



Burkina Faso Field Report MCA Monitor Center for Global Development

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In July 2005, Burkina Faso became the first country to sign a threshold program with the Millennium Challenge Corporation (MCC). The \$12.9 million threshold program, aimed at improving the country's failing girls' primary school completion indicator, consisted of building 132 'girl-friendly' schools in rural communities along with social mobilization campaigns. On the basis of an independent impact evaluation, the program was considered a great success, with positive effects on school enrollment and math and French test scores. The program did not, however, make a measurable difference in improving Burkina Faso's girls' primary school completion rate to a passing score.

The MCC named Burkina Faso as eligible for a full compact in 2006. Burkina's \$480.9 million compact, focusing on agriculture, roads, land tenure, and girls' education, was signed in July 2008 and should begin entry into force (EIF) in July 2009. Burkina is only the second country to transition from a MCC threshold program to compact implementation, but was the 17th MCC compact signed. It is clear that Burkina's compact benefitted greatly from the experience of those countries that preceded it and the lessons learned by the MCC along the way. The compact development stage is a story of smart staging of prior actions in order to leverage more immediate returns at EIF and leadership, ownership, and commitment at the highest levels of government and at every level of society.

Due to early action and well-used 609(g) funds, Burkina had procurement and fiscal agents and the accountable entity in place before signing, and tax agreements were finalized shortly thereafter. Also, the maximum amount of Compact Implementation Funds (CIF)³ allotted to Burkina allowed the team a full year between signing and EIF for long-term planning and contracts establishment. This smart sequencing allowed Burkina to move forward quickly and an estimated 60 percent of procurement RFPs (non-administrative) will be launched prior to EIF of the compact.

Strong leadership and ownership at every level is also a compelling feature of the Burkina story. At the very top, the Prime Minister is perhaps the MCC's greatest advocate. His enthusiasm and commitment is taken up by senior government officials. The Government of Burkina Faso (GOBF) also put its (scarce) money where its mouth is, providing \$5.9 million of its own money to help cover costs for compact development. The accountable entity, Millennium Challenge Account–Burkina Faso (MCA-BF), has a top notch team and the MCA-BF, MCC and GOBF teams have open and honest relationships, fostering mutual trust and respect. Ownership by the people and consultations conducted for the people is also

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² This report is based on interviews conducted in Burkina Faso during April and May, 2009, and provides a snapshot in time analysis of the threshold program, compact development process, implementation planning, and post-EIF challenges.

³ Compact Implementation Fund (CIF) is compact funding available between signing and entry into force which aims to accelerate implementation.

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evident. The country's impressive series of consultations—including over 3,100 people in all 13 regions of Burkina Faso and continuing media and information campaigns—reveals a pervasive sense of country ownership which goes deeper than just the government.

Yet the compact also poses risks and challenges to both the MCC and the GOBF. The sheer size and complexity of the compact will challenge the capacity of the GOBF in the implementation stage. In 2007, Burkina received \$411.8 million from all OECD-DAC donors combined.⁴ With the compact, the United States will more than quadruple its annual assistance to Burkina Faso over the next five years. These factors may then challenge the MCC's ability to stick to its core standards. The MCC has already deviated from its Economic Rate of Return (ERR) standard in project selection, allowing non-economic issues to trump a key principle of the MCC's model. It will be important for the GOBF to get out of the starting gate quickly, delivering implementation and disbursement results that satisfy an impatient Congress ever looking to poach what they see as idle funds.

With EIF fast approaching, Burkina has a solid foundation upon which to deliver results. But development is a tricky business and the impact of the financial crisis is yet to be fully realized. The capacity of the GOBF to deliver results will undoubtedly be tested, but at this point, it seems a good bet to be a winner.

THRESHOLD PROGRAM

In July 2005, Burkina signed its \$12.9 million MCC threshold agreement, aimed to improve its second lowest performing indicator—girls' primary school completion.⁵ The BRIGHT program (or Burkinabè Response to Improve Girls' Chances to Succeed) was a multifaceted approach to promote girls' primary education in 132 rural villages which included

- constructing 'girl-friendly' schools consisting of three classrooms, housing for three teachers, a nursery school (*bisongo*), a pump and separate latrines for girls and boys;
- community social mobilization campaigns in BRIGHT communities and teacher trainings;
- literacy classes for women and mentoring for girls;
- textbooks and school supplies; and,
- food for school canteens and take home dry rations for girls with a 90 percent attendance rate.

GOBF selected 132 rural communities in the 10 provinces where girls' school enrollment and completion rates were historically the lowest. USAID implemented the program with key partners: Plan International (lead agency), Catholic Relief Services (CRS), Tin Tua, and the Forum for African Women Educationalists (FAWE). Plan and CRS oversaw school construction. Tin Tua, a well respected Burkinabè NGO, conducted the literacy classes. FAWE led the social mobilization campaigns. GOBF was responsible for providing teachers and textbooks. The schools were turned over to GOBF in October, 2008, signaling the end of the threshold program.

Prior to the MCC program, GOBF had prioritized the education sector in its 10-year education plan for 2002–2011 (PDDEB). Enrollment and literacy results from new schools, improved educational materials and teaching, and increased capacity were yielding results. The BRIGHT program may have accelerated

⁴ All figures are from the OECD-DAC database: http://www.oecd.org/document/33/0,2340,en_2649_34447_36661793_1_1_1_1.00.html.

⁵ Burkina Faso's lowest performing indicator on the FY05 scorecard was 'Days to Start a Business' (now included under the 'Business Start Up' indicator). GOBF internally reformed its business environment and was recently named the sixth top reformer in the World Bank's 2009 *Doing Business Report*.

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that progress. According to the independent impact evaluation done by Mathematica for the MCC,⁶ BRIGHT was a successful, well designed and implemented project which enhanced the PDDEB and had a significant impact on increasing the availability of schools, enrollment rates (rather substantially, by 20 percent), and test scores in math and French. In order to build upon BRIGHT's efforts, Burkina's compact includes BRIGHT 2 which will build more classrooms, *bisongos*, and pumps, and continue social mobilization efforts and literacy classes.

Some major challenges and lessons learned to date follow below:

- **Plan for contingencies.** Due to the weakening U.S. dollar and a cement shortage in West Africa, construction costs were severely underestimated. This required Plan and CRS to contribute money from their private funds to supplement costs.
- **Be real about what can be done in a two-year timeframe.** Threshold programs, in their current design, may not be well suited for large construction programs. Two years was a difficult timeframe to complete construction projects in 132 sites, especially due to the cement shortage and difficulties in accessing the sites during the rainy season. Only 10 *bisongos* were completed and there were problems with locating a water source in some villages. Although BRIGHT 2 (in the compact) will correct these problems, the gap between the two phases is too long. Classrooms are not ready for next year's 4th grade students and communities are not well informed about BRIGHT 2.
- **Gender means including men too.** Staying true to a gender-focused program means that participation by and impact on both women and men must be included. Men expressed an interest in literacy classes, especially in French. It is vital to include men, as by culture they remain the head of household and make all key decisions. While investment in women and girls is critical, the reality on the ground is that real social and cultural change will require men's endorsement.
- **Communication with villages needs improvement.** The BRIGHT 2 program is in Phase 1 (until December 2009) which focuses on constructing temporary classrooms, maintaining community interest, and preparing for construction. In one BRIGHT community, parents were frustrated that the food rations and the canteen had not yet arrived and they did not know the timeline for BRIGHT 2 construction projects. A USAID field representative will be present in Ouagadougou and the selection of the BRIGHT 2 grantee should both take place in Summer 2009, which should improve communication.⁷

Although the threshold program met most of its goals, the interventions have not yet impacted the MCC girls' primary school completion eligibility indicator. This, in and of itself, is to be expected considering the primary school cycle in Burkina Faso takes six years, so any BRIGHT results would not show up until FY11 or FY12 at the earliest. That said, the issue is relevant to the MCC's Threshold Program in general, as the program is currently designed to improve indicator performance, and hence compact eligibility prospects, during the two-year program. Currently, Burkina is still failing its girls' primary school indicator. Although the indicator did increase from a 24.5 percent completion rate in FY05 to 29.2 percent in FY09, because of the time lags in the data, that change is attributable to the GOBF's own efforts, not that of the Threshold Program. Sustainability of those rates may be impacted when the take home rations and feeding programs—a huge incentive for parents to send their children to school—is phased out in a few years.

⁶ An executive summary of Mathematica's impact evaluation can be found here: <http://www.mcc.gov/documents/report-033009-burkinafasobright-execsummary.pdf>.

⁷ USAID oversaw BRIGHT from Accra, Ghana, with one Burkinabé employee in Ouagadougou.

COMPACT⁸

Compact Summary

On July 14, 2008, the Government of Burkina Faso signed a \$480.9 million compact with the MCC. There are four components, all focused on the rural poor:

- **Rural Land Governance** (\$59.9 million): This project seeks to increase investment in land and agricultural productivity by ensuring land security and management. It has three main parts:
 - **Legal and procedural change and communication:** The National Assembly must pass two pieces of legislation—a new land law and a revision of the existing Agrarian and Land Reorganization law before any construction begins.
 - **Institutional development and capacity building:** Technical assistance and trainings will be provided to improve institutional capacity to deliver land management services and mitigate conflict in rural areas.
 - **Site-specific land tenure interventions:** A pilot project building municipal buildings will take place in 17 villages to ensure the other two aspects of the program produce the intended benefits. If the pilot is deemed a success, construction and training will expand to 30 other communes.

- **Agriculture Development** (\$141.9 million): This project aims to increase agricultural output and rural income by improving water availability and management, building capacity, and increasing access to markets and information. The project includes three major activities:
 - **Water management and irrigation:** This program will focus on improving water availability and management in the Sourou Valley and Comoé Basin. Specific interventions include building new walls at the Léry Dam, expanding land and irrigation systems in Di, and building capacity.
 - **Diversified agriculture:** This will include technical assistance, business development services, market rehabilitation, and expansion of market information systems.
 - **Access to rural finance:** This project will increase access to credit in areas around the Sourou Valley and Comoé Basin through building new facilities and improving financial institutions.

- **Roads** (\$194.1 million): The roads project seeks to stimulate economic growth by increasing access to markets and social services in rural communities. There are four main elements:
 - **Development of primary roads:** 271 km of road will be built from (1) Sabou to Koudougou to Didyr; (2) Dedougou to Nouna to Mali border; and (3) Banfora to Sindou to increase access to MCC agricultural investments in the Sourou Valley and Comoé Basin.
 - **Development of rural roads:** 151 km of rural road segments will be developed in the Comoé Basin area.
 - **Capacity building and technical assistance:** This component will improve the ability of GOBF and private sector institutions to plan and implement road maintenance. Activities will focus on the Incentive Matching Fund for Periodic Road Maintenance (IMFP) project, procurement, management and accounting trainings, and public outreach programs.
 - **IMFP:** The MCC will match GOBF funds put into the IMFP if GOBF (1) has an annually updated five-year road maintenance plan, (2) improves capacities of

⁸ For a complete copy of the compact, please visit <http://www.mcc.gov/documents/compact-burkinafaso.pdf>.

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management, procurement and implementation, (3) has appropriate financial controls, and (4) meets its share of contributions.

- **Girls' Education** (\$28.8 million): The BRIGHT 2 program will continue on the efforts of the BRIGHT threshold program to increase girls' primary school completion rates. The program is composed of six components:
 - **Borehole construction/ rehabilitation and/or water catchment systems:** Up to 50 additional boreholes may be constructed for the existing schools.
 - **Construction of school complexes:** An additional three classrooms will be built, along with three teacher houses and six latrines at each BRIGHT school.
 - **Nursery schools (*bisongos*):** 122 *bisongos* will be built with playground equipment.
 - **Take home rations:** A daily meal will be provided for students at the *bisongos*. Take home rations for girls with over a 90 percent attendance rate will continue.
 - **Social mobilization campaign:** Social mobilizations, along with teacher trainings and teacher prizes will continue in BRIGHT communities.
 - **Adult literacy and management of microprojects:** Women and mothers will receive literacy courses and learn microproject management for income generating activities.

According to the latest MCC Compact Implementation Status Report (April–June 2009), \$2,337,025 has been disbursed to date.⁹ There is much optimism on the part of the GOBF and MCC that their purposeful staging of due-diligence activities and procurement set-up will put them in a position to show faster results and encounter fewer hurdles in program implementation and disbursement.

Many Successes to Date

GOBF has made a tremendous effort to get their compact going in the right direction, especially with national consultations, dedicated leadership, and political commitment. Likewise, the MCC has greatly contributed by applying lessons learned and fostering a strong relationship with MCA-BF staff and GOBF. Successes include the following:

Purposeful Compact Development

The first, unofficial draft of the compact proposal called for funding of about \$1 billion. The GOBF team knew this budget was too ambitious and they set to work, whittling down the compact by focusing on existing synergies between projects. The MCC provided consultations on guidelines, format, and standards, and the compact team said the MCC was always available for questions, but was otherwise hands-off. Although GOBF expressed some frustration and disappointment with specific projects they could not pursue due to MCC rules or a lack of funding (a slaughterhouse, opening up land for agricultural production in Comoé Basin, and a number of roads were popular examples), GOBF feels confident that the final compact reflects the priorities of the people and is implementable in the five-year time period. By October 2006, the final compact proposal was submitted at \$540 million and the formal due diligence process with the MCC began.

Country Ownership at Every Level

The MCC says “*Country ownership of an MCC compact occurs when a country's national government controls the prioritization process during compact development, is responsible for implementation, and is accountable to its domestic stakeholders for both decision making and results.*” So far, it seems that the spirit of country ownership is playing out in Burkina Faso at all levels.

⁹ The report can be found here: <http://www.mcc.gov/documents/gsr-imp-burkinafaso.pdf>.

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- **At the top:** The Prime Minister of Burkina Faso (also the former Ambassador of Burkina Faso to the United States) is in charge of the MCC program, with support from the President and Council of Ministers. Although one of the poorest MCC countries, Burkina Faso contributed \$5.9 million of its own money to cover overhead costs for MCA-BF, the consultations, and feasibility studies. GOBF partners are aware of GOBF commitment to the compact and to getting results for the people of Burkina Faso. The MCA-BF team has very strong capacity, led by a dynamic National Coordinator who was in charge of the consultations team. Even the Embassy of Burkina Faso in Washington, D.C., is involved in the process. Sustaining strong leadership and political commitment at the very top will be necessary throughout the life of the compact.
- **With the people:** The compact was born from an extensive series of consultations with the Burkinabé public. In February 2006, a small team (led by the current MCA-BF National Coordinator) was appointed by the Council of Ministers to carry out the consultations. From May–July 2006, the team visited all 13 regions of Burkina Faso and asked each group the same questions: (1) What are your biggest obstacles to development? and (2) What are your proposals and solutions to solve them? Feedback received during these consultations informed the compact proposal, and the priorities of land tenure, roads and water, and agricultural production were pillars of the final compact. In an effort to include all beneficiaries, consultations included members of NGOs, labor unions, the private sector, political parties, mayors, traditional leaders, civil society, and women’s groups, among others. Overall, a reported 3,115 people participated in the consultations, with 87 percent civil society representatives and 18 percent women. Citizens were informed about the final compact through media campaigns and communication with direct beneficiaries has been ongoing.
- **For the people:** In addition to conducting extensive consultations with citizens to define compact priorities, communities were also involved in electing representatives for the Stakeholders Committee (known as the *Conseil National*). The MCA Board (known as *COS*) also extends past representation of the national government by including members of the private sector and civil society. After observing a board meeting and interviewing several members, it is clear the Board is very independent and feels comfortable giving personal and professional opinions, believing it is their duty to ask questions and offer feedback on contracts.

Applying Lessons Learned

The Burkina compact is a testament that the MCC and, perhaps more importantly, the partner countries themselves are applying lessons learned from earlier compact development experiences in other countries. Some such lessons are identified below:

- **Invest substantially in targeted compact readiness:** The \$9.4 million in 609(g) funding helped cover the costs of the accountable entity staff, mobilized the fiscal and procurement agents, funded preparation activities for the land tenure and roads projects, and helped collect baseline data for monitoring and evaluation. Procurement and fiscal agents, along with the accountable entity (MCA-BF) were established before the compact was signed. In addition, Burkina benefitted from the maximum \$16.1 million Compact Implementation Funds to cover operational costs between signing and EIF. Since key staff were already in place, including a carryover of two to three main staff from the consultation process, Burkina could quickly move forward with planning.
- **Design a realistic compact:** The compact projects ultimately chosen seem reasonable to implement in a five-year period, especially considering the groundwork already accomplished before entry into force. The original draft of the compact proposal requested 11 roads. After road feasibility studies, however, only three primary roads made it into the compact. That said, MCA-BF director of roads said the MCC money for road feasibility studies did not go to waste;

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the results were turned over to GOBF and they will talk to other donors about the possibility of constructing other key roads left out of the compact.

- **Right-balance ownership and partnership:** The mutual respect between the MCC and MCA-BF teams is obvious. In Burkina, the MCC has found the right balance between being hands-off and overbearing, an issue that plagued some of the early MCC compact development and implementation efforts. Indeed, the Prime Minister and MCA National Coordinator both feel there is very good coordination with the MCC and praised their lack of prejudice, capacity to listen, and willingness to collaborate.
- **Learn from those who preceded you:** The National Coordinator visited Benin twice and Ghana once to learn lessons and discover the implementation successes and challenges, in particular what was slowing down their compacts.

How Is the MCC Different?

When asking a wide variety of stakeholders and beneficiaries, there is a general sense that the MCC compact is different from other donor projects. There was much emphasis placed on the fact the MCC model is inclusive of feedback from all levels of society and gives the national government the authority to choose priorities and drive the process. A vast majority felt like the compact accurately captured national priorities unlike other projects where donors force their agendas. MCA-BF staff appreciated the structure of the MCC which balances their need for greater predictability of aid with performance against a set of hard indicators laid out in a five-year plan with a strict timeline to avoid delays.

Another unique element of the MCC is its emphasis on the policy reform and institution building necessary to enhance prospects for sustainability of its investments. The phasing elements of the Burkina compact (passing two land laws, requiring GOBF contributions to the IMFP, etc.) create performance-based incentives for GOBF to reform its policies and build the necessary management capacity, thus laying a deeper foundation for lasting success. GOBF must jump over several major hurdles in order for implementation to begin. For the rural land governance project, the National Assembly must pass two land laws before construction on Phase 1 can begin. For the roads project, GOBF must beef up the existing road maintenance fund and contribute matching funds to the MCC for construction to begin. Although these seem to be on track, the GOBF must come through by set deadlines to receive the MCC money or risk the reallocation of those funds.

Risks and Challenges

So far, it seems the compact is in good shape for entry into force and implementation. That said, the sheer size and complexity of the compact will challenge the capacity of the GOBF in the implementation stage which may ultimately challenge the MCC's ability to stick to its core standards. The GOBF and the MCC will need to conduct some pretty serious balancing acts throughout the life of the compact:

Balancing MCC Standards with Country Need

Given the mission of the MCC—reducing poverty through economic growth—impacts of proposed programs on income, as measured by economic rate of return, is a core diagnostic. Adherence to this standard is important because it is one of the fundamental issues that distinguish the MCC from other aid programs. It is at the core of the MCC's ability to select high-quality, high-return economic growth programs in an objective manner that are accountable to both beneficiaries and U.S. taxpayers. In the case of Burkina Faso, the MCC deviated from its stated Economic Rate of Return (ERR) standard (10–15 percent) and approved a road project that carried only a 2 percent ERR.¹⁰ Several people interviewed

¹⁰ The MCC typically uses a 'hurdle rate' for each country that is set at two times the real GDP for the most recent 3 years for which data is available. In this case, Burkina's 'hurdle rate' would have been 12.8 percent. For more information, go to

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claimed that the low ERR was due to a lack of available data and were quick to point out that a road provides benefits well beyond what can be quantified. Perhaps that is true, but no publicly available justification for the deviation (a point allowed for in the guidelines) exists. The problem, however, is larger than simply publishing a justification. Each time the MCC deviates from its unique principles and mandate, it gets closer to being “just another aid program.” It is crucial that MCA-BF follow through on baseline and periodic data collection to measure results.

There is also an outstanding disagreement between the MCC and MCA-BF over what ERR criteria to use for the Rural Land Governance project. This issue will be revisited after a land survey is conducted in June 2009.

Balancing Scale with Capacity

\$480.9 million is a huge amount of money, especially for one of the world’s poorest countries—\$32 per person. Burkina’s compact is also complex, with four different areas of intervention and a long menu of activities. Planning to date has given the compact a strong foundation, but it poses challenges during compact implementation, especially considering the capacity needed to manage contractors and procurements. The MCA-BF team is working around the clock and they should build capacity at the administrative level so they can focus on key issues. They need to sustain this momentum for five years.

Balancing Expectations with Results

Beneficiaries have extremely high expectations of the compact and it is crucial for MCA-BF and GOBF to manage them. The compact got off to a good start, fostering awareness through media coverage during consultations and compact signing, but there has not been as much national coverage over the last year. Communication has been good with direct beneficiaries (at least in the Sourou Valley) due to elections for the Stakeholders Committee, but more needs to be done on a national level so people are aware of progress and do not get discouraged. A communications strategy was recently completed which should help.

NEXT STEPS

For the MCC

The Burkina compact is in many ways a turning point for the MCC, where best practices and lessons learned have been put into practice. The MCC needs to sustain this momentum going forward for other compacts, especially as its relationship with Congress remains tenuous. We stress several specific goals here:

- **Apply lessons learned in Burkina to future compacts.** Although country ownership and political commitment are more difficult to foster, there are specific things the MCC can do to ensure success during compact development. These include providing substantial 609(g) and maximum CIF funding, continuing MCA National Coordinator study trips, hiring dynamic MCA and MCC staff, and ensuring a final compact that can be realistically implemented in five years.
- **Restructure the Threshold Program.** It is clear that two-year programs do not provide a sufficient amount of time to substantially improve an indicator. Also, the focus of the threshold program (improving an indicator) does not necessarily synch with the compact goal of promoting national priorities based on consultations with civil society. BRIGHT is a good example of this

<http://www.mcc.gov/mcc/bm.doc/guidance-economicandbeneficiaryanalysis.pdf>. Deviating from the standard is not an issue exclusive to Burkina Faso: the Namibia, El Salvador, Lesotho, and Mali (restructuring) compacts also included a component with a very low ERR, and the Sri Lanka, Madagascar, Morocco, and Moldova compacts (to name a few) each contained components of questionable economic quality or additionality.

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inconsistency where girls' education was not a priority identified by citizens, but was selected for investment only to improve performance on a failing indicator. The MCC should strongly consider the following range of options for the future of the Threshold Program:¹¹

- Augment the existing threshold program to incorporate an added emphasis on compact preparedness
- Revamp the threshold program to focus exclusively on preparing countries for compact implementation
- Eliminate the threshold program entirely and focus all resources on compact success

For Congress

The MCC is still a young institution that is learning. It is important to criticize when necessary, but also have patience with results.

- **Be patient and focus on the right results.** Congress should focus on real results, not just disbursements, which will take time.
- **Continue funding the MCC at appropriate levels.** For a time, Burkina Faso's compact was under threat due to Congressional delays with the FY09 budget. The Senate originally slashed the MCC's budget to \$254 million, calling for a pause in new projects to focus on results in current compact countries. Burkina Faso's compact was threatened by this cut. Fortunately, under the FY09 Omnibus Bill, the MCC was appropriated \$875 million, although still far below the amount requested. After successfully implementing a threshold program, not having the money for Burkina's compact would have seriously damaged U.S. credibility.
- **Evaluate the impact of the MCC model and apply it to broader foreign aid reform efforts.** The MCC has been afforded the experiment of implementing an aid program that adopts key development effectiveness principles—focused mission, aid to well-governed countries, no earmarks, up-front money, and result-based design. Several compacts are nearing completion and it will be important to evaluate whether the MCC was able to more effectively deliver results.

¹¹ For further ideas, please read the CGD Paper *From Innovation to Impact: Next Steps for the Millennium Challenge Corporation* at <http://www.cgdev.org/content/publications/detail/1420905/>.