



1. Project Data:		Date Posted : 03/01/2001	
PROJ ID: P000289		Appraisal	Actual
Project Name: Private Sector Assistance	Project Costs (US\$M)	9.0	8.57
Country: Burkina Faso	Loan/Credit (US\$M)	7.0	6.2
Sector(s): Business Environment	Cofinancing (US\$M)	0	0
L/C Number: C2472			
	Board Approval (FY)		93
Partners involved :	Closing Date	12/31/1997	06/30/2000
Prepared by :	Reviewed by :	Group Manager :	Group:

2. Project Objectives and Components

a. Objectives

The objective of this TA project was to help create an institutional environment that would support sustainable growth of the private sector. The project supported a private sector development (PSD) program being carried out under a SAC.

b. Components

The original project components were: (i) assistance to the Ministry of Industry, Commerce and Mining to streamline procedures (one-stop windows) for external trade and the establishment of new enterprises, and to support the Privatization Commission and provide consulting services for the divestiture program (\$3.17 million); (ii) reorganization, privatization and strengthening of the institutional support structure for PSD (Chamber of Commerce, Burkinabe Shipping Council, and National Office for External Trade) (\$2.75 million); (iii) support to the Ministry of Finance and Planning to complete the privatization of the banking sector and strengthen financial intermediation (\$0.81 million). Following the mid-term review in June 1997 and a workshop with representatives of the public and private sector, the project was restructured and extended (while retaining the same objective). New components were added to encourage private sector participation in the telecommunications sector and to help disseminate new business laws that were to become effective in January 1998 under a regional treaty. Two additional components were added toward the end of the project: support for an agribusiness strategy and for a competitiveness study.

c. Comments on Project Cost, Financing and Dates

Two months before the original closing date of Dec. 31, 1997, only about 30 percent of the credit had been disbursed. The mid-term review was held only in June 1997. The closing date was extended twice: by two years at the time of project restructuring and by six months to allow completion of ongoing activities. The remaining balance (close to US\$800,000) will be canceled.

3. Achievement of Relevant Objectives:

(i) A one-stop agency was created to screen applications for investment code benefits and register new enterprises, but procedures remain cumbersome. The one-stop window for external trade was computerized and streamlined. The divestiture program essentially met its physical targets, although implementation took much longer than expected, to the detriment of the financial situation of some companies, and the privatization strategy was not best practice from an economic standpoint (bidders were guaranteed import protection and were expected to retain all employees). Technical staff learned from the process and are now better equipped to handle the remaining transactions to take place under a new program. (ii) The second component only partially achieved its objectives, and the main institution-building objective was not achieved. The Chamber of Commerce was privatized; it provides market information, help with investment code applications and training for enterprises. The other two institutions have not been privatized, but they do have private representation on their boards. (iii) The financial sector component fully achieved its objective (see below). The main banks were privatized and recapitalized, and five new banks began operations. Several new institutions were created, including two leasing companies. Support to microfinance was reinforced. The Agency for Debt Recovery recovered bad debt as expected, and a more permanent, privately oriented structure will be created. (iv) Reforms were initiated in the telecommunications sector, with tangible results on the ground, including lower tariffs. (v) New business laws were disseminated, and a training program completed for judges and private operators. (vi) The project supported restructuring of the fruit and

vegetable industry. (vii) The competitiveness study had a substantial impact on the country dialogue (see below). The government is preparing a PSD program to implement its new strategy.

4. Significant Outcomes/Impacts:

(i) The competitiveness study added near the end of the project contributed to a major shift in the government's understanding of the need for a more aggressive reform program if it is to reduce poverty; this led to the PRSP presented to the Board in June 2000. (ii) An ill-managed and bankrupt banking system has been restructured, rehabilitated and substantially privatized, and competition has increased. (iii) The success of the divestiture program convinced the government to extend privatization to strategic infrastructure sectors (telecommunications, energy, transport).

5. Significant Shortcomings (including non-compliance with safeguard policies):

The project was least successful in restructuring the institutional support for private entrepreneurs and streamlining the administrative procedures for private sector activities.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Satisfactory	
Institutional Dev.:	Modest	Substantial	Although some institutions were not improved, the institutional development impact in the broad sense was substantial: restructuring of the financial sector, privatization of some strategic enterprises, and the impact of the competitiveness study on the government's way of thinking about development.
Sustainability:	Likely	Likely	
Bank Performance:	Satisfactory	Satisfactory	Bank performance was unsatisfactory in preparation/appraisal and in the first years of supervision, but became highly satisfactory in later years, when the Bank used the project as the vehicle for a significant turnaround in the policy dialogue.
Borrower Perf.:	Unsatisfactory	Unsatisfactory	Initially, commitment to the project was lacking, counterpart funding was insufficient and key project staff were not qualified. However, borrower performance improved considerably toward the end of the project.
Quality of ICR:		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

(i) A technical assistance project is not the appropriate vehicle to achieve government commitment; a shared vision should have been developed first through other means. (ii) Privatization should be part of a strategic vision, shared by all stakeholders, with transactions embedded in clear sector policies; emphasis on the transactions for their own sake is not appropriate. (iii) Supervision should be issues oriented, rather than focused only on details; continuity of task managers is essential (lack of it in this case slowed implementation). (iv) A public information campaign to inform the public about the objectives of privatization and to inform potential investors of opportunities might have accelerated the privatization program.

8. Assessment Recommended? ☐ Yes ☒ No

9. Comments on Quality of ICR:

The ICR is of high quality.