1. Country and Sector Background

*Strong economic growth and a stable political environment have not resulted in positive development outcomes in Burkina Faso.* The long-term political stability under recently combined with important economic reforms has enabled higher than average growth rates (5.5 % per year since 2000) for Burkina Faso relative to the sub-region. In turn, these gains have provided opportunities for an increase in public expenditures on health, education and water and sanitation as well as for more targeted social service provision. However, Burkina Faso continues to be ranked among the poorest countries in the world with 43.7% of the population living below the poverty line in 2009. Poverty remains a predominantly rural phenomenon with the incidence of rural poverty at 49.5% as compared with the incidence of urban poverty at 23.7% in 2009. In 2010 its Human Development Index was 0.305, giving the country a rank of 161st place out of 169 countries.

*Despite favorable public expenditure trends, Burkina Faso is unlikely to meet most of the MDG goals, particularly those related to literacy, health and sanitation.* Although expenditure in all three sectors has increased, education, health and water and sanitation sectors remain adversely affected by a marked urban bias combined with regional and, in some cases, gender inequalities. In education, although the country has made significant progress towards universal basic education, with basic enrollment improving from 40% in 2000 to 72.5% in 2007 urban rural divide continues. In urban areas, 90 per cent of school age children are in school, whereas in rural areas only 51 per cent are enrolled in school areas. In the health sector, geographical inequalities in terms of coverage remain significant and are worsening. Child and elderly mortality rates are quite high, most notably in the Center North and Center regions and the sanitation system is not as effective as those in neighboring countries. In the water and sanitation sector, the government has made particularly noteworthy progress in improving access to potable water with the
development of the national MDG program for water and sanitation (PN-AEPA). Access to potable water has risen, up to 2009, to 72% in urban areas (55% in 2005) and 56% in rural areas (40% in 2000) against 23% and 10% for sanitation in urban and rural areas respectively. While access in urban areas has increased significantly, the real challenge is now to address disparities, including gender inequalities, in rural areas and small towns.

Partly reflecting public discontent over Burkina’s development outcomes, the country is presently in the throes of a political crisis which could adversely impact development in the country. Since February 2011, a tide of civil unrest has swept across the country. Initially triggered by the alleged police killing of a student, Justin Zongo - students, the military, the judiciary and small traders have mounted sustained and often violent protests over particular grievances. The accumulation of grievances and the influence of events in North Africa and the Ivory Coast have generated a groundswell of public discontent. With this has come an emerging national discourse around critical issues including the unequal redistribution of resources and rising cost of living and political governance concerns regarding the Executive’s monopolization on power, the perceived lack of accountability and culture of impunity and dissatisfaction with the performance of local governments. The President and ruling party have experienced a rupture in the stability and control that they have maintained for the last two decades and concomitantly, non-state actors have engaged in uncharacteristically proactive and vocal dissent. While changes in ministerial appointments and measures to introduce tax, salary and cost of living reforms appear to have temporarily calmed the waters, the fissure exposed in the regime’s control is likely to have ongoing repercussions for political stability and economic development in the country.

Following the recent political crisis, the newly composed Government has confirmed its commitment to governance reforms. Given that the gaps and regional disparities in basic services remain substantial, and the sense that these disparities are contributing to social and political unrest, the government acknowledges the need to respond effectively to citizen demands. There is an urgent need for progress to be made in strengthening the national and sub-national democratic institutions to improve the lives of poor and predominantly rural populations. Decentralization therefore represents a potentially important reform for restoring positive momentum to Burkina’s development trajectory.

In the two decades since the adoption of the 1991 Constitution, the government has demonstrated growing commitment to developing a framework for decentralization as a means of addressing the country’s key development challenges. The 1991 Constitution articulates a vision for the formation of a local government system and citizens participation in local governance. Since then, the government has taken incremental steps in passing legislation enabling the implementation of the decentralization process. A major result was achieved in 2004 with the adoption of the General Code for Local Government (Code Général des Collectivités Territoriales (CGCT), defining the legal and regulatory framework for the implementation of decentralization. It created 13 regions and 302 rural municipalities, which brought the total number of municipalities to 351, covering the entire country.1 Countrywide democratic elections were held at the municipal level in 2006. That same year, the 13 regions constituted their elected representative bodies as local authorities. This was a turning point in the process of decentralization, which set in place the possibility for transferring authority to the new locally elected political authorities. In 2007, the CGCT was complemented by a presidential decree, issued to provide a Strategic Framework for the Implementation of Decentralization (CSMOD - Cadre Strategique de Mise en Oeuvre de la Decentralization). Drawing on this framework, in 2008 and 2010 the government approved two three year strategic plans to implement decentralization reforms (Plan d’actions triennial du Cadre Strategique de Mise en Oeuvre de la Decentralisation 2008-2010 & 2010-2012).

While the structural framework for decentralization is in place, progress towards the actual implementation of decentralization has been slow. In part this is a feature of the design of the CGCT

1 Today, Burkina Faso has 13 regions, 49 urban municipalities – two of which (Ouagadougou and Bobo-Dioulasso) have a specific status – and 302 rural municipalities. At the deconcentrated level, there are three tiers of territorial administration with 13 regions, 45 provinces, and 350 departments.
which assigns service delivery responsibilities to local governments according to the principles of subsidiarity and progressiveness. The subsidiarity principle implies that activities are assigned to the level that can best carry them out. The progressiveness principle means that responsibilities are transferred gradually to local governments as their capacity increases.

**It is too early to assess the impact that recent political unrest will have upon the government's commitment to implement decentralization reform.** Recognizing that decentralization is about sharing power and resources, it is both an opportunity to respond to citizen demands (and thereby defuse a political threat) as well as a risk to central political authority. The government has so far signaled its willingness to take the opportunity and face the risks. Between 2010 and 2011, the former Prime Minister actively engaged in the decentralization agenda. In January 2011 a new Minister was appointed to the MATD, who is committed to provide high level support for accelerating decentralization. Post-crisis, the new Minister of MATD was retained and the new government has demonstrated a commitment to governance reforms. However, the government has shown a preference for a relatively conservative approach to the scope, pace and nature of decentralization. This decision is ultimately a political choice which can and should be informed by the development implications.

**From a development perspective, decentralization presents an important opportunity to address regional inequalities and improve service delivery by dealing with the administrative and institutional constraints underlying Burkina's weak human development outcomes.** While the government has committed important resources to the development of service delivery systems, the quality and efficiency of public expenditures remain poor (PER 2009). Decentralization can be instrumental in simultaneously streamlining the expenditure processes, addressing regional inequalities, and devising policies and programs that better address the needs of the local populations, in particular the most vulnerable groups. In addition, decentralization can create opportunities to bring disadvantaged groups, including women, into decision making processes.\(^2\)

**In the present country and sectoral context, decentralization requires empowering local governments and local communities to influence local development.** To stimulate effective decentralization and accelerate local economic development, efforts need to be directed towards (i) giving greater scope to local populations to hold local officials accountable and to shape the local agenda; and (ii) endowing local governments with greater capacity to implement local development agendas. From a development point of view, while these two steps are modest, it is possible that they will increase the capacity of local populations to influence decision making processes for resource allocation and to organize better themselves for greater self-provision of missing public goods. This in turn will promote a sustainable increase in the flow of resources and services from the central government to under-served rural communities.

2. **Objectives**

The primary objective of the project is to strengthen administrative and fiscal capacity of intergovernmental institutions of central government and institutional capacities of communes in six regions, and to improve accountability linkages between local policy makers and citizens in the selected regions.

3. **Rationale for Bank Involvement**

**Assisting in the acceleration of the decentralization process to facilitate improvements in social service delivery represents a cornerstone of the 2010-12 Country Assistance Strategy (CAS).** The CAS is based on two strategic themes, namely (1) Minimizing economic vulnerability and promoting growth through

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\(^2\) With respect to promoting gender equality, the Government of Burkina Faso has recently set an affirmative action measure according to which at least 30% of either sex is expected to be represented in the 2012 municipal and legislative elections.
economic transformation and (2) Promoting shared growth through effective social service delivery, and two cross cutting issues related to governance and demography. This operation is firmly embedded in strategic theme two which targets building demand for transparent and quality social service delivery, improving public resource management and strengthening the capacity of central and local institutions to deliver social services.

The CAS makes a strong commitment to support decentralization reforms in Burkina Faso, and the present project will specifically contribute to this commitment. In paragraph 25, the CAS identifies decentralization as key to improving service delivery: “[t]here is broad agreement in the country that the quality of services will not improve until accountability for service provision is shifted to the communal level where most of the actual delivery of services takes place.” The CAS commits to structuring the PRSC series around three key objectives: growth, decentralization and public financial management. It also commits to supporting policy reforms “…needed to create environments for effective implementation of the program’s major operations which target diversification and effective decentralized social service delivery” (para 62). It envisages broad operational support to decentralization both through ongoing projects and through the Decentralized Development Project which is listed in the CAS Program of Assistance for FY2010-2012 and is intended to consolidate and federate ongoing support in the sectors. Through this platform of support, the CAS commits IDA support to “…both central and local levels in achieving functional and effective decentralized service delivery.”

The proposed project is also expected to harmonize the Bank Portfolio and improve the impact of existing projects related to decentralization process at various levels. The Administrative Capacity Building Project (ACBP) focuses on improving the ability of the central government to plan for effective decentralization. As support to decentralization involves management and coordination of inter-governmental relationships, the ACBP plays an important role in magnifying the effects of capacity-building initiatives at national and local levels, respectively. The Decentralized Urban Capacity Building Project (DUCB) and the Community-Based Rural Development project (CBRDII) focus on developing capacity in urban and rural municipalities respectively.

4. Description

The project will have three components dealing with financial, administrative and citizen participation/accountability issues and an additional component for project management and evaluation.

Component 1 - Establishing the foundations of robust administrative and fiscal intergovernmental institutions. This component will support the central government agencies to further develop a transparent and rule-based intergovernmental fiscal framework and robust intergovernmental administrative systems. It will provide support to a high level policy making process (vision prospective de la decentralization--VPD) and assist the Ministries of Economy and Finance and Territorial Administration and Decentralization to develop their coordination and managerial capacity.

Component 2 - Strengthening institutional capacities at the local level to manage local development. To address capacity constraints at the local authority level, the project will provide support to local communes to address their core institutional development requirements through institutional development grants.

Component 3 - Improving accountability linkages between local level policy makers and citizens. This component aims to empower local councils and populations by strengthening their capacity to monitor local authority performance through social contracts. At the same time, it aims to support local councilors in their oversight and representative function. The component will also reward communes in all 13 regions that demonstrate excellence in engaging communities in service delivery decisions and ensure that the practices are disseminated as a motivation to other communes. This component will tie in closely with the release of institutional development funds.

Component 4 - Project management and evaluation. This component will provide project management support to the Ministry of Territorial Administration, Decentralization and Security (MATDS) in project
implementation and support regular project evaluations as well as procurement and safeguards reviews, and financial reporting and auditing.

5. Financing
Source: ($m.)
BORROWER/RECIPIENT 5
International Development Association (IDA) 60
Total 65

6. Implementation
The Prime Minister’s Office will have overall responsibility for the project. An existing steering committee within the Prime Minister’s office will be charged with overseeing the overall implementation of the project.

The MATDS will be the entity designated by the Prime Minister’s Office to manage the project coordination unit (PCU). The Secretary General (SG) of the MATDS will be in charge of overall project management and evaluation activities.

This approach recognizes the need to strengthen and empower the ministries responsible for implementing the different aspects of the government’s decentralization policy. It also reflects the important convening role that the Prime Minister’s office will play in coordinating and overseeing project implementation and the implementation of decentralization more broadly.

The management of components in the project will be undertaken within the current line function responsibilities of responsible government departments and agencies, under the leadership of existing senior managers in the civil service. Ministerial divisions within the MEF will manage the implementation of Component 1.2. Ministerial divisions within the MATDS will manage the remainder of the project’s components: the DEP, DAF and PRM will manage disbursements under Component 2; and Component 3 will be managed by the Directeur General Liberte Publique et des Affairs Politiques (DGLPAP). The PCU within MATDS will manage Component 4.

In support of the institutional strengthening objective of the project, project management will be mainstreamed into regular government functions. The Government has confirmed that any staff assigned to the project will have their workloads adjusted to accommodate the demands of the project and allow sufficient time for them to devote to project implementation activities. Government staff will be supported by experts who will be appointed on contract. Key activities that require long-term consultants to support existing staff include procurement, financial management, and monitoring and evaluation, while other activities may require shorter-term, more intermittent support.

7. Sustainability
The long term sustainability of the program hinges on two major axes:

Government’s commitment to the decentralization policy:

Policy sustainability prospects are strong, given clearly articulated government commitments to decentralisation that are expressed in recent policy statements, detailed action plans, legislative commitments and recent organisational changes in national ministries. This does not mean that the project will be unaffected by political changes should they take place, but that the project is unlikely to be

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3 The Steering Committee established for the Bank-financed PRCA which was also charged with responsibility for the preparation of the PACT.
existentially threatened by them. The primary policy challenge is that of ensuring the sequenced, coherent implementation of the articulated decentralisation programme in a time-bound manner.

**Sustainability of local government management capacity:**

The project development objective reflects the longer-term objective of establishing strong local government institutions. Concerted efforts are required to ensure the financial and administrative viability of local governments. The project will support 40% of Burkina Faso’s 351 municipalities. The Government already makes contributions to municipalities, most notably through *dotation globales*. Local level institutional sustainability requires, on the one hand, continued Government roll-out of reforms related to the deconcentration of key ministries and the transfer of sectoral responsibilities to the control of local governments. On the other hand, it also requires an increase in the capacity of local governments to collect local revenue to sustain their administrative functions. While the Government has committed itself to putting in place an administrative staff to support the functioning of local governments, the implementation is taking time and resources are limited. There is a need to accelerate these efforts to transfer human and financial responsibilities to the local level. The project will provide support to the ministries of finance and MATDS in the implementation of their deconcentration plans. There is also a need to strengthen the capacity of local governments to raise revenue to support administrative staff in the future. The project will provide resources for communes to establish basic financial management structures for revenue collection and improved revenue collection will be one of the conditions of the social contract between the commune and their population.

8. Lessons Learned from Past Operations in the Country/Sector

In Burkina Faso, the Bank has gathered substantial experience from the Community-Based Rural Development Project (PNGT):

**Harmonization of interventions around the Government’s policies is a critical element of success.** The sustained success of the PNGT program reflects the program’s efforts to support the Government’s evolving vision on decentralization. The proposed project continues to align closely with government policy on decentralization, supporting the implementation of the Government’s organigramme on basic municipal services, functions and staffing requirements and the National Local Government Capacity Development Strategy. When feasible, the program will seek to promote women leadership through training, internship opportunities, and developmental assignments.

**Supporting champions of decentralization in the government and civil society is important.** The Bank’s contribution to policy dialogue on decentralization is an important catalyst in putting the CGCT into the practice. Strategic support to champions of decentralization within the government and in civil society has proved essential in avoiding the blocking of reforms by entrenched bureaucratic interests. The proposed project seeks to equip high level decision makers, bureaucrats, mayors, local councilors and local civil society actors with resources, expertise and/or advice to strengthen their respective roles in championing effective decentralization in Burkina Faso.

**Capacity building efforts need to be grounded in a ‘learning by doing’ methodology.** Experimental learning at the village level was one of the key success factors in the implementation of the first phase of the PNGT. The proposed project seeks to provide communes with flexible financing based on their articulated needs, to empower them to prioritize and experiment with different approaches to achieve performance results.

The Bank has also gathered substantial experience from Administrative Capacity Building (PRCA), Decentralized Urban Capacity Building (PRD) and Poverty Reduction Support Credit (PRSC) Projects. Lessons learned from Administrative Capacity Building Project (PRCA):

**Project implementation preparations are critical in getting started.** Considering and budgeting the cost for all services related to the project pre-implementation period is critical as these have critical impact on the pace of project implementation.
Building the capacity of institutions yields better returns than building the capacity of individuals. While a good relationship with an individual may help move project implementation forward for a given time, PRCA’s teaching in this respect revealed that leading individuals may be called for a different assignment during project implementation, with the risk for the project to incur significant delays during implementation.

When defining project activities, it is best to anticipate collateral needs and the related costs that may arise at the early stages of implementation. It is therefore advisable to assess the capacity of project team members and try to anticipate potential needs for additional studies, ToRs, job descriptions, training needs, etc.

Lessons learned from PRD:

Government ownership of the project and its components are critical to the success. The implication of focal points is paramount to ensure successful project implementation and the production of good quality implementation reports and analysis of objectives reached. A clear understanding of World Bank procurement procedures is required to reduce excessive delays that adversely affect the implementation of the project.

A close results-based monitoring of activities is required on the part of focal points to ensure that planned activities are prioritized over ad-hoc project activities.

Lessons learned from Poverty Reduction Support Credit (PRSC) Project:

Link effectively targeted development policy lending to complementary technical and financial support: The lessons of the fifth programmatic PRSG series are also instructive for the project and its synergies with development policy lending. As the PRSG 11 highlights, triggers to advance decentralization were dropped from the operation on the basis that measures included in PRSC9 and PRSG10 did not produce adequate results. In part, the triggers had limited effectiveness because their design was not adequately linked with operational technical and financial support to the government to develop the architecture for fiscal transfers. The fiscal decentralization triggers were also hamstrung by central government reluctance to devolve resources to local governments with weak capacity. The lack of operational support to address the capacity issues at local levels therefore had an impact on the effectiveness of the triggers. As the PRSG11 indicates, this project will support the Government in (i) improving the architecture of intergovernmental fiscal systems and (ii) strengthening the capacity of communes to manage resources effectively and (iii) identifying further policy reforms needed to advance the effective decentralization.

There are lessons to be learned from other international experience from local government institutional strengthening programs that the Bank has supported over the past decade in a number of diverse countries including Uganda, Tanzania, Ethiopia, Cambodia, Indonesia, Bangladesh and a number of states in India. This project has design features that are very similar to those projects. Important lessons learned from other local government support projects are:

The achievements of supply-side capacity building measures aimed at local governments in the absence of demand-side incentives have been limited. Even when accountability is taken into account, the efforts tend to emphasize either the supply or the demand side of the accountability equation, but not both. There is growing evidence that building appropriate local governance structures requires bridging the supply and demand side so that local governments can be downwardly accountable to citizens. Institutional strengthening initiatives, such as systems development (in areas like financial management and planning) and training, are considerably more effective when they are designed as a part of broader systems improvements and linked with an incentive mechanisms which creates demand on the part of targeted local governments.

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Project implementation can easily become overwhelmed if the scope of the project and the number of local governments covered is too wide and if national coverage of interventions is not phased in gradually. Accordingly, the project focuses on only 6 regions where other donor activities (particularly EU) provide significant support to the MATDS and regional governments. This will ensure that they will be sufficiently capacitated to establish support systems to municipal governments which will mitigate implementation risk in the first years of project implementation.

Recent implementation experiences have highlighted the importance of developing robust, clearly understood and well-supported implementation arrangements that are mainstreamed into core government functions. The design and implementation readiness activities undertaken during preparation have taken specific account of these experiences.

9. Safeguard Policies (including public consultation)

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10. List of Factual Technical Documents


11. Contact point

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