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## **Mainstreaming program based approach in Burkina Faso**

*Olivier Stoupy*

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### **Abstract**

*This paper aims to present the recent developments resulting from the introduction of the program based approach (PBA) in the water and sanitation sector in Burkina Faso five years ago. After a brief description of the PBA establishment process, insight into the ownership by government and stakeholders is given. Moreover the degree of performance of the approach in terms of effective results on millennium development goal (MDG) targets is assessed. Finally the author explains how his organization, the German Technical Cooperation (GTZ), has developed new forms of cooperation to cope with this new environment and fill gaps that have appeared in capacity development.*

### **Keywords**

*PBA, Financial mechanisms, Budgeting processes, Monitoring and evaluation, Capacity development*

## **INTRODUCTION**

This paper intends to give an overview of the complex and difficult process of establishing a sector program based approach (PBA) in the context of Burkina Faso. It addresses the theme of financing and, more specifically, budgeting processes and funding flows.

In Sub-Saharan Africa PBAs have now been established in almost all countries as a standard instrument to improve aid effectiveness at sector level. The German Technical Cooperation (GTZ) water and sanitation portfolio reflects this development: among the 11 bilateral GTZ projects in Sub-Saharan Africa, 9 are integrated into a national program.

Improved access to water and sanitation is a key objective to be achieved as part of the millennium development goals (MDG) commitment. As a strategic instrument to implement the Aid Effectiveness Agenda, PBAs should be seen as means of providing more effective support for national institutions responsible for improving access to water and sanitation.

In September 2010, Burkina Faso received an award for its progress in the last 15 years towards reaching MDG targets in the water sector. One should wonder if the recent PBA for the sector – designed on the basis of the National Water and Sanitation Program (PN-AEPA 2007-2015) and the Integrated Water Resource Management Action Plan (PAGIRE 2003-2015) – is going to intensify this success or if there is a risk that the approach will become a brake for water and sanitation access improvement. This paper provides insight based on evidence and lessons learnt over the last five years; actual funding flows and trends observed; as well as some key elements of reflection to strengthen the approach and fulfil pro poor basic needs by 2015.

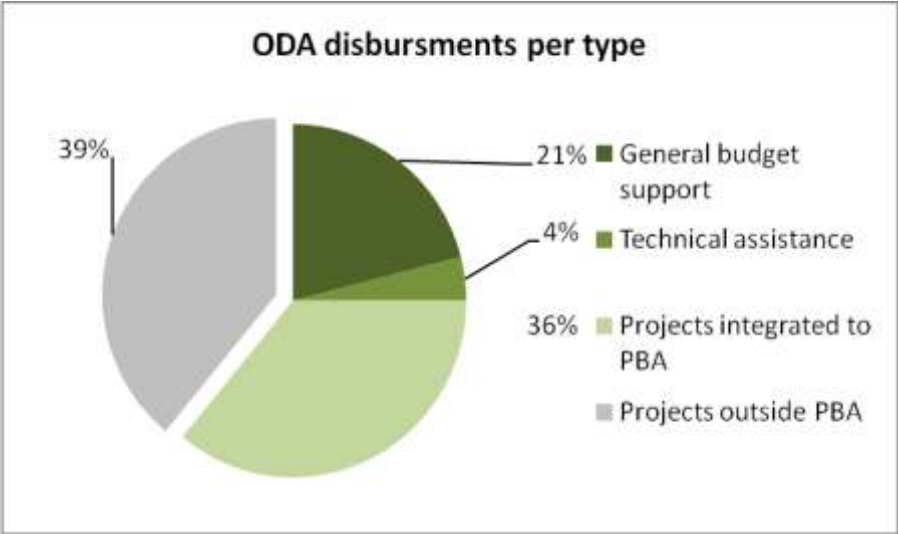
## **PROGRAM BASED APPROACH IN BURKINA FASO, A BRIEF DESCRIPTION**

Program Based Approaches are engagements in development co-operation that are based upon the principles of coordinated support for locally owned programmes. They are strategic concepts for the implementation of the Paris Declaration a key goal of which was to deliver two thirds of official development assistance (ODA) should as PBAs for 2010. This was further confirmed by the Accra Agenda for Action (AAA) in 2008.

Financial mechanisms that fulfil PBAs are multiple: they go from budget support (general and sector), to basket funds such as technical assistance pooling, to coordinated technical and financial cooperation.

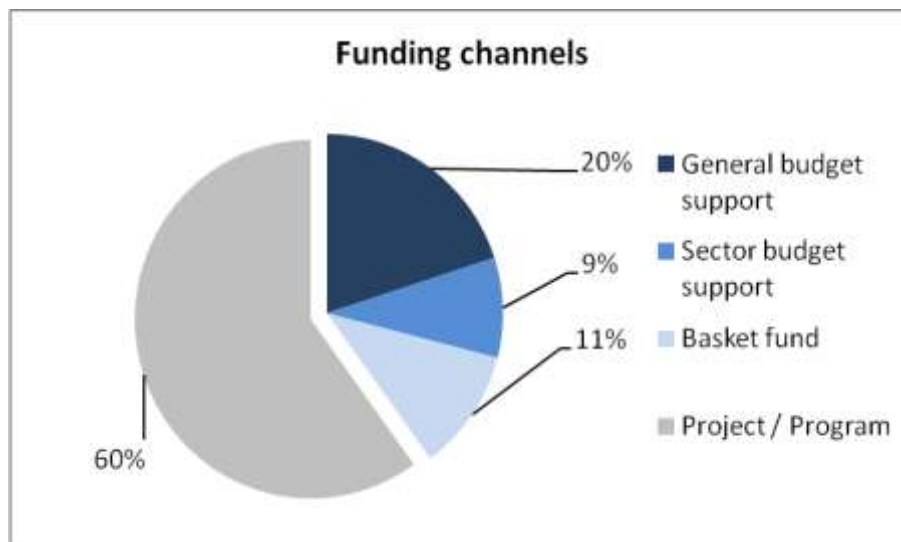
In Burkina Faso, major efforts have been made in recent years to fulfil the Paris Declaration commitments in most of sectors and particularly in social sectors such as health, education and water and sanitation which developed sector national programs as a formal and strong basis for PBA. The repartition of ODA disbursements for the year 2010 both in and outside of the PBA shows that the Paris commitment is about to be reached in Burkina Faso overall (all

sectors) assuming the presence of general budget support and technical assistance benefit to the PBAs.



**Figure 1      Repartition of ODA disbursements between Macroeconomic support, Technical assistance, PBA and classic projects in 2010 (all sectors)**

Among the reasons why this goal was met so quickly in Burkina Faso are the establishment of national sector programs, the willingness of most donors to fulfill their commitments and the interest of governments to increase direct resources to the treasury. During the same period, the Ministry of Finance, which plays a central role in the budgeting process and in delivery, initiated the public finances reform initiative (SRFP). This has given sufficient credit and guarantees validating majors donors to prioritize budget support and basket funds as preferred financial mechanisms for national sector programme funding. Figure 2 shows that in 2010, 40% of donor disbursements have been delivered trough these mechanisms overall. Forecasts for the water and sanitation sector are based on bilateral and multilateral conventions where over 50% of donor’s disbursement for the rural sector will follow these channels (sector budget support and basket funds).



**Figure 2** Repartition of ODA disbursements among main funding channels in 2010 (all sectors)

### **Main advantages and improvements observed in the water and sanitation sector since the introduction of PBA**

Thanks to the introduction of PBA in the water sector in 2005, a 10 year comprehensive water and sanitation national program was designed in Burkina Faso. This was done with a good level of coordination and participation from the different stakeholders involved in the process. The national program (PN-AEPA) was finalized and adopted by Government in 2006, followed by strong commitment from major donors to support its implementation and progressively modify their modes of aid delivery. In early 2007, a Memorandum of understanding was formally signed between government and main multi and bilateral donors to this effect. Government and stakeholders then joined forces to establish a joint sector review as a mechanism to monitor progress towards the expected results from PN-AEPA.

Thanks to this approach, most of the deficits in development co-operation that were usually blamed – such as uncoordinated donors, uncoordinated implementation of projects and lack of ownership in partner countries – have now been left far behind. Nevertheless, improvement in the effectiveness of development co-operation which should lead to higher development results remains to be proven (see next section for more details).

During the 3rd joint sector review in March 2010, which also included integrated resources management (IWRM), it was stated that a broad and concrete approach was in process. Reviewers who worked on formal documentation produced by Government bodies as well as interviews and field visits at local level gave very comprehensive insight into major progress and difficulties in four specific areas: financing mechanisms and monitoring, sanitation, decentralization processes and IWRM. A set of ten specific measures to be undertaken during the next 12 months in order to improve the implementation of national strategy and programs was formally discussed and agreed by the Minister in charge and the

lead donor. Furthermore a water, sanitation and IWRM performance matrix was presented as a unique monitoring and evaluation tool with which future sector budget support decisions can be made.

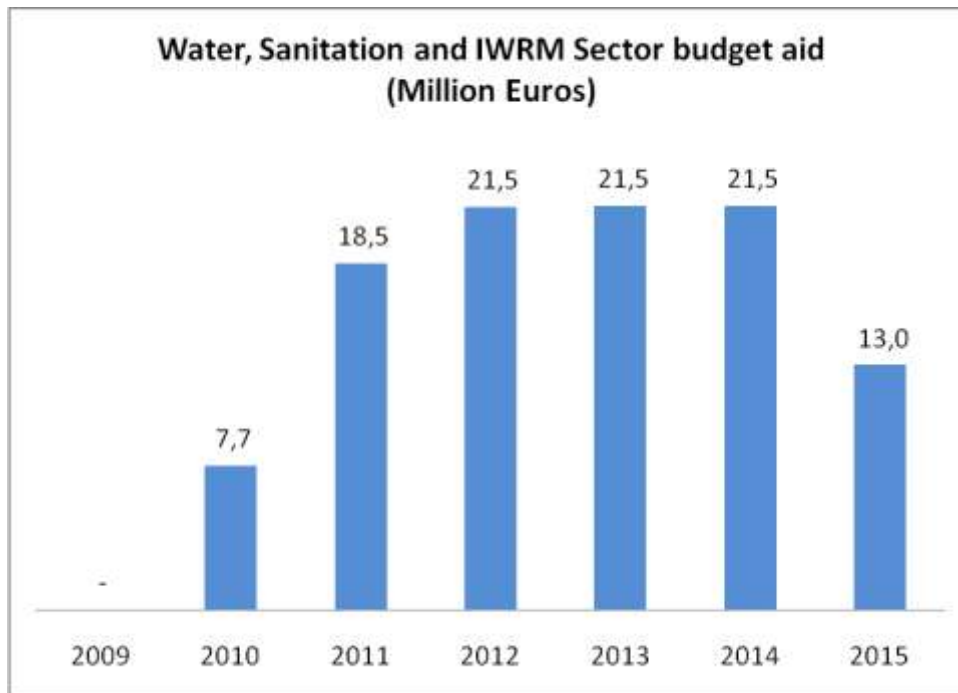
Since 2010, the annual joint sector review has been complemented with a formal and more permanent dialogue forum called “Cadre Partenarial” enabling both government and technical / financial partners to monitor the progress of recommendations / measures in between two annual reviews and raise concerns when appropriate. This forum benefits from the expertise and works of several enlarged joint thematic groups conducting an in-depth analysis of sub-sectors and specific issues.

This sector matrix (figure 3) is of central importance and aims to reflect as much as possible the sector wealth. It is a powerful levy on a number of issues as almost 50% of sector budget aid is linked to the progress of a set of sub-indicators convened between government and donors on a regular basis. It is noticeable that among the six main indicators, four are cross sector and half (indicators 4-5-6) are directly related to Public Finance systems.

No	Indicators	Main sub-indicators
1	Water supply	<ul style="list-style-type: none"> <li>▪ Access, functionality, equity of distribution within the country</li> </ul>
2	Sanitation	<ul style="list-style-type: none"> <li>▪ Access, equity of distribution within the country</li> </ul>
3	Governance and capacity development	<ul style="list-style-type: none"> <li>▪ Percentage of cities with appropriate sanitation planning</li> <li>▪ Part of water and sanitation services operated by private sector</li> <li>▪ Gender issues in decision making bodies</li> <li>▪ Application of parafiscal tax on water intakes</li> </ul>
4	Sector budgeting processes	<ul style="list-style-type: none"> <li>▪ Percentage of budget execution for rural and urban water and sanitation</li> </ul>
5	Devolution and decentralization	<ul style="list-style-type: none"> <li>▪ Part of investment credits managed at regional level</li> <li>▪ Part of maintenance credits received by municipalities from central government</li> </ul>
6	Public tenders and cost efficiency	<ul style="list-style-type: none"> <li>▪ Part of tenders where contract is concluded within delays</li> <li>▪ Cost per capita for water service delivery</li> </ul>

**Figure 3 B Faso water and sanitation performance indicators matrix (simplified)**

Sector budget aid represents an increasing funding flow for the sector (see figure 4) and such a monitoring tool contributes to improved governance in the water and sanitation sector by creating greater consistency between the government’s policies and implementation on the ground. It also offers more transparency in investment planning and monitoring, creates more accountability and optimizes synergies between institutions within the sector with the objective of strengthening sustainability of water and sanitation access measures.



**Figure 4 Forecasted sector budget aid 2010-2015 (EU, Danish & Swedish)**

Aside from this increasing trend which channelled more funds to central government, we also observe more and more funding opportunities for local government as well as NGOs. A recent report presented during the sector review clearly showed that the amount of funds involved is not negligible, with no less than 1.5 million Euros per annum over the 2007-2009 period and some 100 projects implemented at local government level.

This is certainly boosted by the first local government elections in 2006 for all municipalities and the recent transfer of competences water and sanitation in 2009 and over social services such as primary education and primary health. On the other hand, innovative and redistributive funding mechanism such as Oudin and Thiollière laws in France allow French local governments to channel water users' money (as a percentage directly collected on household water supply and sanitation billing system) to international solidarity projects in the water and sanitation sector. In 2009, this amounted to 18 million Euros channelled from French local government bodies to some of the least developed countries, representing a substantial part of French government contribution to this sector.

Thanks to the national harmonisation of planning and monitoring tools, it becomes easier for municipalities to market their projects. As an example, each municipality is now due to elaborate a five year local sector development plan. This master plan serves as a unique framework easily understandable and formally validated by both government and municipal board and facilitate coordination of external stakeholder's interventions (including government allocations) such as investments and software support. Several municipalities have already received external funding for borehole completion, staff training and other forms of cooperation based on their local development plans. Nevertheless capacity at local level in terms of human and financial resources remains very limited and needs further

support to truly gain the real advantages of these mechanisms. This is one of the reasons that led to major donors such as EU to mobilize 10 million Euros under the 10<sup>th</sup> European Development Fund for a national call for proposals in Burkina Faso dedicated to NGO's associated with municipalities throughout the country and targeting rural household sanitation.

## **KEY FINDINGS TO SUPPORT WATER AND SANITATION PROGRAM BASED APPROACH**

### **Risks, challenges and adaptation to sustain development of the sector**

While the former traditional projects used to deliver full packages comprising technical assistance, capacity development measures, investment and capitalization at (mainly) local level, PBAs often drive support to national level with a strong focus on financial mechanisms. This transition which engages a number of stakeholders in a change process to increase the use of national and local steering and implementation capacities, should be handled carefully as the capacity of such structures is currently limited. For this reason, developing a PBA can even have some transitional negative impacts on implementation in the short-term and lead the country temporarily off-track in the pursuit of the MDGs.

The experience in Burkina Faso clearly shows how quickly a sector can move towards PBAs including reforming financial mechanisms when donors are pushed by international agendas. In such a context it is of crucial importance to diversify mechanisms in order to mitigate the insufficient implementation capacities on the partner side. Increases in funding channelled through national systems lead to a paradoxical situation: although very large funds are made available, the sector institutions cannot mobilize them fully to implement the national programme and thus achieve their own development objectives. An extract from the 2008 Public expenditures review on rural water and sanitation sector states this situation clearly and recommends reinforcing the human capacities of the Ministry in charge with regard to sector and budgetary programming: *"The execution capacity of budgetary resources allocated to the sector is low. Sector development is not hampered by the lack of financial resources but rather by various obstacles of its absorptive capacity at the central, regional and local levels. The rate of weak budget execution was about 50.3% during the period 2001-2006."*

In Burkina Faso, diversification of funding mechanisms was originally part of the PN-AEPA Memorandum of Understanding (MoU). An innovative technical basket fund focused on studies and capacity development was initiated by GTZ, DANIDA and ASDI in 2007 to cover urgent needs and to support in a very effective manner the soft component of PN-AEPA comprising key elements such as the Monitoring & Evaluation manual, Water and sanitation technical specifications unit costs and guidelines, municipal sector planning manual, human resources development plan, installation of steering committees at central and regional levels. This basket fund is aligned with national procedures although funds are channelled to

a specific account at the national treasury and can be used exclusively for the sector has proven its reactivity and efficiency to facilitate the implementation of the program. This mechanism has been conducted twice with constant adaptation. The last 2010-2012 basket funds is thought to facilitate sector budget support take off. It offers easily accessible financial resources as well as a complete set of cross sector Technical Assistance (TA pool) in the fields of public finance, decentralization, monitoring and evaluation as well as sanitation and IWRM to cover increasing demand. Experts are funded by GTZ, DANIDA, SIDA and AFD and based in the government bodies premises under direct supervision of national partners. This mechanism intends to respond to one of the major challenges facing PBA implementation – creating the right interface between technical cooperation at water sector level and cross-sector processes such as the poverty reduction strategy, state reform, civil service management, public finance and procurement.

The German Technical Cooperation (GTZ) in Burkina Faso has evolved in the last five years from a project approach to a wider support to PBA. This was made possible by some changes regarding personnel profiles and forms of service delivery. Personnel are both placed at national level as a contribution to a TA pool as well as local level on municipality premises where support for emerging technical core competences is given. Aside from this, services are directly delivered to Burkina national utility ONEA to accelerate delivery of sanitation services in middle size cities as well as establishment of a competent training centre open to private sector and local government personnel. GTZ supports the idea that only increasing capacity of formal local actors such as private sector will benefit to the quality and sustainability of service as well as tariff regulation. These factors are of key importance to sustaining a pro poor approach and avoiding the proliferation of inappropriate informal services.

More generally GTZ is convinced that there is an important need for technical cooperation on water and sanitation related PBAs. Therefore the organisation is involved in shaping the sector dialogue and in supporting sector ministries as they plan pragmatic approaches and develop capacity at national and local level.

## **CONCLUSIONS**

PBA is a real driver for accelerating progress toward the MDGs by combining all forces in a common objective. Despite many difficulties in budget programming and implementation, visible progress has been made in terms of governance and accountability to the public. Monitoring systems are in place and allow for close follow up of the evolution of the sector at local level as well as in depth cost and sustainability analysis. Moreover an open and constructive dialogue is in place that eases consensual decision making processes among the donor community and the government. This gives a very positive image of the sector and of Burkina Faso which is relayed in the international scene and facilitates fund raising and awareness.

It should also be noted that PBA is protected from disruptions when institutional changes arise. This is a remarkable asset in the case of the water and sanitation sector which has



often been divided between different Ministries and government bodies due to its cross sectoral specificity.

Nevertheless, the following remarks should be taken into consideration in sustaining this positive trend:

### **Going step-by-step**

Building a national programme and its financing mechanisms is a long-term process that may include a number of steps. An instrument mix is advisable for the stepwise transition from former stand-alone projects to integrated projects, baskets or sector budget support. In Burkina Faso, the decision of major donors (European Commission, SIDA and DANIDA) to move from project support to sector budget aid with no transition period might lead at first to a decrease in the building of new public water points for the poor if the Government does not take urgent action to increase capacity in the sector.

## **Lessening donor-driven approaches**

In some cases the process of moving to joint financing mechanisms was partly driven by donors. At first, sector ministries welcomed the new paradigm as a means to attract larger financing for the water sector. However, after experiencing the difficulty of implementing such instruments, some sector ministries came to regret the former standalone projects and began arguing for pragmatic procedures. It also became clear that sector ministries and the Ministry of Finance often have divergent understandings and objectives. Whereas the finance officials seek to minimize difficulties and advocate a stronger alignment on national systems, water and sanitation Ministries want to see quick implementation of investment measures to improve access to drinking water and sanitation.

## **Pragmatic design of joint financing mechanisms**

Joint financing mechanisms are instruments. They are a means to an end but not an end in and of themselves. If joint financing mechanisms in a given context do not lead to a reduction of transaction costs and an increase in synergies, this should be questioned.

## **Developing capacities for implementation**

The lack of capacity in public finance management (PFM) presents one of the main challenges to the use of national systems. Capacity deficits in the Ministry of Finance or sector Ministry and weak cooperation between Finance and sector Ministries might compromise original designs.

Systematic capacity development measures at sector and PFM level are thus necessary. Nevertheless, it will take time to develop capacities for implementing national water programmes. The process of improving public finance management might not have concrete impacts on the implementation of national water and sanitation programme in the short term.

State administrations are not always the most appropriate structures for implementing large-scale capital investment measures. Burkina Faso is currently experiencing both the delegation of construction management to governmental specialized agencies (in French "*maitrise d'ouvrage déléguée*") and technical support to technical departments and local government by the private sector to improve quality of planning, contracting and supervision (in French "*assistance à maitrise d'ouvrage*").

## **PBA and decentralization in the water sector**

There is a close link between PBA in the water sector and decentralization. Responsibility for water supply and sanitation is decentralized to districts in many countries around the world. The implementation mechanisms of national water programmes take decentralisation into account at least to some extent. But decentralized implementation of national water programmes often poses difficult challenges because the local capacities for managing

investment measures are insufficient and procedural difficulties affect the transfer of financial resources from central government to local or provincial structures.

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## CONTACT DETAILS

**German Technical Cooperation, GTZ**

Ouagadougou, Burkina Faso

Oivier Stoupy

[olivier.stoupy@gtz.de](mailto:olivier.stoupy@gtz.de)