



**The World Bank**

Burkina Faso COVID-19 Crisis-Response Development Policy Financing (P174315)

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# Program Information Document (PID)

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Appraisal Stage | Date Prepared/Updated: 15-Oct-2020 | Report No: PIDA30170

**BASIC INFORMATION****A. Basic Project Data**

Country	Project ID	Project Name	Parent Project ID (if any)
Burkina Faso	P174315	Burkina Faso COVID-19 Crisis-Response Development Policy Financing (P174315)	
Region	Estimated Board Date	Practice Area (Lead)	Financing Instrument
AFRICA WEST	17-Dec-2020	Macroeconomics, Trade and Investment	Development Policy Financing

**Proposed Development Objective(s)**

This operation aims at expanding economic opportunities for growth, building crisis-adaptive capacity of the state, and improving fiscal transparency and accountability.

**Financing (in US\$, Millions)****SUMMARY**

<b>Total Financing</b>	100.00
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**DETAILS**

<b>Total World Bank Group Financing</b>	100.00
World Bank Lending	100.00

**Decision**

The review did authorize the team to appraise and negotiate



## B. Introduction and Context

### Country Context

The proposed Development Policy Financing (DPF) complements the Government's response to the COVID-19 shock with structural measures to foster recovery and build back better. Burkina Faso was among the first countries in Sub-Saharan Africa hit by the pandemic and the Government took early and decisive action to contain and mitigate the spread of the virus. The pandemic and associated containment and mitigation measures have plunged the country into an economic crisis and increased budgetary pressures. COVID-19 hit the country on top of an already deteriorating security situation with persistent armed violence and severe humanitarian consequences. The economic downturn and deteriorating security situation are increasing poverty and worsening social conditions.

The proposed operation will help the country get back on track through expanding economic opportunities for growth, building crisis-adaptive capacity of the state, and improving fiscal transparency and accountability. The selected measures have the potential to be transformative for the country and its citizens. The proposed Crisis-Response DPF is closely coordinated with the IMF and it contains measures to reinforce the third and concluding operation of the ongoing DPF series. The macroeconomic policy framework is adequate for the proposed operation.

### Relationship to CPF

The Country Partnership Framework (CPF) for FY18-FY23 provides the overarching framework for this operation. The CPF is based on the priorities identified in the Systematic Country Diagnostic and is aligned with the Government's National Development Plan (PNDES). The CPF focuses on three strategic pillars: (1) accelerate sustainable private-sector-led growth for job creation; (2) invest in human capital and social protection systems; and (3) strengthen governance and support citizen engagement. The support provided through this Crisis-Response DPF is consistent with all three pillars of the CPF. Policy reforms in agriculture (PA1) and access to credit (PA2) are supporting sustainable growth and job creation (CPF Pillar 1). Policy reforms in health (PA3) and social protection (PA4) contribute to CPF Pillar 2. Finally, the digitalization of the public administration (PA5), the governance of crisis-funds (PA6), and debt management and transparency (PA7) are consistent with CPF Pillar 3.

## C. Proposed Development Objective(s)

This operation aims at expanding economic opportunities for growth, building crisis-adaptive capacity of the state, and improving fiscal transparency and accountability.

### Key Results

This operation seeks to expand economic opportunities for growth through two interventions. In agriculture, it aims at expanding the share of fertilizer and seeds input distributed through the e-voucher system. In the private sector, it aims at expanding the coverage of the credit bureau. Further, the operation seeks to build crisis-adaptive capacity of the state through three interventions. In health, it seeks to improve system capacity and coordination through the establishment of the One Health Secretariat. In social protection, it seeks to issue unique identification for half a million people, with a focus on women and internally displaced persons. In addition, it seeks to promote the digitalization of the government. Finally, this operation seeks to improve fiscal transparency and accountability through establishing a crisis-response governance framework and enhancing debt management and reporting.

The selected measures have the potential to be transformative for the country and its citizens. For example, a universal



unique identifier is the basis for a country's identification system with implications for social protection (e.g. safety nets), financial inclusion (e.g. as prerequisite for a mobile money account), education (e.g. proof of identity for students), and health (e.g. for the universal health care scheme in preparation). This operation supports the process to achieve this transformational reform and aims to show that within a year 500,000 people, incl. 250,000 women and 150,000 IDPs can be reached. Another example of a potential transformational reform is the usage of Information Technology (IT) platforms by government entities. It improves the functioning of the state and resilience during crisis. A strong user-centered digital government is the first and foremost foundation for any digital development as it stimulates the development of applications by the private sector to help transform the economy in the long run. Better identification and the digitalization of the public sector will enable crisis-adaptive and targeted services delivery. Health services will benefit from these measures and further from more efficient procurement of essential medicines supported under pillar 3.

#### **D. Project Description**

The proposed COVID-19 Crisis-Response DPF is built around three pillars to support and complement the Government's multi-faceted response to the COVID-19 crisis. This operation is a single tranche, stand-alone operation to support and complement the Government's COVID-19 Emergency Response Plan (ERP). The proposed operation will help the country get back on track through expanding economic opportunities for growth, building crisis-adaptive capacity of the state, and improving fiscal transparency and accountability. The program is organized around three pillars. The first pillar seeks to expand economic opportunities for growth through selected interventions in agriculture and the business environment. The nation-wide scale-up of the e-voucher distribution system will make subsidy distribution for high quality agricultural inputs (e.g. fertilizer and seeds) more efficient, transparent and resilient, which is expected to improve the productivity and incomes of smallholder farmers. Expanding the coverage of the main credit bureau will allow financial institutions to better assess risks and widen the pool of potential clients, particularly MSMEs. The second pillar seeks to build the crisis-adaptive capacity of the state, which—if it had been in place at the onset of the COVID-19 crisis—would have helped the government respond faster and more effectively. For example, the One Health Technical Secretariat will provide the coordination framework that is so urgently needed. The third pillar seeks to improve fiscal transparency and accountability through measures tackling the governance of crisis-funds, including through more public oversight, and public debt management and reporting.

The proposed operation builds on several collaborative frameworks with development partners in Burkina Faso. The Bank has closely coordinated with the IMF on the macroeconomic policy framework and the assessment of the impact of COVID-19 on the economy. Prior actions were developed within existing sectoral collaboration frameworks. For example, on Prior Action #1 the Bank has been collaborating closely with AGRA, FAO, IFAD and the private sector. On Prior Action #2, the Bank has been working with the UNCDF, AFD, and the Embassy of Luxembourg. On Prior Action #3 the Bank has been working with USAID, CDC, FAO, GAVI and others. Further, the work on Prior Action #4 has been coordinated with the IMF, the European Commission, ILO, IOM, WFP and others. Moreover, Prior Action #6 has benefited from collaboration with the IMF, the EU, the AfDB, and the WHO. In other areas covered by this multisectoral operation, the Bank has joined forces with BOAD, AFD, the Dutch Embassy and other development partners.

#### **E. Implementation**

##### Institutional and Implementation Arrangements

Strengthening monitoring and evaluation is critical for the successful implementation of the Emergency Plan objectives as well as for this DPF. The Ministry of Economy, Finance and Development (MINEFID) is the designated implementing



agency and has the responsibility for monitoring the overall execution of the measures outlined in the Regular and Crisis-Response DPFs. MINEFID has experience in coordinating and implementing DPF operations. Day-to-day monitoring of the program will be the responsibility of the Directorate in charge of Cooperation (DGCOOP) within MINEFID.

MINEFID will be responsible for coordinating and reporting to the World Bank on progress for the proposed operation. The World Bank multi-sectoral team will undertake supervision missions and provide technical assistance where needed. The institutional arrangements for the preparation and execution of this operation are within the established framework of the monitoring and evaluation mechanism under the oversight of the Emergency Response Committee chaired by the Prime Ministry Office. This committee created by the Decree No 2020/326 comprised all line ministries concerned by the Emergency Plan and is supported by 5 sectoral committees including an executive secretariat under the responsibility of MINEFID. This operation is incorporated into the ongoing policy reform dialogue, including regular discussions with the IMF and other development partners. Governance, debt, and private sector reforms will be implemented by the respective technical units in the MINEFID, with overall coordination provided by DGCOOP. Sectoral ministries will furnish relevant information and documentation on the status of their respective reforms to the DGCOOP, which will monitor progress against program objectives. Monitoring of achievements under the DPF will also benefit from leveraging the M&E systems in place for ongoing technical assistance and investment operations in governance, health, social protection, and digitalization (see section 4.3 above for a list of the related Bank projects).

The results matrix that tracks the operation has concrete indicators and empirical targets to monitor progress and facilitate ex-post evaluation. The Bank is currently supporting Burkina Faso and other WAEMU countries to harmonize poverty assessment methods, which will help monitor this DPF results framework. Additional monitoring arrangements are in place through ongoing projects that complement this operation and support the monitoring and evaluation capacity of the government.

## **F. Poverty and Social Impacts, and Environmental, Forests, and Other Natural Resource Aspects**

### Poverty and Social Impacts

The DPF is expected to have significant and positive poverty and social impacts. For example, Prior Action #1 is expected to have positive effects on agricultural productivity, household's income, food security, and poverty reduction. Prior Action #2 is also expected to have positive impacts as the expansion of coverage of the credit bureau will allow financial institutions better assess risks and widen the pool of potential clients by a factor of five. These new clients will typically be smaller, and poorer than those already covered. Prior Action #3 supports the development and implementation of the One Health system which will improve preparedness, notification, investigation, response, and epidemic management capacity. Reducing the duration and severity of the epidemic will reduce the risk to the population, particularly the poor. Prior Action #4 will bring multiple benefits to the most vulnerable parts of the population through providing them with a unique identification as the ultimate basis for a targeted service delivery. Finally, Prior Action #6 will introduce participatory audit and iterative beneficiaries monitoring included in the governance framework. This will help identify inclusion/exclusion errors of the various activities associated with the issues of targeting such as cash transfer, food, and hygiene kits.

### Environmental, Forests, and Other Natural Resource Aspects

The reforms and policy actions supported by the proposed operation are not likely to have significant risks and negative effects on the country's environment, forests and other natural resources, and several may have positive effects. The assessment of potential risks and negative environmental impacts related to actions supported by the DPF relies on the



existing national legal and regulatory framework and will be monitored and addressed through national procedures. Prior Action #1 is expected to increase farmers' resilience to natural hazards and decrease deforestation. Prior Action #3 is expected to have positive effects on the environment. The One Health agenda focuses on environmental health as part of the overall package. Prior Action #4 supports the most vulnerable parts of the population in their adaptation to the effects of climate change. Prior Action # 6 will have positive climates co-benefits by accelerating the Government's response during crises induced by climate change, conflict, or other events.

#### **G. Risks and Mitigation**

The overall risk rating for the proposed operation is substantial. Substantial macroeconomic, political and governance risks as well as substantial technical design, institutional capacity, and stakeholder risks could adversely impact implementation and the achievement of results under the program supported by this operation. These risk ratings take mitigation factors into account, including this DPF and complementary technical assistance. Notwithstanding mitigation, uncertainty around the risks is high. The COVID-19 crisis could weigh on the above-mentioned risks because it might induce a longer than expected disruption to economic activity, require higher than budgeted public spending, and reduce the effectiveness of public administration interventions. If a downside scenario were to materialize risks could increase going forward.

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### APPROVAL

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### Approved By

Country Director:	Kofi Nouve	03-Sep-2020
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