



# Evaluation of Budget Support to Burkina Faso (2009-2014)

## Executive summary

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*The evaluation is managed jointly by the European Union, the Ministry of Economy and Finance of Burkina Faso (MEF), the technical secretariat of the Strategy for Accelerated Growth and Sustainable Development (SCADD) and the representatives of the partners providing budget support (African Development Bank, Denmark, France, Germany, Netherlands, Sweden, Switzerland, World Bank.)*

*The opinions expressed in this document represent the views of the authors and do not necessarily reflect those of the European Commission, the authorities of Burkina Faso or those of other involved partners.*

## Executive summary

### Introduction

The country recorded significant growth rates over a long period (5.3% on average between 2000 and 2010). These rates can largely be explained by a quantitative increase of both cultivated lands and agricultural labour force, without a substantial increase in productivity, and by the growth of the mining sector and related services. Due to a very high demographic growth and a non-inclusive economic growth model, such important growth rates have not had the expected impact on poverty. Indeed, the poverty rate dropped very slowly at national level (national poverty was estimated at 51.1% in 2004, 46.7% in 2009 and 40.1% in 2014, which corresponds to an actual increase of the number of poor people from 6.6 million to more than 7 million) with persistent pockets of poverty (poverty incidence is at 70.4% in the 'North' region). Youth unemployment and the precariousness of the urban informal sector have also reached worrying levels. Although there has been quantitative progress in the social sectors (health, education, and water and sanitation), this progress is slower than expected and the levels remain below the MDGs targets.

#### Context

The evaluation covers 38 budget support (BS) operations provided by nine Development Partners (DPs) for a total amount of around fCFA 1,000 billion (EUR 1.5 billion). An overall analysis of public policies was performed, covering all sectors, and a more in-depth analysis of the results, in terms of impact for the beneficiaries, was carried out in two sectors: Health, and Water and Sanitation.

#### Scope of the evaluation

During the period 2009-2014, budget support disbursements in Burkina Faso rose from an annual amount of around fCFA 160 billion (EUR 244 million) in 2009 to fCFA 180 billion in 2011, but then fell back to a level of approximately fCFA 120 billion in 2013 and 2014. The share of SBS has remained small, although it has risen from less than 10% of the BS in 2008-2009 to over 20% in subsequent years, falling back to 15% in 2014. The BS disbursements accounted for approximately 28% of the official development assistance in the country in 2009, 35% in 2011 and 20% in 2013-2014. This is equivalent to about 3.5% of national GDP and 15% of public expenditure between 2009 and 2011, and 1.6% of national GDP and 7% of public expenditure in 2014.

#### Details on budget support

### Main findings on budget support implementation

#### Overall coherence of support not affected by DPs' diverse practices

BS operations are strongly aligned with national policy frameworks and have also contributed to their evolution. The overall coherence between DPs transactions is significant. The role of the national framework for monitoring BS operations ("Cadre général d'organisation des appuis budgétaire" - CGAB) was crucial to ensure this level of coherence.

Diverse practices can be observed among DPs in terms of the design and management of BS operations. This diversity has not generated high transaction costs because of the continuity of BS operations over time, their common purpose and the general alignment of their matrices.

#### Capacity development was insufficient

Support measures for capacity development were numerous and generally of good quality, but their prioritization was weak. The lack of capacity and poor practices of public administration at central and local level (non-compliance with procedures, corruption, weakness of private companies, lack of control and sanctions) severely encumbered the effectiveness of public policies.

#### Relevance of GBS eroded over time

The initial relevance of General Budget Support (GBS) was eventually eroded by the deterioration of national governance (rising corruption, strong political interference in the management of public expenditure) and the dilution of the dialogue related to the CGAB (which was absorbed in a broader and more formal strategic dialogue). This development, combined with changes in orientations at the level of DPs' headquarters, explains the reduction in BS from 2011 onwards.

## Main findings on the results achieved

*BS made an important contribution to macro-economic stabilization but had a limited impact on poverty reduction*

Over the period under review, on average BS represented 17% of domestic revenues and covered almost 40% of the national budget deficit (excluding grants). This contribution to the macroeconomic stability was essential to help the country cope with external shocks and ensure significant economic growth.

In parallel to receiving BS, the Government continued to make efforts to mobilize further fiscal revenues. These significantly increased due to the growth of the mining sector but also as a result of improved tax policies.

Apart from the contribution to stabilisation and growth, the actual contribution of BS to strengthen sectors which have a strong impact on poverty like agriculture and SMEs, was weak. The BS providers did not take a strong position on the importance of promoting those sectors. It was not until the 2014 review of the national development strategy (Strategy for Accelerated Growth and Sustainable Development - SCADD) that these aspects were addressed.

Through its funds, its dialogue and capacity-development activities, BS has increased national discretionary resources and contributed to strengthening the priority given to social spending (Education, Health, Water and Sanitation). SBS has also helped to consolidate sectoral approaches and the implementation of sectoral policies (e.g. in Health, and Water and Sanitation). However, neither GBS nor SBS have effectively addressed key public governance related issues, such as decentralization, corruption, the prioritisation and execution of public investment and, overall, the effectiveness of public spending.

*BS has contributed to important sectoral results*

Through its support to public expenditure, BS has contributed to an increase in access to health services and to the improvement of some sector indicators (health coverage, availability of personnel, multiple initiatives including financial measures for maternal health), but has had only a limited impact on the effectiveness of health spending.

BS has contributed to improved access to water extraction points through its support for the implementation of a sectoral approach and increased budget allocations to the sector. The generally positive results (e.g. attainment of the MDG on access to water in urban areas, growing importance given to sanitation) are offset by the minor improvements in access to water in rural areas, the very low level of access to sanitation and the persistence of strong regional inequalities.

Achievements in both these sectors are also partially explained by other DPs' interventions (besides budget support).

*Mixed results in terms of cross-cutting issues*

With regard to cross-cutting issues, budget support has helped strengthen the role of civil society in terms of external oversight of public finance management and the fight against corruption. BS contribution was lower in the case of gender policies. The theme of population growth has been almost absent in DPs' priorities.

## Summary of the main recommendations

**Budget support should remain the preferred modality of intervention, provided that beforehand there is a thorough verification of the political determination of the Government and the capacity of the administration to pursue the objectives and targets agreed.**

A thorough analysis of the political economy framework of the country is necessary to assess the Government's commitment and decide about the use of different types of budget support or similar modalities (general and sector budget support and / or basket funds) and about the common targets to be used and the specific accompanying measures.

If the conditions to continue general budget support (which corresponds to the highest level of partnership possible between the Government and the DPs) are there, a process of high-level dialogue between the Government and the GBS DPs should be established. This would complement the policy dialogue carried out in the framework of the national development policy (SCADD). It would monitor the convergence of objectives between the partners and the opportunity to continue, adjust, or even - if necessary - suspend GBS. Sector budget support should continue so as to consolidate sectoral approaches.

**Some main themes should be at the heart of new budget support agreements.**

Good governance deserves special attention: political interferences in major public investments should be limited, the autonomy and sufficient capacity of institutions involved in the fight against corruption should be ensured, the capacity of devolved and decentralized institutions should be adequately developed, and the justice sector should be reformed.

Improving the efficiency and effectiveness of public expenditure should be treated as a priority and a complex problem - not limited to the area of public finance management - to which budget support providers could contribute. It is recommended that the main bottlenecks be clearly identified. These could include political interferences in programming, corruption or the weak capacity of private firms, central and decentralized administrations etc.

If the Government agrees, the framework for dialogue and performance assessment related to budget support (including GBS) should also aim to reduce population growth with a focus on the role of women in the society, and develop rural productivity and urban employment, with a view to ensuring sustainable and equitable growth.

The DPs should build on positive experiences to support and strengthen civil society participation. They should also raise the importance of equality and gender equity.

Finally, capacity development should be focused on at all levels.