

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC910

Project Name	Social Safety Net Project (P124015)
Region	AFRICA
Country	Burkina Faso
Sector(s)	Other social services (100%)
Theme(s)	Social safety nets (70%), Other social protection and risk management (10%), Education for all (10%), Nutrition and food security (10%)
Lending Instrument	Specific Investment Loan
Project ID	P124015
Borrower(s)	Burkina Faso
Implementing Agency	Ministry of Finance
Environmental Category	C-Not Required
Date PID Prepared/ Updated	17-Apr-2013
Date PID Approved/ Disclosed	16-May-2013
Estimated Date of Appraisal Completion	20-Dec-2013
Estimated Date of Board Approval	17-Mar-2014
Concept Review Decision	

I. Introduction and Context Country Context

Burkina Faso has experienced strong economic growth especially from its main export commodities cotton and gold. Consequently the economy experienced an average growth rate of 5 percent in the last decade. In addition, in recent years much progress has been achieved especially in terms of structural reforms, sound economic policies, steady investments and the establishment of a stable macroeconomic environment.

However, the prosperity has not been able to benefit all people and poverty and food insecurity remain high. Burkina Faso's economy is predominantly rural with a rapidly-expanding population of 13.6 million. Even though a majority of the population depends on agriculture for their livelihood, agricultural productivity is low and below the country's potential. Poverty rates remain high, with around 44.6 percent of the population living below the poverty line in 2009 (PPP\$1.25/day, PovcalNet). The national level estimates of inequality suggest that inequality decreased slightly

between 2003 and 2009, respectively from 43 percent to 40 percent. However, advances made fall below expectations. While poverty levels declined most significantly in rural areas, with growth as the main catalyst, poverty continues to most affect rural populations. Fifty-three percent of the population lived below the national poverty line in rural areas in 2009. Five regions (Est, Nord, Sud-Ouest, Plateau Central and Centre-Est) are considerably poorer than the rest of the country with poverty rates of 50-60 percent and higher (Figure 1).

Figure 1. Poverty headcount rate in the different regions of Burkina Faso 2009

Source: World Bank, 2012. “Burkina Faso: Poverty Trends and Profile”, Report number 69116-BF.

Development indicators in the areas of education, health, and nutrition are amongst the lowest in the world and the country faces the prospect of not meeting many of the Millennium Development Goals (MDGs) (Figure 2). Burkina Faso’s limited human development outcomes are further jeopardized by high demographic growth rates. Poor access to education, agricultural inputs, and the very high population growth represent significant correlates of poverty. In 2009, the poverty rate of heads of households with primary and secondary or tertiary education levels was respectively 38 percent and 11 percent while the rate for those without education was about 50 percent. The country’s high population growth rate of 3.1 percent per year has also weakened the impact of poverty reduction efforts over the years, with positive correlations found between the size of the household (especially the young dependency ratio) and the probability that a household will be poor. Burkina Faso is also classified amongst the ten countries with the lowest indices of gender equity in the world manifesting itself in the significant gender differences that persist in educational attainment, in access to and control of resources, basic social services, and participation in decision-making spheres.

Figure 2. Trend in the human development index (HDI) in Burkina Faso, SSA and LDCs

Source: UNDP, HDRO (Human Development Report Office)

Moreover, Burkina Faso’s dependence on a narrow base of natural resources for economic growth, coupled with its Sahelian characteristics makes the country particularly vulnerable to climatic changes and exogenous shocks (exchange rates volatility, declines in international prices of cotton, and fluctuating fuel and food prices). Over 20 percent of the population (over 3.5 million) is food insecure and lives permanently in chronic poverty. In addition, malnutrition is very high. In 2011, 37 percent of children in rural areas were stunted (height-for-age/retard de croissance). In the poorest income quintile the share of stunted children is even higher at 43 percent (Figure 5 and 6). Household exposure to risks ranging from natural risk hazards (droughts, floods, locusts, wildfires, and wind), to food insecurity, and regional instability exacerbate the poor’s vulnerability to shortfalls in consumption and result in seasonal hikes in the incidence of poverty. Regional insecurities, particularly the crisis in Mali pose an additional threat to the country’s development. The incidence of malnutrition requires a multi-faceted response to increase agricultural productivity and food security while ensuring effective social safety nets and access to health services. Recent survey data show that it is the poorest geographic zones and the poorest income quintile that lag behind the most in the attainment of human development MDGs (Table 1).

Table 1. Poverty and Primary Net Enrollment by Region and Gender, percent

Sources: World Bank, 2012. “Burkina Faso: Poverty Trends and Profile”, Report number 69116-BF.; Demographic and Health Survey (DHS) for Burkina Faso 2011
Note: *PPP \$1.25/day

Sectoral and Institutional Context

Given the high levels of poverty and food insecurity coupled with limited resources to draw on, targeted efforts to increase the quantity and quality of household consumption such as on improved nutritional intake and expenditures for investment in productive activities (such as the health care and education of their children to improve human development outcomes) for the most disadvantaged are needed.

Safety net programs such as cash transfer programs can allow poor households to invest in the health and education of their children and break the cycle of inter-generational poverty. They also can protect immediate household consumption while helping to reduce poverty and promote productivity in a more permanent way. This way, safety nets are important mechanisms for helping make social services accessible to the poor and vulnerable. While efforts are made to improve health and education services in poor areas from the supply side, safety nets help improve the access of the poor to these services (demand-side). Among existing safety net programs, food transfers are the main form of social safety net programs in Burkina Faso, accounting for 69 percent of total social safety net spending and over 80 percent of all estimated social safety net beneficiaries in 2009. One such program is school feeding. Over 50 percent of primary schools in the country have school feeding activities, and over 50 percent of spending is externally funded by USAID and multilateral funding through the WFP and CRS.

But there is a critical need to strengthen social safety nets and build a coordinated system. According to a safety net assessment undertaken by the World Bank in 2011 the existing safety net system is weak and does not address the needs of the country. No systematic approach exists to assist poor and vulnerable households. The scope and coverage of existing safety net programs is limited, with most interventions being small in scale, temporary in nature and externally financed. On average, excluding fuel subsidies, spending on social safety net programs was about 0.6 percent of GDP from 2005 to 2009. The main challenges for strengthening safety nets in Burkina Faso include: the definition of priority target groups; the choice of adequate instruments; and the establishment of solid monitoring and evaluation systems to inform policy decisions. Also, system improvement will need to strengthen the strategic and institutional framework. In particular, the reform of existing social safety net programs need to reduce very small or ineffective programs, while strengthening and scaling up the few viable programs with better targeting and outcomes.

Given recent safety net initiatives in Burkina Faso, lessons can be learned to improve the efficiency of the existing social safety net programs and potentially scale them up. Since 2008 the government and several donor agencies have experimented with different pilot transfer programs including pilot cash transfer programs and food voucher programs. A mid-term evaluation of the WFP urban food voucher program, benefiting over 30,000 households, has shown an efficient implementing process and positive results in terms of food consumption both in quantity and quality, despite challenges of targeting in urban areas.

Cash transfer programs have also been successfully tested as instruments for improving human capital outcomes for the poorest in Burkina Faso. Cash transfer programs are increasingly being

explored in low-income countries including in several African countries to target support to the poorest and help them improve human capital investment and productive activities. Burkina Faso has also had experiences with cash transfer programs, conditional on health and education investments of households, which were evaluated using rigorous impact evaluation methods. The evidence from pilot cash transfer programs in Burkina Faso indicate that cash transfer programs, with and without conditions, increase the enrollment of core school going age (9-13) for children. Especially “more able” children and boys which are traditionally prioritized for school participation by households. Money given to mothers or fathers showed beneficial impacts of similar magnitude in increasing routine health clinic visits. The cash transfers also had a positive and significant impact on anthropometric indicators (weight-for-age, height-for-age and arm circumference) during 2009 when weather related events were particularly bad.

Relationship to CAS

The proposed project is directly linked to the Bank’s new Country Partnership Strategy (CPS). The strategic objective of the currently under preparation CPS focuses improving both offer and demand of/for efficient and quality social service by supporting engaged governance and addressing constraints linked to lack of capacity. Strengthening safety net programs – an integral part of social service provision for the poorest – are hence fully consistent with the Bank’s strategy. In addition, providing cash transfers to improve and stabilize basic household consumption and increase the demand for quality social services such as health care and schooling (through reducing financial barriers) is also consistent with the CPS.

The project is also consistent with the World Bank’s Africa Strategy in terms of reducing vulnerability and improving resilience for Africa’s poor by strengthening public agencies to share resources more fairly and limit the damaging consequences on households from shocks. Moreover, consistent with the Bank’s global and Africa Social Protection Strategies, the project aims to develop the cornerstones and foundation for a coordinated and targeted social safety net system in Burkina Faso.

The government adopted a social protection strategy in 2012 and is ready to use safety net programs as tool for reducing poverty and protecting the most vulnerable to avoid using negative coping mechanisms when faced with shocks. This strategy outlines the government’s priority of developing a national safety net system capable of responding effectively to the needs of vulnerable groups both during periods of crisis/shocks and in normal times drawing on the findings and recommendations of the safety net assessment and impact evaluations of pilot programs. The government plans to focus on greater allocation of budgetary resources to protect vulnerable groups and to increase the scope and coverage of the existing and limited social safety net system. As a result, a multi-sectoral technical committee in charge of coordinating donor support to safety nets has been put in place in by « arrêté » (N 2012/428/MEF/SG/DGEP). This technical committee is led by the Ministry of Economy and Finance. Much of the technical discussions between the government, the Bank, and other partners, however, in terms of safety net development and coordination, have been held with the Ministry of Social Action.

II. Proposed Development Objective(s)

Key Results (From PCN)

1. Number of eligible households benefitting from the cash transfer program;

2. Change in per capita consumption level of households benefitting from the cash transfers;
3. Share of beneficiaries that belong to the poorest 2 income quintiles (targeting effectiveness);
4. Development and implementation of key cash transfers operational parameters (targeting, MIS, payment systems, etc.)

III. Preliminary Description

Concept Description

The proposed project will be implemented using a Specific Investment Loan (SIL) for a period of 5 years starting in FY14. The project is expected to be financed by an IDA credit of US\$30.00 million. Specifically, the project will implement a cash transfer program to poor and vulnerable households in order to contribute to poverty reduction, improved household consumption, and support the development of the basic building blocks for a national safety net system. Based on the existing evidence and on-going activities, the project will achieve the PDO by: i) designing and implementing a cash transfer program as one of the building blocks of an national safety net system, and ii) assist the country in establishing mechanisms for coordinating existing safety net programs.

The design of the proposed operation reflects the extensive analytical work carried out by the government, the Bank, and other development partners on safety nets in Burkina Faso (including the safety net assessment, poverty analysis, and the recent impact evaluations of pilot transfer programs). The key recommendations of the safety net assessment was that the objectives of the social safety nets should be to directly support the consumption of the chronically poor and vulnerable populations and ensure access to basic social services to poor and vulnerable populations, in order to promote human investment. Key conclusions of the impact evaluations note that transfer programs can increase food consumption both in quantity and quality. Therefore, the priority principle of the social safety net system is to ensure poor and vulnerable populations receive regular and predictable support along with complementary programs to ease demand side constraints preventing them from accessing to basic social services. This project will support transfers to poor and vulnerable households to help them stabilize and protect their consumption and reducing financial barriers (demand side constraints) for access services such as nutrition, health care and education for their children.

The Bank is already engaged in strengthening safety nets in Burkina Faso through on-going dialogue as well as the parallel support to establish a public works program as part of a youth employment project. The Bank's social protection team has been engaged in dialogue with the government for more than 2 years and has established a strong relationship with the government and other partners on the safety net agenda. And given the parallel skills building project, the proposed safety net project will help coordinate the objectives, implementation, and outcomes of the public work program with the cash transfer program so as to establish a coordinated safety net system in Burkina Faso with these two programs functioning as the main cornerstones. For instance, during discussions with the government it was proposed that the cash transfer program of the safety net project would be implemented in the same disadvantaged geographic zones as the public works program of the youth employment project in order to concentrate the efforts in the fight against food insecurity, exploit synergies, and maximize impact.

The project will have 3 components:

Component 1: Cash transfers to poor and vulnerable households (US\$24 million). This component

will support the development and implementation of a cash transfer program to serve as one of the cornerstones of the social safety net. The cash transfers will help poor and vulnerable households (target group) by increasing household income. Targeting methods may include proxy means testing (PMT), community-based targeting and geographic targeting in order to identify the poorest and most vulnerable households. Cash transfers to the beneficiaries will be made by payment agencies based on a list of selected beneficiaries. The transfers will be provided publicly to a household representative once they present their beneficiary ID cards. The payments will be made on a regular basis and ensure good timing to allow beneficiaries to use the transfers to stabilize their consumption and afford regular expenditures related to investments and productive activities (such as the schooling and health care of their children) and to reduce transaction cost. The exact transfer level will be determined during project preparation based on careful analysis of household level data and existing impact evaluations findings. In other African countries, a level equivalent to around 20 percent of household expenditures has been shown to be sufficient to allow households to improve their consumption yet low enough not to create any work disincentives.

The program will operate in the most disadvantaged regions of the country - where poverty and childhood malnutrition are the highest and access to schooling is the lowest. These regions may include the Est, Nord, Sud-Ouest, Plateau Central and Centre-Est. The focus will be on rural areas but the program may also operate in some urban areas. The specific locations will be determined during project preparation based on recently available data on the regional and socio-economic distribution of educational outcomes and malnutrition indicators.

This component will finance cash transfers to beneficiary households as well as technical assistance and administrative costs for developing and implementing the program. The component may also include accompanying measures for beneficiary household to improve the awareness and behavior of households in the areas of human development. These activities may include training activities and other communication on essential family practices (such as proper nutrition, hand-washing, keeping a clean and safe home, sanitation and waste disposal, breast feeding, etc.) especially if resources and know-how from other development partners operating in Burkina Faso are available.

Component 2: Laying the foundations to a basic national safety net system (US\$3 million). This component will assist the country in developing the capacity and sound mechanisms for coordinating existing safety net programs and designing operational building blocks that can be used for making safety net programs better targeted to the poor and vulnerable. The objective is to contribute to the establishment of a long-term effective and sustainable (institutionally, politically and financially) system of safety nets anchored in the national social protection strategy. Some of the most important building blocks for coordinating and operating safety net programs are a) an effective targeting system for identifying beneficiary households; b) a managing information system for keeping track of registered and non-registered households, coordinate benefits and beneficiaries between programs, and producing regular monitoring reports; c) a secure and efficient payment system for making and validating payments; d) a monitoring and evaluation system to allow evidence based policy making and addressing system functioning over time; and e) a grievance and appeals mechanism. This component will support the development of some of these building blocks. The specific building blocks to be supported will be determined during preparation in consultation with the government.

The component would finance technical assistance, capacity building (such as training for government staff), and inputs geared at developing and the key building blocks of a national safety

net system.

Component 3: Project management and evaluation (US\$3 million). This component will support the management and evaluation of the overall project. It will finance project management, coordination, and monitoring and evaluation activities related to the first two project components. In particular, this component would support impact evaluation of the cash transfer program for learning more about what particular aspects of cash transfer programs and other accompanying measures are important for reducing poverty and improving and sustaining human development outcomes in low-income countries such as Burkina Faso.

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01		x	
Natural Habitats OP/BP 4.04		x	
Forests OP/BP 4.36		x	
Pest Management OP 4.09		x	
Physical Cultural Resources OP/BP 4.11		x	
Indigenous Peoples OP/BP 4.10		x	
Involuntary Resettlement OP/BP 4.12		x	
Safety of Dams OP/BP 4.37		x	
Projects on International Waterways OP/BP 7.50		x	
Projects in Disputed Areas OP/BP 7.60		x	

V. Financing (in USD Million)

Total Project Cost:	30.00	Total Bank Financing:	30.00
Total Cofinancing:		Financing Gap:	0.00
Financing Source			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			30.00
Total			30.00

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