The project would promote innovative contractual arrangements among supply chain operators, while ensuring that they are balanced and that the value added along the supply chain is shared by all. It will pay particular attention to producers, most the time the weakest actors in supply chains, by strengthening their capacities to address key constraints at their level and to engage in fair and balanced partnership with other stakeholders (increasing their bargaining power).
- **Ensure results-based monitoring and evaluation**. Past IDA financed projects in Burkina Faso failed to establish functional monitoring and evaluation (M&E) systems. The project will build upon the PNGT experience to establish sound M&E systems, based on relevant performance and outcome indicators designed to track progress and allow adjustments.
- **Commercial infrastructure must be transferred to and operated by the private sector**. The financing on public funds of key commercial infrastructure can be justified as a way to lift a major constraint to the development of performing agricultural supply chains, including small farmers who otherwise would not have access to more lucrative marketing channels. The critical aspects in these investments is to conciliate the necessity to have these facilities operated as efficiently and professionally as possible and the public role dimension of the infrastructure as a vector of innovation and development for the entire supply chain. Experience has shown that these facilities require private sector management and that their ownership should be transferred over the medium to long term to credible professional organizations. This model has been implemented successfully - or is in the process of being implemented - in several countries such as Senegal and Ghana. However, this is a complex process that takes time and requires adequate support in terms of technical assistance, institutional reinforcement and capacity building.
- ***Support a supply chain promotion agency*** - Experiences in Côte d'Ivoire and in Senegal have shown that the creation of an autonomous entity to support supply chain development is a key factor of success. Such entities empower private actors in designing and implementing relevant interventions, although financial sustainability remains a challenge.

5. Alternatives Considered and Reasons for Rejection

The integration of ADMDP activities under PNGT2 has been considered and rejected because of differences in the respective objectives of the two projects. PNGT2 supports community investments through collective social action. ADMDP supports the development of vertical supply chains through donor/government-supported capacity building and the promotion of private investment.

It was envisioned to address irrigation as an issue to be resolved within selected value/supply chains and not as a component. However, the idea was rejected in favor of a stand-alone sub-component that will support the implementation of the Government national irrigation development strategy. The project will support irrigation, but only to the extent it is identified as critical by operators within given supply chains, and in line with the corresponding ASP action plan.

C. IMPLEMENTATION

1. Partnership Arrangements

Support to the project is IDA's contribution to the Government's broader program for agricultural diversification and marketing stipulated in the Rural Development Strategy. IFAD, for cowpeas and sesame chains, and the French Development Agency (AFD), for the cotton sub-sector, are supporting the program with parallel financing. In addition, the project will develop synergies with similar projects, such as PADAB (Denmark), PAF (CIDA) and PDA (GTZ). It will develop collaboration with other IDA financed projects and other projects in preparation (PST2, for rural roads, PNGT2 for community development and decentralization, the Regional Biosafety project for agricultural biotechnology, the Support to Competitiveness and Enterprise Development Project for private sector capacity building and the Diagnostic Trade Integration Study (DTIS) for competitiveness). Donor coordination will be enhanced though the "*Cadre de concertation des partenaires au développement*" set up by the Government to coordinate donor interventions in the rural/agricultural sector and to support harmonization and alignment in line with the "Global Donor Platform for Rural Development". As part of this process, it was agreed during project preparation that supply chain supporting projects would harmonize their approaches on key issues such as M&E systems and micro-project financing rules, and that joint supervisions will be organized.

2. Institutional and Implementation Arrangements

The Ministry of Agriculture, Water Resources and Fisheries (MAWRF) will have institutional responsibility for the project, and will be accountable for the project's proper execution and supervision. A **Project Steering Committee (PSC)** will be established at the national level for the overall project coordination, approval of work programs and budgets, outcome monitoring and evaluation, conflict resolution, etc. To ensure private-public partnership, private sector will account for two-thirds of PSC members. **Regional Coordination Committees (RCC)** will be set up in each of the regions covered by the

project to ensure that local private stakeholders (producers, processors and traders) and local authorities (local Governments, decentralized ministries bodies) are fully participating in project implementation. The RCCs would meet twice a year to discuss orientations and activities, to review implementation progress in the region and to enhance harmonization and alignment of donors intervention in the region.

At national level, a project coordination unit (PCU) attached to the General Secretariat within the Ministry of Agriculture will coordinate the overall management of the project as many institutions and operators will be involved in project implementation. The PCU mandate include the preparation of annual work plans and budgets, the financial management and procurement, the general supervision of the implementation of project activities, the monitoring and evaluation of project outcome and output implementation progress. The PCU will be headed by a national Project Coordinator, with sound experience in agribusiness, who will be assisted by a technical director (Private sector development specialist) and a technical team (professional organizations, supply chain development and training specialists), as well as an administrative unit (financial management, procurement, M&E specialists). For field coordination, the PCU will be assisted by three decentralized local offices at the regional level. Each of these offices will cover two or three regions and will include a coordinator experienced in project implementation and supervision, a financial/procurement specialist and a marketing specialist. The local offices will serve as secretariat for the regional coordination committees and for the micro-project approval committees.

A project implementation manual will be prepared before project effectiveness to detail implementation mechanisms and procedures. It will include: (i) description, organization and functioning of project coordination and management bodies; (ii) eligibility criteria and procedures for project support; (iii) implementation modalities for each component and activity; (iv) M&E arrangements and procedures, and (v) social and environmental mitigation plan implementation arrangements.

Annex 6 provides further details regarding project institutional and implementation arrangements specific to each components and sub-components.

3. Monitoring and Evaluation of Outcomes/Results

The project will finance the design and implementation of a participatory monitoring and evaluation system:

- foster accountability and transparency in the management process;
- set mutually agreed, realistic and clear results for this operation;
- engage stakeholders by sharing information on progress made, lessons learned and improvements;
- measure the gaps between actual and targeted indicator values, thereby identifying problems; and
- propose corrective measures and alternative solutions.

The implementing agencies will be strengthened to monitor and evaluate their activities. APIPAC and UNPCB have already an M&E unit. The project will support the set up of an M&E unit (provision of an M&E specialist and equipment) to the cattle/beef professional association. The M&E systems of the ministries of Agriculture and Livestock will be strengthened to collect, manage and disseminate data related to overall sector information in relation with private sector M&E systems. The PCU will run an internal M&E system and disseminate M&E outputs (reports and dashboards) related to project activities including micro-projects financed under the promotion fund.

To monitor progress and impact indicators, the project will establish a baseline data at its start-up and hire a specialized institution, which will do an impact analysis at midterm and at the end of the project. The project will build upon the PNGT M&E experience known as a best practice. Details of methods and procedures for monitoring and evaluating progress and impact indicators are included in the M&E guidelines.

4. Sustainability

The project has been designed for long-term sustainability beyond closure, as implementation will rely on private operators and interventions will be geared to attract private investors and promote professional and inter-professional organizations.

Regarding access to credit, the project will help the GoBF in a series of measures aimed at boosting public confidence in the banking system in rural areas and improving the lending environment, including the consolidation of a Guarantee Fund. The project will work with financing institutions to identify and establish long-term financing mechanisms. The regulatory and legal framework will be reviewed and strengthened, if necessary, to improve the overall investment climate.

Regional Agricultural Chambers will be strengthened and given the means to support and organize professional, trade, and producer associations in the long run. The strengthening of research, extension, and training institutes and private providers will also serve the sustainability objective. Training programs and technological innovations are likely to result in long-term benefits after the completion of the project. Cost-benefit analyses will be conducted and the findings made available to banks and financial institutions and to other potential users of the technology. These activities are aimed at increasing the efficiency and profitability of small-scale private sector rural businesses.

The establishment by the end of the project of an agency/foundation for the promotion of supply chains will also enhance the likelihood of sustainability.

Finally, effective establishment and upgrading of selected value/supply chains so that they can be more efficient, effective, profitable, and viable, will benefit their long-term sustainability.

5. Critical Risks and Possible Controversial Aspects

Risks	Risk-mitigation Measures	Risk Rating with Mitigation
To project development objective		
Downturns in international commodity prices	Support diversification of products and markets to ensure that exporters and producers do not become overly vulnerable to the fluctuation of one commodity.	M
Natural disasters including agricultural pests, climatic variation, drought, sanitary and phytosanitary crises	Promote sound design of infrastructure at the production and processing levels to mitigate the effects of natural disasters. Advance funding to address avian flu; collaboration with Africa Emergency Locust Project	M M
To component results		
Component 1: Changes in demand in targeted markets (Europe) or increased competition from competitors	Diversify products and markets, promote flexible technology and support quality enhancement to international standards	S
Component 2: Low participation of the private sector in infrastructure management	Ensure broad dissemination of information to potential private investors, support capacity building of agricultural associations	N
Component 3: GoBF reluctant to adopt required modifications to the legal and regulatory framework	Encourage public-private partnership and empower private stakeholders to strongly participate in policy dialogue	M
Overall Rating		M

6. Credit Conditions and Covenants

Effectiveness conditions

- The Recipient has selected and appointed the project coordinator, the financial management specialist, the monitoring and evaluation specialist and the procurement specialist with experience and qualification satisfactory to the Association.
- The Recipient has adopted the project implementation manual in form and substance satisfactory to the Association.

- The Recipient has established a computerized information system for the financial management of the Project (including software customization, adoption of the Project Manual of Financial, Accounting and Administrative Procedures in form and substance satisfactory to the Association, training and short term assistance) in the Project Coordination Unit, in a manner satisfactory to the Association.
- The Recipient has recruited an external auditor on the basis of terms of reference, and with experience and qualification satisfactory to the Association.
- The Recipient has opened the Designated Account.
- The Recipient has prepared annual work plans for 2006 and 2007, in form and substance satisfactory to the Association.

D. APPRAISAL SUMMARY

1. Economic and Financial Analyses

An illustrative Cost Benefit Analysis was carried out for component 1.2 which supports Investments for supply chain development and component 2 which supports irrigation and market development infrastructure. The analysis was based on three models of commodity supply chains development as shown in table 1. For component 1.1 (assistance to capacity building) and component 3 (assistance to enabling environment) cost benefit analyses were not conducted due to the difficulty to measure and to quantify the project direct benefits. Since investments are carried out according to the project concept based on demand driven approach, the sites and the scope of activities are not known beforehand. The analysis is therefore illustrative and will be reviewed during project implementation to ensure that the project supports only financially and economically viable operations

Table 1: Returns to producers' investment

	Improved capacity for Irrigation and agricultural practices		
MODEL 1	**Onion (0.25 ha)**	**Mango (0.25ha)**	**Cowpea (0.5 ha)**
Financial analysis			
IRR	45%	30%	86%
NPV (at 10%)	1231,02	462,800	190,590
Economic analysis			
ERR	66%	43%	212%
NPV (at 10%)	1,544,120	635,740	293,280
MODEL 2	**Onion (0.5 ha)**	**Mango (0.5 ha)**	**Sesame (1 ha)**
Financial analysis			
IRR	45%	30%	106%
NPV (at 10%)	1231,020	462,80	436,710
Economic Analysis			
ERR	66%	43%	257%
NPV (at 10%)	1544,120	635,740	531,760
MODEL 3	**Onion (0,5 ha)**	**UEB (4 cows)**	**Cowpea**
Financial analysis			
IRR	45%	38%	86%
NPV (at 10%)	1231,020	1083,340	190,590
Economic analysis			
ERR	66%	90%	212%
NPV (at 10%)	1544,120	2047,280	293,280

Table 1 indicates high economic rate of returns ranging from 45 percent to 212 percent depending on the crops in the farms models which are consistent with the Government intervention. The sensitivity analysis (Annex 9) shows that the models are more sensitive to yields than prices and costs, which can justify the intervention of the Government to introduce improved agricultural practices and innovative irrigation techniques.

Table 2 indicates present value of flows at 10% of the project for activities which benefits measured in monetary terms.

Table 2: Project Economic and Financial (NPV in CFAF)

	Economic		Financial	
	ERR	NPV	IRR	NPV
Base case	23%	88 893	25	102 342
Switching value (at 10%)	26%	27 069	28	32 069

The economic analysis of the project shows high economic rate of return of 23 percent for all hypothesis (see Annex 9). This high rate could be explained by the yields increase due to the improvement of irrigation scheme and the availability of market facilities provided by the project. The sensitivity analysis is based on estimated switching values (a change in the value of key factors that lowers the ERR to 12 percent, taken as the long-term opportunity cost of the capital in Burkina Faso).

2. Technical

The technical approaches of the project take into account experiences accumulated in preparing and implementing similar components in Burkina Faso and in the sub-region mainly in Mali, Senegal, Côte d'Ivoire and Niger. The approaches have been widely discussed with Government and stakeholders and have been designed to meet their needs.

Building up supply chains: The contracting of specialized operators with international experience to support the building up of supply chains was proven to be a key factor of success in neighboring countries, in particular with the firm GEOMAR in Côte d'Ivoire and Senegal. In Burkina, the same approach was used under the DIPAC to set up a successful association for the development of small irrigation (APIPAC). The project will also support capacity building of both private and public stakeholders' and promote a continuous dialogue and partnership between them during implementation. Most of past project favored support to only one of the actors and mainly the public sector and results were mitigated. Component one will therefore strengthen private sector capacity to drive the strategic and operational planning of the selected supply chain development while component three will strengthen the capacity of public services to create an enabling environment for supply chain development. Recent projects such as DIPAC and PNDSA have successively implemented matching grant mechanism to finance producers and processors demand. Implementation of the sub component "Investment for supply chain development" will provide a supply chain promotion fund that will take into account the lessons learned.

The Burkina Ministry of Agriculture, with FAO and World Bank assistance, has just finalized a new irrigation development strategy, which draws lessons from past failures of large scale irrigation investments and of state-managed irrigation schemes. This new strategy emphasizes the role of small scale irrigation undertaken on a private basis by small scale rural entrepreneurs and smallholders. It built upon a 5-year pilot project implemented by the GoBF and co-funded by IDA. This pilot operation has been successful, as documented in the Implementation Completion Report, in testing the provision of small scale irrigation equipment, technical advice and post-harvest technologies to producers for the promotion of the fruit and vegetable supply chain. The Government prepared with Bank support a national strategy for irrigation development and organized a round table to present the strategy to donors. The project will support Government irrigation development strategy. It will therefore contribute to reduce the country vulnerability to climatic risks, improve agricultural productivity and secure agricultural production.

The IDA financed agricultural market projects in Mali and Senegal provided valuable experience in how to deal with market infrastructure that are necessary to develop commercial agriculture and particularly export to international markets. The implementation of the sub component market infrastructure will be contracted out to specialized service providers. Their building will be subject to an agreement with Government on the transfer of their management to specialized operators.

3. Fiduciary

A Project coordination unit has been set up for the preparation of the project. The PCU is attached to the General Secretary within the Ministry of Agriculture. The Unit is staffed with a coordinator, a supply chain specialist, a procurement specialist and an accountant. It is currently managing the PPF and will continue operating after Board approval and until the PCU for implementation is fully staffed. During appraisal, the Government and the Bank agreed that the preparation Unit performed satisfactorily and that the incumbent staff will be confirmed for the implementation of the project.

Financial management: The objectives of ADMDP's financial management system are: (i) to ensure that funds are used only for their intended purposes in an efficient and economical way while implementing agreed activities; (ii) to enable the preparation of financial reports that show costs budgeted and incurred for the current period and the total budget and cost of the ADMDP to date ; (iii) to enable ADMDP Management to monitor the efficient implementation of management; and (iv) to safeguard the project assets and resources.

A FM mission assessed the capacity of the ADMDP and found that PCU and SCPF are not yet created and the required FM system it is not yet in place. To this end, it was agreed that key fiduciary staff will be recruited and the computerized financial system will be developed and installed inside the Administrative and Financial Unit of PCU to support implementation of this new operation. This arrangement will ensure immediate capacity to carry out the FM tasks. A capacity building action plan will be undertaken

with PCU to allow it to be able to carry adequately required tasks. An Internal Controller will be recruited for making the implementation systems operational and review the interim un-audited financial reports. All funds will be subject to annual audits by private auditors, as well as periodic reviews by national Public Control Institutions.

Procurement: During project implementation, procurement will be done by the PCU, professional organizations and micro-project promoters. The PCU will be directly in charge of major studies, large and complex procurements and/or pooled procurement across professional organizations etc. Professional core organizations such as UNPCB, APIPAC and CICB will be in charge of procurement of simple items. However, even done at organizations level, all project's procurement process will be under the overall responsibility of the PCU's procurement specialist who will have a mentoring, coaching and support role.

Promoters will handle procurement process for need included in their agreed micro-project. In order to support the promoter during micro-project implementation (including on procurement aspects) the recruitment of regional (8 regions are concerned) service providers (NGOs and/or firms) is foreseen. The recruitment of regional service providers will be done for each region before agreement of the first micro-project of the concerned region.

As the PCU for implementation was not yet set up, it was not possible to conduct a formal procurement capacity assessment during preparation. However, procurement activities conducted under the preparation Unit were successfully completed.

It was agreed during appraisal to recruit a procurement specialist (PS) for project implementation with a strong knowledge and solid experience in both IDA and GoBF procedures before effectiveness.

4. Social

Consultations with key stakeholders within the public sector, the private sector, and civil society were conducted throughout project preparation. The investment climate assessment process systematically involved the private sector as well as professional associations in the various sub-sectors. In sub-sectors and supply chains planned for support under this project, key actors were involved in the definition of the scope of activities and they will remain engaged during implementation, supervision and evaluation stages of the project. Youth and women, in particular, are expected to benefit from this project because they are heavily involved in most of the activities and processes along the supply chain

5. Environment

The Agricultural Diversification and Market Development Project (ADMDP) is a Category B project. Hence, the environmental and social impacts of the project, for the most part, are expected to be adverse, but minimal, site specific and manageable to an accepted level. There are three Bank Safeguard policies applicable to the project. These

include: Environmental Assessment (OP 4.01); Involuntary Resettlement (OP 4.12) and Pest Management (OP 4.09).

During the appraisal mission, the range, scale, locations and number of sub-projects, as part of ADMDP initiatives were unknown. The difficulty of defining what the real environmental and social impacts of envisioned sub-projects are and determining which mitigation measures should be put in place, required the development of an *Environmental and Social Management Framework (ESMF) and a Resettlement Policy Framework (RPF),* a social safeguard instrument used to addressing potential land acquisition or loss of economic activity issues on the part of individuals or group of individuals in project intervention zones. In addition, it was determined, based on project envisioned activities leading, in particular, to diversification and intensification of agriculture, that the Pest Management Policy is triggered. The triggering of this policy is also predicated on the likely incidence of water borne diseases, on neighboring communities, resulting from irrigation schemes that will be developed under the project.

All project safeguard instruments have been prepared, in full compliance with Bank and national safeguard policies, by local consultants, following a broad consultation framework, involving all relevant stakeholder groups, both public and private, in the various sub-sectors and supply-chains and other interested parties.

The ESMF formulated standards methods and procedures specifying how unidentified future subprojects whose location, number and scale are unknown will systematically address environmental and social issues in the screening and categorization, location, design, implementation, operational phases and maintenance of the subproject lifecycle. It includes: (i) systematization of environmental and social impact assessment for all identified sub-projects before investment; (ii) procedures for conducting sub-project specific EIAs, be they Limited Environmental Impact Assessment (LEIA) or Full Environmental Impact Assessment (FEIA) as applicable; (iii) Capacity strengthening and awareness raising campaigns targeted at relevant stakeholder groups for better implementation and monitoring of project safeguard measures; and (iv) establishment and implementation of an intersect consultation framework for the environmental control and monitoring.

The RPF looked into the policy, legal and regulatory mechanisms on how to address cases of land acquisition, loss of economic activities, on the part of affected people, as a result of project activities. It also provides a coherent framework, eligibility criteria and asset valuation methods for compensation and/or resettlement of affected people, as well as grievance mechanisms of affected persons, in case of unsatisfactory arrangements. Together, these safeguard instruments, are considered both as a planning tool and a means for a harmonious integration of the project in its bio-physical and social environment and as a way to maximize positive effects on the same environment.

The pest management plan (PMP), on the other hand, addressed the concerns relating to the risks associated with potential increases in the use of pesticides for agricultural production, intensification and diversification, increases in disease vector populations which would arise from irrigation schemes and made propositions to strengthen national

capacities to implement mitigation measures to minimize the risks. The PMP also identifies national agencies and other partners that could effectively collaborate in, as well as the institutional arrangements for implementing the plan.

The ESMF and RPF include institutional arrangements, outlining role and responsibilities for the various stakeholder groups involved, for screening, review and approval of sub-projects, as well as implementation and monitoring of their mitigation measures. The PMP also includes clear institutional arrangements to implement and monitor the plan. All three instruments were submitted to ASPEN, the regional Safeguard Unit, and cleared for disclosure in-country and at Bank InfoShop, prior to appraisal.

6. Safeguard Policies

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP/GP 4.01)	[x]	[ ]
Natural Habitats (OP/BP 4.04)	[ ]	[x]
Pest Management (OP 4.09)	[x]	[ ]
Cultural Property (OPN 11.03, being revised as OP 4.11)	[ ]	[x]
Involuntary Resettlement (OP/BP 4.12)	[x]	[ ]
Indigenous Peoples (OD 4.20, being revised as OP 4.10)	[ ]	[x]
Forests (OP/BP 4.36)	[ ]	[x]
Safety of Dams (OP/BP 4.37)	[ ]	[x]
Projects in Disputed Areas (OP/BP/GP 7.60)*	[ ]	[x]
Projects on International Waterways (OP/BP/GP 7.50)	[ ]	[x]

*By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas.

7. Policy Exceptions and Readiness

No policy and readiness exceptions are requested for this project.

Annex 1: Country and Sector or Program Background

BURKINA FASO: Agricultural Diversification and Market Development Project

Located in the middle of Western Africa, Burkina Faso has a population of 12.5 million with a territory of 274,000 km^2. It is one of the poorest countries in the world, characterized in 2003 by per capita revenue of US$350. The country remains strongly dependent on external support, which represents more than 10 percent of the gross national product (GNP), and provides 80 percent of financing dedicated to the Public Investment Program. The economy of Burkina Faso is dominated by agriculture. In fact, the agricultural sector generates about 40 percent of GNP (25 percent from plant agriculture, 12 percent from livestock, and 3 percent from forestry and fisheries). This sector provides jobs and revenues to about 86 percent of the population and represents 80 percent of export earnings.

Poverty. Developments in respect of poverty in Burkina Faso since the devaluation are still the subject of conflicting analyses. According to official statistics, and despite sound macroeconomic performance during 1994–2003, including an annual per capita growth rate of about 2 percent on average, monetary poverty in Burkina Faso does not appear to have diminished significantly over the past decade. Indeed, the findings of the population and health surveys conducted by the National Institute of Statistics and Demographics (INSD) in 1994, 1998, and 2003 appear to show some "resilience," that is, a slight increase in the incidence of poverty, which rose successively from 44.5 percent (1994) to 45.3 percent (1998) to 46.4 percent (2003).

A study conducted more recently in the context of preparing the World Bank's "Burkina Faso, Reducing Poverty through Sustained and Equitable Growth, Poverty Assessment" (World Bank, July 2004) showed that these statistics are not comparable in their present form, because the INSD appears to have used different methods for measuring poverty incidence in each survey. After making the adjustments required to ensure the comparability of results, the authors concluded that the incidence of poverty had in fact dropped by about 8 percentage points—from 54.6 percent in 1998 to 46.4 percent in 2003 (see Table 1). However, owing to the major differences in the survey techniques, particularly with regard to periodicity, reprocessing data proved impossible, and the poverty rate for 1994 could not be reevaluated. Nevertheless, the authors of that study suggest a prevalence of close to 60 percent for 1994, based on the trends observed in comparable countries. At the same time, and based on the same survey data, another study was conducted by Grimm and Gunter on growth and poverty in Burkina Faso.[1] This study concluded, after reprocessing the data, that poverty had in fact increased significantly (by 6 percentage points) between 1994 and 1998 (rising to 61.8 percent), and then dropped off even more dramatically by 14.6 points between 1998 and 2003 (to 47.2 percent).

[1] M. Grimm and I. Gunter, "Operationalizing Pro-Poor Growth: A Country Case Study on Burkina Faso," October 2004.

Table 1: Burkina Faso - Changes in Poverty Rate
(percentage of population below the poverty line)

	1994	1998	2003
World Bank Poverty Assessment			
National		54.6	46.4
Households producing traded agricultural goods		53.1	47.1
Households producing no traded agricultural goods		61.8	55.3
Grimm/Gunter study			
National	55.8	61.8	47.2
Cotton-producing households	62.1	58.2	46.8
Households producing non-cotton agricultural goods	64.1	71.6	57.2

Source: World Bank Poverty Assessment; and Grimm and Gunter (2004).

Despite these estimation problems, both studies conclude that there was a decline in poverty during 1998-2003, which is also consistent with the increase in average incomes and more specifically with growth in the agricultural sector. For example, according to the World Bank's Poverty Assessment, the sharp decline in the incidence of poverty between 1998 and 2003 (around 8 percentage points) can be attributed to the decline in rural sector poverty (8.6 points), while the poverty incidence in urban areas showed little change (3 points). Both reports conclude that the poverty rate is much lower in urban areas (20 percent) than in rural areas (53 percent). However, despite the noticeable improvement in poverty incidence, the country remains one of the poorest in the world.

Potential Sources of Growth and Prospects for Agricultural Market Development.

In the medium-term, cotton and livestock, as well as cereals (mostly for the domestic market) will continue to provide the main engines of agricultural growth and their sustained development should be one of the main focus of Government's agricultural policy. The domestic market will remain the main engine of growth. Although the domestic demand for cereals will at best grow at the same rate as the population[2], the urban market is expanding fast, driven by income growth and a change in product mix toward higher value (livestock products, fruits and vegetables) and more processed commodities. This market is also becoming more demanding and is a good stepping stone for producers to meet the more exacting requirements of international markets. The international market for cotton will be able to absorb the projected increase in production by Burkina Faso over the next ten years, and the domestic and regional market for livestock products appear promising, as populations and income levels rise. At the same time, it is critical that Burkina Faso diversify its production base, to reduce its vulnerability to international price fluctuations and take advantage of new opportunities for high value products for which the country has a comparative advantage.

[2] Burkina has achieved self-sufficiency in 'normal' years and is now regularly producing some surpluses for export to the subregion, but these markets are uncertain and subjected to a significant amount of co-variance.

Issues and Challenges for Agriculture Sector Competitiveness. To take advantage of these potential sources of growth and thus have a greater impact on poverty reduction, Burkina Faso needs to adequately address a series of constraints in the agro-sylvo-pastoral sectors.

At the organizational level, the situation varies from one sector to another, but most subsectors and supply chains are not well structured, and do not benefit from professional, trade, or industry organizations. Some organizations, such as the Association for Private Irrigation and Related Activities (APIPAC) for the fruits and vegetables subsector, the Comité Inter-professionel des Céréales du Burkina (CICB) for the cereal subsector, and the Union Nationale des Producteurs de Cotton du Burkina (UNPCB) for the cotton subsector, do work reasonably well. But the Comité des Oléagineux du Burkina (COB) for the oleaginous sector suffers from several functional difficulties. Most organizations depend on subsidies obtained from development projects. Without a serious strengthening of organizational capacity, they will not be able to carry out the advocacy, coordination, representational, or business development services needed to foster value and supply-chain growth.

Regarding exports, handling and transaction costs (collection, grading, post-harvest treatment, loading, transport, and distribution) are too high, and the sellers have very limited capacity to explore sub-regional markets. In addition, exchange conditions (especially illicit fees) lower margins and the profitability of export operations. The differences of commercial traditions, languages, and insecurity also hamper the development of exchanges with Anglophone countries. The difference of monetary zones is another difficulty. Overall, the lack of professionalism, the lack of capacities of anticipation, adaptation, and marketing, and the lack of commercial information, constitute a major handicap.

The lack of productive technologies adapted to the local situation, the lack of information and advisory services, and the difficult access to financial services represent the main issues faced by agro-processors, along with high production costs. These factors cause a lack of competitiveness and poor quality of products. Sales are also hampered by (i) the insufficiency of warehouse and cold storage facilities; (ii) the poor level of commercial training; (iii) the absence of market standards; (iv) the poor transport facilities and (v) poor knowledge of markets.

To varying degrees, producers within agro-sylvo-pastoral sectors all face similar constraints and difficulties, particularly: (i) land insecurity and unfair access to production factors; (ii) climatic issues; (iii) illiteracy and the lack of professional training; (iv) weakness of information diffusion; (v) difficulties in accessing credit; (vi) unsatisfactory management of water and the fertility of soils; (vii) availability and the costs of inputs and (viii) difficult control of locust infestation. Operators in the beef and poultry sectors face specific issues: (i) a poor zoo-sanitary situation; (ii) limited genetic potential of local species; (iii) scarcity of fodder and poor nutritional value; (iv) difficulty in obtaining food and veterinary and other inputs; (v) poor technical mentoring and (vi) cattle theft.

As far as the public sector is concerned, a series of difficulties also hampered its efficiency, including: weak capacity of public service entities to modernize their intervention strategy and to focus on the development of market-driven value/supply chains; limited ability to work with the private sector, poor quality of statistics and low access to information, limited relationship between research system priorities and actions and producer needs, weak dissemination of existing technologies, poor quality control and regulation of products, and weaknesses in the management of public facilities used by private operators. Access to finance and land security constitute two central issues that are not adequately addressed by public services.

Building Strategic Framework for Agricultural Competitiveness. Accordingly, to tackle the poverty issue, the Government of Burkina Faso (GoBF) has adopted two central strategic documents: the Poverty Reduction Strategy Paper (PRSP) and the Rural Development Strategy (RDS).

The PRSP, completed in 2000 and revised in 2003, stipulates that the Government's goal is to boost the agricultural sector's contribution to growth by creating, on one hand, an economic climate more conducive to private investment (particularly in the areas of production, marketing, and industrial processing) and to the development of small and medium enterprises in rural areas and poverty pockets and, on the other hand, a biophysical environment conducive to faster growth.

To translate the PRSP's objectives into concrete activities, the Government issued in 2003 a Rural Development Strategy (RDS), which targets the sustainable growth of the rural sector as the preferred mechanism for ensuring greater food security and promoting genuine rural development. The RDS constitutes the reference framework for all GoBF and most donor interventions in the rural development area.

The analysis of Specific Value Chains and their Success, Weakness, Opportunity and Threats (SWOT) is described in Appendix 2 followed by an extensive description of the various supply chains.

Appendix 1

Organized Private Stakeholder Organizations within Supply Chains

Supply Chains	Production	Processing	Commercialization	Professional Organizations
Cowpea	Start of organizations		Private operators	Bukinabé Oilseeds Council
Sesame	2,754 industry-based organizations	SOCOPA	Wholesaler organizations ASIECRU, AIEPO	Covered by the CIC
Fruits and vegetables	About 1,400 POs: APIPAC COOPAKE, UMFB, UFMA UCOBAM, ANPHV, URCABO	Drier unities, confectionary	SOBFEL, SOPROFA, CDS Association of exporters: APEFEL, APEX	APIPAC (irrigation) Bananas supply chain SOBFEL
Shea nut	Several women's cooperatives	200 associations of shea butter production	Exporters of nuts and butter	Table supply chain
Poultry	Few producer organizations	Association of roasters	Collector Wholesalers Roasters	Absence of professional organizations
Beef	3,800 POs 100 associations of Pos	Slaughterhouses Butchers	Provincial association of sellers and butchers UNACEB, UNABAEV, UNABOC, ATVO	CNC/RA Table supply chain livestock meat
Cotton	8,000 POs, UNPCB	SOFITEX, FASO Cotton, SOCOMA, FISAH, SICITEC, SOFIB, JOSSIRA Ginning entities	SOFITEX, FASO Cotton, SOCOMA,	Cotton supply chain management committee (State–SOFITEX–UNPCB)
Cereal (sorghum, millet, corn)	6,036 POs recorded regional organizations: UPPM, UGCPA, CRRA, FENOP, ADK	Agro industries: CETRAPA/ SODEPAL/ SIMAO BRAKINA Small-scale production enterprises	Private operators	CIC and regional committees

Appendix 2

Successes, Weaknesses, Opportunities and Threats (SWOT) Analysis, by Sectors

COTTON

STRENGTHS	WEAKNESSES
A producers' organization (UNPCB) growing stronger f cotton company (SOFITEX) • Involvement of banking system • Steady growth of high-quality cotton fiber Well keting	• High costs of inputs and lack of equipment • Stagnation of yields since 1985/1986 • Dependence on export prices • UNPCB is the weakest partner in the cotton trade organization
OPPORTUNITIES	**THREATS**
• Availability of financing for research and extension • Privatization of the sector • Stable macroeconomic environment • Introduction of genetically modified cotton	• Soil and environment degradation • Lower export prices • Extension of cultivated area

FRUITS AND VEGETABLES

STRENGTHS	WEAKNESSES
• Strong demand within the subregion • Import capacity to produce organic and dried products • Strong knowledge of the sector • Existence of professional organizations	• Genetic degeneracy of grown varieties • Strong parasitology • Difficulties respecting export contracts • Poor respect of the technical itinerary
OPPORTUNITIES	**THREATS**
• Increase of the European demand • Increase of the demand for organic and dried products • Existence of certified (Bio and EUREPGAP) orchards • Strong national policy to develop horticulture	• Low maintenance of infrastructures and equipment • Strong competition of subregional countries • Inappropriate policies with regard to aerial transport • Presence of the white fly

CATTLE/BEEF

STRENGTHS	WEAKNESSES
• Increase production • Slaughterhouses being renovated • 15 to 16 billion CFAF per year in terms of gross income contributor th 12% of livestock's	• Poor technical knowledge • Lack of warehouses and cold facilities • Poor control of norms many t • Lack of technical competencies
OPPORTUNITIES	**THREATS**
• Existence of a regional market • Demand from Egypt	• Degradation of slaughtering conditions • Unfavorable fiscal environment

POULTRY

STRENGTHS	WEAKNESSES
• Strong internal and external demand • Provide quick cash to households • Existence of more than 100 roaster units • Conducted all over the country	• Importance of disease such as Avian flu • Lack of specific slaughterhouses • Lack of an professional organization • Inappropriate transportation conditions
OPPORTUNITIES	**THREATS**
• Increasing local demand due to urban demographic growth • Strong subregional demand	• Avian flu (H5N1)

SESAME

STRENGTHS	WEAKNESSES
• Diversified uses (agro-food, cosmetics) • Easy to grow—accessible by poor households • Existence of several processing enterprises (SOPRADEX, SOCOPA)	• Lack of data on prices, production, quantities exported • Poor productivity • Commercial quality
OPPORTUNITIES	**THREATS**
Possibility of improving :f productivity Growth of :p t	• Competition from Asian countries • Salmonella contamination undermines product quality

CEREALS

STRENGTHS	WEAKNESSES
• Increase in production • Existence of a professional organization • Represents 10% of GNP • Represents 88% of 3.5 million ha exploited each year by 900,000 poor households	• Unsteady production capacity • Poor productivity • Poor production, processing, and commercialization • Weak organization of marketing
OPPORTUNITIES	**THREATS**
Growth perspectives :i l 2 85% a (2) 0) (10)	Locust infestation • Erratic rainfall

COWPEA

STRENGTHS	WEAKNESSES
• Grown by 70% of producers • Accessibility to poor households • Increase of production in recent years	• Lack of adequate technologies • Poor use of agricultural inputs • Weak organization of marketing • Weak organization of actors • Language and currency barriers
OPPORTUNITIES	**THREATS**
Possibility of i c ed High demar d fr:m Ghana Nigeria	

Appendix 3
Supply Chains Brief Description

Cotton. The cotton sector in Burkina Faso encompasses about 200,000 producers, and is a major source of income for about 17 percent of the population. Cotton production increased sharply during the last five years, from 276,000 tons in 2000/01 to over 560,000 tons in 2004/05. The government has prepared, with all stakeholders, a strategy for supporting the continued expansion of production and exports, focusing on (i) improving productivity both on-farm and in downstream activities, and (ii) establishing efficient mechanisms for the management of the "value chain" in a concerted and equitable fashion by all stakeholders. Recent developments include the privatization of the sector with the opening of SOFITEX[3] share capital to producer organization, and the transfer of some of SOFITEX's assets to two private ginning companies. The Government is also supporting the newly-created cotton trade organization ("Interprofession") and the introduction at the research level of genetically modified cotton varieties, which presents a good opportunity to boost productivity and improve competitiveness. However, cotton production impact on growth and poverty reduction is constrained by several issues including extreme global price volatility, the overvaluation of the Euro and the loss of market share to synthetic fibers, the long-term declining trend of the international price and the low productivity of the sector due to poor soil fertility, weak capacity of farmer organizations to play significant role in the reform process.

Livestock is a critically important sub-sector in Burkina Faso. Burkina Faso is the second highest exporter of livestock products -essentially live cattle but also sheep and poultry- behind Mali on the regional market (WAEMU). Exports have stagnated since 2000, and there has been an actual decline in live animal exports since the beginning of the crisis in Côte d'Ivoire. The export of meat, chilled or frozen, is being hampered by inadequate preservation facilities and competition from other producing countries. Livestock-related activities provide incomes (partially or totally) for 86 percent of the population. Smallholders are producing about 95 percent of total meat production, 95 percent of total milk production, and 60 percent of total egg production. Growing urbanization and rising per capita income, with a target of 4 percent annual growth, have led to stronger domestic demand, coming on top of export demand. Supply has not coped well with this rising demand. Closing the supply gap will require increased productivity per hectare in extensive systems or per animal in intensive systems, through improved nutrition, breeding, and animal disease control. An over issues the food safety aspects for both domestic and export markets (sub-regional, regional, and, in the longer-term, international). Better compliance with the sanitary and phytosanitary requirements of the World Trade Organization, which are based on Livestock International Organization (OIE) (live animals) and Codex Alimentarius (animal products) guidelines and standards, will be crucial to sub-sectoral growth. The Government's specific strategy for the livestock sector is described in the Work Plan and Investment Program for the Livestock Sector (PAPISE) - a national framework for livestock action plan and investment programs prepared by the Ministry on Animal Resources in 2000 - and in the revised full PRSP. Under the Livestock, Poverty, and Growth Initiative (IEPC), which spans 2002–

[3] Burkina Faso's main cotton processing company.

2004, the government has developed a sector strategy for livestock, with support from the World Bank and the Food and Agriculture Organization. The IEPC seeks to modernize the sector and intensify transformation efforts to "increase its contribution to national poverty reduction and growth objectives." In this context, the government has recently made sizable investments to modernize and expand the slaughterhouses in Ouagadougou and Bobo-Dioulasso (CSLP Report, 2003) and these investments should help boosting meat production and exports

Poultry. In Burkina Faso, the poultry sub-sector consists of a "modern" and a "traditional" domain, both of which are dominated by two species of animals, chicken (76 percent) and guinea fowl (19 percent). Recent surveys place the total yearly income of both rural and urban traditional poultry production at over 10 billion FCFA, with the urban share estimated at less than 10 percent. Traditional poultry production is sold on the internal market, mostly urban (several thousand chickens are sold daily in Ouagadougou[4]), and on the regional market (Benin, Côte d'Ivoire, Togo) where traditional poultry products from Burkina Faso are much appreciated (including the *poulet bicyclette*, a Burkina label). Traditional poultry farming is part of the livelihood strategies of almost all agro-pastoral households, and to a lesser extent of pastoral households. Poultry commodity chains include actors that fit into a three-tiered typology consisting of producers, traders, and processors. Poultry product collectors gather their merchandise at the village level and from rural marketplaces and transport it to areas where consumption is concentrated, and to exporters. Processors are mainly those involved in roasting and/or grilling poultry products. Butchering takes place on the spot on-farm or on demand from clients in marketplaces under inappropriate hygienic conditions, with inadequate infrastructure leading to substantial losses - which also occur during transportation and processing. Except for the purely commercial operations, poultry commodity chains are little organized, due mostly to the fact that, for rural households, traditional poultry farming remains largely a secondary activity. Significant progress has been made recently regarding the prophylaxis for poultry through several projects and the support of NGOs that have been training voluntary village veterinarians. However, the recent outbreak of avian flu in West Africa and in Burkina Faso is a real threat for the development of the poultry sector.

Fruits and vegetables. Burkina Faso has a comparative advantage for producing and exporting a number of non-traditional crops such as fruits (mango) and vegetables (onions, tomatoes, potatoes and beans) for the coastal and European countries where the demand is high, as well as sesame for export to Europe and the Arabic countries or cowpeas for the sub regional markets including Nigeria. Although these crops represent only a small share of the current value of agricultural production and exports, their markets offer substantial potential for growth and they are usually labor intensive, thus offering significant employment creation and income opportunities. The fruits and vegetable sector was once considered extremely promising for Burkina Faso where agro-climatic conditions are particularly favorable to production. Burkina Faso had succeeded in penetrating the global market, including Europe, particularly for green beans. However, the recent performance of this sub-sector has been disappointing. Production

[4] Hubert Boirard and others, "Mission d'appui à l'identification des interventions du PDA," February 2004.

and exports have declined. While competitor countries such as Kenya, Senegal or Morocco modernized their production methods and organized themselves for undertaking the necessary collective actions, Burkina Faso has so far been unable to increase productivity for remaining competitive, adapt its production to meet the changing preferences of European consumers or to meet the increasingly stringent quality/safety standards required by markets in developed countries. A recent study conducted by the German Agency for Technical Cooperation (GTZ) on the export possibilities for fruits and vegetables from Burkina Faso recommended that the country focus more on the export of processed products, such as dry or frozen fruits and vegetables, which would be less adversely affected by the country's landlocked position.

Sesame. Sesame is traditionally cultivated all over the country, with the highest concentrations in the Mouhoun belt, which contributes to approximately 65 percent of total national production. Other important producing regions are the East, the Hauts-Bassins, Cascades, and the Centre-North. Planted in rain-fed areas, sesame does not require much water (250 millimeters to 600 millimeters are enough), and is considered an "easy" crop. Yet both area planted and yields achieved per hectare remain low (around 300 kg to 400 kg). This is due to, among other things, unreliable external markets. Current levels of total annual sesame production range from 10,000 to 15,000 metric tons in an average year, with huge differences from one year to the next. The sector strategy notes and Action Plans on the oilseed subsector by the Ministries of Agriculture and of Commerce (JITAP Project, ONAC, 2003) served as the documentary base for this review. The oilseed subsector appears to be facing major constraints, specifically: (a) the low level of professionalization of the operators and the export networks, (b) the predominance of the informal sector in the processing of oil seeds, and (c) problems with product standards and sanitary conditions (CASEM 2005).

Cowpea. The cowpea commodity chain has grown substantially since the 1990s, due mostly to urban and external consumption and demand. Coastal West African countries especially are chronically short of cowpea (mainly but not limited to Côte d'Ivoire, Ghana, and Nigeria), with Nigeria accounting for about half of the total regional demand. So there is good export potential. In the medium term, demand for cowpea is expected to lead to production increases of between 8,000 and 10,000 metric tons per year in rural areas. Having been explicitly identified in the Strategic Operational Plan (*Plan Stratégique Opérationnel*, PSO) of the Strategic Outlook Paper (*Document d'Orientation Stratégique*, DOS) for the agricultural sector since 1999, cowpea production could in certain parts of the country play a major role in rural poverty reduction. In order to attain a production level of 600,000 metric tons per year by 2010, the Government has set a target of 7 percent annual growth in output. There exist no local organizations that specifically include actors in the traditional (mixed farming systems) cowpea commodity chains. A proxy indicator of the degree of specialized expertise of the different actors is the way in which cowpea storage and preservation activities are handled. Cleaning and phytosanitary techniques are practiced systematically and are well known throughout the country but make use of a wide range of products of sometimes unreliable quality. Post-storage losses are experienced chiefly by traders but are not frequent at the household level.

Annex 2: Major Related Projects Financed by IDA and/or other Agencies

BURKINA FASO: Agricultural Diversification and Market Development Project

Second National Agricultural Services Development Project (PNDSA 2): With a budget of 25 billion FCFA, the PNDSA 2 was financed by IDA (90 percent) and the Government of Burkina Faso (10 percent). Started in October 1998, the project closed in December 2004. PNDSA 2 focused on the following components: (i) the agricultural and pastoral extension; (ii) animal health and the promotion of livestock; (iii) technological and agricultural research; (iv) support to the professionalizing farmers' organizations and (v) financing of local initiatives. Active in the whole country, the PNDSA 2 based its approach on the "training and visit" system. The project introduced innovative actions by testing advisory services based on the demand and financing of economic micro-projects. With regard to research, the PNDSA 2 enabled the strengthening of human and logistic capacities of services and tested collaborative research. The project also enabled the establishment of some infrastructures to support the commercialization of products. Nonetheless, the PNDSA 2 was rated as Moderately Unsatisfactory by the World Bank Operations Evaluation Department.

Pilot Private Irrigation Development Project (DIPAC): The DIPAC was financed by IDA for more than 3 billion FCFA. DIPAC started in 1999 and closed in 2004. The project focused on the following areas, among others: management of watersheds, promotion of technologies and techniques for small-scale irrigation, and facilitating operators' access to financing. The project also worked on aspects related to the strengthening of organizational framework for private irrigators, and on the strengthening of their managerial and technical capacities. DIPAC hugely contributed to the restart and success of the program promoting small-scale local irrigation in progress in the country.

Projet de Fixation des Jeunes dans leurs Terroirs: The objective of this project was to reduce rural exodus of youths by increasing their revenues in rural areas. It worked on the facilitation of financing for micro-projects initiated by youths and on relations with supply chains judged profitable. The project was financed by the United Nations Development Program (UNDP) and was implemented during 2000–2004. It also included components to improve the technical and organizational capacities of youths and connected them with micro-finance institutions.

Projet d'Appui aux Filières Bio-alimentaires (PAF): The PAF works on four supply chains: beef, milk, shea butter and plantain. The approach is centered on the organization of dialogue, advisory services, and the development of programs and financial products. The strengthening of competitiveness is an important objective of the project, and the increase of actors' revenues is one of its main expected results. The project started in 1999.

Support to Competitiveness and Enterprise Development Project (*Projet d'Appui à la Compétitivité et au Développement de l'Entreprise – PACDE)*: This IDA financed project has two major components including a matching grant fund located in the *Maison de l'Entreprise du Burkina Faso* (ME). This fund supports capacity building for a broad range of the private sector. The Agricultural Diversification and Market Development Project will build synergies with the ME for private capacity building. The ADMDP will support targeted supply chain actor organizations, and the agency/foundation for agro-sylvo-pastoral (ASP) supply chain promotion will be supported to become a member of the ME, and ensure that commercial operators of the ASP supply chains will be informed of the services available in the ME, and ensure that they will benefit from these services and the services offered by the ASP Promotion Fund.

Annex 3: Results Framework and Monitoring

BURKINA FASO: Agricultural Diversification and Market Development Project

Results Framework

Project Development Objective	Project Outcome Indicators	Use of Project Outcome Information
Increase the competitiveness of selected agricultural sub-sectors that target national, sub-regional and international markets thereby contributing to shared agricultural growth in Burkina Faso.	• By project closure, Burkina agricultural exports (cotton excluded) for the targeted supply chains reach **35,000 tons** on **international** markets	⇒ Assess project impact on Burkina agricultural competitiveness
	• By project closure, Burkina agricultural exports(cotton excluded) for the targeted supply chains reach **20,000 tons** on sub-**regional** markets	⇒ Assess project impact on Burkina agricultural competitiveness
	• By the end of project, at least **60% of producers** that benefited from project support have increased their income from targeted supply chains by **at least 50%**	⇒ Ensure fair distribution of value-added along supply chains and assess project strategy toward smallholders

Intermediate Results	Result Indicators	Use of Intermediate Outcome Monitoring
Component 1 – Impr ement of agro-sylvo-pastoral supply chain performance		
Private stakeholders are more competitive and able to respond to market demands in terms of quality and quantity.	• 1.1- By the end of project, at least two inter-professional would have been created and lead the preparation of AOP for the development of supply-chains	⇒ Assess project impact on supply chain organization
	• 1.2- By the end of project, at least 2500 micro-projects would have been financed and successfully implemented	⇒ Assess project relevance in supporting small-scale private investors and smallholder producers

Intermediate Results	Result Indicators	Use of Intermediate Outcome Monitoring
Component 2 – Development of irrigation and marketing infrastructure		
Irrigation and marketing infrastructures are in place and efficiently managed by private operators.	• 2.1.1 By the end of project, 5,000 ha of land would have been irrigated • 2.1.2- By the end of projects, at least 1000 ha would have been equipped with small-scale irrigation equipments.	⇒ Assess project progress in promoting private irrigation and increasing agricultural productivity
	• 2.2- 100% of marketing infrastructures developed by the project are managed by specialized private operators	⇒ Ensure adequate private management and operation of marketing infrastructures

Intermediate Results	Result Indicators	Use of Intermediate Outcome Monitoring
Component 3 – Improvement of the business environment, regulatory framework and provision of advisory services		
The business environment has improved with diversified and efficient public and private service providers.	• 3.1- By the end of project, at least five constraints, identified by supply chain private operators, would have been removed thanks to the adoption and dissemination of legal and regulatory measures	⇒ Ensure project interventions address key constraints to private investment and seek to attract international private investors
	• 3.2.1- An action plan to improve capacities of public and private service providers has been elaborated and implemented through performance-based contractual arrangements • 3.2.2- M&E results are disseminated to private operators at least twice a year by the Ministries of Agriculture, Livestock and Commerce	⇒ Assess project efforts to support public-private partnership for supply chain development ⇒ Assess project impact on M&E capacities within supply chains and sector Ministries

Arrangements for Results Monitoring

Project Outcome Indicators	Base-line	Target Values							Data Collection and Reporting		
		End of project	Yr. 1	Yr. 2	Yr. 3	Yr. 4	Yr. 5	Yr. 6	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
Agricultural exports (cotton excluded) on international markets for the targeted supply chains	17,500 tons	35,000 tons	1000	2500	4000	5000	5000	5000	Annual	M&E systems within sector Ministries, export trade statistics, surveys of exporters	Ministries of Agri., Livestock and Trade
Agricultural exports (cotton excluded) on regional markets for the targeted supply chains	6,000 tons	20,000 tons	1000	1500	2500	3000	3000	3000	Annual	M&E systems within sector Ministries, export trade statistics, surveys of exporters	Ministries of Agri., Livestock and Trade
Percentage of producer income increase (in relation to targeted supply chains)	TBD by HH survey	50%	-	-	25%			25%	Mid-term and end of project	HH surveys	PCU

Project Outcome Indicators	Base-line	Target Values							Data Collection and Reporting		
		End of project	Yr. 1	Yr. 2	Yr. 3	Yr. 4	Yr. 5	Yr. 6	Frequency and Reports	Data Collection Instruments	Responsibility
Component 1 - Improvement of agro-sylvo-pastoral supply chain performance											
Number of Inter-professional organizations created	0	2		1	1				Annual	Project M&E	PCU
Number of micro-projects successfully implemented thanks to the project Promotion Fund	0	2500	300	400	450	450	450	450	Quarterly	Project M&E	PCU
Increase of cotton yield of 1.050 Kg per hectare in 2004 increase by 15%	1,050 kg/ha	15%		5%	-	5%		5%	Annual	Cotton sector interprofessional organization + Field surveys	UNPCB + cotton companies
Increase of non-cotton crop production	TDB	25%		5%		10%		10%	Annual	Field surveys, Interprofessions and commodity trade associations	MAWRF + Ministry Livestock
Amount of credits provided to beneficiaries with the guaranty fund	300 million FCFA	2,500 million FCFA	50	250	400	600	600	600	Quarterly	Bank database	PCU
Component 2 - Development of irrigation and marketing infrastructure											
By the end of project, 5,000 ha of land have been irrigated	0	5000	100	500	1000	1000	1250	1250	Annual	Project M&E + farm surveys	PCU
By the end of project, at least 1,000 ha are equipped with small-scale irrigation equipment	0	1000	20	80	250	250	250	150	Quarterly	Project M&E + farm surveys	PCU
Nr. of marketing infra-structures managed by spec. private operators	0	100%	100%	100%	100%	100%	100%	100%	Annual	Field surveys	UNPCB and cotton companies

Component 3 – Improvement of the business environment, regulatory framework and provision of advisory services											
Number of major constraints removed	0	5		2	2	1			Annual	Progress reports	PIU
Number of texts and regulations reviewed, produced and disseminated to actors	0	10	-	2	3	3	2		Annual	Progress reports	MAWRF + Ministries of Livestock and Trade
Elaboration and implementation of a capacity building action plan for public and private service providers	0	1		1		-			Annual	Strategy document + progress reports	PCU
Number of performance-based contracts with public service providers	0	5	5						Annual	Progress reports	PCU
National strategy for agricultural training elaborated		1			1				Annual	Strategy documents	Ministry of Agriculture + PCU
Dissemination of M&E results to private operators									Quarterly	Progress reports	Ministries + PCU

Annex 4: Detailed Project Description

BURKINA FASO: Agricultural Diversification and Market Development Project

Development Objective:

The project development objective is to increase the competitiveness of selected agricultural sub-sectors that target national, sub-regional and international markets thereby contributing to shared agricultural growth in Burkina Faso. To achieve this objective the program will pursue the three following sub-objectives: (i) support private sector organizations and commodity associations in strengthening their ability to plan and implement a sound strategy for the development of market-driven agricultural supply chains (ASC); (ii) develop productive and marketing infrastructure to improve productivity, agricultural product quality and linkages with markets; and (iii) improve the provision and efficiency of core support services, including the promotion of a more conducive institutional, regulatory and financial environment for private investment.

The project will result in the following outcomes: (i) a better organization and coordination of private operators all along the selected supply chain; (ii) professional and inter-professional organizations able to deliver services to their members and help them better respond to market requirements in terms of product quality and quantity; (iii) an increase in the value of production and exports of selected sub-sectors; (iv) a legal/ regulatory framework and a business investment environment, more attractive to private investors and (v) a network of public and private service providers, prompt and efficient in responding to private operators needs in terms of training, advisory services, quality controls, etc.

Key performance indicators:

The key performance indicators, by the end of project, are the following:

- Burkina agricultural exports for the targeted supply chains (except cotton) on the international market reach 35,000 tons at the end of the project;
- Burkina agricultural exports for the targeted supply chains (except cotton) on the sub-regional market reach 20,000 tons at the end of the project;
- At least 60% of producers that benefited project support have increased their income from targeted supply chains by at least 50%.

Targeted supply chains:

The most promising sub-sectors, and specific supply chains within them, were selected based on a long selection process involving all private stakeholders and public services, based on a scoring system. The following five criteria guided the process: (i) existing and potential markets; (ii) scope and coverage in terms of beneficiaries and area; (iii) potential increase of production and productivity; (iv) potential to process the production and get marketable high-value byproducts and (v) socioeconomic impact.

Project support will focus on the four following supply chains: mangoes; onions; cattle/beef; and local poultry.

In addition:

- Cotton will be supported in close collaboration with a AFD funded project, with a focus on cotton productivity and farming system diversification in cotton producing areas;
- Cowpeas and sesame will be specifically supported by an IFAD project under preparation.

The development of the fruits and vegetables sub-sector and its associated supply chains (onions and mangoes) would be linked to the development of irrigation. During project implementation, other supply chains, potentially profitable or with emerging markets, in the fruits and vegetables sub-sector could be identified and benefit from project support.

The project will have a national coverage, but will more specifically focus on regions not targeted by other supply chain development projects, such as the GTZ-funded project (PDA) in the South-West region and the Danish-funded project (PADAB) in the East and East-Center regions.

Project Strategic Approach

Project design has been guided by the following principles:

- **Market-oriented supply chain development**: Interventions to support the private sector and the development of commercial agriculture are likely to be successful if they are based on the identification and assessment of market opportunities and comparative advantage and worked backwards to the production level. The selection of supply-chains to be supported by the project will be based on market potentialities.

- **Private sector-led interventions**: Supply chain development must be private sector led, with public interventions aimed at helping the private sector overcome critical constraints and market failures. The approach needs to be bottom-up and interventions must be driven by economically viable projects promoted by private sector and professional organizations. Private operators, including professional and producers' organizations, must play the leading role in developing supply chains by collaborating to identify key constraints and elaborate operational solutions to lift them. Establishing dialogue and building partnership among private operators along supply chains will be at the core of the project implementation strategy.

- **Public-private partnership:** Public services will not be directly engaged in supply chain operations, but they will have to provide a range of key services for supply chain development, in terms of regulation and control. The establishment of a constant dialogue between private operators and public services will help identify key legal and regulatory constraints to improve the business environment, attack strategic investors and offer efficient services to private operators.

- **Holistic approach of competitiveness**: As demonstrated in other countries, the project should look at supply chains as a whole, paying attention to all aspects from production to commercialization, to tackle key constraints and bottlenecks all along the supply chains.

- **Quick impact**: The project would aim at achieving a quick impact on growth. Although adopting an inclusive approach, the project would thus give a specific focus to promising commodities/sub-sectors that are already reasonably organized, building on existing professional associations and private operators that are already linked to markets and open to collective action for adjusting to the increasingly demanding quality and safety requirements of urban and export markets.

- **Equitable distribution of value added:** Agricultural supply chains are often driven by large private operators who may exert excessive power on the other actors of the chain. The project would promote innovative contractual arrangements among supply chain operators (such as contract farming, etc.), while ensuring that they are balanced and that the value added along the supply chain is shared by all. It will pay particular attention to producers, most the time the weakest actors in supply chains, by strengthening their capacities to address key constraints at their level and to engage in fair and balanced partnership with other stakeholders (increasing their bargaining power).

Project Components

The proposed project will include three components to be implemented over six years and will be divided in the three following components:

1. Improvement of agro-sylvo-pastoral supply chains performance that will address the weak supply chain organization, strengthen professional and commodity associations and increase Burkina agricultural product competitiveness;

2. Development of irrigation and marketing infrastructure to improve productivity, product quality and linkages with markets;

3. Improvement of the business environment, regulatory framework and provision of services to facilitate private initiative and attract private investors.

Component 1 - Improvement of Agro-sylvo-pastoral supply chains performance (US$28.0 million) (IDA financing)

Component Objective: The objective of this component is to improve the performance of the targeted sub-sectors by improving supply chain coordination, by strengthening private operators' capacities to respond to market opportunities and requirements, and by increasing agricultural product productivity.

Issues to be addressed: Although the selected ASP sub-sectors are the main pillars of Burkina Faso's economy, the competitiveness of these sub-sectors has been hampered by (a) the weak organization and interaction among actors at the different levels of the supply chains, (b) the insufficient range and quality of financial and business management services of commercial operators, and their difficulty in accessing credit, (c) the weaknesses of trade and industry organizations, and (d) the difficulty for producers to access markets and respond to market demand in terms of quality and quantity.

Target Groups: Activities under this component will primarily focus on private stakeholders along the targeted supply chains, from producers, small-scale rural agro-processors and traders to exporters, agro-investors and agro-industries. Project interventions will build upon existing private institutions such as producer organizations, professional associations and commodity and trade organizations.

Sub-component 1.1 - Capacity building for professional and agricultural trade organization (US$7.0 million): This sub-component will contribute to improve coordination and performance of the targeted sub-sectors by bringing together key stakeholders to identify and lift key constraints to supply chains development. The main programmatic vehicle for the development of sub-sectors will be the supply chain strategic development plan (SDP). Project support will consist of capacity building and technical assistance to stakeholders to help them: (a) carry out a comprehensive diagnostic of the supply chain, identify the strengths and weaknesses and the bottlenecks hampering supply chain competitiveness; (b) elaborate SDPs that clearly states actions to be undertaken, distribution of responsibilities among partners, implementation modalities and cost estimates; (c) prepare annual operational plans (AOP) based on their SDP and that will be financed under a supply chain promotion fund (see sub-component 2); (d) build efficient professional organizations that deliver required services to their members; (e) set-up M&E systems to monitor supply chain performances and assess impact at the different level, especially on smallholder incomes; and, (f) organize annual regional and national workshops to assess progress in the implementation of the SDP.

For the four selected supply chains (cattle/beef, mangoes, onion, poultry), the project will build upon existing professional organizations, but first it will undertake in-depth institutional diagnoses to clarify the role and current performances of the different stakeholders. It will then promote collaboration and coordination along supply chains for the elaboration of strategic development plan and annual operation plans. Implementation modalities (see details in annex 6) will include the recruitment of strategic partners, with relevant international experience in supply chain development. Under performance-based

contracts, they will provide momentum and coordination for the institutional building of the selected supply chains. They will facilitate supply chain organization, as well as SDPs' elaboration and implementation. The proposed SDPs may include large- or medium-scale infrastructure whose realization will be taken into account in the framework of the marketing infrastructure component.

The project will also support the development of market information systems, by building upon existing systems, such as "Trade Point," managed by the National Board of Foreign Trade (*Office National du Commerce Extérieur*), the livestock information system operated by a local NGO, or the information system on cereal markets operated by the Ministry of Agriculture. Strengths and weaknesses of these information systems will be assessed and capacity-building activities will be undertaken to increase their performances and to create a sound network of market information systems that disseminates strategic information to operators on a regular basis (marketing intelligence).

In addition to the above commodities, there are multitudes of interesting diversification crops that, although making only a small contribution to agricultural GDP, can make a significant contribution to project objectives. During project implementation, other supply chains, potentially profitable or because of emerging of markets, especially in the fruits and vegetables sub-sector, could be identified. They may benefit from project support based on private operator demand and specific eligibility criteria and instruments.

For the cotton sub-sector, the national cotton producer organization (UNPCB) and the three ginning factories have recently created their inter-professional association to undertake collective action and identify mechanism to manage commodity price risk. For years, this sector has been relatively well organized and UNPCB has become a credible and efficient professional organization. An action plan for the development of the cotton sector has been prepared and adopted by stakeholders. Within this actions plan, the project will finance activities for producer organizations' capacity building (training, information sharing and knowledge management), small-scale storage facilities for POs, as well as activities related to cotton productivity increase and farming system diversification. Support to cotton POs will include specific activities to raise producer awareness and participation to decision making processes regarding GMOs and biosafety regulation. The French Development Agency (AFD) will finance activities related to research on soil fertility improvement, POs financial management, technical and management advice to producers, price risk management actions.

A Diagnostic Trade Integration Study (DTIS): is under preparation for Burkina Faso. It seeks to: (a) identify the constraints the country faces in integrating into the global economy; (b) develop a cohesive program that outlines the actions required for removing these obstacles and making trade an integral component of the national development strategy; and (c) identify technical assistance needs and coordinate donor support. The DTIS report will be issued by the start-up of project activities. The project will build on the findings of the DTIS to adjust its intervention and the content of the SDP and the AOP. The sub component will support the organization of stakeholders' workshop to

disseminate and discuss the finding of the DTIS and include the main recommendations into the SDP.

Finally, this sub-component would support the creation of a private agency or foundation for the promotion of Burkinabè supply chains and provide services to private actors. This agency could be set-up as an autonomous institution with an independent board of directors representing the main stakeholders and a funding mechanism. A sustainable financing mechanism will be developed before the end of the project to ensure financial sustainability through cost recovery. Feasibility studies are currently carried out to provide further analysis on needs and pre-requisites for the establishment of this agency. Consultations with private operators have already started and further discussion will be undertaken under project implementation.

Sub-component 1.2 - Investments for supply chain development (US$21.0 million): This sub-component will provide funds for investments required to improve supply chain performance. First, it will finance the implementation of the different annual operation plans (AOPs) elaborated in the framework of the sub-component 1.1 and validated by the project steering committee.

It will also finance investment operations undertaken by individual operators or professional associations in the selected supply chains, and which are consistent with the relevant supply chain SDP and the AOPs. To this end, the project will support the establishment of a **supply chain promotion fund** that will provide matching grants to finance micro-projects proposed by smallholders and small-scale processors for specific categories of investments, such as: adaptive research for technology generation and test, capacity building activities, market studies, logistic tests, small-scale equipment and infrastructure, technology tests and dissemination, technical advisory services, food safety and quality expertise, etc. The supply chain promotion fund will be managed by a commercial bank. Operational mechanisms will be detailed in the Project Implementation Manual.

This sub-component will also facilitate access to credit to private investors, small-scale rural entrepreneurs and smallholders. It will liaise with commercial banks and the micro-finance institutions to help them test innovative financing instruments (leasing, inventory credit, etc.) and to mobilize existing instruments, such as the guarantee facility successfully established under the Pilot Private Irrigation Project.

For the selected supply chains, potential investments may include the followings:

- **Fruits and vegetable**: studies on marketing opportunities and strategy to conquer EU markets and to diversify toward North Africa and Middle East countries markets, commercial and marketing specialists, logistic tests, exhibitions, varieties trials and development, post-harvest operations (processing and packaging), creation of a national exchange and regional wholesale markets, Burkina label for organic products; establishment of contractual arrangements with buyers from coastal countries.

- **Cattle/beef and poultry**: market studies, opportunities for a Burkina label, production and dissemination of best-practices guides, creation or improvement of local standards (ex: sale kiosk for poultry roasters), contractual arrangements with buyers in coastal countries.

Component 2 - Development of irrigation and marketing infrastructure (US$26.7 million) (IDA financing)

Component Objective: The objective of this component is to contribute to agricultural productivity increase, product quality improvement, and agricultural diversification while strengthening producers' linkages to markets.

Issues Addressed: The component will address: (i) the low productivity in the targeted supply chains; (ii) the lack of productive and marketing infrastructures; (iii) the implementation of private-led management and operation modalities for commercial infrastructures.

Target Groups: The target group includes all stakeholders involved in the targeted supply chains that may be interested in the construction of productive and marketing infrastructures.

Sub-component 2.1 - Irrigation infrastructure (US$20.7 million):

The project will support the development of two types of irrigation approaches:

(i) The development, on a pilot basis, of large-scale irrigation schemes (1,000 to 1,500 ha - *"Vallée du Sourou"* ou *"Bagré"*) with the promotion of private investments for the production of high-value crops by private investors (on plot allocations of 10 to 50 ha). Implementation modalities for large-scale irrigation schemes will rely on private operators that will be recruited to ensure, under the supervision of the Ministry of Agriculture, the overall coordination of the process.

(ii) The development of small-scale irrigation for producer associations and individual investors, including the creation or the rehabilitation of irrigation schemes and the dissemination of innovative technologies. The approach will build upon the experience of the now closed Pilot Private Irrigation Promotion Project and of the Small Scale Village Irrigation Program. Operators, such as APIPAC or Centre Albert Schweitzer, will be selected to: (i) conduct tests and demonstrations of equipment for pumping, transporting and storing water; (ii) strengthen and expand existing networks of artisans for the manufacturing and maintenance of small equipment; (iii) provide technical advice to investors for the acquisition of equipment adapted to their investment project (in terms of water availability, types of production, financial and technical situation); (iv) facilitate access to credit and to innovative financing instruments (leasing for instance);

and, (v) facilitate access to technical advice service providers for the proper valorization of investment.

Sub-component 2.2 - Marketing Infrastructure (US$6.0 million):

The financing on public funds of key commercial infrastructure (logistical platforms, exports terminals, pack-houses, cold storage facilities, etc.) is justified as a way to lift a major constraint to the development of performing agricultural supply chains. Burkina Faso is under-equipped to compete effectively on the fresh product export markets that require adapted and efficient logistics and post-harvest treatments, particularly cold chains, and strict compliance with the more and more stringent consumer requirements in terms of standards, quality and safety.

Project interventions in this area will thus consist of: (i) up-grading or rehabilitating existing commercial infrastructure; (ii) building new facilities, already identified as required and vital to compete on the international markets; and, (iii) building medium-scale infrastructure that will be identified under project implementation in the framework of the elaboration of PSD by the targeted supply chain.

The construction or upgrading of feeder roads will be excluded from the ADMDP since it is already included in the PST2 project currently under implementation. However, within the PSD elaboration process, supply chain stakeholders are expected to identify priority roads to be rehabilitated or feeder roads to be constructed by PST2.

The project will contribute to the building of the following infrastructure:

- **Fruits and Vegetables sub-sector:** The project will finance limited additional investments for up grading the fruit terminal in Bobo-Dioulasso and the cold storage facilities at Ouagadougou airport. Management and operation modalities will be assessed and revised as required. New investments will be supported for the installation of handling equipment and storage facilities at Bobo-Dioulasso airport, pilot agro-processing units and packaging and logistical platforms in production areas.

- **Cattle/beef and poultry:** The project will help the Ouagadougou slaughterhouse meet international standard requirements and will support the rehabilitation of cold storage facilities at Ouagadougou airport (for meat and poultry export). It will contribute to the construction of a new slaughterhouse in Bobo-Dioulasso, four small-scale poultry slaughterhouses in Ouagadougou and Bobo-Dioulasso, and vaccination parks in production areas.

The project will ensure that all these infrastructure are properly managed and operated by the private sector. The critical aspects in these investments is to conciliate the necessity to have these facilities operated as efficiently and professionally as possible and the public role dimension of the infrastructure as a vector of innovation and development for the entire supply chain, including small farmers who otherwise would not have access to more lucrative marketing channels. Experience has shown that these facilities require

private sector management and that their ownership should be transferred over the medium to long term to credible professional organizations. This model has been implemented successfully - or is in the process of being implemented - in several countries of sub-Saharan Africa such as Senegal and Ghana. However, this is a complex process to be initiated and carried out with industry stakeholders and farmers organizations. It takes time and adequate support will be provided in terms of technical assistance, institutional strengthening and capacity building.

Component 3 - Improvement of the business environment, regulatory framework and provision of services (US$11.3 million) (IDA financing)

Component Objective: This component aims at improving the business environment to make it more attractive to local and international private investors, by creating an enabling legal and regulatory framework more conducive to private investments and by strengthening capacities of public and private service providers required for supply chain development.

Issues Addressed: The component will address the following issues: (i) legal, regulatory and financial constraints to private investments; (ii) norms and quality control, and (iii) weak public and private service providers.

Target Groups: The target group includes core public services within the Ministry of Livestock, the Ministry of Agriculture, the Ministry of Environment and the Ministry of Trade, as well as private service providers.

Sub-component 3.1 - Improvement of Regulatory, Legal, and Financial Framework (US$1.3 million):

The current overall policy/institutional framework provide an acceptable starting base for project implementation. Supply chain organization that will be carried out under component 1 will contribute to identify key constraints to be tackled. The project itself would only address constraints directly affecting selected sub-sectors and more broadly agricultural exports (specific constraints in the policy and regulatory framework and weaknesses of relevant public services, such as ONAC and FASONORM). The other, more "cross-cutting" constraints would be addressed under other government's programs, based on the analysis and recommendations of the on-going DTIS. The project's monitoring and evaluation mechanism would however help tracking constraints in the policy and institutional environment and bringing them to the attention of policy-maker.

This project will support the revision and adaptation of key legal and regulatory texts in accordance with existing regulations related to production, agro-processing and exports within the West Africa Economic Monetary Union (WAEMU) trading environment, and with respect to the European Union regulations of the African Growth and Opportunity Act (AGOA) trade preference arrangement, and World Trade Organization agreements. New legal and regulatory texts could be elaborated on specific emerging issues, such as the legal framework for inter-professional and commodity trade organizations' activities.

The project will ensure a broad dissemination of information to operators through various channels such as the Regional Agricultural Chambers and the Chamber of Commerce.

The project will support the Ministry of Agriculture, in collaboration with the Ministry of Finance, to begin and lead a dialogue with financial institutions and input providers to identify and test a set of financial tools providing the opportunity for long-term capital and favoring the development of agricultural supply chains, including leasing mechanisms for processing and agricultural equipment, and reduction of agricultural interest rates. Since the PNGT is currently addressing the issue of land tenure, and a task force involving key stakeholders is working on the preparation of a national rural land tenure policy, the project will support: (a) the organization of workshops to strengthen the capacity of producer organizations to participate in the policy dialogue and ensure that their concerns are taken into account; and (b) the dissemination of the new land policy law (after adoption by the Government) through the organization of workshops, broadcasting on rural radio stations, and the diffusion of pamphlets in local languages to producers.

Sub-component 3.2 - Capacity building for service providers (US$4.7 million):

This sub-component will be two-fold by: (i) building capacities of private service providers, including technical advisory providers for smallholders, accounting and management advisers for professional associations, local firms for micro-project preparation and feasibility study at the grassroots level, networks of private input suppliers and artisans for equipment manufacturing and maintenance; (ii) strengthening the capacities of core public services to deliver proper support to supply chain development (veterinary, sanitary and phyto-sanitary controls, policy regulation, regulation enforcement, sector coordination) and ensure a close and reliable monitoring and evaluation of the agricultural sector and sub-sectors.

Public services missions in terms of regulation and controls are particularly crucial given the fact that access to regional and international markets is submitted to very strict regulations with regard to the quality of inputs (seeds, fertilizers, pesticides) and products. At the start of the project, consultation with private operators will contribute to identify specific issues and constraints (public missions that are not fulfilled, supporting services that are required, etc.). The definition of measures to be taken, and monitoring and enforcement methods, will be carried out in close collaboration with the private sector. This process will result in the definition of an action plan for strengthening the service provider environment. Implementation of this action plan will be supported by the project and other programs.

Project support to private and public services will consist of training, studies and expertise, as well as equipment to ensure efficient functioning of services. Project funding will be conditioned to the elaboration of performance-based contracts between service providers and their clients.

As far as cotton and development of genetically modified crops are concerned, the project will pay particular attention to the implementation of a biosafety regulatory framework in order to ensure safe field trials and commercial release, if proven safe, of transgenic seeds. A West Africa Regional Biosafety Project is under preparation to help the eight WAEMU countries set up and enforce biosafety regulatory framework. However, implementation of this regional project will not start before 2007 and Burkina Faso has already been testing transgenic cotton for three years with private sponsors. Project support will thus bridge the gap by answering urgent needs for: (i) strengthening the National Biosafety Agency, which is the legal authority in charge of biosafety regulation in Burkina (and the first in the sub-region); and, (ii) setting up a regional observatory to monitor impacts of transgenic cotton introduction on environment, food and feed safety, as well as to carry out socio-economic analysis of agricultural biotechnology.

Finally, the project will support the creation or the strengthening of sector and sub-sectors monitoring and evaluation systems within the Ministries of Agriculture, Livestock and Trade. These systems will be responsible for collecting data in the various sub-sectors, for compiling and analyzing results, and for periodically disseminating information to all stakeholders on agricultural supply chain performance and market development. In addition, the project will help the Ministry of Environment ensure the following missions: monitoring of project environmental impacts, implementation of the pest management plan and other mitigation measures with respects to environmental safeguards.

Sub-component 3.3 - Project Coordination and Management (US$5.3 million):

This sub-component will support the establishment and operation of a small team of specialists (the "PCU") located within the Ministry of Agriculture, Fisheries and Water Resources. Implementation of activities will be directly undertaken by project beneficiaries, including: i) private actors, with the support of specialized operators and many service providers; and, ii) the relevant public services involved in the project. The project coverage will be nation-wide. Therefore, the PCU will coordinate interventions and the preparation of annual work plans and budgets, oversee financial management and procurement aspects and ensure the overall monitoring and evaluation of project activities and impact. Three local offices will be established at the decentralized level to ensure closer coordination of field activities and a proper and more efficient coverage of the regions covered by project interventions. Within the PCU, a M&E unit will be set up for establishing and maintaining a database of outgrowers and service providers, of subprojects financed under Supply Chain Promotion Fund, and for updating key performance indicators. The M&E unit will elaborate and edit periodic reports, organize periodic surveys, and conduct economic, social, and environmental impact evaluations, among other studies. The project will finance the PCU staff and operating costs, technical assistance related to the recruitment of service providers at national and regional levels, capacity building for project staff including focal points within implementing agencies, and audits. The project will also finance equipment (computers, vehicles) and goods (software, digitized maps).

Annex 5: Project Costs

BURKINA FASO: Agricultural Diversification and Market Development Project

Project Cost by Component and/or Activity	Indicative Total Costs (US$M)	Component / Total Cost (%)	IDA Financing (US$M)	IDA / total costs (%)
1. Improvement of agro-sylvo-pastoral supply chains performance	**39.5**	**46.7%**	**28.0**	**70.9%**
1.1 Capacity building for professional organizations & agricultural trade associations	7.0	8.3%	7.0	100.0%
1.2 Investment for supply chain development	32.5	38.5%	21.0	64.6%
2. Development of irrigation and marketing infrastructure	**33.7**	**39.9%**	**26.7**	**79.2%**
2.1 Irrigation Infrastructure	26.7	31.6%	20.7	77.5%
2.2 Marketing Infrastructure	7.0	8.3%	6.0	85.7%
3. Improving of the business environment, regulatory framework and provision of advisory services	**11.3**	**13.4%**	**11.3**	**100.0%**
3.1 Improvement of the regulatory, legal and financial framework	1.3	1.5%	1.3	100.0%
3.2 Capacity building for service providers	4.7	5.4%	4.7	100.0%
3.3 Project management and monitoring & Evaluation	5.3	6.3%	5.3	100.0%
Total Project Costs[1]	**84.5**	**100.0%**	**66.0**	**78.1%**

[1] including PPF refinancing and contingencies

Project Cost by Component and/or Activity	Local (US$M)	Foreign (US$M))	Total (US$M)	% Foreign exchange	% Total base costs
1. Improvement of agro-sylvo-pastoral supply chains performance	**28.9**	**8.1**	**37.0**	**22%**	**47%**
1.1 Capacity building for professional organizations & agricultural trade associations	5.0	1.6	6.6	24%	8%
1.2 Investment for supply chain development	23.8	6.5	30.3	22%	38%
2. Development of irrigation and marketing infrastructure	**20.3**	**11.2**	**31.5**	**36%**	**40%**
2.1 Irrigation Infrastructure	16.2	8.6	24.8	34%	31%
2.2 Marketing Infrastructure	4.0	2.7	6.7	40%	8%
3. Improving of the business environment, regulatory framework and provision of advisory services	**7.5**	**3.2**	**10.7**	**30%**	**14%**
3.1 Improvement of the regulatory, legal and financial framework	1.2	0.0	1.2	0%	2%
3.2 Capacity building for service providers	2.6	1.8	4.4	42%	6%
3.3 Project management and monitoring & Evaluation	3.7	1.2	4.9	26%	6%
Total Baseline Costs	**56.7**	**22.5**	**79.2**	**28%**	**100%**
Physical Contingencies	-	-	-	-	-
Price Contingencies	3.6	1.7	5.3		7%
Total Project Costs[1]	**60.3**	**24.2**	**84.5**	**29%**	**107%**

[1] including PPF refinancing

Annex 6: Implementation Arrangements

BURKINA FASO: Agricultural Diversification and Market Development Project

Partnership Arrangements

Support to the project represents IDA's contribution to the Government's broader program for agricultural diversification and marketing as stipulated in the Rural Development Strategy paper.

IFAD and the French Development Agency (AFD) are supporting the program through a contribution to the project with parallel financing. Danish, Canadian and German cooperation agencies are also supporting the program through their on-going projects. USAID/USDA is supporting biotechnology and the cotton sector. The project will develop synergies with all the donors intervening in supply chain development.

Donor coordination will be enhanced through a permanent dialogue in the framework of the "*cadre de concertation des partenaires au développement*", a mechanism set up by the government to coordinate major donor interventions in the rural/agricultural sector. This initiative is in line with the "Global Donor Platform for Rural Development" (GDPRD) initiative to support harmonization and alignment of donor supported activities in Africa. During the project preparation phase, the Bank agreed with other donors to start harmonization on key issues including M&E systems, micro-project financing rules and joint supervision missions.

The project will develop a collaborative framework with the following Bank projects and programs: (a) PST2, for rural roads, (b) PNGT2, for community infrastructure and the link with local governments, (c) Regional Biosafety Project, for agricultural biotechnology, (e) PACDE, for capacity building of commercial enterprises, and (e) DTIS, for agricultural sector competitiveness. The project will support the General Secretaries of the Ministry of Agriculture, Water Resources and Fisheries to organize regular meetings between ADMDP and other projects financed by the Bank to discuss collaboration issues and define operational collaboration mechanisms. They will organize at least one joint field mission a year.

Institutional and Implementation Arrangements

The Ministry of Agriculture, Water Resources and Fisheries (MAWRF) will have institutional responsibility for the project and will be accountable for the project's implementation and supervision.

Project Coordination Bodies

A Project Steering Committee (PSC) will be established at the national level to ensure project oversight. Effective private-public partnership will be supported through its composition: two-thirds of members will be private sector and civil society representatives, including the Chamber of Commerce, the Chamber of Agriculture, a

representative of the financial institutions, and seven representatives of each of the supply chain organizations. The donors would be invited to attend the meetings of the PSC to enhance coordination, harmonization and alignment between ADMDP and donor activities. The PSC mandate will include approval of the project's annual consolidated work program and budgets, monitoring of project progress, and conflict resolution, when they arise. The PSC will organize two annual meetings.

***Regional Coordination Committees* (RCCs):** They will be set up in each of the regions covered by the project as sub-committeee of the "Comité Regional de Coordination des Politiques Sectorielles Agricoles (CRC/PSA)" that was recently established to coordinate donor interventions in rural areas. The RCCs will ensure that local private stakeholders (producers, processors and traders) and local authorities (local governments and decentralized ministries) are fully participating in the project implementation. The RCCs will meet twice a year to: i) discuss the orientation and activities to be included in the annual operational plan and the project annual work program, ii) review project implementation progress in the region and main issues, iii) enhance harmonization and alignment of donor intervention in the region and, iv) provide adequate recommendations to the PCU and the National Steering Committee.

Project Management Bodies

***Project management at the national level*:** A Project Coordination Unit (PCU) attached to the General Secretariat within the MAWRF will coordinate the overall management of the project as many structures will be involved in project implementation, including several private sector organizations, as well as three Ministries (Livestock, MAWRF and Trade). The PCU mandate includes the preparation of consolidated annual work plans and budgets based on submissions from the implementation partners, the financial management and procurement, the general supervision of the implementation of project activities, the monitoring and evaluation of project outcome, and output implementation progress. The PCU will be headed by a National Project Coordinator with demonstrated broad management experience in agribusiness, acceptable to IDA. He/she will be assisted by a technical director (private sector development specialist) and a technical team composed of a professional organizations specialist, a value/supply chain development specialist; a training specialist; an administrative and financial management specialist, a procurement specialist, an M&E specialist and an accountant. All staff will be competitively recruited on the basis of the terms of reference (TOR) acceptable to IDA.

Project management at the regional level: Three decentralized project coordination local offices will be established to coordinate project activities in the field. Each of these local offices will cover two or three regions in relation to the agro-ecological delimitation of the country. They will supervise overall project implementation in its intervention zone, act as the secretariat for the regional coordination and micro-project approval committees, recruit local service providers, and ensure data collection and management. Each local office will be composed of a coordinator with project implementation and supervision experience, a financial/procurement specialist, and a supply chain/marketing specialist.

Project Implementation Manual (PIM)

A PIM will be prepared before project effectiveness to detail project implementation mechanisms and procedures. It will include: i) description, organization, and functioning of project coordination and management bodies, ii) eligibility criteria and procedures for project support, iii) implementation modalities for each component and activity, iv) M&E arrangements and procedures and v) implementation arrangements for the social and environmental mitigation plan.

Project Implementation Arrangement

Component 1: Improvement of agro-sylvo-pastoral supply chain performance

Subcomponent 1.1 – Capacity building for professional organizations and agricultural trade associations

Specialized operators with relevant international experience in supply chain development will be contracted out by the PCU at the start of the project under performance-based contracts. They will support capacity building of the existing organization and will help create agricultural trade organizations for the selected supply chains (fruits and vegetables, cattle/beef and poultry). The operators will arrange for an organizational and functional audit of the existing organizations, support the supply chain stakeholders to prepare a strategic action plan and annual action plans. For the cotton sub-sector, UNPCB will be fully responsible for implementing its strategic development and annual operation plans co-financed by IDA and the French cooperation, based on contractual arrangements with the PCU.

Subcomponent 1.2 – Investments for supply chain development

The local office will set up a database of service providers at regional and provincial level. The local office will contract the service providers (NGO, consultant firms) to: i) disseminate information on project intervention, eligible activities and founding mechanisms, and; ii) help potential beneficiaries to formulate their demand. The selection and approval of eligible micro-projects are detailed below in the "Micro-projects selection and approval process" section. A convention will be established between the PCU and a financial institution represented country-wide for the management of the promotion fund. The micro-projects approved at the local office level will be directly financed by the decentralized financial institution branches.

Component 2 - Development of irrigation and marketing infrastructure

Subcomponent 2.1 - Irrigation infrastructure

Specialized operators will be selected through a competitive bidding process to coordinate and supervise implementation of this component. They will contract service providers for studies and support to beneficiaries for the preparation of irrigation micro-project proposals. Approved proposals will be financed through a matching grant according to the procedures defined in the National Irrigation Strategy. Beneficiaries will

be fully responsible for the hiring of firms to do the work. The irrigation management unit of the Ministry of Agriculture will be responsible for the monitoring and evaluation of the component.

Subcomponent 2.2 – Marketing infrastructures
The PCU will contract specialized operators through a competitive bidding process to implement the construction of core infrastructures. Work will start subject to the definition of management mechanisms by the government, and the selection of a specialized private operator, in charge of the management of these infrastructures.

Component 3 - Improvement of the business environment, regulatory framework and provision of advisory services

Subcomponent 3.1 and Subcomponent 3.2
International or local consultants will be contracted out for studies and workshops organized by supply chain organizations and relevant ministries. At the start of the project, consultation with private operators will contribute to the identification of specific issues and constraints hampering supply chain development related to regulations, laws and public missions. Some of these issues have already been identified during project preparation. This process will result in the definition of an action plan aimed at strengthening the service provider environment. Implementation of this action plan will be done through result-based performance contracting between the project and core public and private service providers. The local office will directly contract the decentralized line ministry agencies and provide them with the corresponding financing needed for implementation.

Micro-projects selection and approval process

Micro-projects approval committees: Three micro-projects approval committees will be set up at the local level to review and approve micro-project proposals. The committees will be composed of representatives of the supply chain organizations, local chambers of agriculture, local chambers of commerce, technical services of the MAWRF and Ministry of Livestock. Details of the selection process and criteria as well as eligible activities will be included in the PIM.

Micro-project eligibility criteria

Eligibility criteria and procedures for micro-projects financed through the promotion fund would state that:

No proposed micro-project shall be eligible for financing under the project unless the micro-projects approval committee has determined, on the basis of an appraisal, that the proposed micro-project satisfies the eligibility criteria as detailed in the PIM, which shall include, *inter alia*, the following:

(i) The proposed micro-project shall be initiated by individuals or groups (women, youths, producers, agro-processors, traders, etc.) which meet the eligibility criteria specified in the PIM;
(ii) The proposed micro-project shall be for, but not limited to, activities as detailed in the PIM and in the annual operational action plan;
(iii)The proposed micro-project shall be technically, economically and financially profitable;
(iv)An impact and environmental assessment have been carried out and mitigation measures identified, and;
(v) The beneficiary has demonstrated its capacity to mobilize its contribution.

Monitoring and evaluation of outcome/results

The project will finance the design and implementation of a participatory monitoring and evaluation system:

- foster accountability and transparency in the management process;
- set mutually agreed, realistic and clear results for this operation;
- engage stakeholders by sharing information on progress made, lessons learned and improvements;
- measure the gaps between actual and targeted indicator values, thereby identifying problems, and;
- Propose corrective measures and alternative solutions.

The M&E system will be run by the PCU located within the Ministry of Agriculture, Fisheries and Water Resources. The PCU will disseminate M&E outputs (M&E reports and dashboards) to all the stakeholders involved in the project, particularly i) the beneficiaries, ii) the Ministry of Agriculture, Fisheries and Water Resources, iii) the Ministry of Livestock, and iv) the donors. A mechanism to involve implementing agencies as managers of the system will be implemented in order to increase ownership and the use of M&E outputs. To that regard, implementing agencies will be strengthened to monitor and evaluate their activities. Data collected and processed by implementing agencies will be transmitted to the PCU, which will consolidate them and produce M&E reports and dashboards. APIPAC and UNPCB have already an M&E unit. The project will support the set up of an M&E unit (provision of an M&E specialist and equipment) for the cattle/beef professional association. The M&E systems of the ministries of Agriculture and Livestock will be strengthened to collect and manage and disseminate data related to overall sector information in relation with private sector M&E systems.

In terms of data, because it is hardly possible to establish targets or to measure progress without knowing what the situation is like at the beginning of the project, baseline data will be established before the project starts. They will reflect, as near as possible, the value of each indicator at the outset and they will be the values against which changes will be measured throughout the project implementation.

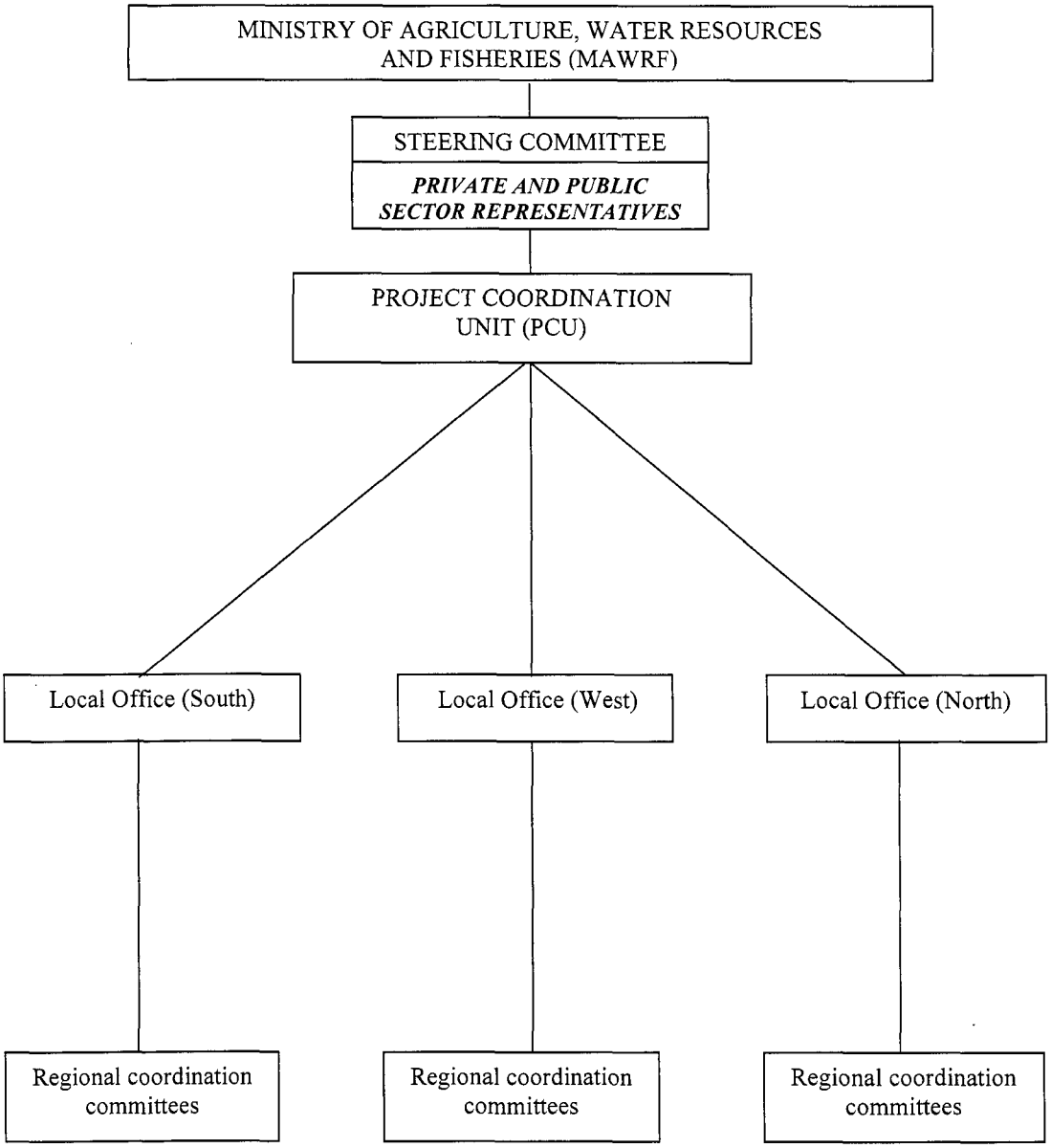
At the same time, data sources will be established. Data sources will be where the data verifying the status of indicators will be found. The data source will be both institutions (public administration, private enterprises, NGOs…) and the system of data collection set up by the national M&E team. The same source will be used routinely to avoid inconsistencies and misinterpretations. However, it will be possible to cross reference sources.

The method of data collection will be presented extensively in the monitoring implementation manual. Nevertheless, the method will be mainly based on forms to gather primary and secondary data needed to feed the system. The responsibility for the timely acquisition of data from their source will be assigned to the project implementation unit. The reliability of data will depend on the organization set for the collection. Field missions will be organized in order to collect/verify data.

The frequency and the schedule of data collection will be linked to the frequency of production of system outputs; the monitoring dashboard; and the quarterly monitoring report. The monitoring dashboard, which will be made of key indicators and main achievements presented in a short document, will be produced at the end of each month. Consequently, data collection will take place at least a week prior to the end of each month. The quarterly monitoring report, which will be a comprehensive monitoring report assessing the progress made during the quarter will be produced at the end of each quarter, meaning that data collection will take place at least two weeks prior the end of each quarter.

To monitor progress and impact indicators, the project will build upon the M&E experience of the National Land Management Program (PNGT), known as a best practice, by hiring an independent bureau to conduct assessment studies at regular frequencies. The first study will be conducted before the beginning of the project and will establish a baseline situation for each impact indicator. Details of methods and procedures for monitoring and evaluating progress and impact indicators are included in the M&E manual.

Agricultural Diversification and Market Development Project
Implementation Arrangements



Annex 7: Financial Management and Disbursement Arrangements

BURKINA FASO: Agricultural Diversification and Market Development Project

Country Issues.

A CFAA (Country Financial Accountability Assessment) was carried out for Burkina Faso in October 2001, and finalized in June 2002. The following concerns were highlighted:

- a serious staffing problem in the public and private sectors accounting services, linked to a dramatic drop in the quantity and quality of staff,
- delay and irregularity in the audit of the public entities' annual accounts because of weak capacity of the Public Sector Control Institutions,
- a liquidity problem at the Public Treasury, which negatively impacts improved implementation of the budget;
- weak non financial assets management: absence of non financial assets accounting and of annual physical inventories;
- an absence of an integrated computerized public circuit of revenues.

GoBF has clearly made great strides in improving financial management through the Public Financial Management Reform Program (PRGB), which sets out a methodology to carry the process forward. These initiatives are strongly supported by the donor community. For instance, IDA processed the provision in the current fiscal year (FY06) of an IDF Grant (Institutional Development Fund) to strengthen the capacity of the Public Sector Control Institutions. Another example is the Administration Capacity Building Project (PRCA), partially financed by the Bank. The Burkina Faso 2004 CPPR (Country Portfolio Performance Review) report highlights weaknesses in the accurate and timely reporting of financial information in terms of producing financial monitoring reports (FMRs) and annual financial reports by the majority of projects financed by the Bank. The situation of compliance by IDA financed projects in Burkina Faso indicates no overdue audit reports as of today.

At present, the overall country risk rating is moderate in Burkina Faso despite some areas of concern. The situation described above would have some influence on the implementation of Agricultural Diversification and Market Development Project (ADMDP).

Strengths and Challenges/Weaknesses

The major weaknesses are the following:

- At the present time, the Project Coordination Unit (PCU) and the 3 local offices which are required to be effective BMACs (Budget Management and Accounting Centers) are not yet created. So the financial management system required by the implementation of ADMDP is not in place yet.
- The Directions Administratives et Financières of the MAWRF and of the Ministry of Livestock which will provide public services to facilitate the implementation of ADMDP are encountering difficulties such as lack of staff with the right mix of skills and absence of sufficient experience in project/program Financial Management..
- An external auditor appointed by AFD (Agence Française de Développement) has issued a disclaimer on the UNPCB's 2004 accounts and has found major internal control weaknesses.

FM capacity needs to be strengthened on the basis of the financial audit recommendations. However UNPCB is maintaining a basic FM system.

These weaknesses are being addressed as part of the financial management strengthening action plan.

The opportunities identified are two fold:

- The FM capacity of the CIC-B and of APIPAC is good and, to satisfy the implementation needs of new operations, APIPAC foresee the recruitment of an accountant;
- A basic FM system is maintaining by the Project preparation Team for managing the PPF:; an accountant is keeping books and implementing procedures disclosed by the PPF annexes on accounting and special account, (disbursement);

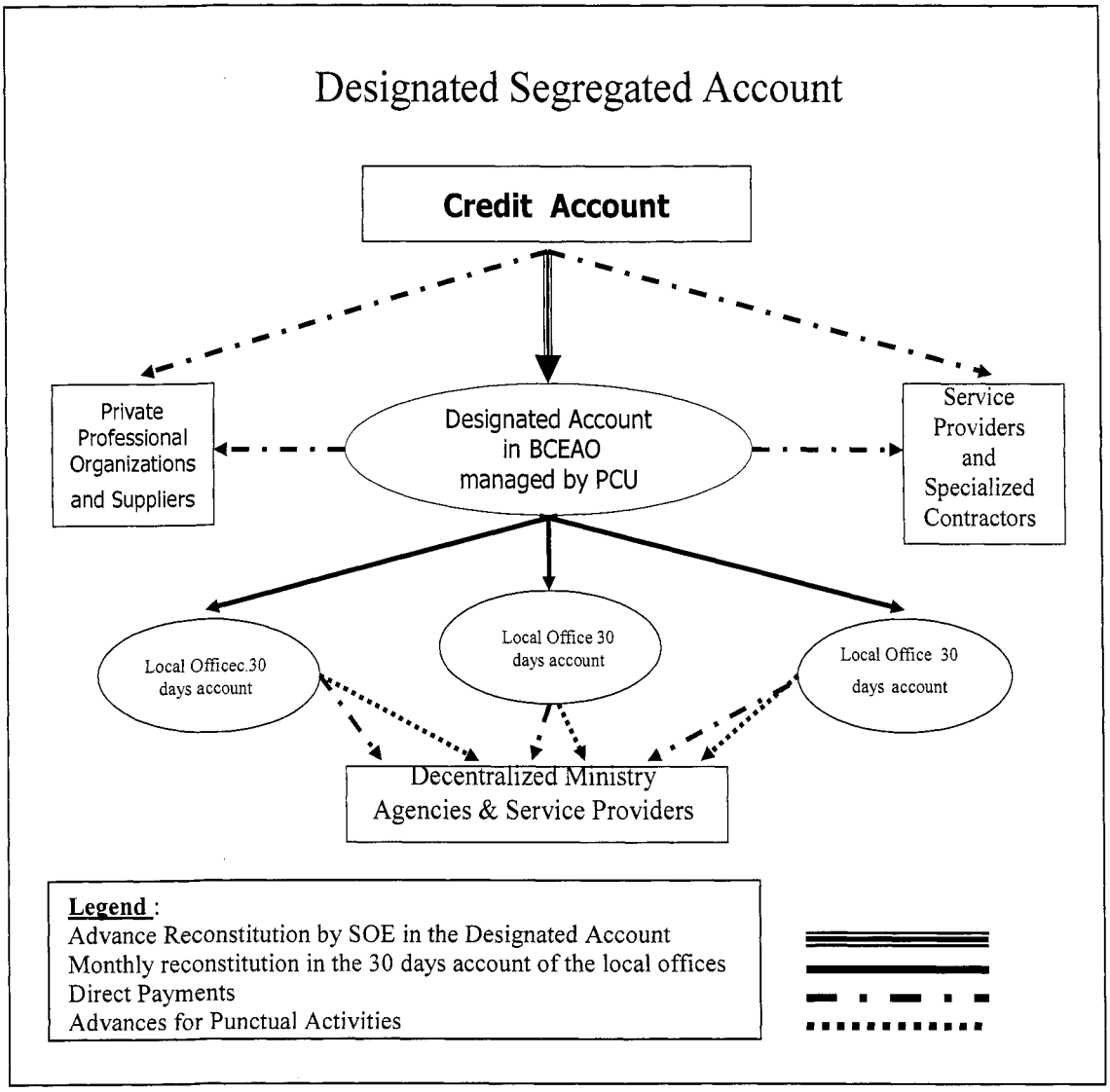
Implementing Entities

Overall institutional responsibility for the ADMDP will be undertaken by the MAWRF, which will execute its mandate by supervising the Steering Committee of ADMDP. The Project Steering Committee (PSC) will be responsible for oversight and strategic coordination of ADMDP by the supervising Project Coordination Unit (PCU). The PCU will be composed of a General Directorate, a Technical Unit, an M&E Unit and an Administrative and Financial Unit. The Technical Unit will be responsible for the operational coordination for ADMDP's implementation. Administrative and Financial Unit will be responsible for overall administrative and financial management of ADMDP and will be required to make operational the fully integrated financial management and accounting system, using appropriate software as well as a detailed manual of financial procedures and chart of accounts including the format, content and periodicity of the various financial statements to be produced. It will also be required to coach and assist the Senior Accountants of the local offices in their financial management duties (simple cash budget and monthly financial reporting etc.) and from which it will receive the financial information to consolidate.

Specialized Contractors and various Service Providers in public and private areas will facilitate the daily work of the Implementing Organizations..

Flows of Funds

IDA will transfer funds from ADMDP' s Credit account to the **Designated Segregated Account to be opened at BCEAO** (West Africa Central Bank) in Ouagadougou. Fist, initial advance will be made in the Designated Segregated Account which will, then, receive Credit proceeds on the basis of the initial advance reconstitutions generated by SOE submissions. As deposit account, its debit cash transactions will be ordered respectively by the Project Coordinator and the Administrative and Financial Management Specialist. The initial advance is set-up to finance eligible expenditures for the project. Direct payments will be made to various suppliers, private sector professional organizations, specialized contractors and service providers. Initial advance will be made in the 30 days account of each local office and will be reconstituted by funds from the Designated Account. These 30 days accounts will be used to finance activities carried out by the decentralized ministry agencies and to make payments to service providers.



Staffing and Training

The fiduciary staff to be placed under the supervision of the Project Coordinator of the ADMDP will be composed of an Administrative and Financial, one Accountant, a Procurement Specialist and support staff. To perform FM duties, each local office will be staffed with a senior accountant. An accountant is now handling the PPF and is managing related special account on the basis of Bank's disbursement procedures. It is expected that this accountant would be the one for the PCU. An Administrative and Financial Management Specialist with experience and qualifications satisfactory to the Association will be recruited. He will work under the supervision of the National Project Coordinator. He will have the responsibility to collect and control invoices, maintain the books, enter data in the accounting software, manage project's bank accounts, keep the books of accounts and prepare the financial reports as well as the withdrawal and direct payments applications.

A training program will be drawn up every year. Training is mainly conducted through the Bank's local or sub-regional training institutions (CESAG and ISADE in Dakar). Before ADMDP's effectiveness, the PCU will recruit consultants (the same persons who will have developed the FM and Procurement manuals and will have installed the accounting software) to conduct procurement and financial management training for the whole fiduciary staff.

Accounting Policies and Procedures

At the present time, the project accounting policies and procedures as required by ADMDP are not yet in place at the PCU and the 3 local offices as these entities are not yet created. However, an accountant is now handling the PPF and is managing related special account on the basis of IDA's disbursement procedures. It is expected that this accountant would be the one for the PCU. For this reason, the risk associated to the accounting policies and procedures is rated moderate for these two entities. A Consultant will be appointed to develop charts of account to be included in a FM manual and to customize software. The FM manual will provide all the required details on accounting and financial procedures. It will set out in particular: (i) the institutional arrangements and the relationship between all the parties of the project (ii) the planning and budgeting arrangements; (iii) the treasury procedures; and (iv) the procurement procedures, reporting formats and arrangements. These arrangements are conditions of credit effectiveness. The PCU through its administrative and financial management unit will have the overall responsibility of the project financial management system. They will maintain the project's consolidated budget and accounts. The project funds will be handled through a computerized and integrated financial management. The computerized financial management system should be multi-currency and will include the following modules which should be integrated: general accounting, cost accounting, monitoring and evaluation, assets management, preparation of withdrawal applications and tracking of disbursements by donors, reports generating, including quarterly interim un-audited financial reports and annual financial statements. IFAD transactions will be handled in a separate data-base and its specific financial statements will be consolidated for reporting purpose. A fully functioning multi-projects financial management system satisfactory to IDA is considered as a condition of effectiveness. The PCU will apply the existing private accounting system in Burkina (SYSCOA).

Accounting Software: a sound computerized information system will be established at the PCU. This system will be updated in such a way as to furnish all of the following data: interim un-audited financial reports, annual financial statements, withdrawal applications, bank reconciliations and all financial reports. The books of accounts will also be maintained electronically in this software.

Other Internal Control Arrangements

It is expected that internal control mechanisms will be built in the FM manual for ADMDP. The FM manual setting up a harmonized framework will be used as an internal control tool for the PCU.

External Audit

The Designated Account and its sub accounts, the accounts of PCU and the 3 local offices as well as internal control system of ADMDP will be subject to an annual audit by a reputed auditing firm based on terms of reference appropriate for the pertinent scope to be approved by IDA. An independent qualified external auditor would be appointed on terms of references (ToRs) acceptable to IDA. The PPF will be audited by the auditor appointed and the ToRs will be updated accordingly. However the auditor will provide a separate report with a single opinion on the audited PPF financial statements in compliance with IFAC Standards on Auditing, and will be required to include the accuracy and the relevance of expenditures made under the SOE

procedures and the extent to which these can be relied upon as a basis for the disbursements. In addition to the audit reports, the external auditors will be expected to prepare a Management Letter giving observations, comments, and providing recommendations for improvements in accounting records, systems, controls and compliance with financial covenants in the financing IDA agreement. The audit scope will be tailored to the project's specific risks, in accordance with IDA requirements and agreed upon with the counterpart. The PCU will also be required to produce, no later than June 30 of the following fiscal year, audited annual financial statements. The selection of the auditor is a condition of effectiveness.

Reporting and monitoring

The PCU would have to prepare each quarter consolidated interim un-audited financial reports during the Program implementation. The reporting format and procedures will be documented in the FM manual. As described in the FMR Guidelines issued by the Bank, the various reporting formats corresponding to the project's features will be described in Annex A:

- financial reports: (i) sources and uses of funds by funding source and (ii) uses of funds by activities of the project;
- physical progress (output monitoring) report;
- procurement monitoring report.

This will be done as part of the financial management strengthening action plan and will represent a negotiation condition for the format. The quarterly financial management reports and annual financial reports will cover all activities financed through PAFASP regardless the source of funding. The quarterly reports will cover financial management, procurement and physical progress monitoring. The annual financial statements will be subject to external audit as described above. The first interim un-audited financial reports shall be furnished to IDA not later than 45 days after the end of the first calendar quarter after the Credit effectiveness date, and shall cover the period from the incurrence of the first expenditure under the PPFs through the end of such first calendar quarter; thereafter, each interim un-audited financial reports shall be furnished to IDA not later than 45 days after each subsequent calendar quarter, and shall cover such calendar quarter. The financial management indicators for the project are the following: (i) part of the budget disbursed every quarter at the level of each BMAC (PCU and the 3 local offices) and each Private Implementing Organization; (ii) nature of the opinion from the external Auditor on the annual financial statements; (iii) number of internal control major weaknesses identified by the external Auditor at the level of each type of BMAC; (iii) part of the annual budget expended at the level of each type of BMAC (PCU and the 3 local offices) and for which goods and services are delivered.

Information Systems

A financial management software will be installed at the PCU and will be used for IDA and IFAD financings, but will need to be customized. The terms of reference (ToRs) for the selection of the Consultant that will make provisions for developing the manual (production, development of charts of accounts, training and assistance) and for customizing the software. The ToRs should specify that the financial management system should be capable of producing the necessary financial management reports specified in the reporting and monitoring section. The manual will disclose controls and procedures for flow of funds, financial information, accountability between the main BMAC (PCU) and the sub BMACs (the 3 local offices). The physical monitoring will be linked to the disbursement of funds and also to the procurement activities: this computerized arrangement will enable the PCU to produce respectively the interim un-audited financial reports required by IDA and the reliable interim un-audited financial reports which will be subject to

reviews carried out by the Internal Controller. This type of reports will also be used as a working tool by the PCU.

Disbursement Arrangements

The project will use the SOE-based disbursement method based on Designated Account replenishment and direct payment. This method will be used for an eighteen-month period, during which time the project will produce quarterly FMRs. It is expected that after 18 months, the project will shift to the report-based disbursement method.

Designated Segregated Account

The PIU will open a designated account in BCEAO. The total allocation of the Designated Account will be US$4 million, equal to the average of four months of expenditures. One sub-account will be opened under each local office.

Upon credit effectiveness, the borrower will request IDA to deposit in this account an advance representing 50 percent of the authorized allocation, or US$2 million. The balance of the advance may be deposited when total expenditures plus special commitments are equal to an amount to be determined during the negotiations. The Designated Account will be used for all expenditures equivalent to less than 20 percent of the authorized allocation, and requests for reimbursement will be submitted monthly. Reimbursements deposited by IDA into this Designated Account will be made against these requests supported by appropriate documentation.

***Use of Statements of Expenditures** (SOEs)*

Disbursements for all expenditures will be made by IDA against full documentation, with the following exceptions: (a) contracts for works in an amount not exceeding US$250,000; (b) contracts for goods in an amount not exceeding US$200,000; (c) contracts for consulting firms in an amount not exceeding US$100,000; (d) contracts for individual consultants in an amount not exceeding US$50,000. These will be reimbursed on the basis of SOEs. All supporting documentation for SOEs will be retained at the PCU and must be made available for review by periodic World Bank review missions and external auditors.

Disbursements by category

The following table sets out the expenditure categories to be financed out of the Credit proceeds. The allocations for each expenditure category are the following:

Allocation of IDA Credit Proceeds

Category/ Project Component	Amount of the Credit Allocated (Expressed in USD Equivalent)	% of Expenditures to be financed
(1) Works	23,000,000	100%
(2) Vehicles, equipment and goods	1,200,000	100%
(3) Grant for micro-projects	14,000,000	100%
(4) Consultants services and studies	9,000,000	100%
(5) Training and information	8,000,000	100%
(6) Operating cost	4,000,000	100%
(7) Refunding of Project Preparation Advance(s)	1,800,000	
(8) Unallocated	5,000,000	
TOTAL	66,000,000	

NB: All expenditures are financed 100% taxes included.

Action Plan

Actions	Responsibilities	Due date	Conditionality
Recruitment of required fiduciary staff for PCU and for local offices	MAWRF	effectiveness	Staff recruited
Development of the computerized FM system (FM Manual, software, customization, related training and short term assistance).	MAWRF and Consultant	effectiveness	Software customized, manual available and training completed
Appointment of an External Auditor	MAWRF	effectiveness	Signed contract available
Approval of 2006 and 2007 Annual Work Plan and opening of Designated Account at BCEAO	MAWRF	effectiveness	Final document issued

Supervision Plan

Since the PCU and SCPF as BMACs of ADMDP are not yet in place, the overall fiduciary risk for the project is substantial. The mitigation factor is represented by the effective creation of these BMACs responsible for the overall financial management. This means that much responsibility will be placed on the PCU and the 3 local offices. As a result, the performance of these BMACs is a key factor to ensure compliance with fiduciary requirements. ADMDP's supervision should be performed twice a year, ensuring that the PCU and the three local offices are performing as expected. The supervision of ADMDP should focus on the financial management key indicators as mentioned in the paragraph on reporting and monitoring. A particular attention should be paid to the sub-BMAC (the three local offices), in order to evaluate how they are managing and accounting for program resources.

Given the above, ADMDP will require intensive financial management supervision which should be budgeted for. Supervision missions should be done at least every six months with the first mission occurring within three months after financing effectiveness. But prior to that, a clear understanding must be reached with the MAWRF on its work plan and approach. The quality of the audit (internal and external) also is to be monitored closely to ensure that it covers all relevant aspects and provide enough confidence on the appropriate use of funds by recipients.

Financial management supervision will be carried out by the Bank's Financial Management Specialist (FMS) upon the Task Team Leaders' request. The FMS will also:

- Conduct an FM supervision before effectiveness/disbursement;
- Review the financial component of the periodic monitoring reports; and,
- Review the Audit Reports and Management Letters from the external auditors and follow-up on material accountability issues by engaging with the TTLs, client, and/or auditors.

Fiduciary Risks

Entity risk:

The rating is substantial since the PCU and the three local offices are not yet created and the overall financial management system is not yet in place. It is difficult therefore to predict the performance of the PCU and the local offices during ADMDP's implementation as well as to ensure that the work will be of high quality.

Project Risks

In summary, the key financial management related risks that the PCU and the three local offices may face, and the manner in which it should be addressed are described below:

Type of Risk	*Rating*	*Risk Mitigating Measures*
Inherent Risk		
1. Corruption (Funds may not be used in an efficient and economical way and exclusively for purposes intended) and poor governance.	M	The team of appropriately qualified and experienced staff reduces this risk. Strong internal control procedures through the Proc. & Financial Mgt. Manual in place. Periodic financial monitoring reporting subjected to Internal Controller and Bank's reviews External audit performed annually.

2. Liquidity problem noted at the Public Treasury, which impacts a better implementation of the budget (Government financing may not be available to ADMDP on time)	M	Existence of Public Finance management reforms, which implementation and monitoring are supported by the donor community
3. Delay and irregularity in the audit of the public entities accounts because of a weak capacity of the Public Sector Control Institutions (internal and external controls)	M	Bank's supervision missions carried out on regular basis. External audit performed annually
Overall inherent risk	M	
Control Risk		
a. Implementing Entities	S	Existence of PCU and local offices staff, and specialized and on-the job-training for staff are foreseen.
b. Funds Flow	S	FM action plan sufficiently addresses this issue through Financial Management Manual.
c. Staffing	M	Training plan will be drawn up and a consultant will carry out training sessions to the benefit of the fiduciary's staff before ADMDP effectiveness. The accountant handling the PPF may be the one for the project.
d. Accounting Policies and Procedures	M	FM action plan sufficiently addresses this issue through the Financial Management Manual. The Accountant handling the PPF may be the one for the project.
e. Other Internal Control	S	FM action plan sufficiently addresses this issue through the Financial Management Manual.
f. External Audit	M	FM action plan sufficiently addresses this issue and the private audit firms'capacity is acceptable in Burkina Faso.
g. Reporting and Monitoring	S	FM action plan sufficiently addresses this issue through the Financial Management Manual.
h. Information Systems	S	FM Action plan sufficiently addresses this issue through the Financial Management Manual.
Overall control risk	**S**	

H = High S = Substantial M = Moderate N = Low/negligible

Annex 8: Procurement

BURKINA FASO: Agricultural Diversification and Market Development Project

General

Background – Procurement Reform

The procurement system in Burkina Faso has been under reform for the past five years, based on a Country Procurement Assessment Report (CPAR) conducted in 2000 by the Bank. In light of the CPAR 2000's recommendations, the Government initiated a number of reforms, including enacting a procurement act through decree 2003-269/PRES/PM/MFB (dated 27 May 2003), effective since July 9, 2003.

In 2005, a new CPAR based on a participative process and including all stakeholders was launched in order to: (i) measure progress made in a the past five years, (ii) analyze the current procurement environment, (iii) assess the 2003 national procurement law in view of: (a) transparency, efficiency and competition principles required for International Standards, and (b) the harmonization process (among sub-regions countries) initiated by the West African Economic and Monetary Union (WAEMU).

The 2005 CPAR has been finalized and the Action Plan was adopted by the Council of Ministers in March 2006. The 2003 National Procurement Act evaluated in light of the OECD Benchmark Indicators system has been found unsatisfactory (there is a strong need to improve the institutional framework) even if major progress has been made. Based on the progress made since 2000 (from 31 percent to 55 percent of requirements for International Standard), the system has been found acceptable for National Competitive Bidding process. It has been agreed that the implementation of the action plan included in CPAR 2005 would help to achieve 76 percent in 2010.

The Government has issued a set of Standard Bidding Documents. These documents were submitted to IDA for review and comments.

Use of Bank Guidelines

Works, goods and consultant assignment financed under the Agricultural Diversification and Market Development Project (ADMDP) will be procured in accordance with the appropriate IDA Guidelines: Procurement for IBRD Loans and IDA Credits dated May 2004 and Guidelines for the Selection of Consultants by the World Bank Borrowers published in May 2004. To this effect, Bank's standard bidding documents for works and goods, and standard request for proposals for consultants as well as all standard evaluation forms will be used throughout the project implementation. National Competitive Bidding (NCB) advertised locally and minor assignments, will be carried out in accordance with Burkina Faso procurement laws and regulations judged acceptable by IDA for national competition. While waiting for IDA's agreement on a revised National

Standard Bidding Document, IDA's Standard Bidding documents will be used with necessary adaptations.

Advertisement

Following Board Approval of the project, a General Procurement Notice (GPN) will be published in the UN Development Business (UNDB) online, Development Gateway's dgMarket Online, and in a national newspaper of wide circulation, to advertise for major consulting assignments (above US$200.000 equivalent) and ICB for which specific contracts are expected. Specific Procurement Notices (SPN) for goods and works to be procured under ICB, NCB and for consultant services will be published in a national newspaper of wide circulation and may (mandatory for ICB and consulting services above US$200.000 equivalent) also be advertised in the UNDB and Development Gateway's dgMarket in order to get the broadest interest possible from eligible bidders. Request for EOI for other consulting services (below US$200,000) will be advertised in a national newspaper of wide circulation. At least two weeks will be allowed for submission of expression of interest.

Procurement Methods

Procurement of Works: Civil works that will be financed under the project include: restoration of fruit terminal in Bobo-Dioulasso, construction and/or rehabilitation of slaughterhouses, construction and/or rehabilitation of cold storage unit and warehouse. Civil works contracts costing more than US$250,000 equivalent per contract will be procured through International Competitive Bidding (ICB). Domestic Preference will be applicable to local contractors bidding for contracts through ICB. Civil works costing less than US$250,000 equivalent will be procured through National Competitive Bidding (NCB). Civil works costing less that US$40,000 equivalent per contract will be procured through shopping on the basis of simplified bidding documents by soliciting quotations from not less than three qualified domestic contractors (preferably more) in order to obtain at least three comparable offers. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a standard form of agreement acceptable to the Bank, and relevant drawings, where applicable. In all cases the award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully.

Procurement of Goods: Goods procured under the project will include: equipment for quality control of ASP product, pumps and others irrigation equipments, vehicles, computers, office furniture, etc. Procurement of goods will be bulked where feasible into big packages valued and procured through suitable methods.

(a) Goods estimated to cost US$200,000 equivalent or more would be procured through International competitive bidding (ICB).

(b) Goods estimated to cost less than US$200,000 and more than US$40,000 would be procured through national competitive bidding (NCB).

(c) Goods estimated to cost US$40,000 equivalent or less per contract may be procured through *Shopping* procedures. Contract will be awarded on the basis of written solicitation issued to at least three qualified suppliers, following evaluation of bids received in writing from such qualified suppliers. The award would be made to the supplier with the lowest price quotation for the required goods, provided it has the experience and resources to execute the contract successfully.

Preference for domestically manufactured goods will apply in accordance with the World Bank Guidelines.

Consulting Services: Consultant services financed by IDA would be for the following types of activities: revision and or adaptation of legal existing key text related to production, trade and exports in accordance with regional (WAEMU) texts and others International (AGOA) requirement; market development studies, contract farming studies, market information system, financial and technical audits, financial and administrative manual etc. These consulting services will be procured with the most appropriate following procurement method allow by the Bank Guidelines and included in the Procurement plan approved by IDA : (a) Quality and Cost Based Selection (QCBS); (b) Least Cost Selection (LCS) for financial audit; (c) selection based on the Consultant's Qualification (CQ) for the selection of firm for contract estimated to cost less than US$100,000; (d) Single Source (SS) Selection shall be used with agreement of IDA. All terms of reference will be subject to IDA prior review.

Consultant services to support the preparation and implementation of Professional Organizations (PO) training program will be needed during project implementation. In this perspective, a partnership between the World Bank Institute (WBI) and a consortium of the main training institutions led by a regional training engineering institute EIER-ETSHER was established in June 2005, during project preparation. This partnership aimed at assessing, in a participatory manner, PO training needs (first step) and developing training program and new curricula by the training institutions to respond to these needs (second step). The outcomes of the first step were fully successful. In order to fully take advantage of this partnership and build on this successful first step and given that the second step is a continuation of the first step, keeping the same consultants to finalize the process will be more efficient. Hence, consultant services for the training program, estimated to cost less than US$200,000 will be procured through a sole-source selection with EIER-ETSHER in accordance with paragraphs 3.10 and 3.15 of Guidelines and with the prior review of IDA.

Short-lists for contracts estimated at or less than US$100,000 equivalent may be comprised entirely of national consultants (in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines), provided that a sufficient number of qualified firms are available. However, if foreign firms have expressed interest, they would not be excluded from consideration.

Consultant services meeting the requirements of section V of the consultant guidelines will be selected under the provisions for the *Selection of Individual Consultants* through the comparison of the curriculum vitae of at least 3 qualified individuals.

The use of civil servants as individual consultant or as a team member of Consultants firms will strictly follow the provisions of Article 1.9 to 1.11 of the Consultants' Guidelines.

Procurement for items included in micro-projects: Micro-projects financed under component 1 would comprise a broad spectrum of activities to be undertaken with direct participation and financial contribution of the promoter. It is not possible to determine the exact mix of goods, small works, and services to be procured under these activities due to their demand-driven nature. Funding for these activities would be in the form of matching grants. Therefore, the types of activities to be financed under micro-projects and their procurement details would depend on the needs identified by the stakeholder promoter. The contract would be procured following simplified procurement procedures as described in the agreed project implementation manual (PIM). The manual to be used by the project will be based on the Bank Guidelines for Simplified Procurement and Disbursement for Community-Based Investments (February 1998).

Training, trade fairs, workshops, study tours, and conferences: All training, trade fairs and workshops under the Project will be conducted on the basis of programs, which should be approved by IDA on a semester basis, and which shall, inter alias, identify: (a) the objective of training, fair and workshops envisaged; (b) the personnel to be trained; (c) the institutions which will conduct the training or organized the fair; (d) the duration of the proposed training or fair and (e) an estimate of the cost.

Operating costs: Operating costs that will be financed by the project will be procured using the project's financial and administrative procedures manual that will be approved by IDA. For efficiency purposes, purchase of office supplies and furniture will be done on the basis of 6 or 12 months need and procured competitively. For services (car maintenance, computers maintenance etc.) to be financed through operating costs, the project will proceed by service contracting for a defined period.

Procurement arrangements and assessment of the agency's capacity to implement procurement: It has been agreed during preparation, after due consultation with the Government, that a Project Coordination Unit (PCU) will be created to coordinate activities under the Agricultural Diversification and Market Development Project (ADMDP). During implementation, procurement will be done by the following entities: PCU, professional organizations and micro-project promoters. The PCU will be directly in charge of consultant selection, large and complex procurement and/or pooled procurement across professional organizations, etc... Professional core organizations such as UNPCB, APIPAC and CICB will be in charge of procurement of simple items. Each organization will fully conduct the following process included in an agreed action plan: (i) all workshops and training (regardless of estimation) and (ii) all procurement for small

purchases estimated to cost less than US$40,000. However, even done at organizations level, the project's procurement process will be under the overall responsibility of the PCU procurement specialist who will have a mentoring, training and support role. The PCU overall responsibility will include mentoring and training but also ensuring quality of procurement process through prior and/or post review for process conducted by professional organizations. This arrangement will remain at least for the two first years of implementation. After this term, the situation will be assessed and more responsibility could be transferred to professional organizations that have substantially improved their procurement capacity.

Promoters will handle the procurement process for the needs included in their agreed micro-project. In order to support the promoter during micro-project implementation (including on procurement aspects) a recruitment of regional (8 regions are concerned) service providers (NGOs and/or firms) is foreseen. The recruitment of RSP will be done for each region before agreement of the first micro-project of the concerned region.

As the PCU for implementation was not yet set up, it was not possible to conduct a formal procurement capacity assessment during preparation. However, the procurement specialist under the preparation Unit performed satisfactorily and will remain in his position after Board approval and until the PCU for implementation is fully staffed. It was agreed during appraisal to recruit a procurement specialist (PS) for project implementation with a strong knowledge and solid experience in both IDA and GoBF procedures before effectiveness.

The procurement specialist will have the following responsibilities: (i) to assist professional organizations to prepare their respective procurement plan; (ii) to consolidate a procurement plan for the entire project; (iii) to process all procurement at PCU level; (iv) to build required capacity where needed by training professional Organization staff in the procurement process for their respective program especially during the first years of the project; (v) to conduct a first session of procurement training to the benefit of professional organization before effectiveness; (vi) to maintain an inventory of all interested bidders; (vii) to monitor and update the procurement plan; (viii) to consolidate all project procurement information and (ix) to monitor contracts implementation.

Based on procurement environment and the fact that the PCU is a newly created entity that can not be referred to as an institution, the procurement risk has been assessed as high. After the first year of implementation, this situation will be revisited by IDA and could be modified depending on the procurement performance of the project.

Procurement Plan: A general procurement plan for the entire duration of the project implementation and a detailed procurement plan containing all procurement to be carried out for at least the 18 first months have been drafted and finalized by the borrower and submitted to IDA before negotiations. The procurement plan includes relevant information on all items and services to be procured, estimated costs, selection method, timing, review status (prior or post) etc... As a management tools, the procurement plan will be updated on annual basis or as required (to reflect implementation needs) in

agreement with IDA. The procurement plan will be available in the project's database (and on the Bank external website).

During project implementation, all procurement will be carried out in accordance with the formally agreed procurement plan (original and formally updated).

Financial and Administrative Manual (FAM) for procurement: The recruitment of a consultant to prepare the Financial and Administrative Manual is planned under PPF financing. The Financial and Administrative Manual will include in its procurement section the following steps: (i) procedures for planning, calling for bids, selecting contractors, consultants, and vendors, awarding contracts; (ii) internal organization for control of procurement action; (iii) operational guidelines etc. The FAM will be prepared and submitted to IDA's review and finalized before effectiveness.

Frequency of Procurement Supervision: In addition to the prior review to be carried out annually from IDA offices, it has been recommended during preparation that two supervision missions per year take place to address procurement issues.

Attachment 1

Details of the Procurement Arrangement involving international competition (for the first 18 months of project)

1. Goods and Works and non consulting services

(a) List of contract packages which will be procured following ICB and Direct contracting:

1	2	3	4	5	6	7	8
Ref. No.	**Contract Description**	**Estimated Cost (US$ 000)**	**Procu-rement Method**	**Pre-Qua lifi cation**	**Domestic Prefe-rence (yes/no)**	**Review by IDA (Prior/ Post)**	**Expected Bid Opening Date**
1	Computer equipment + software	204.30	ICB	No	No	Prior	September 2006
2	Refrigeration equipment + electric generators	61.80	NCB	No	No	Prior	September 2006
3	Vehicles for UCP and local offices	242.02	ICB	No	No	Prior	October 2006
4	Equipments for large irrigation (site No. 1)	1,742.94	ICB	No	No	Prior	November 2007
5	Equipments for large irrigation (site No. 2)	871.47	ICB	No	No	Prior	July 2008
6	Vehicles for technical services (DGCOOP, MRA, MAHRH, MECV)	343.14	ICB	No	Yes	Prior	April 2007
7	Works for large irrigation schemes for site No. 1	2,986.56	ICB	No	No	Prior	October 2007
8	Works for large irrigation schemes for site No. 2	1,493.28	ICB	No	No	Prior	May 2008
9	Office rehabilitation for PCU	49.02	NCB	No	Yes	Prior	September 2006
10	Construction of storage facilities and cold storage facilities for irrigation schemes (Site No. 1)	277.52	ICB	No	No	Prior	May 2007
11	Construction of storage facilities and cold storage facilities for irrigation schemes (Site No. 2)	277.52	ICB	No	No	Prior	July 2008

(b) International Competitive Bidding (ICB) contracts estimated to cost above US$250,000.00 for works and US$200,000.000 for Goods per contract, first NCB (National Competitive Bidding) contract for works and goods and all Direct contracting will be subject to prior review by IDA .

2. Consulting Services

(a) List of Consulting Assignments with short-list of international firms

1	2	3	4	5	6
Ref. No.	**Description of Assignment**	**Estimated Cost (US$ 000)**	**Method Selection**	**Review by Bank (Prior / Post)**	**Expected Proposals Submission Date**
1	Specialized operator for fruits and vegetables supply chain (for the first three years)	392.10	QCBS	Prior	September 2006
2	Specialized operator for cattle/meat supply chain (for the first three years)	392.10	QCBS	Prior	September 2006
3	Specialized operator for poultry supply chain (for the first three years)	392.10	QCBS	Prior	September 2006
4	Studies for works for large scheme irrigation (Site No. 1)	204.24	QCBS	Prior	February 2007
5	Studies for works for large scheme irrigation (Site No. 2)	102.12	QCBS	Prior	November 2007
6	Consultant for preparation of training programs for supply chains stakeholders	196.7	Direct contrac-ting	Prior	Januarv 2007
7	Technical assistance for commercial farmers in large irrigation schemes (for the first two years of the project)	158.30	QCBS	Prior	January 2007
8	Specialized operator for fruits and vegetables supply chain (for the last three years)	392.10	QCBS	Prior	January 2009
9	Specialized operator for cattle/meat supply chain (for the last three years)	392.10	QCBS	Prior	January 2009
10	Specialized operator for poultry supply chain (for the last three years)	392.10	QCBS	Prior	Janvier 2009
11	Technical assistance for commercial farmers in large irrigation schemes (for the last two years of the project)	158.30	QCBS	Prior	January 2009

QCBS : Quality and Cost Based Selection

(b) Consultancy services estimated to cost above US$100.000 for firm and US$50.000 for individual per contract and Single Source selection of consultants for assignments regardless of contract amount, will be subject to prior review by the Bank.

(c) Short lists composed entirely of national consultants: Short lists of consultants for services estimated to cost less than US$100.000 equivalent per contract, may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Annex 9: Economic and Financial Analysis

BURKINA FASO: Agricultural Diversification and Market Development Project

The project will be implemented in 8 of the 13 regions: Hauts-Bassins, Cascades, Center-West, Boucle du Mouhoum, Sahel, North, Center North and South West. The remaining Regions are already covered by a Danish agricultural sector development project and several other donors. The project will provide financial, economic and social welfare to the beneficiaries in those regions and to the national economy. Due to the difficulty to measure and quantify the direct benefits of the sub-component 1.1 and component 3 both focusing respectively on capacity building and enabling environment, no cost benefit analyses were planed for both components. Only real/direct measurable benefits were taken into account under sub-component 1.2 and component 2. However, since investments are to be demand-driven and based on a participatory approach, the type and size of the schemes are not known beforehand. Hence, the analysis will be illustrative; it will be reviewed as project implementation goes on and as requests come in to ensure that micro-projects selected and funded are financially and economically viable. Although illustrative, the analysis conforms as closely as possible to real conditions as it considers three models currently used in the agricultural system in the regions of project implementation.

Benefits expected from sub-component 1.1 (US$7million) and component 3 Improvement of the Business Environment, Regulatory Framework and Provision of Advisory Services (US$11 million): Sub-component 1.1 aims at improving the agro-sylvo-pastoral supply chain performance trough capacity building for professional organizations. This is technical assistance whose impact is difficult to measure although it will greatly contribute to increase production quality and quantity and market development at the benefit of all stakeholders including the overall economy. Since the expected incremental production, export and cost reduction will depend on the efficient combined effects of all project's components, it is difficult to assess the direct benefits from sub-component. Analysis undertaken should be considered from a cost effectiveness point of view. The cost effectiveness of the component will be ensured by (i) the principle of cost sharing for the activity of the component; (ii) the eligibility criteria, which include a minimum rate of return and the acceptance of the beneficiaries to participate in the costs, and (iii) a systematic outsourcing to the private sector (service providers) recruited on a competitive basis, for the supply of services under the component. Component 3 will contribute to improve the investment climate thereby increase investment by attracting private investors be national or international in the rural sector. It will also contribute to build capacity for service providers, public as well as private actors. The expected outcomes are the increasing of products on the domestic and international market generating incremental income not only for the project but the national community.

Benefit expected from Sub-Component 1.2: Investment for supply chain development (US$21 million) and component 2: Development of Irrigation and Marketing Infrastructure (US$36 million).

The objective of these components is to support the development of: i) productivity and quality of agricultural products; and ii) basic production and marketing infrastructure that contribute to increased competitiveness of supply chains by the improvement of productivity and quality of agricultural products. The analysis will be based on farm models with: (i) the introduction of irrigation technology in which experience acquired by Burkina through DIPAC to produce onions, fruits and vegetables for the local markets as well as regional market; (ii) the combing of irrigation and upland and cattle; and iii) the upgrading of facilities to help meet sanitary and phyto-sanitary standards and support of construction of core marketing infrastructure to foster access to the international market for product such as mango and green beans.

Key assumptions

The analysis is based on three usual farm models in most of the regions of project implementation: Model 1 (0.25 ha of onion+ 0.25 ha of mango+ 0.25 ha of cowpea); Model 2 (0.5 ha of onion+0.5h of mango+ 1 ha of sesame); Model 3 : (0.5ha of onion + 4 cows + 1 ha of cowpea. About 30% of 240.000 producers will adopt the innovative technologies in irrigation, soil fertility, post-harvest lost, integrated pest management; About 1000 professional organizations will be reinforced in different areas- farmers organization; processors and post-harvest, marketing infrastructure and equipment maintenance etc; about 1000 women will be trained in the areas of food processing, better environment practices, food quality control etc.

The analysis is based on current market prices for the financial analysis. Economic price has been estimated from wholesale or FOB prices after deduction of intermediary costs. Since in Burkina, taxes on inputs and subsidies are quasi-inexistent economic and financial analysis are very similar. However the financial analysis will be run taking into account the matching grant without which dissemination and adoption of new technology will be difficult in the context of Burkina Faso with strained economic condition with difficulties to access to credit in general and long term investment credit in particular. The matching grant targets small farmers and will cover 60 % of the infrastructure cost.

Based on these assumptions, the investments would provide with matching grant, a financial rate of return from 59% to 212%. Without matching grant the financial internal of return ranges from 30% to 86%. It is worth noting that the economic profitability of the project, as indicated in table 1, is far better than the financial profitability without matching grant. This proves that project is better valued at the national community level.

Table 1: Returns on Producers'investments
Model 1

Results for 1 acre	Improved irrigation + Agricultural practices		
Crops	Onions	Mango	Cowpea
Average size of the farm	0.25 ha	0.25 ha	0.25 a
Parameters			
Product price (CFA per kg)	120	50	300
Investment (CFAF per ha)			
Yields before improvements (kg/ha)	1.5	5	0.6
Yields after improvements (kg/ha)	6.25	20	1.5
Financial analysis			
IRR (without matching grant)	45%	30%	86%
NPV (10%)	1,231,020	462,800	190,590
IRR with matching grant	104%	59%	212%
Switching values at 10%			
Product price	56%	24%	59%
Investment	82%	51%	36%
Yields	52%	12%	59%
Economic analysis			
ERR	66%	43%	212%
NPV (at 10%)	1,544,120	635,740	293,280
Swithching values at 10%			
Product price	75%	38%	88%
Investment	56%	37%	93%
Yields	69%	23%	88%

Table 1: Returns on Producers'investments
Model 2

Results for 1 acre	Improved irrigation + Agricultural practices		
Crops	Onions	Mango	Sesame
Average size of the farm	0.5 ha	0.5 ha	1 ha
Parameters			
Product price (CFA per kg)	120	50	300
Investment (CFAF per ha)			
Yields before improvements (kg/ha	1.5	5	0.6
Yields after improvements (kg/ha)	6.25	20	1.5
Financial analysis			
IRR (without matching grant)	45%	30%	86%
NPV (10%)	1,231,020	462,800	190,590
IRR with matching grant	104%	59%	212%
Switching values at 10%			
Product price	56%	24%	64%
Investment	82%	51%	61%
Yields	52%	12%	68%
Economic analysis			
ERR	66%	43%	212%
NPV (at 10%)	1,544,120	635,740	293,280
Swithching values at 10%			
Product price	75%	38%	101%
Investment	55%	23%	113%
Yields	69%	23%	101%

Table 1: Returns on Producers'investments
Model 3

Results for 1 acre	Improved irrigation + Agricultural practices		
Crops	Onions	Cattle	Cowpea
Average size of the farm	0.5 ha	4	1 ha
Parameters			
Product price (CFA per kg)	120	50	300
Investment (CFAF per ha)			
Yields before improvements (kg/ha	1.5	200 kg	0.6
Yields after improvements (kg/ha)	6.25	400kg	1.5
Financial analysis			
IRR (without matching grant)	45%	38%	86%
NPV (10%)	1,231,020	462,800	190,590
IRR with matching grant	104%	59%	212%
Switching values at 10%			
Product price	56%	25%	59%
Investment	82%	62%	36%
Yields	52%	25%	59%
Economic analysis			
ERR	66%	43%	212%
NPV (at 10%)	1,544,120	635,740	531,780
Swithching values at 10%			
Product price	75%	63%	88%
Investment	56%	47%	93%
Yields	69%	47%	88%

Global Project Economic analysis of the program

Project activities will lead to increased benefits and reduced costs as followed. In terms of benefits, the project component 1 will help stakeholders to build capacity, increased knowledge, improved organizations and as a result improved production and farmers' incomes. Through component 2, the project will contribute to improve adoption of production and procession technology and improved quality leading to excellent prospect for national, regional and international markets which in turn will increase product value. Project component no 3, trough improvement of business environment, regulatory and provision of advisory services will greatly contribute to competitiveness by reducing costs and increased value.

Analysis based on agricultural and livestock products which are widely acknowledged to have a competitive advantage on the international and regional markets and could be easily sold on the national market as well. A wide range of products has been selected with irrigated product such onion for regional and domestic markets; cereal (cowpea and maize) for domestic market; mango and sesame for international market, particularly Europe and the Middle-East markets. Cattle and poultry have easy access to regional market such as Côte d'Ivoire and Nigeria. Livestock products such as leathers and skin can be exported on the international market if they meet the quality standard.

Expected benefits have been quantified on the basis on conservative assumptions on the program outcomes and are indicated in Table 2.

Table 2: Project Economic and Financial (NPV in CFAF)

	Economic		Financial	
	ERR	NPV	IRR	NPV
Base case	23%	88 893	25	102 342
Switching value (at 10%)	26%	27 069	28	32 069

The economic analysis of the project shows high economic rate of return for all hypothesis (This high rate could be explained by the yields increased due to the improvement of irrigation scheme and the availability of market facilities provided by the project.

The sensitivity analysis is based on estimated switching values (a change in the value of key factors that lowers the ERR to 12 percent, taken as the long –term opportunity cost of the capital in Burkina Faso). Table 3 indicates the rates of return for different hypotheses. For the models as a whole, economic benefits are less sensitive to an increase in the cost of investments that would occur at the beginning at the 15-year lifespan of the scheme

Table 3: Sensitivity analysis

	ERR (%)
Base	25
10% of cost increase	22
20% of cost increase	20
50% of cost increase	15
10% of benefit decrease	21
20% of benefit decrease	18
50% of benefit decrease	8

Annex 10: Safeguard Policy Issues

BURKINA FASO: Agricultural Diversification and Market Development Project

Project Development Objectives

The project development objective is to increase the competitiveness of selected agricultural sub-sectors that target national, sub-regional and international markets thereby contributing to shared agricultural growth in Burkina Faso.

To achieve this objective the program would: (i) support private professional organizations and commodity associations (capacity building, supply chain business plans elaboration and implementation, etc.); (ii) develop productive and marketing infrastructure; and, (iii) improve the investment climate and the provision of services required for supply chain development (policy and regulatory framework, core public services, private advisory providers, etc.).

Environmental and Social Considerations

Consultations with key stakeholders within the public sector, the private sector, and civil society were conducted throughout project preparation. The investment climate assessment process systematically involved the private sector as well as professional associations in the various sub-sectors. In sub-sectors and supply chains planned for support under this project, key actors were involved in the definition of the scope of activities and they will remain engaged during implementation, supervision and evaluation stages of the project. Youth and women, in particular, are expected to benefit from this project because they are heavily involved in most of the activities and processes along the supply chain.

From an environmental and social safeguard point of view, the Burkina Faso-Agricultural Diversification and Market Development Project (ADMDP) is a Category B project. That is, the environmental and social impacts of the project, for the most part, are expected to be adverse, but minimal, site specific and manageable to an accepted level. There are three Bank Safeguard policies applicable to the project. These include: Environmental Assessment (OP 4.01); Involuntary Resettlement (OP 4.12) and Pest Management (OP 4.09).

At the time of the appraisal mission, the range, scale, locations and number of sub-projects, as part of ADMD initiatives were unknown. The difficulty inherent in defining what the real environmental and social impacts of envisioned sub-projects are and determining what mitigation measures should be put in place, requires the development of an *Environmental and Social Management Framework (ESMF) and a Resettlement Policy Framework (RPF),* a social safeguard instrument used to addressing potential land acquisition or loss of economic activity issues on the part of individuals or group of individuals in project intervention zones. In addition, it was determined, based on project envisioned activities leading, in particular, to diversification and intensification of

agriculture, that the Pest Management Policy is triggered. The triggering of this policy is also predicated on the likely incidence of water borne diseases, on neighboring communities, resulting from irrigation schemes that will be developed under the project. Based on that consideration, *a Pest Management Plan (PMP)* was also elaborated in the context of project preparation.

All project safeguard instruments have been prepared, in full compliance with Bank and national safeguard policies, by local consultants, following a broad consultation framework, involving all relevant stakeholder groups, both public and private, in the various sub-sectors and supply-chains and other interested parties.

POTENTIAL IMPACTS

The project impacts include but are not limited to the following:

Environment

- Soil erosion, loss of biodiversity both fauna and flora due to rehabilitation/ construction-related activities;
- Noise and dust pollution resulting from construction;
- Pesticide/inorganic fertilizer residues resulting from intensification of horticulture;
- Pastoral land degradation resulting from overgrazing by cattle;
- Contamination and pollution resulting from high concentration of cattle;
- Sedimentation of streams, water bodies in the vicinity of construction sites;
- Stagnant water in borrow pit as a cause for water borne diseases;
- Destruction of pollinators of crop plants leading to poor crop yields;
- Improper waste management;
- Elimination of the natural enemies of crop pests and consequent alteration of biological pest control methods;
- Development of pest resistance to pesticides, encouraging further increases in and reliance on chemical pesticides use;
- Contamination of the soil and water bodies,
- Unacceptable levels of pesticides residues in harvested produce and in the food chain and
- Loss of bio-diversity in the environment, particularly of aquatic non-target species.

Social and Health

- Loss of land and/or other assets leading to loss of shelter, property, loss of economic activities, access to resources etc;
- Pesticides poisoning of farmers and deleterious effects on human health.

The ESMF formulated standards methods and procedures specifying how unidentified future subprojects, whose location, number and scale are unknown will systematically address environmental and social issues in the screening and categorization, sitting, design, implementation, operational phases and maintenance of the subproject lifecycle. It includes: (i) systematization of environmental and social impact assessment for all identified sub-projects before investment; (ii) procedures for conducting sub-project

specific EIAs, be they Limited Environmental Impact Assessment (LEIA) or Full Environmental Impact Assessment (FEIA) as applicable; (iii) Capacity strengthening and awareness raising campaigns targeted at relevant stakeholder groups for better implementation and monitoring of project safeguard measures; and (iv) establishment and implementation of an intersect consultation framework for the environmental control and monitoring.

The RPF looked into the policy, legal and regulatory mechanisms on how to address cases of land acquisition, loss of economic activities, on the part of affected people, as a result of project activities. It also provides a coherent framework, eligibility criteria and asset valuation methods for compensation and/or resettlement of affected people, as well as grievance mechanisms of affected persons, in case of unsatisfactory arrangements. Together, these safeguard instruments, are considered both as a planning tool and a means for a harmonious integration of the project in its bio-physical and social environment and as a way to maximize positive effects on the same environment.

The proposed PMP, on the other hand, addressed the concerns relating to the risks associated with potential increases in the use of pesticides for agricultural production, intensification and diversification, increases in disease vector populations which would arise from irrigation schemes and made propositions to strengthen national capacities to implement mitigation measures to minimize the risks. The PMP also identifies national agencies and other partners that could effectively collaborate in, as well as the institutional arrangements for implementing the plan.

The ESMF and RPF include institutional arrangements, outlining the roles and responsibilities for the various stakeholder groups involved, for screening, review and approval of sub-projects, as well as implementation and monitoring of their mitigation measures. The PMP also includes clear institutional arrangements to implement and monitor the plan. In view of the limited institutional capacity to addressing project safeguard aspects adequately, the three safeguard instruments, together, include provisions to strengthening the capacity of the various institutions and actors involved, as well as promoting coordination and synergy among the various sectors in attending to the potential environmental and social impacts. All three instruments were submitted to ASPEN, the regional Safeguard Unit, and cleared for disclosure in-country and at Bank InfoShop, prior to appraisal.

PUBLIC CONSULTATION AND DISCLOSURE

As indicated above, the preparation of the project safeguard instruments followed a broad consultation framework with all potential stakeholders. This participatory approach will be carried on throughout implementation, supervision and evaluation of the project.

Prior to disclosure in-country and at Bank InfoShop, a stakeholder workshop, chaired by Ministry of Environment, was organized by the project preparation committee, involving relevant project stakeholder groups in public agencies, such as *Direction des Evaluations d'Impacts Environnementales et Sociales* in the Ministry of Environment; representatives of professional organizations of the different sub-sectors and supply chain, farming organizations; civil society; and NGOs. This approach was utilized with the intention of

presenting the results of the studies, fostering ownership and seeking input from these stakeholders in order to improve quality and soundness of the of the instrument. Recommendations from both ASPEN and stakeholders' workshop have been reflected in the final safeguard reports, prior to disclosure. These recommendations and relevant provisions from the three sets of safeguard instruments will be reflected in Project Implementation Manual (PIM).

MONITORING AND SUPERVISION OF SAFEGUARDS PERFORMANCE

Successful implementation of the project safeguard requirements and performance measurement will require regular monitoring and evaluation of activities undertaken by the project to comply with national and Bank safeguard policies. This will also help ensure that implementation of project safeguard measures are systematically carried out all through project lifespan.

To do so, the following indicators need to be measured, as part of the project global monitoring plan:

- Number of sub-projects screened on environmental and social safeguard grounds;
- Number of subproject needing specific ESIAS;
- Number of ESIAs conducted;
- Number of sub-projects with costed Environment Management Plans (EMPs) and/orResettlement Action Plans (RAPs);
- Number of EMPs and/or RAPs implemented according to schedule;
- Number/ Frequency of Safeguard supervision undertaken;
- Number training programs carried out for safeguard capacity strengthening; and
- Number of Institutions/organizations trained.

Safeguard policies

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP/GP 4.01)	[x]	[ ]
Natural Habitats (OP/BP 4.04)	[ ]	[x]
Pest Management (OP 4.09)	[x]	[ ]
Cultural Property (OPN 11.03, being revised as OP 4.11)	[ ]	[x]
Involuntary Resettlement (OP/BP 4.12)	[x]	[ ]
Indigenous Peoples (OD 4.20, being revised as OP 4.10)	[ ]	[x]
Forests (OP/BP 4.36)	[ ]	[x]
Safety of Dams (OP/BP 4.37)	[ ]	[x]
Projects in Disputed Areas (OP/BP/GP 7.60)*	[ ]	[x]
Projects on International Waterways (OP/BP/GP 7.50)	[ ]	[x]

* *By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas*

Annex 11: Project Preparation and Supervision

BURKINA FASO: Agricultural Diversification and Market Development Project

	Planned	Actual
PCN review	03/16/2004	03/11/2004
Initial PID to PIC	03/23/2004	04/06/2004
Initial ISDS to PIC	03/23/2004	04/05/2004
Appraisal	03/27/2006	03/27/2006
Negotiations	04/24/2006	04/24/2006
Board approval	06/20/2006	
Planned date of effectiveness	09/30/2006	
Planned date of mid-term review	09/30/2009	
Planned closing date	09/30/2012	

Key institution responsible for preparation of the project: Ministry of Agriculture, Water Resources and Fisheries

Bank staff and consultants who worked on the project included:

Name	Title	Unit
Abdoulaye Touré	Sr. Agricultural Specialist, TTL	AFTS4
Daniel Moreau	Sr. Agriculturist (initial TTL)	AFTS4
Olivier Durand	Agribusiness Specialist	AFTS4
Ibrahim Nébié	Sr. Ag. Extension Specialist	AFTS4
Jean Paul Chausse	Lead specialist	AFTS1
Christophe Ravry	Supply chain development specialist	AFTS4
Virginie Vaselopulos	Program Assistant	AFTS4
Gwladys Kinda	Program Assistant	AFMBF
Helene Bertaud	Sr. Counsel	LEGAF
Wolfgang Chadab	Finance Officer	LOAG2
William Dakpo	Procurement Specialist	AFTPC
Mamadou Yaro	Sr. Financial Management Specialist	AFTFM
Ouattara Oumar	Financial Management Specialist	AFTS4
Nadege Leboucq	Livestock specialist	AFTS4
Amadou Konaré	Consultant (Safeguards Specialist)	ASPEN
Soumaila Amadou	Irrigation specialist	FAO-CP
Marc Mons	Livestock specialist	FAO-CP
Nguala Luzietoso	Market development specialist	FAO-CP

Bank funds expended to date on project preparation (As of April 21, 2006)

1. Bank resources: US$390,000
2. FAO US$123,300
4. Total: US$513,324

Annex 12: Documents in the Project File

BURKINA FASO: Agricultural Diversification and Market Development Project

Documents produced in the context of the ADMDP

1. Ciblage des filières et de la zone d'intervention du PAFASP, rapport d'étude, septembre 2005
2. Plan d'actions pour le développement du secteur de la transformation des produits agro-sylvo-pastoraux au Burkina Faso, Août 2005
3. Aide mémoire de la mission d'appui à la préparation, Banque Mondiale, Juillet 2004
4. Aide mémoire de la mission de pré évaluation, Banque Mondiale, Juin 2005
5. Analyse des Plans d'action sur les filières, rapport d'étude, mai 2005
6. Analyse des systèmes d'information sur les marchés existants au Burkina Faso, rapport du groupe de travail, Avril 2005
7. Rapport d'étude sur l'état des lieux des programmes et projets majeurs intervenant sur les Filières Agro-Syvo-Pastorales, Avril 2005
8. Inventaire des acteurs des filières agro-sylvo-pastorales et de leurs rôles respectifs, rapport du groupe de travail, mars 2005
9. Analyse des expériences du PNDSA II, DIPAC ET CEFOC, rapport du groupe de travail, Janvier 2005
10. Project Concept Note, Banque Mondiale, mars 2004

Strategic documents

11. Plan d'actions et Programme d'Investissements du secteur Elevage (PAPISE) version révisée, MRA- Janvier 2005
12. Stratégie de Développement Rural à l'horizon 2015, MAHRH, Janvier 2004
13. Lettre de Politique de Développement Rural Durable Décembre 2002
14. Initiative Elevage Pauvreté Croissance (IEPC) Ministère des ressources Animales Mai 2004

15. Plan d'actions pour le financement du Monde Rural (PA-FMR), SP/CPSA-MAHRH, CPSA- MAHRH, Mai 2004

16. Plan d'action pour le développement de la filière fruits et légumes SP/CPSA-MAHRH, Cabinet JUDICOME/JEXCO ; Septembre 2004

17. Cadre Stratégique de Lutte Contre la Pauvreté Révisé (CSLP), Ministère de l'Economie et du Développement, Septembre 2003

18. Stratégies Nationales et Programmes Prioritaires de Développement et de gestion des Ressources Halieutiques, SP/CPSA- MAHRH, Mai 2003

19. Plan d'action pour le développement de la filière niébé SP/CPSA- MAHRH, Mai 2003

20. Plan d'action pour le développement de la filière oléagineux SP/CPSA- MAHRH, Août 2003

21. Plan d'action céréales (mil, sorgho, maïs) SP/CPSA- MAHRH, Mars 2002

Other documents

22. Diagnostic de la filière Mangue au Burkina, SP-CPSA-MAHRH, AGRER, Août 2005

23. Diagnostic de la filière Haricot vert au Burkina Faso, SP-CPSA-MAHRH, AGRER ; Août 2005

24. Evaluation des contraintes liées à la relance de la filière Karité au Burkina ONUDI, rapport d'étude, Juin 2005.

25. Rapport d'achèvement du projet de Développement de l'Irrigation Privée et des Activités Connexes (DIPAC) Avril 2005

26. Etude portant sur la mise en place du dispositif de suivi-évaluation de la mise en œuvre de a Stratégie de Développement Rural à l'horizon 2015 ; SP/CPSA-MAHRH, Avril 2005

27. Rapport d'achèvement du Second Projet National de Développement des Services Agricoles (PNDSAII) Février 2005

28. Agence de Evaluation externe de l'expérience des comités provinciaux de concertation et d'échanges (CPCE) dans les neuf provinces pilotes, PNDSAII, CIEPAC, Décembre 2004

29. Audit et refonte institutionnelle du ministère de l'agriculture, de l'hydraulique et des ressources, MAHRH, Décembre 2004

30. Mise en place d'une mutuelle de garantie pour l'APIPAC ; étude de faisabilité, Novembre 2004

31. Deuxième enquête nationale sur les effectifs du Cheptel, Institut national de la Démographie, novembre 2004

32. Etude sur la possibilité d'exportation des fruits et légumes du Burkina Faso vers l'UE et l'Allemagne, Septembre 2004

33. Mission d'appui à la mise en place d'une stratégie de formation agricole Pierre DEBOUVRY, rapport, Septembre 2004

34. Etude sur la compétitivité des filières agricoles dans l'espace UEMOA (Elaboration d'un argumentaire de choix des filières), UEMOA, Commission DDRE, benoît Faivre Dupaigre and others. Août 2004 .

35. Programme de renforcement de la compétitivité de la filière oignon ; Association Professionnelle des Maraîchers du Yatenga ; Août 2004

36. Concurrence, investissement et compétitivité : Contraintes et recommandations, FIAS, juin 2004

37. Politique nationale de développement durable de l'agriculture irriguée (Stratégie, plan d'action, plan d'investissement à l'horizon 2015), Avril 2004

38. Rapport d'étude sur la stratégie d'autofinancement du CIR-B et les instruments d'appui aux acteurs de la filière riz, CIR-B Décembre 2003

39. Inventaire des fonds de développement à la disposition des populations rurales du Burkina Faso, GTZ, Septembre 2003.

40. Exportations, Croissance et lutte contre la pauvreté au Burkina Faso, Centre d'Analyse des politiques Economiques et sociales (CAPES) Avril 2003

41. Promotion du commerce agro-pastorale (APCAP), Etude de faisabilité MAHRH/ PNDSAII, GEOMAR, Septembre 2002

42. Mise en œuvre des mesures spécifiques pour la facilitation du commerce dans la filière fruits et légumes Rapport d'étude, Avril 2001

43. Etude sur le financement des filières agricoles dans les pays membres de l'UEMOA ; SOFRECO, janvier 2000

Annex 13: Statement of Loans and Credits – IDA & IFC

BURKINA FASO: Agricultural Diversification and Market Development Project

Statement of IDA Credits

Project ID	Project Name	Last PSR Supervision Rating: Development Objectives	Last PSR Supervision Rating: Implementation Progress	Fiscal Year	IDA	GRANT	Undisb.	Difference Between Expected and Actual Disbursements [a/]: Orig.	Difference Between Expected and Actual Disbursements [a/]: Frm Rev'd
P035673	BF-Com Based Rur Dev (FY01)	S	S	2001	66.70		13.49	6.53	-6.65
P000306	BF-Ouaga Water Suply (FY01)	S	S	2001	70.00		40.71	20.22	
P000309	BF-Basic Edu Sec SIL (FY02)	MS	MS	2002	32.60		19.72	12.52	
P052400	BF-GEF Nat Res Mgmt Prtnrshp APL (FY02)	S	S	2002		7.50	2.26	0.35	
P071433	BF-HIV/AIDS Disaster Response APL (FY02)	S	S	2002	27.00		3.47	-4.47	-7.93
P071443	BF-Compet & Enterprise Dev (FY03)	S	S	2003	30.70		27.16	10.37	
P076159	BF-Dev Learning Center LIL (FY03)	MU	MU	2003	2.30		0.61	0.10	-0.07
P074030	BF-Transp Sec SIM (FY03)	U	U	2003	92.10		82.60	44.08	
P070871	BF-GEF Sahel Lowland Ecosys Mgmt (FY04)	S	S	2004		4.50	3.72	0.54	
P085230	BF-STATCAP SIL (FY04)	MS	MS	2004	10.00		7.79	3.21	
P078596	BF-Admin CB (FY05)	S	S	2005	7.00		6.05	1.90	
P069126	BF-Power Sec Dev (FY05)	S	S	2005	63.58		48.29	37.99	
P093987	BF-Health Sector Sup.& AIDS (FY06)				47.70		47.70		
	BF-WA Locust (Regional = 8.4)				3.00		2.50		
Total					**452.68**	**12.00**	**306.07**	**133.34**	**-14.65**

Statement of IFC's

Held and Disbursed Portfolio

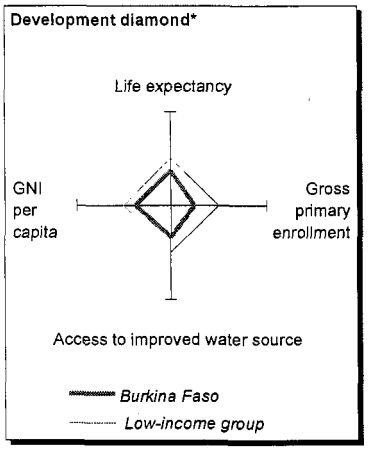
(In US Dollars Millions)

		Held				Disbursed			
FY Approval	Company	Loan	Equity	Quasi	Partic	Loan	Equity	Quasi	Partic
1998	AEF STCBF	0.13	0	0	0	0.13	0	0	0
2005	Hotel Independan	2.38	0	0	0	1.19	0	0	0
	Total Portfolio:	2.51	0	0	0	1.32	0	0	0

Annex 14: Country at-a-Glance

4/7/06

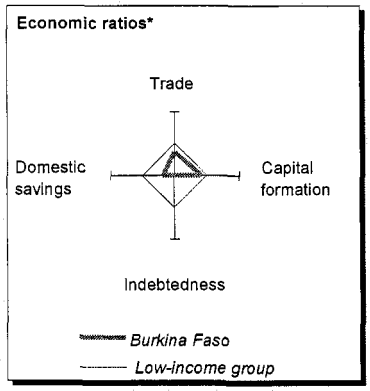
POVERTY and SOCIAL	Burkina Faso	Sub-Saharan Africa	Low-income
2004			
Population, mid-year *(millions)*	12.3	719	2,338
GNI per capita *(Atlas method, US$)*	380	600	510
GNI *(Atlas method, US$ billions)*	4.7	432	1,184
Average annual growth, 1998-04			
Population *(%)*	2.3	2.2	1.8
Labor force *(%)*	1.8	1.0	2.1
Most recent estimate (latest year available, 1998-04)			
Poverty *(% of population below national poverty line)*	45	..	..
Urban population *(% of total population)*	18	37	31
Life expectancy at birth *(years)*	43	46	58
Infant mortality *(per 1,000 live births)*	107	101	79
Child malnutrition *(% of children under 5)*	38	..	44
Access to an improved water source *(% of population)*	51	58	75
Literacy *(% of population age 15+)*	26	65	61
Gross primary enrollment *(% of school-age population)*	46	95	94
Male	53	102	101
Female	39	88	88



KEY ECONOMIC RATIOS and LONG-TERM TRENDS

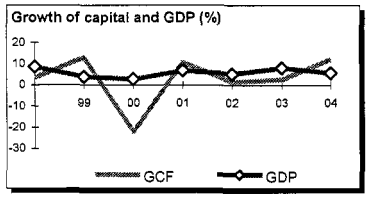
	1984	1994	2003	2004
GDP *(US$ billions)*	1.3	2.2	4.3	5.2
Gross capital formation/GDP	..	20.4	17.0	18.4
Exports of goods and services/GDP	12.4	11.5	8.9	9.8
Gross domestic savings/GDP	-2.0	9.0	4.1	7.3
Gross national savings/GDP	..	18.8	7.5	9.8
Current account balance/GDP	..	-1.6	-10.0	-9.0
Interest payments/GDP	0.7	0.8	..	..
Total debt/GDP	31.7	51.1	41.6	35.8
Total debt service/exports	8.0	12.2	15.4	13.0
Present value of debt/GDP	..	..	..	..
Present value of debt/exports	..	..	..	..

	1984-94	1994-04	2003	2004	2004-08
(average annual growth)					
GDP	4.8	6.1	8.0	5.5	5.9
GDP per capita	2.4	3.6	5.9	3.6	..
Exports of goods and services	2.0	5.7	5.9	14.8	11.4

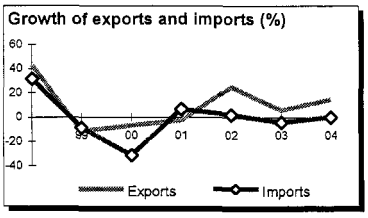


STRUCTURE of the ECONOMY

	1984	1994	2003	2004
(% of GDP)				
Agriculture	32.9	31.1	40.2	37.8
Industry	21.9	19.3	19.0	20.1
Manufacturing	..	..	..	..
Services	45.2	49.6	40.8	42.2
Household final consumption expenditure	87.3	76.1	83.7	80.7
General gov't final consumption expenditure	14.7	14.9	12.1	11.9
Imports of goods and services	30.3	22.9	21.7	20.8



	1984-94	1994-04	2003	2004
(average annual growth)				
Agriculture	4.7	6.1	11.0	-2.9
Industry	4.1	5.9	7.5	9.6
Manufacturing	2.7	..	..	..
Services	5.3	5.4	6.7	7.5
Household final consumption expenditure	3.5	7.4	9.5	2.3
General gov't final consumption expenditure	2.6	7.3	-1.6	7.5
Gross capital formation	0.1	4.9	2.6	12.2
Imports of goods and services	1.6	-1.0	-4.4	-0.2

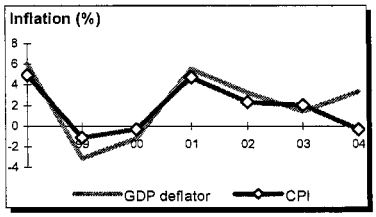


Note: 2004 data are preliminary estimates.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

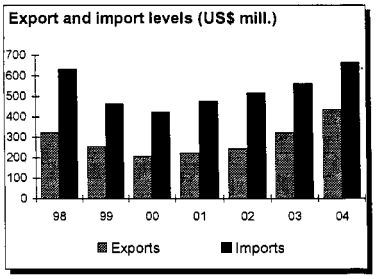
PRICES and GOVERNMENT FINANCE

	1984	1994	2003	2004
Domestic prices				
(% change)				
Consumer prices	4.1	24.8	2.0	-0.4
Implicit GDP deflator	..	25.5	1.4	3.3
Government finance				
(% of GDP, includes current grants)				
Current revenue	9.9	13.0	14.9	14.4
Current budget balance	-0.9	1.9	4.5	3.9
Overall surplus/deficit	..	-5.8	-5.4	-6.8



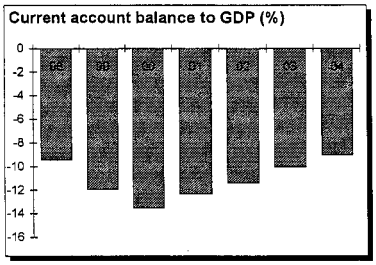
TRADE

	1984	1994	2003	2004
(US$ millions)				
Total exports (fob)	..	191	321	434
Cotton	..	58	207	301
Livestock products	..	61	43	53
Manufactures	..	..	..	..
Total imports (cif)	..	0	562	663
Food	..	0	84	100
Fuel and energy	..	0	134	171
Capital goods	..	0	222	246
Export price index *(2000=100)*	..	98	98	105
Import price index *(2000=100)*	..	84	104	110
Terms of trade *(2000=100)*	..	116	94	96



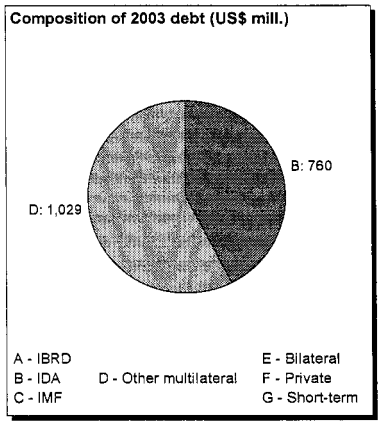
BALANCE of PAYMENTS

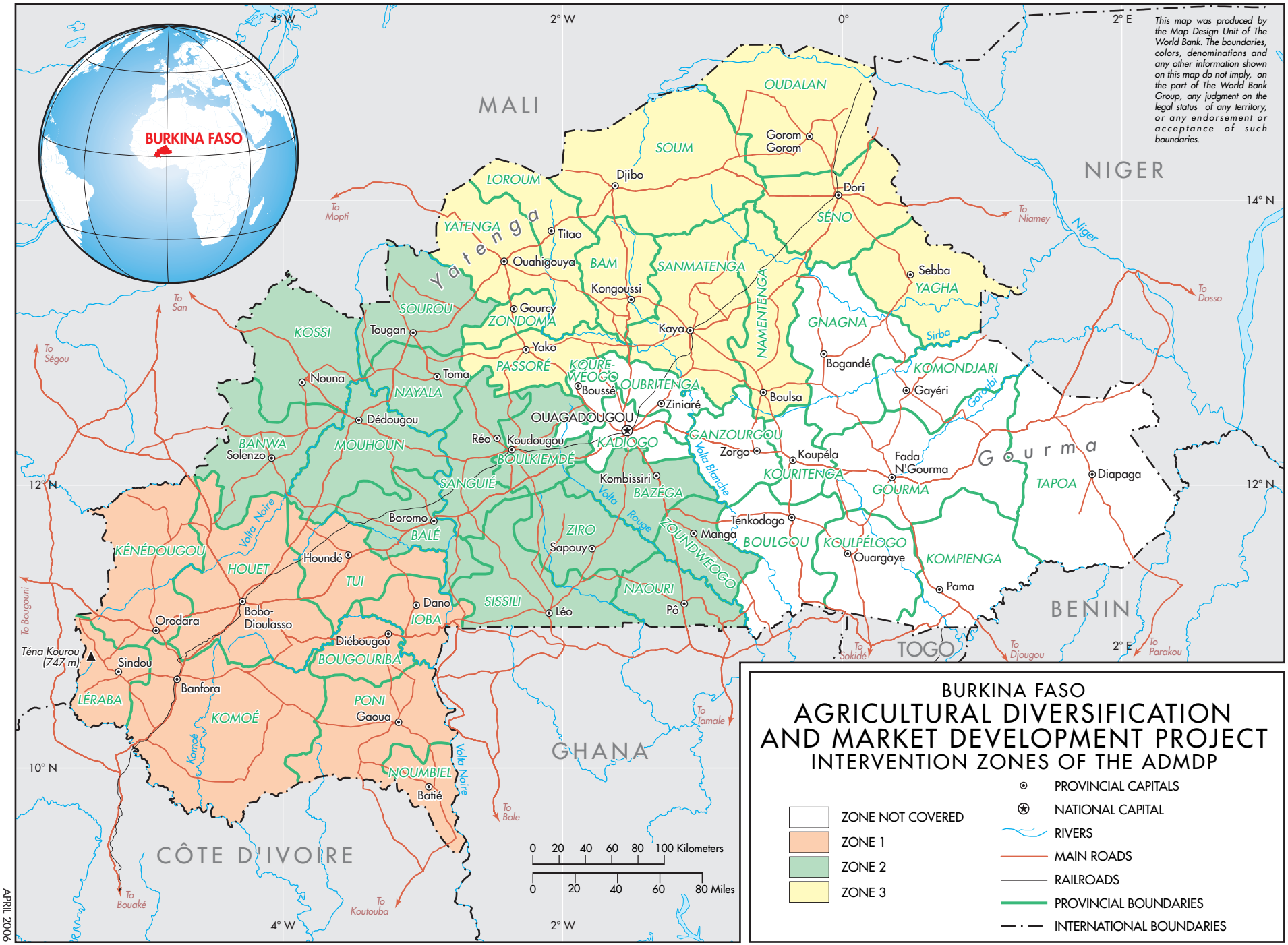
	1984	1994	2003	2004
(US$ millions)				
Exports of goods and services	179	248	381	504
Imports of goods and services	397	495	959	1,094
Resource balance	-218	-247	-578	-590
Net income	N/A	-14	-1	-9
Net current transfers	95	227	148	136
Current account balance	N/A	-35	-431	-463
Financing items (net)	..	153	468	661
Changes in net reserves	N/A	-119	-37	-198
Memo:				
Reserves including gold *(US$ millions)*	..	238	390	611
Conversion rate *(DEC, local/US$)*	437.0	534.6	580.1	527.6



EXTERNAL DEBT and RESOURCE FLOWS

	1984	1994	2003	2004
(US$ millions)				
Total debt outstanding and disbursed	410	1,129	1,789	1,844
IBRD	0	0	0	0
IDA	124	518	760	..
Total debt service	22	44	0	0
IBRD	0	0	0	..
IDA	1	6	15	..
Composition of net resource flows				
Official grants	81	212	283	158
Official creditors	41	80	91	..
Private creditors	0	0	..	..
Foreign direct investment (net inflows)	..	..	28	0
Portfolio equity (net inflows)	0	0	0	0
World Bank program				
Commitments	7	91	160	..
Disbursements	13	79	74	15
Principal repayments	0	3	10	..
Net flows	13	76	65	..
Interest payments	1	3	5	..
Net transfers	12	73	59	..





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BURKINA FASO

AGRICULTURAL DIVERSIFICATION AND MARKET DEVELOPMENT PROJECT

INTERVENTION ZONES OF THE ADMDP

- ZONE NOT COVERED
- ZONE 1
- ZONE 2
- ZONE 3

- PROVINCIAL CAPITALS
- NATIONAL CAPITAL
- RIVERS
- MAIN ROADS
- RAILROADS
- PROVINCIAL BOUNDARIES
- INTERNATIONAL BOUNDARIES

APRIL 2006

IBRD 34699