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BURKINA FASO

PRIVATE SECTOR ASSISTANCE PROJECT

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**Industry and Energy Division
Sahelian Department
Africa Region**

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CURRENCY EQUIVALENTS

Currency Unit	=	CFA Franc (CFAF)
US \$1.0	=	276.625
CFAF 1 million	=	US \$3,615
SDR 1.0	=	US \$1.371

ABBREVIATIONS AND ACRONYMS

AGSECAL	Agricultural Sector Adjustment Loan
BCEAO	Banque Centrale des Etats de l'Afrique de l'Ouest
BFCI	Banque pour le Financement du Commerce et de l'Industrie
BIB	Banque Internationale du Burkina
BICIA	Banque Internationale pour le Commerce, l'Industrie et l'Agriculture
BND-N	Banque Nationale de Développement du Burkina
BRCB	Bureau de Recouvrement des créances du Burkina
CARFO	Caisse d'Autonomie de Retraite des Fonctionnaires
CB	Commission Bancaire de l'UMOA
CBC	Conseil Burkinabé de Changes
CCIA	Chambre de Commerce de l'Industrie et de l'Artisanat
CCP	Compte Chèques Postaux
CNCA	Caisse Nationale de Crédit Agricole
CNE	Caisse Nationale d'Epargne
CNSS	Caisse Nationale de Sécurité Sociale
EPIC	Etablissement Public à Caractère Industriel et Commercial
EPA	Etablissement Public à Caractère Administratif
GOBF	Government of Burkina Faso
MFP	Ministère des Finances et du Plan
MICM	Ministère de l'Industrie, du Commerce et des Mines
ONAC	Office National du Commerce Extérieur
PC	Privatization Commission
PID	Projet Institutionnel de Développement
SAL	Structural Adjustment Loan
SE	Société d'Etat
SEM	Société d'Economie Mixte
SGS	Société Générale de Surveillance
TSAIP	Transport Sector Adjustment and Investment Program
UMOA	Union Monétaire Ouest Africaine

FISCAL YEAR

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This report is based on the findings of an appraisal mission that visited Burkina Faso in June - July 1992, and a post appraisal mission which took place in November-December 1992. The appraisal mission was comprised of Messrs. C. Azi, Mission leader, Loup Bredfort and G. Boulch (AFTIM). The mission was assisted in the field by Mr. J. Barro of the Resident Mission in Burkina Faso and by Messrs. O. Doumet, A. Hovino and P. Henry (Consultants). The report was drafted by Mr. C. Azi and produced by Mr. M. Guibo, staff assistant. Messrs. S. Segari and K. Marshall are the managing Division Chief and Department Director respectively for the operation.

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BURKINA FASO**PRIVATE SECTOR ASSISTANCE PROJECT****Credit and Project Summary**

- Borrower:** Government of Burkina Faso
- Beneficiaries:** Ministry of Industry, Commerce and Mines (MICM) and Ministry of Finance and Planning (MFP); support institutions: Chambre de Commerce de l'Industrie et de l'Artisanat - CCIA, Office National du Commerce Extérieur - ONAC and Conseil Burkinabé des Chargeurs - CBC; Private institutions providing support and services to the private sector; Private Entrepreneurs; banks and financial institutions.
- Amount:** SDR 5.1 million (US\$ 7 million equivalent)
- Terms:** Standard IDA terms, with 40 years maturity
- Project Description:** The proposed project would primarily focus on the institutional development of: (i) the government agencies delivering administrative services to the private sector; and, (ii) the financial intermediaries. It would also support measures aiming at deepening financial intermediation. The project consists of the following three components:
- (a) Assistance to the MICM. This component will finance short-term technical assistance, training and equipment to improve the MICM capacity in: (i) administering the procedures relating to external trade and the establishment of new private businesses; and, (ii) efficiently carrying out the Government's program for divestiture from public enterprises.
- (b) Institutional support component. The purpose of this component is to reorganize, privatize, and strengthen the support structure comprised of the CCIA, the CBC and ONAC by: (i) transferring to the Government the tasks of administrative nature that they presently perform and to the CCIA all those consisting of providing extension services to private entrepreneurs; (ii) strengthening CCIA's ability to help private entrepreneurs obtain the assistance that they need; and, (iii) rationalizing the management of warehouses and shipping equipment presently under CCIA and CBC control. In addition, the project would finance, through the restructured CCIA, technical assistance to private entrepreneurs who wish to improve their operations or create new enterprises.
- (c) Financial sector component. Under this component, the project would finance: (i) the services of an expert investment banker to assist the MFP in evaluating private investors proposals to buy shares in public enterprises or financial institutions and in negotiating with them; (ii) technical assistance to

improve the organization and procedures of the BRCE and equipment to computerize its operations; (iii) the update by independent auditors of the banks audits prior to their privatization; (iv) a study to prepare the conversion of the postal checking and savings system (CCP/CNE) into a financial institution; (v) a review of the laws relating to bad checks and delinquent debtors; and, (vi) a feasibility study to identify the conditions for the creation and the viability of long-term financial instruments for investment financing.

Estimated Project Cost and Financing Plan: (in \$ 000s)

	<u>Local</u>	<u>Foreign</u>	<u>Total</u>
<u>Estimated costs</u>			
Assistance to the MICM	2350	820	3170
Institutional support component	---	2750	2750
Financial sector component	170	640	810
Project Coordination	550	170	720
Refund of PPF advance	280	230	510
Contingencies	440	600	1040
Total	3790	5210	9000
<u>Financing Plan</u>			
IDA	2170	4830	7000
Government	1620	380	2000
Total	3790	5210	9000

Project Benefits and risks:

Benefits. The proposed project will help the private sector respond to the political and economic transition towards democracy and liberalization that is underway. It will complement the policy and regulatory reform as well as the Government divestiture process presently underway, in the context of a SAL and other Bank-supported sectoral projects. It would help implement the Government strategy to create an environment conducive to the development of the private initiative in the economy and to transfer to the private sector a restructured and strengthened institutional support structure whose services are critical to private entrepreneurs. The specific benefits from the project would consist of: (i) improved administrative services, in addition to the assistance already being delivered to the Ministry of Finance and Planning by the Public Institutional Development project (PID), by streamlining procedures relating to external trade and to the establishment of new enterprises; (ii) the establishment of an efficient and private institutional support structure based on a strengthened CCIA which would play a central role in coordinating and channeling all local and foreign assistance available to private entrepreneurs; and, (iii) the deepening of financial

intermediation, particularly through aiding the banks that have been privatized and private investors, to create financial instruments more adapted to investment financing. Finally, by concentrating on institutional building, the project would participate in creating, in the medium-term, a local institutional capacity which would ensure a sustainable development of the private sector.

Risks. The success of the project is conditioned by the progress achieved in implementing the privatization of public enterprises and financial institutions. A set back in this area would discourage the private sector and result in more difficulty in implementing the measures contained in this project. This risk is, however, mitigated by the Government commitment which has been restated in the second PFP expected to be agreed on in March 1993 with the Bank and the IMF. There is also a risk that the restructuring/privatization process expected to take place during the project might lag and prove difficult to implement. Adequate supervision, mostly at the onset of the project, along with the delivery of effective technical assistance envisaged in the project, will be crucial in alleviating this hazard. With regard to the private sector, the business community might prove unable or unwilling, since no investment financing is proposed, to play a significant role in taking charge of the institutional system supporting private entrepreneurs. However, contacts taken during project preparation with representatives of the private sector resulted in the establishment of a Government-private sector Consultative Commission (Commission de Concertation) comprised mostly of highly respected representatives of the business community. This commission actively participated in the preparation of the project and its expected contribution in overseeing the project implementation and evaluation should sustain the interest of the private sector in the project.

I. THE MACROECONOMIC CONTEXT

A. Background

1. Burkina Faso is a landlocked country located in a transitional zone between the Sudan-Guinean regions and the Sahel. Its population of nine million is 90 % rural. With a per capita GDP of \$320, Burkina Faso is one of the poorest countries in the world. Its economy depends heavily on agriculture and livestock which accounts for about 30% of GDP, provides over 60% of export earnings and employs almost 90% of the country's active population. Manufacturing contributes about 14% of GDP, and trade and services about 42%. Overall, taking into account agriculture and informal activities, private sector activities dominate the economy and provide about 80% of the country's output. Informal activities encompass practically all agricultural operations, are preponderant in trade and services, and significant in the secondary sector. In the modern sector, Government services and public enterprises play a major role. Private enterprises, however, have remained very active, particularly in manufacturing and construction.

2. Rapid population growth and a weak resource base notwithstanding, Burkina Faso's economic performance throughout the mid-1980s fared well. When the rate of expansion of real GDP has exceeded the rate of population growth, inflation was moderate. Between 1982/90, GDP growth (3.7% annually) slightly outdistanced population growth (3.3% annually). Between 1980/88, there was rapid growth (averaging 5.5% annually) fueled by a strong performance in agriculture (6.4% annually), an expansion of public consumption, and a construction boom generated by public investment programs. These sources of growth, however, proved to be unsustainable and, in 1989 and 1990, the country experienced a decrease in economic performance because of reduced public consumption due to budgetary constraints and inadequate rainfall: annual growth dropped to 3.4% and -0.1% respectively. Due to exceptionally favorable climatic conditions, it rebounded to reach 6% in 1991 and dropped again to 0.7% in 1992.

3. The deterioration of public finances has been one of the factors which hampered Burkina Faso's economic growth. The cumulative overall budget deficit of the government, which averaged 12% of GDP in 1986/90 (excluding grants) produced a heavy debt service burden. Because of administrative inefficiency, poor tax revenues from a stagnating formal sector, and prioritization of other expenditures, Burkina Faso began to fall into arrears on its domestic and external debt service obligations. At the end of 1990, external principal and interest arrears amounted to approximately CFAF 49.4 billion. The Government accumulated an additional CFAF 34.0 billion in domestic arrears. Gross domestic savings averaged 6.4% of GDP during 1986-90. Due to a large influx of workers' wages, gross national savings is much higher, averaging 10.9% of GDP during this same period.

4. In the 1980s, Burkina Faso's external accounts developed favorably because of increased revenues from the exportation of the commodities which are its main foreign exchange earners: cotton, livestock and gold. The current account deficit has improved when compared with the performance during the 1977/82 period. Net capital inflows covered not only the current account deficit during 1982/88 but also built up gross official reserves of almost seven months of imports at the end of 1988. In 1989, however, the country's balance of payments position weakened due to a deteriorating trade balance, a large deficit in the service account, lower net

private transfers and the state's liability for additional arrears following the liquidation of a railway company owned jointly with Côte d'Ivoire. Burkina Faso's external position is projected to remain fragile because of slow growth in gold exports and weakening of the terms of trade.

5. During the period 1986/90 investment reached, on average, a high of 22% of GDP largely as a result of public investments. These investments, however, consisted of a few large infrastructure and building construction projects with marginal economic returns. Private investment in formal enterprises was constrained by a restrictive legal and regulatory framework (this issue is presently addressed as discussed in paras. 17 through 21). Its financing was crowded out by the privileged treatment given by the banks to the public sector in nearly all economic activity. As a result, the private sector invested primarily in housing, office building construction and informal activities. Because of increased budgetary constraints and of recent deterioration of the banking sector, public and private investment now have to rely mostly on foreign assistance.

B. The role of the private sector in the economy

6. **Overview.** A recent study financed by a Japanese grant¹, revealed (see table 1) that despite years of interventionist Government policies during which private initiative was systematically discouraged, private activities, including those of the informal sector, still play an important role in the economy of Burkina Faso.

TABLE 1
Public and Private sectors
contribution to GDP by sector
(in % of total GDP in 1990)

	Percent of GDP	Private Sector Contribution			Public Sector Contribution	Total
		Formal	Informal	Total		
Agriculture	30.6	5	95	100	0	100
Secondary Sector	23.1	18	61	79	21	100
Tertiary Sector	46.3	22	48	70	30	100
Total	100.0	16	65	81	19	100

7. The dominance of the private sector is due to the importance of informal activities in the Burkinabé economy. In the formal² part of the economy, however, the contribution to GDP of the public sector is estimated to be higher than that of the private sector. In the

^{1/} Source: G. Le Mouel, "Burkina Faso - Constraints to the development of the private industrial sector". March 1992.

² Defined as including only enterprises of the modern sector

secondary sector, for example, public enterprise output amounts to about 21% of GDP compared with about 18% for the private sector. The public sector is the only provider of utilities and plays a dominant role in mining and manufacturing, while the private sector is clearly dominant in construction activities which were at the core of the economic growth reported for the period 1982/90. In the tertiary sector, private activities are preponderant in trade, and important in transport, while the public sector monopolizes financial and government services.

8. The informal sector is estimated to account for about 65% of the nation's output. Its importance varies according to the type of activity. In agriculture, although the marketing of cereals and cotton have been greatly controlled by Government institutions, private farming performed by about 600,000 family farms accounts for about 95% of the sector's output. The informal sector also appears to dominate in the secondary sector where productive micro-enterprises are estimated to account for about 80% of manufacturing output. In the tertiary sector informal enterprises play a major role in services, account for the same output as formal trade companies but are almost non-existent in the transport sector.

9. **Growth potential.** Although opportunities for private activities to expand in Burkina Faso do exist, the private sector has not lived up to its potential for development. A recent study of the financial sector³ has revealed that over the 1985/90 period, private investment accounted for only 22% of an estimated total investment of CFAF 26.5 billion. Although there are possibilities to expand both traditional and market-oriented agriculture, only a few small private ventures have begun exporting fruits and vegetables to European markets. Despite relatively rich and diverse mineral resources including deposits of gold, zinc, copper and manganese, only gold is presently mined. A new project, involving foreign investors, is expected to begin operating a zinc mine in the near future. Manufacturing opportunities for the local and regional markets, although limited (e.g construction materials, garments, agro-processing), are not exploited to take advantage of the raw materials and the hard working and disciplined labor force that are available.

10. Until the late 1980s, private sector activities were discouraged by the marxist and centrally planned policies of the Government which resulted, in distorted markets and cumbersome business rules and regulations. Furthermore, the Government's reliance on the public sector to generate economic growth, in addition to inducing important economic inefficiencies, has contributed to crowding the private sector out of access to bank credit. With very little, if any, incentives and practically no institutional support, the private sector invested mostly in housing and informal activities.

11. In the late 1980s, when Burkina Faso's situation worsened, as a result of lagging fiscal revenues and growing budgetary constraints and macro-economic imbalances, the Government began to realize the limits of its interventionist approach and the necessity of a greater role for the private sector in the country's economic activities. It decided, therefore, to prepare, with the Bank and IMF assistance, an important adjustment program which it started to implement in 1990. This program, described in the first Policy Framework Paper (PFP) agreed with the Bank and the IMF in 1991, included far-reaching policy and regulatory reforms paving the way to the development of private initiative in the economic arena. In addition to restoring

^{3/} *SIFI: Revue du système financier en vue d'évaluer le potentiel de développement de l'intermédiation financière au Burkina Faso, June 1992. Available in the project files.*

sound public finance management and macroeconomic equilibria, in particular, it aimed, at: (i) removing the constraints, and establishing an enabling environment to promote rapid and efficient growth of the private sector; and, (ii) transferring to the private sector commercial and productive enterprises of the public sector. To facilitate this transfer and to further encourage a sustained expansion of the private sector, the GOBF wants now to promote the establishment of adequate and efficient support services to private entrepreneurs, while pursuing the privatization process and taking appropriate measures to make the financial intermediation system more responsive to their needs.

C. The reform of the policy and regulatory environment

12. To support the implementation of this policy framework, the Bank approved, in June 1991, a first Structural Adjustment Loan (SAL). The GOBF has, in addition, sought the Bank's assistance through a recently approved Public Institutional Development Project (PID) for strengthening the budgetary and civil service management, revising the legal framework relating to activities of the private sector and developing the civil services skills to prepare and implement appropriate economic policies. Two recently approved projects, the Agricultural Sector Adjustment Loan (AGSECAL) and in the Transport Sector Adjustment and Investment Project (TSAIP), are expected to tackle the specific issues of these sectors. While these two latter projects are not yet effective, the implementation of the reforms included in the SAL is now progressing satisfactorily. The following paragraphs report on the results achieved thus far in the areas of trade and price liberalization and of business environment and privatization.

13. **Trade Policies Reform.** The pursuit in the 1980s of an import-substitution development strategy and of high fiscal revenues to sustain Government spending had led to the establishment of a cumbersome system of quantitative restrictions (Qrs), tight controls on trade operations through prohibitions, conditional imports, monopolies and high tariff barriers on all imports. An intricate system of prior authorization was applied to virtually all exported and imported goods. Government companies were given monopolies on the trade of the main imported or exported commodities. Direct taxation of all exports and heavy protection from imports resulted in an incentive structure highly biased against export operations. The tariff structure was encumbered by a multitude of taxes, a great disparity of tariff rates and a cumbersome administrative valuation system.

14. In 1990, with the change in attitude towards the private sector, the GOBF began to relax import and export regulations. In 1991, it repealed the export tax and abolished prior authorization for the exportation of nearly all goods. The export monopolies on cotton and gold were, however, maintained. With regard to import operations, all required import documents were consolidated into a single authorization and all state monopolies on imports other than fuel and rice were lifted. The GOBF further adopted a program of trade liberalization to be implemented under the SAL during the period 1991/93. The main objectives of this program - to be reached by the end of 1993 - are: (i) the gradual abolishment of prior import authorization (Autorisation Préable à l'importation) and quantitative restrictions (Qrs), which would be limited by early 1994, for security, health or environmental reasons, to five imported products (military equipment, explosives, pharmaceutical, toxic plants and small fishing nets); and, (ii) the revision of the present tariff system with a view to simplifying and rationalizing the rate structure,

eliminating distortions and harmonizing the effective protection across activities. This tariff reform would also ensure a neutral revenue impact.

15. Despite the disruption in Government activities caused by the successful undertaking of a political democratization process, a number of measures to liberalize trade and prices have already been enforced. The number of categories of goods subject to prior import authorization has been gradually reduced from 30 in 1991 to 20 in June 1992 and 15 by the end of 1992. By the end of 1993, only five products would be subject to prior import authorization as mentioned above in para. 14. With regard to monopolies, in the context of the recently approved AGSECAL, the monopoly on the import of rice will be abolished. In January 1992, import taxation based on standard administrative values (valeurs mercuriales), was replaced by tariffs. Since January 1, 1993, a simplified rationalized and streamlined tariff schedule with only three product categories and tariff rates is in effect. With regard to import procedures, a one-step window (guichet unique des opérations non-douanières du commerce extérieur) was established in February 1992 to promptly handle the remaining administrative procedures applying to importers and to prepare the documents required by the import pre-shipment inspections carried out, under the SAL provisions, by Société Générale de Surveillance (SGS), since December 1992. Although this guichet unique is now operational it still needs to improve its organization and, most importantly, to computerize its operations in order to facilitate its work.

16. **Price Liberalization.** Until the late 1980's, prices were administered through a system which included authorized profit margins for goods, either locally produced or imported, and fixed prices for goods, mostly agricultural, that were deemed essential. Since 1990, the GOB¹ has gradually opened the pricing system to the influence of market forces, first through exercising ex-post rather than ex-ante price controls and then by abolishing, in 1991, the system of administratively determined prices for all locally produced goods but three that are deemed essential (sugar, rice and wheat flour). However, in the context of the AGSECAL, the GOBF envisages to liberalize the producer and consumer prices of all cereals, to link the producer price of cotton to the price observed on the international market and to liberalize the domestic marketing price of sugar. With regard to imported goods, it has reduced, in 1991, the number of those which were subjected to administered profit margins from about 100 to 36. To give time to local producers to adapt to a competitive market, it has envisaged to phase out the elimination of the remaining preset margins with the abolition of the Qrs. The intended result would be to reduce their number to affect only the five mentioned above in para. 14 by the end of 1992 and only one (petroleum product) by the end of the SAL period in December 1993.

17. **Private business regulations.** Until 1991, in addition to the ill-conceived policies mentioned above, a number of regulations hampered the development of private investment. These included an inadequate investment code, an outdated commercial legislation, a rigid labor law, an inefficient legal/judicial system and a system of land tenure rights excluding individual property ownership.

18. The investment code has since been amended to expand its coverage, rationalize the incentives that it provides, and facilitate the access of potential investors to its benefits. In the new code in effect since June 1992, fiscal incentives have replaced tariff duty exemptions which resulted in distortions of the input price structure. The new code also includes a free-zone regime for export activities. With regard to the code coverage, all activities are eligible for the code benefits, except mining and commerce which are subject to specific regulations that are also to be reviewed in the context of the PID. In order to reduce the processing time of investors'

applications, the Ministry of Industry, Commerce and Mines (MICM) established, in October 1992, a one-step-window (guichet unique des investissements) to handle all the procedures relating to the administration of the code. In order to further streamline the procedures required to set up new investment operations, the MICM has agreed, during project appraisal, to expand the role of the guichet unique to the handling of all the procedures required to establish new ventures even when they do not seek the benefits of the investment code.

19. With regard to commercial legislation, in 1991, under the ongoing SAL, the GOBF adopted a receivership law for distressed companies and established, in April 1992, a Law Revision Committee to revise and update existing laws with a view to publishing them in a consolidated form. Within this committee, a sub-committee is expected to receive technical assistance under the PID, to review the Commercial Code and related legislation (including the new land tenure law) and to amend them as necessary. This sub-committee is expected to propose to the Government a new commercial code which would be adopted by the end of 1993.

20. In the area of labor regulations, a review of the role of the national employment office (ONPE) has been carried out with the assistance of the ILO. As a result, the ONPE's monopoly on hiring has been abolished. The process of reform of the Labor Code began in 1990. In particular the code has been revised to provide flexibility in the use of long- and short-term contracts, and in the dismissal of employees for economic reasons. The final draft of the Code, which has been extensively discussed with the Bank, has now been adopted by the National Assembly.

21. Finally, with regard to the judicial system, the Government intends to create, with the support of the PID, separate commercial courts in Burkina. Before June 1994, it will study ways to set up the legal and institutional framework necessary to undertake arbitration for resolving conflicts arising from business operations. The PID will also provide the judicial system personnel with the assistance and training necessary to communicate and apply the new commercial laws and business practices.

22. **Public Sector Enterprise Reform.** The public enterprise sector consists of about 71 enterprises (not including the banks and other financial institutions) of which 25 are classified as Etablissement Public à Caractère Industriel et Commercial (EPICs) fully Government-owned and directly supervised by government ministries; 12 are Sociétés d'Etat (SEs) also fully Government-owned but reporting to a board made of civil servants; and 34 are Société d'Economie Mixte (SEMs) in which private capital is present. These enterprises operate in all sectors of the economy and their size varies widely - from less than 30 to over 1000 employees. Public enterprises play an important role in the economy with about a 17% share of the value added and about a third of the employment in the modern sector. Although precise information on their performance is scarce, their financial results are generally estimated to be very poor despite the subsidies that most of them have received in the form of tax and custom duty exemptions (Annex 1). In 1990, the losses of the 13 biggest enterprises reached about CFAF 8.5 billion. This had a significant negative impact on the Government budget by depriving it of much needed fiscal revenues and on the banking sector which granted sizable amounts of credit to the public enterprises thereby crowding out the private sector.

23. As part of its adjustment program, in 1991 the GOBF decided to reduce its share in all financially viable public enterprises (including the banks) to a maximum of 25% and to liquidate the non-viable ones. According to the SAL provisions, however, on a case by case

basis and with the Bank's prior agreement, the Government could retain, if warranted, a bigger share in public utilities and mining ventures. The SAL also envisaged several measures which were implemented in 1991 to prepare the privatization process. These measures include: (i) the termination of all direct or indirect subsidies - except for tariff duty exemptions still granted to the power company which plays a strategic role in the economy; (ii) the elimination of loan guarantees to all public enterprises; (iii) the abolishment of the specific statutes of the public enterprises so as to subject them to the normal commercial law; and, (iv) the adoption of a privatization law that institutes fair and transparent privatization procedures. At the same time, with the assistance of a Japanese grant administered by the Bank and a recently approved PPF, the Government established a Privatization Commission (PC) to carry out the divestiture process. In July 1991, along with the privatization law, the GOBF issued a list of 12 enterprises, to which nine other enterprises were added in January 1992, that the Commission could put up for sale.

24. After a slow start, the PC took decisive steps to fulfill its mandate. So far, three enterprises have been liquidated and four others privatized⁴. Two bids have been received for the sale of the Government-owned cement complex and negotiations with one of the world's largest cement producers are presently underway. In August 1992, the PC issued invitations to bid, which were publicized in local and foreign newspapers, to bid for 15 other enterprises which have since been evaluated. At the end of January 1993, deadline set up for bid submission to give enough time to potential bidders to acquire information on the enterprises that are for sale and, therefore, ensure that the bidding process will benefit from the greatest audience and transparency possible, the Privatization Commission received 25 proposals to buy 10 public enterprises. Finally, four local consulting firms are presently reviewing 12 of the 25 existing EPICs to determine whether they should be classified as Etablissements Publics à Caractère Administratif (EPAs) which are government agencies, or as commercial or industrial enterprises which should be privatized.

25. For the 1994/96 period, the objective of the Privatization Commission is to evaluate and privatize 22 other public enterprises, as well as the EPICs which would have, been converted into enterprises operating under the normal commercial law (Annex 2). It will also supervise the restructuring, which is presently underway with external bi-lateral financing, of some large enterprises among which are Sosuco (sugar), Faso Fani (textiles) and Soremib (gold mine). The Privatization Commission faces an enormous and lengthy task in its endeavor to satisfactorily carry out the Government divestiture program. It needs to hire skilled personnel to help it evaluate the assets of the enterprises offered for sale, evaluate the bids received and negotiate the sale of public enterprises. While the sale of government assets is expected to generate, in the future, enough resources to finance this assistance, the PC is likely to have to rely on external financing during the first years of operation.

II. THE INSTITUTIONAL SUPPORT TO PRIVATE SECTOR DEVELOPMENT

26. In addition to a motivating policy and regulatory environment, the availability of appropriate support and financial services are indispensable ingredients to a sustainable development of the private sector. During the era of government reliance on the public sector,

⁴/ Enterprises liquidated are Sinac (shoes), Naganagani (airline) and Faso Dan Fani (textiles);
Enterprises privatized are: SBCP (skin collection), SBMC (leather), Brakina and Sobbra (beer).

private entrepreneurs received practically no technical assistance and very little financing in support of their operations. Government support institutions were ill-equipped to provide them with adequate extension services and the financial sector catered primarily to the needs of public enterprises. With the change of attitude towards the private sector, the Government realized that the array of measures intended to foster the development of the private sector had to be completed by a strengthening of the institutional framework and of the financial system. Consequently it decided to prepare, with the active collaboration of the private sector, the strengthening of the institutional support to private sector promotion. In the course of project preparation, it commissioned, with Japanese grant financing, a consulting firm to review the existing framework of institutions providing extension services to private entrepreneurs and another to assess the financial system with a view to evaluating its capacity to finance private investments and to mobilize the required term financial resources.⁵ These studies were completed in early June 1992. With regard to the institutional framework, the consultant study recommended reviewing the functions of the existing support institutions with a view to eliminating redundancies, strengthening their ability to provide adequate services and increasing the involvement of the private sector in their operation. In August 1992, the GOBF established the Commission de Concertation, a Government/Private Sector consultative body comprised of 24 members, of which 19 represent the private business community, to assist the Ministers of Industry, Commerce and Mines and of Finance and Plan in reviewing the studies, preparing appropriate reform programs and implementing them.

A. Government Institutions

27. **The *Chambre de Commerce, de l'Industrie et de l'Artisanat* - CCIA.** Created long before Burkina Faso's independence from colonial rule, CCIA is at the center of the institutional framework supporting Burkinabé enterprises. With a staff of about 200, annual revenues of more than CFAF 1.5 billion and 1990 profits of about CFAF 400 million, it is the most important of the Government institutions dealing with the private sector. It was originally conceived as a representative body of private entrepreneurs of the industrial, commercial and artisan sectors which were supposed to elect an Assemblée Consulaire (an equivalent to the shareholders assembly of a corporate company) which, in turn, appoints CCIA's Bureau Consulaire whose powers are similar to those of the board of directors of a corporate enterprise. In the early 1980s, this process was modified by several decrees, the most important of which amended, in 1984, the statutes of the CCIA to align them with those applicable to EPICs. CCIA's independence from the state was then brought to an end. Today, this institution is under the control of the MICM and the financial supervision of the Ministry of Finance and Planning (MFP). The Government designates the 50 members of its Assemblée Consulaire and the 6 members of the Bureau Consulaire. CCIA's executive structure has been also complicated by the establishment of an Administrative Council comprised of 11 Government appointees whose role conflicts with that of the Bureau Consulaire. CCIA's functions still consist of providing information and training services to its members, and of voicing their interests in the decisions prepared by the Government with regard to policy and regulations that might affect them. However, its mandate has been broadened to also include the execution of economic studies on

⁵ Eurexcel: Etude du cadre institutionnel d'appui à la promotion du secteur privé au Burkina Faso, June 1992 and,

Sibi: Revue du système financier en vue d'évaluer le potentiel de développement de l'intermédiation financière au Burkina Faso, June 1992. Both studies available in the project files.

behalf of the Government, the management of public infrastructures and the undertaking of any commercial or industrial venture, relating to the development of Burkina Faso's enterprises.

28. To carry out its mandate, the CCIA has, under a General Secretary appointed by its Bureau Consulaire, an organizational structure comprised of eight directorates in its headquarters in Ouagadougou and of offices in Bobo Dioulasso and in the ports of Cotonou and Lomé. Most of CCIA's activities concentrate on managing its warehouses. With about 50% of the institution's labor force, three of the eight directorates are in charge of a complex network of bonded warehouses and handling equipment established in the main train or truck stations of the country as well as in the coastal ports where the country's imports are docked and its exports shipped. Only 10% of CCIA's staff is employed by the two directorates in charge of delivering information, training and technical assistance to private entrepreneurs. To finance its operations, in addition to the revenues from the sale of its services, the CCIA receives a fee varying from CFAF 75 to 500 levied by the customs office on each ton of imported or exported goods. CCIA also benefits from a 0.25% fee levied on the value of imported or exported goods. This fee has never been used, as anticipated, to constitute a guarantee fund for unpaid custom duties. In 1991, the fees received by the CCIA represented about 28% of its total revenues. Overall, CCIA has more than CFAF 6 billion of surplus funds that it invested in transport and storage facilities and also in business operations which sometimes compete with those of its members.

29. Despite its significant resources, the CCIA is, according to 93 enterprises surveyed during the review of the institutional framework, of little help to the private sector. Only entrepreneurs operating in external trade appreciate its services in the areas of bonded warehousing, an activity which could also be, according to many of them, successfully carried out by private entrepreneurs. All entrepreneurs surveyed believe that, because its present management is appointed by the Government, CCIA's role as a defender of their interests is not very credible. Furthermore, they do not perceive the CCIA as being very useful in providing adequate extension services: despite attempts made by external donors, including USAID and CCCE, to strengthen its departments in charge of delivering information, training and technical or marketing guidance to private entrepreneurs, the support that they have received so far is very limited. Not only CCIA does appear to be relatively ineffective in delivering adequate extension services and channeling external donors' assistance but it is perceived as being a financial burden on the enterprises because of the mandatory fees levied on imported or exported goods to help finance its operations.

30. *The Office National du Commerce Extérieur - ONAC.* This institution was established in 1974 as an EPA (Etablissement public à caractère administratif) to facilitate the development of Burkina Faso's external trade, in particular its exports. ONAC reports to the Ministry in charge of commerce. Its board of directors as well as its general manager are appointed by the Government. It has a staff of about 60 people and an organizational structure comprised of four departments in charge, respectively, of delivering commercial information and training to enterprises, promoting Burkina Faso's products on foreign markets, carrying out marketing studies and preparing statistics on external trade, and of administering the institution. ONAC's operations are financed, like those of the CCIA, by a fee of 0.175% (reduced, since 1987, from 0.25%) on the value of all imports and exports. In 1990, its revenues amounted to about CFAF 400 million.

31. According to the consultants' study the very existence of ONAC as a separate agency is dubious, because its activities are either of an administrative nature or redundant with

those of the CCIA. The only activity with which ONAC is given credit by the Burkinabé enterprises, is the preparation of international fairs in which the CCIA participates. Very few entrepreneurs are aware of the other mandates of ONAC - such as providing training and information relating to international trade - which are also among CCIA's responsibilities. Finally, ONAC's other tasks, such as the preparation of trade statistics or the carrying out of general market studies, are purely administrative and could be carried out, as it is commonly the case, by civil servants of the Ministry of Commerce.

32. *Conseil Burkinabé des Chargeurs - CBC.* This institution was originally conceived as a professional organization representing the country's importers, exporters and transporters with a mandate to protect their interests and facilitate their operations in the area of sea, land and air transportation. However, when it was officially created in 1978, it was established as a government-controlled agency (Etablissement public à caractère spécial) whose board is comprised of nine members appointed by the Government, of which only two represent the private sector. The CBC is managed by a General Secretary, also appointed by the Government, and performs five main functions. It assists the Government in negotiating sea freight tariffs with foreign transporters and, thus, in securing adequate and fairly priced transportation for Burkina's imported or exported goods. In the area of land transportation, CBC supervises the implementation of regional agreements, informs local transporters on available cargo from and to the coastal ports of Lomé, Cotonou and Abidjan and allocates this freight among them. This latter task was, however, abandoned in late 1991 in the context of the TSAIP presently being implemented. Another important activity of CBC is to provide, sometimes in competition with CCIA, warehousing facilities, in and outside the country, to importers and exporters. Finally, CBC collects and disseminates information on the transport sector activities and prepares the related statistical data. CBC carries out these tasks with a staff of 95 and through an organization which includes three departments at the headquarters and representatives and warehouses in the coastal ports and in Bobo Dioulasso and Bittou. CBC's 1991 revenue of about CFAF 1 billion includes the fees that it charges for its services and, as in the case of CCIA and ONAC, a tax of 0.25% of their value levied by the customs on all imported and exported goods. In 1991, this tax represented about 44% of CBC's total revenues.

33. Like those of the CCIA and ONAC, CBC's functions are a complex mix of administrative tasks and of commercial services. The entrepreneurs surveyed concur in their judgement that CBC is a bureaucratic institution which should be restructured and privatized. Entrepreneurs of the shipping and transport industries are, however, far more critical of CBC's performance than those of the industrial and commercial sectors. They feel that they are neither consulted by CBC on the problems that they face, especially with regard to cumbersome administrative procedures, nor are they helped in solving them. Information on available freight in the coastal ports is not provided in a timely fashion by the institution. Finally, CBC's and CCIA's overlapping roles in the management of bonded warehouses and the inadequacy of their services, especially with regard to merchandise handling, are perceived by the business community as a mis-allocation of the financial resources that they are compelled to provide to these institutions.

B. Private Institutions

34. *Professional organizations and consulting firms.* Probably as a result of the inefficiency of Government institutions in delivering assistance to the private sector, or because of the entrepreneurial spirit of the Burkinabés, a myriad of private support institutions exist in

Burkina Faso. They could be classified into two main categories: professional associations and consulting firms. According to the consultants review of the support system to private sector initiative, there are no less than 46 professional entrepreneurial associations (Annex 3) of the productive and services sectors (of which two are comprised of women entrepreneurs). The 19 most important, including the associations of bankers, of importers and exporters and of industrialists constitute the Conseil National du Patronat, the most powerful private organization. The role of these institutions is to protect the interests of their members and to establish norms and standards for their profession. However, very few of them are really active or representative. Their great number also results in a dispersion of efforts and initiatives which is detrimental to their efficiency.

35. According to the consultants' review, consulting and advisory services constitute, an important market (of about CFAF 5 billion/year) in which a great number of private enterprises operate. The number of those whose services are directly related to enterprises production and management (excluding law firms, architects and other miscellaneous service activities) amounts to 93. They offer services in accounting (30), computer operations (19), management and marketing (25) and communication and advertizing (19) - (Annex 4). Only accounting and auditing firms have been found to be relatively well-staffed and competent. All other service companies, mostly those dealing with advertising and marketing, which are two of the most important shortcomings of the Burkinabe private enterprise, are weak, lack qualified personnel and require external technical assistance to strengthen their skills.

36. **External donors programs.** Several multi- and bi-lateral donors have initiated programs to assist private entrepreneurs (Annex 5). In addition, a multitude of NGOs, associated in a national federation (Fédération des Organisations Non Gouvernementales - FONG) headquartered at the Ministry of Finance and Planning, operate in Burkina Faso. The most important of them are the French Campagne Française de Développement which assists private entrepreneurs through the CCIA, and the cooperative banking scheme that Société Internationale de Développement Desjardins (SDID), a Canadian agency, established in 1981. External donors programs are scattered all over the country and are, sometimes, overlapping or competing - for example in the area of interest rates and credit conditions. During project preparation several meetings were held in the field with the representatives of the external donors which have ongoing programs to assist private entrepreneurs in Burkina Faso. All agreed that coordination of their assistance is needed to ensure more consistency in their actions. Although, their interventions are uniquely geared towards micro or informal enterprises, they welcomed the establishment of a support structure that would be the focal point to dispatch the local and external assistance available to private entrepreneurs. They also agreed that a restructured CCIA could play this role and become an efficient go-between in the delivery of assistance to private entrepreneurs.

C. Proposed reform of the Institutional Framework

37. The existing framework which was established during the years of Government interventionism is, as mentioned above, unable to effectively provide services that are essential to sustained development of the private sector. The support institutions are globally inefficient as a result of their own weaknesses as well as of their great dispersion which results in redundancy, overlapping and sometimes competition which are detrimental to their overall achievements. The existence of so many private institutions constitutes, nevertheless, the evidence of the vitality of private initiative that the Government has decided to use to establish a support system that is coherent and capable of efficiently stimulating the development of private

initiative. Rather than creating new institutions, it was agreed during appraisal that the rationalization and privatization of the structure consisting of the CCIA, ONAC and CBC could provide a sound basis to the establishment of such a support system. The GOBF has, therefore, committed itself to achieve this objective and prepared a program to strengthen support and financial institutions spelled out in a Policy Letter which was discussed during appraisal (Annex 6). This program is based on the following main principles that are also described in the second Policy Framework Paper (PFP) being presently negotiated with the Bank and the IMF:

- (a) the new support system should be private and, thus, the structure composed of the three institutions will be reorganized with a view to transferring all tasks of a public service nature that they presently perform to the Central Government and all the others to the private sector;
- (b) as a result of this restructuring the CCIA would become the focal point for channeling information and assistance to private support institutions and private productive enterprises; and,
- (c) the Government would provide technical and financial support to help strengthen the new private structure, chiefly the CCIA, provided that appropriate mechanisms are devised to ensure that, once privatized, it would become self-sufficient over a specified period of time.

III. THE FINANCIAL SECTOR

38. In Burkina Faso, as in most UMOA countries, the financial sector is unsophisticated by international standards. It consists of a limited number of commercial banks and of non-bank financial institutions including consumer credit companies, the postal checking and savings network, and insurance companies and contractual savings institutions. In the informal sector, efforts are being made to develop mutualist or cooperative banking.

39. The financial sector is also fragmented and financial intermediation is shallow. With the exception of the important deposits that the contractual savings institutions make in the banks, there is practically no business relation between each type of financial institution. The commercial banks are the only lenders for investing in the modern sector of the economy. Although the banking system seems to enjoy substantial liquidity, which has declined over the recent years because of portfolio problems, investment financing is scarce. Except for a few very large ventures and, in the past for inefficient public enterprises and Government projects, the banks have granted practically no term loans to finance investments. Short-term commercial loans and bank-overdrafts constitute virtually the only financial instrument available in the system.

A. Non-bank financial institutions

40. These institutions include: (i) embryonic cooperative and mutualist institutions operating in the informal sector mostly in the rural areas of the country; (ii) four consumer credit companies which are the Société internationale d'équipement et de leasing (SIEL), the Société Burkinabé d'équipement (SBE), the Financière du Burkina (FIB) and the Société pour le crédit automobile (SOBCA); (iii) the Postal checking and savings system (Comptes chèques

postaux and Caisse nationale d'épargne - CCP/CNE); and, (iv) five contractual savings institutions which include three insurance companies, the Société nationale d'assurance et de réassurance (SONAR), the Union des assurances du Burkina (UAB) and la Foncière des assurances (FONCIAS) and the social security and retirement funds (the Caisse nationale de sécurité sociale (CNSS) and the Caisse d'assurance retraite des fonctionnaires (CARFO)).

41. **The informal financial institutions.** A number of institutions engage in mobilizing resources from, and granting credit to, the segment of the population which does not have access to the formal financial system. Along with informal mutualist organizations based on credit risk-sharing among their members, external donors have established agencies to financially support entrepreneurs of the informal sector. Of the several mutualist institutions, two are the most prominent: the Union des coopératives d'épargne et de crédit Burkinabé (USECBE) and the network of Caisses populaires Desjardins (SDID) established with Canadian assistance along the lines of mutualist corporations of this country. USECBE and SDID each have a network of agencies operating mostly in rural areas and which consists of 67 cooperatives for the former and 27 Caisses Populaires for the latter. With about 11,000 members, COPECs collected about CFAF 400 million in 1991, of which about 200 million were used to grant credit to its members. In the meantime, the Caisses populaires succeeded in attracting about 30,000 members, in collecting about CFAF 900 million and granting about 325 million of credit. Both institutions are reported to be prudent and efficient with a loan recovery ratio over 90%.

42. Among the institutions established with external donors assistance the most noticeable are the UNDP assisted Fonds d'appui aux activités rémunératrices des femmes (FAARDF), PRODIA and Sahel Action. Their activity is, however, negligible. In 1991, FAARDF lent about CFAF 22 million to 496 groups of 5 to 6 women. PRODIA had extended about CFAF 90 million of credit to 290 applicants and Sahel Action CFAF 22 million to 27 groups of borrowers.

43. **The consumer credit institutions.** These institutions mostly finance the purchase of vehicles, bikes and durable goods. They are all private, except for SOBCA, in which the Government owns 29%. They play a marginal role in the country's economy and, in 1991, their total credit portfolio amounted to about CFAF 3.5 billion or 3% of the banks' total credit to the economy. Recent inspections of the UMOA Commission Bancaire have revealed that their situation is precarious and, given the small volume of their business, their long-term viability is uncertain. SIEL is in the process of being liquidated while FIB has been put under receivership. In order to "straighten up" consumer credit institutions, the Government has decided to subject the two remaining institutions to the same scrutiny that it proposes for the banks (para. 50). A financial restructuring plan to be implemented at the time of its privatization would be prepared for SOBCA while the shareholders of SBE would be compelled to adequately recapitalize this institution.

44. **The postal checking and savings systems** (Comptes Chèques Postaux and Caisse Nationale d'Epargne - CCP and CNE). These Government owned institutions play an important role in the collection of small savings of the general public in the urban as well as in the rural areas of the country. They are both part of the Postal system. The CCP's main objective is to facilitate, by delivering a check book to its depositors, money transfers between depositors inside and, through conventions with foreign postal services, outside of the country. While the CCP does not remunerate deposits, the CNE pays an interest of 7.5% per year to small

depositors. In 1991, the CCP and the CNE had collected deposits amounting to about CFAF 18 billion or about 15% of total bank deposits. These were in turn deposited in the Treasury. Given the serious budgetary constraints that it faced in the late 1980s, the Government syphoned off their liquidities. Besides diverting precious resources from the economy, this practice resulted in a threat to the health of these institutions. The treasury debt to the CCP/CNE amounted to about CFAF 10 billion while the banks detained about CFAF 7 billion in checks issued by the Government to pay its civil servants, that the CCP could not pay because of lack of liquidities. Realizing the danger to the savings mobilization process that could result from this practice, the Government agreed with the Bank and the IMF, in the context of the ongoing SAL and of the second PFP negotiated in late 1992, to address this problem and to restructure the CCP/CNE. The Government has since repaid about CFAF 3.5 billion of the CCP debt to the banks and has scheduled repayment of the remainder by the end of 1993. The Government has also agreed to repay its debt to the CCP/CNE over a period of three years beginning in 1993. In the long term, the Government envisages giving the CCP/CNE a more active role in small savings mobilization and, more generally, in the financial intermediation process. To this end, it envisages converting the CCP/CNE system into a financial institution which would continue to use the network of the postal system to receive deposits, and possibly grant credits to its customers, but whose funds would no longer be deposited in the Government treasury, rather they would be lent on the interbank market. The BCEAO supports this conversion which has been recently applied to the CCP/CNE of Mali.

45. **The contractual savings institutions.** Together these institutions constitute the major source of term-deposits of the banking system. However, since 1989, the deposits of CNSS and CARFO have drastically decreased because of increased Government borrowing. According to the following table, in 1992 they were estimated to have liquidities amounting to about CFAF 71 billion (or US\$ 280 million) of which about 40 billion were lent either to the Government or to public enterprises, about 25 billion deposited in the banks (this represents about 21% of their total deposits) and the rest invested directly, primarily in housing projects.

TABLE 2
Lending of Contractual Savings Institutions
(in CFAF billion, as of June 1992)

	Government treasury	Banks	Others	Total
CNSS	29.1	16.6	5.7	51.4
CARFO	10.0	2.1		12.1
Insurance Companies	0.05	4.72	1.7	7.47
Total	39.15	23.42	7.4	70.97

46. The contractual savings institutions could become a major source of term-financing for private investments. However, this requires, firstly, that their term-deposits in the banks become more stable, which assumes that Government borrowing be eliminated, and secondly, that adequate financial intermediation instruments exist to use the liquidities of the contractual saving institutions to provide financing term to investment projects. The first problem

is being addressed since 1989, when the Government agreed in the first PFP to earmark funds in the budget to repay its debt towards the CNSS and to increase budgetary discipline to eliminate new borrowing. In the context of the ongoing SAL, actuarial studies of CNSS and CARFO are expected to be completed in 1993 to harmonize the level of Government and employee contributions to these funds with their expected future liabilities. With regard to lending instruments for investment financing, their need will become more critical in 1993 when the decision taken at the UMOA level to limit deposits of insurance companies in the banks to 30% of their liquidities - the remainder to be invested on capital markets - is to be implemented. This measure could be detrimental to investments in countries such as Burkina Faso by encouraging capital flight towards countries of the UMOA zone that have capital markets to use the surplus funds that are available. However, the private sector has already undertaken initiatives that should be supported to establish financial instruments to mobilize term resources for investment financing. Private businessmen are carrying out a study to establish a venture capital company while some banks have indicated their willingness to create mutual fund type instruments to facilitate the purchase of shares by individuals in public enterprises to be privatized.

B. The banking system

47. Since 1991, when three ailing Government banks were merged, Burkina Faso's banking system consists of six banks: the Banque Internationale pour le Commerce, l'Industrie et l'Agriculture (BICIA); the Banque Internationale du Burkina (BIB); the Banque Nationale de Développement du Burkina (BND-B); the Banque pour le Financement du Commerce et de l'Industrie (BFCI); the Caisse Nationale de Développement Agricole (CNCA); and the Banque Arabe Libyenne du Burkina (BALIB). Detailed information on the country's banking policies and regulations and the description of the banking system are given in Annex 7.

48. **Banks' performance and banking sector reform.** In 1990, audits carried out by the BCEAO revealed that although the banking system had, on the whole, a comfortable liquidity position, of the eight banks then in operation, five (BIB, BND-B, BFCI, UREBA and CAI) had their portfolios severely affected by delinquent loans. The unrecoverable loans of these banks were estimated at about CFAF 49 billion, for which they had made provisions amounting to only about CFAF 29 billion. In addition, they posted losses amounting to about CFAF 21 billion and, as a result, their net worth was negative by about CFAF 28 billion. In the context of the first PFP and of the ensuing SAL, the GOBF initiated, in 1991, the rehabilitation of the banking system, yet to be completed, whose main objective is to restore the financial situation of the ailing banks and to reduce the state participation in the capital of all the banks to a maximum of 25%. As a first step towards this goal, it merged BFCI, UREBA and CAI. The resulting bank group and BND-B were put under administration provisoire.⁶ The Government then undertook to financially restructure the ailing banks. To restore their balance sheets, it transferred about CFAF 49 billion of their non-performing loans to a newly established recovery agency (the Bureau de Recouvrement des Créances du Burkina- BRCB). To compensate the reduction of the banks assets, their liabilities were also reduced as shown in the following table.

^{6/} In the anglo-saxon system, there is no exact equivalent to this measure which consists in dismissing the board of the bank and appointing an administrator with a mandate to restructure an ailing enterprise or propose its liquidation in the event that restructuring proves to be impossible.

Table 3
Restructuring of the banks' balance sheets
(in CFAF billion)

<u>Reduction of assets</u>		<u>Reduction of Liabilities</u>	
Bad loans transferred to BRCB	49	Provisions cancelled	29
Losses written-off	21	Reduction of capital	13
		Liabilities assumed by the GOBF 1/	25
		GOBF deposits lost	<u>3</u>
Total	70	Total	70

1/ *Of which 9 towards the BCEAO and 16 towards the Social Security system.*

49. The Government also initiated discussions with potential private investors to sell the commercial banks. So far BND-B is the only bank for which no private investor has manifested interest. In early 1992, a foreign bank, the Meridian group, bought, in association with local private investors, 49% of BIB's capital. The Government reduced its share to 25%, the remaining 26%, still owned by public enterprises, are managed by the Banque Ouest-Africaine de Développement (BOAD) which acts as their trustee. Negotiations are presently underway with foreign partners associated with private Burkinabé investors to privatize the group BFCI/UREBA/CAI and BICIA.

50. In late 1991 and early 1992, however, the Banking Commission (Commission Bancaire - CB) of the UMOA again audited all the banks and found that despite the financial restructuring made in 1991 reported above, the banks situation had further deteriorated. The examiners of the Banking Commission found that the banks, with the exception of CNCA, needed to make about CFAF 16.2 billion in additional provisions for bad loans, most of which were granted to insolvent public enterprises. The Government agreed, during the negotiations of the second PFP with the Bank and the IMF, to a program aiming at completing the restructuring of the banking system. The objective of this program is to achieve the privatization of BICIA and of the group BFCI/UREBA/CAI before the end of June 1993 and that of CNCA before the end of 1993. To this end, it includes the following measures: (i) the CB inspection reports of the banks would be updated by independent auditors (with terms of reference agreed upon with the Bank) and a financial restructuring plan to be negotiated with the banks potential buyers would be prepared; (ii) for each bank, the updated audit report, the restructuring plan and the agreement reached with its potential new shareholders would be submitted to IDA's approval; and, (iii) upon approval of these documents by IDA, a budgetary contribution would be made available to restructure the balance sheet of the concerned bank prior to its privatization. With regard to BND-B, it was agreed that: (i) independent auditors would establish, in early 1993, whether it is financially viable or not; and, (ii) a decision based on the results of the audit, on whether to liquidate or maintain the bank, would be made jointly by the Government, the Bank and the IMF no later than March 31, 1993. Finally the GOBF committed itself to selling to private investors, before the end of 1993, the shares of public enterprises in BIB presently managed by the BOAD.

51. The need to improve overall financial intermediation. In their report, the consultants expressed the opinion that even when the commercial banks have been properly restructured and privatized, financial intermediation will not be adequate to respond to the

demand for private investment financing. This demand, assessed by the consultants⁷, consists of about CFAF 6 billion of investment which is expected to be made by the private sector in the next three years, of which CFAF 5 billion would aid in the expansion of 10 existing private enterprises and about CFAF 1 billion would help establish about a dozen new enterprises. In addition, according to estimates of the Privatization Commission, about CFAF 4.5 million would be required from the private sector over the next five years to buy the public enterprises that are for sale. It is unlikely however that in the short-term the banking system will abandon its traditional reluctance to finance private investment operations. During the period 1985/90, the banks contributed only 3% of the financing of investments made in the 15 largest private enterprises as reported in table below.

TABLE 4
Origin of financing of investments made in 15 enterprises.
(1985/1990 in CFAF million)

	Number of enterprises	Investment in millions of CFAF	% of total financing
Equity financing	15	4,928	81
External financing	2	973	16
Bank financing	2	162	3
Total ⁸	15	6,063	100

52. The consultants have identified several reasons for the banks' reluctance to more actively engage in investment financing. Some relate to the regulations of the UMOA zone: among them are the credit ceilings imposed by the BCEAO in order to control the money supply and the interest rates structure which acts as a deterrent to investment financing. Presently, the banks can earn about 11% per year by investing on money market mostly short-term deposits on which they do not pay any interest. The 16% they can charge for term-loans (the maximum authorized by the BCEAO) would provide them with an extra margin of about 5% which does not adequately compensate the risk attached to this type of lending. At the country level the other reasons mentioned include the banks' difficulty in identifying profitable projects and following up on the investments that they finance, the lack of adequate collateral on the part of the borrowers and the inappropriateness of the procedures for loan recovery or realization of guarantees. Finally, the consultants study points out to the fact that the only financial tool available consists of bank loans and that there is no financial instrument to mobilize either contractual saving institution funds or to syndicate small investments to finance investment operations.

53. In order to strengthen the financial sector, the GOBF has decided to complete first the restructuring and privatization of the banking system by implementing the measures recommended by the consultants to improve overall financial intermediation. In addition to

⁷ Of the 153 enterprises identified by SIBI, the 21 biggest were thoroughly analyzed.

⁸ Only two of the 15 enterprises received bank credit and two others obtained external credit

helping the private sector create adapted financial instruments, it envisages taking steps to create the conditions for more active participation by the banks in investment financing. These measures concern the promotion of the use of land as collateral by borrowers and the strengthening of the laws applying to delinquent debtors. With regard to the former, in 1991 the Government took steps to improve the land tenure law by adopting in the context of the SAL dispositions providing individuals the right of land ownership. Under the PID presently under implementation, a new revision of the law would address issues of ownership and credit security, particularly in a business context, that had not been sufficiently taken into account in the first revision. As regards bad loan recovery, the GOBF has given clear signals to potential delinquent borrowers by establishing the BRCB which recently published in the Journal Officiel the names of all individuals who have, so far, defaulted on banks loans and overdrafts. Since its inception, the BRCB has, as of end 1992, recovered about CFAF 2 billion, a performance slightly below an expected level of CFAF 2.6 billion. In order to accelerate bad loan recovery, the GOBF has decided to: (i) give the BRCB the same privilege as the Government tax services which are exempted from going through a judicial process to recover their dues; and, (ii) strengthen its organization and procedures. In addition, while the cost to the banks' of foreclosure operations would be lessened, the laws relating to delinquent debtors would be strengthened by making it a penal offense to write bad checks and, for delinquent debtors, to attempt to shield their assets from banks' foreclosure proceedings.

VI. GOVERNMENT STRATEGY AND RATIONALE FOR IDA'S INVOLVEMENT

54. Since 1990, the GOBF has adopted an approach to liberalization based on the divestiture from public enterprises and the reliance on the private sector as the main engine of economic growth. The Bank has supported this approach through a first SAL, three sector operations - in agriculture, transport and public works - and a Public Institutional Development project. These operations aim at introducing the reforms needed, at a global as well as at a sectoral level, to relieve policy and regulatory obstacles to the development of the private sector and, at the same time, at transferring to private investors the financial, industrial and commercial enterprises which used to constitute the public enterprise sector. The Government has decided to take one more step towards supporting the development of the private sector by establishing a private institutional support structure and financial institutions capable of providing private entrepreneurs with technical and financial assistance. The two instruments are indispensable for private entrepreneurs to take advantage of the reformed economic environment and expand their role in the economy. This strategy is spelled out, as mentioned earlier, in the Program for the Strengthening of the Financial and Support Institutions. In line with this strategy, the proposed project would, therefore, assist the Government in implementing its program while helping consolidate the adjustment efforts pursued under the other projects supported by the Bank.

55. **Lessons learned from previous Bank experience.** The Public Institutional Development project (PID) is the only technical assistance project and, because it is not yet implemented, it cannot provide lessons that the proposed project could use. The preparation and design of this project is, therefore, based on the Bank's experience and lessons learned from similar projects in Sub-Saharan Africa. Firstly, the TA proposed in the project will take place in the context of a policy and regulatory environment which is becoming, with the reforms of the SAL, conducive to a sustainable development of the private sector. Secondly, project preparation has focussed on enlisting Government and private sector support for the objectives of the project through the establishment of the Government/Private Sector Commission de Concertation which has participated in the project design and is expected to play a major role in its implementation

as well as in the periodic evaluation of its results. The objectives and most of the Terms of reference of the assistance proposed in the project have been discussed very early in the project cycle and agreed on during appraisal. Thirdly, the project would concentrate on building the capacity of existing Government and private institutions rather than establishing new ones. Accordingly, the TA provided by the project, with local consultant's input whenever possible, is of a short-term nature in order to minimize incremental recurrent costs as well as to ensure a transfer of skills and knowledge to the staff of the project institutions. The training included in the project will be delivered on-the-job and will be tailored to the needs of the institutions concerned. Finally, careful attention has been given to the identification of the objectives that can be achieved during the project and of the key project indicators and evaluation criteria, described in Annex 14, in order to allow a precise assessment of the project's progress and results.

56. **Coordination with IFC.** The Bank and IFC have already cooperated closely in the development of a new and important zinc mining operation in Perkoa (para. 9). A Private Sector Assessment has been prepared, on basis of which a common strategy has been agreed on which will assist the private sector in Burkina Faso. The distortions in Burkina Faso's economy are still such that IFC does not envisage a major role for the moment. In the long term, however, when the business environment reforms presently underway are completed, IFC could assist through its usual range of activities. The most immediate prospects for direct investment lie in the mining sector, as the mining code is reformed. There may also be small-scale possibilities for the African Enterprise Fund. In the medium-term possibilities for the IFC to assist export-oriented and import-substitution projects may arise, if the reforms are sufficiently wide-ranging and durable.

IV. THE PROJECT

A. Project Objectives

57. The ultimate objective of the project is to help create an institutional environment capable of providing the support required to ensure a sustainable growth of the private sector. The objective is in keeping with the GOBF's far-reaching reform program aimed at liberalizing the country's economy. To this end, the Government has outlined a program to strengthen support and financial institutions in a Policy Letter (Annex 6), which was officially submitted to IDA during negotiations (para. 93 (a)), measures aimed at: (i) pursuing the implementation of the measures initiated under the SAL, namely, the improvement of the administrative services that it ought to provide to the private sector and the privatization of public enterprises and financial institutions; (ii) reorganizing the institutional support system to private entrepreneurs by transferring to the Government, the activities of civil service nature presently performed by the existing support institutions which would, then, be restructured, privatized and strengthened; and, (iii) supporting measures to strengthen financial intermediation. The proposed technical assistance project would support the implementation of this program. To achieve this objective, it would:

- (a) build on the achievements of the SAL by assisting the Ministry of Industry, Commerce and Mines (MICM) in pursuing the Government divestiture program from public enterprises and in streamlining of administrative procedures relating to external trade and to the establishment of new private enterprises;

- (b) assist to carry out the reorganization and strengthening of the institutional support structure for private sector development in order to arrive at a fully privatized Chamber of commerce (CCIA) which will play a prominent role in facilitating the delivery of assistance, either locally available or provided by external donors, to private enterprises and entrepreneurs; and,
- (c) support the Ministry of Finance and Planning (MFP) in completing the privatization of the financial system and strengthening financial intermediation by helping it: (i) negotiate the sale of Government shares in financial institutions; (ii) strengthen the laws governing bad checks and actions taken by the financial institutions against delinquent debtors; and, (iii) identify the conditions for establishing new private financial instruments to facilitate the financing of private investments, particularly, in public enterprises to be privatized and in new ventures.

B. Project Description

58. The proposed technical assistance project would finance, over a four year period, consultants' services, expert advice and equipment to promote institutional development. Drawing on previous Bank experience, the project has been designed with the active participation of the Government and the private sector both of which have recognized the need for reforms in the institutional framework for the promotion of private activities. The assistance to be provided under this project would be, for the most part, short-term in nature and is designed to help the project institutions become self-reliant over a definite time period. In line with the objectives described above, the proposed project, to be supported by an IDA credit of US\$ 7 million dollars equivalent, would consist of the three components: assistance to the MICM (about US\$ 1.17 million equivalent), an institutional support component (US\$ 2.75 million equivalent) and a financial sector component (of US\$ 810,000 equivalent).

59. **Assistance to the MICM.** This component will finance short-term technical assistance, training and equipment to improve the MICM capacity in: (i) administering the procedures relating to external trade and the establishment of new private businesses; and, (ii) efficiently carrying out the Government program for divestiture from public enterprises.

60. Streamlining of the ministry's procedures relating to private sector activities. As conditions of the ongoing SAL, the MICM has established a one-step window (guichet unique des Opérations de Commerce Extérieur) to handle all administrative procedures required by importers and another (guichet unique des investissements) to administer the requests of investors seeking the benefits of the investment code (see paras. 15 and 18). Although the operations of the guichet unique in charge of external trade are expected to be gradually reduced during the SAL period, it will have to administer efficiently the prior declarations required from importers to prepare the pre-shipment controls to be carried out by SGS. The issuance of these declarations and the matching of their content with that of the documents resulting from SGS controls will require an enormous amount of work. While the establishment of the guichet unique des investissements is expected to simplify the administration of the investment code, entrepreneurs willing to create new enterprises without the benefits of the code have still to follow cumbersome administrative procedures involving several Ministries. In order to further streamline the process leading to the establishment of new businesses, the Government has agreed, as mentioned in earlier para.18, to extend the role of the guichet unique des investissements to the administration of the

procedures relating to the establishment of all new enterprises whether they seek the benefits of the investment code or not. Both windows, which are expected to carry out an important workload, lack presently the proper organization and procedures to efficiently perform operations that are critical to the operations of private entrepreneurs. The project would, therefore, finance: (i) technical assistance to improve their organization and procedures; and, (ii) computer equipment to process orderly and expeditiously their administrative tasks. Before negotiations, the Government adopted an arrêté extending the role of the guichet unique des investissements to the processing of all investment requests. The terms of reference for the assistance to the two windows discussed during appraisal have been finalized and agreed on during negotiations (Annex 8).

61. Support to the Privatization Commission. The work program of the commission (Annex 2) and its budget for the period 1993/96 were agreed on during project appraisal. To facilitate the implementation of the overall privatization program, the Government has agreed to officially publish, before the end of April 1994, (para. 96 (a)), the list, previously approved by IDA, of all enterprises to be privatized. As mentioned earlier in para. 25, the Privatization Commission will have to rely, during its first year of operations, on external financing. In 1992, it benefited from the Bank's support through a PPF and a Japanese grant. The project would finance a one year continuation of the services of an expatriate expert, recruited during project preparation, to help carry out the divestiture program. It would also finance part of the consulting services needed to help evaluate the enterprises to be privatized, as well as part of the operating costs of the Privatization Commission. However, the credit would finance these costs only for the first year of the project. The costs for the following years would be financed by the proceeds of the sales of public enterprises. The PFP expected to be agreed on with the Bank and the IMF in March 1993 contains the Government's commitment to make a budget allocation to fund the operations of the commission beginning in the second half of 1994.

62. Institutional Support Component. The purpose of this component is to reorganize the support structure comprised of the CCIA, the CBC and ONAC by: (i) redefining the mandates and functions of these institutions in a way that would allocate all the tasks related to assisting private entrepreneurs to the CCIA; (ii) privatizing and strengthening the CCIA to adequately assist private enterprises, in acquiring the assistance that they need to improve their operations; and (iii) rationalizing the management of warehouses and shipping equipment presently under CCIA and CBC control. In addition, the project would help finance, through the restructured CCIA, technical assistance to private entrepreneurs.

63. Reorganization of the institutional support structure. Under this sub-component the project would finance:

- (a) the services of a local law firm to prepare the privatization of the CCIA. The consultants, whose terms of reference have been agreed on during appraisal (Annex 9 A), would work closely with representatives of the private sector, particularly with the Commission de Concertation, to: (i) identify the professional organizations which would be willing to be represented in the CCIA with a view to ensuring a wide and balanced representation of the private sector, including women and informal entrepreneurs; (ii) propose to the future members of the CCIA the rules governing the composition of the Assemblée Consulaire and the election of its members and the rules by which the president and general secretary of the CCIA and the high level staff of its executive bodies would be

appointed; and, finally, (iii) propose accordingly a revision of the statutes and by-laws of the CCIA and help prepare the election of the first Assemblée Consulaire. The completion of this election is a condition of effectiveness of the project (para. 94 (a)).

- (b) a consultant study, whose terms of reference have been agreed on at appraisal (Annex 9 B), to prepare the rationalization of CCIA, ONAC and CBC and the technical assistance to help implement it, when the study's recommendations have been reviewed and agreed on by IDA and the GOBF. This rationalization would consist of transferring all the tasks of an administrative nature that these institutions presently perform to the Government, and those consisting of assistance to private entrepreneurs presently performed by CBC and ONAC to the CCIA. On the basis of the review of the support system and in close coordination with representatives of the private sector, the consultants would identify the functions that each institution should perform. The consultants would also propose: (i) on the basis of a financial audit of the three institutions a reallocation of their assets consistent with their new functions; and, (ii) a restructuring plan for the CCIA and, in the event that their existence is still justified, for ONAC and CBC. With regard to CCIA, the restructuring plan would include a definition of the organizational structure most suitable to efficiently assist private entrepreneurs, the procedures and the staffing required, and financial projections to determine the conditions of CCIA's viability. Finally, the restructuring plan would include an implementation timetable and the technical assistance necessary to make CCIA fully operational. This plan would be based on the following principles: (i) CCIA would not itself deliver technical assistance to entrepreneurs but would rather help them receive it from existing private enterprises or external donors' assistance programs, and therefore, CCIA should promptly acquire the most accurate information on all sources of assistance to private entrepreneurs available locally or abroad; (ii) CCIA would not have any control over entrepreneurs' access to sources of technical assistance; and, (iii) the CCIA should become financially self-sufficient in the medium-term, however, in the interim period, it could receive a government subsidy or external donors assistance. Since the restructuring of the CCIA is a crucial element of the project the issuance of the invitations to bid for this study is a condition of effectiveness (para. 94 (b)).
- (c) a consultant study to prepare the rationalization of the management of the infrastructures of CCIA and CBC. As described earlier, these two institutions each have bonded warehouses and shipping facilities for international transports and trade. The project would not only help eliminate duplication between the two institutions in these areas but make the most efficient use possible of these facilities. To this end, the consultants' study would analyze the legal status and ownership of the facilities managed by CCIA and CBC (some belong to the Government, others to the CCIA or the CBC) to propose the administrative and/or legal measures needed to regroup them into a single institution. It would also make proposals to privatize the management of this institution through a management contract with private entrepreneurs or its sale to the private sector. The terms of reference of this study (Annex 9 C) were agreed on during appraisal.

64. According to the implementation planning in Annex 13, the studies mentioned in (b) and (c) above would be completed and submitted to the GOBF and IDA for review by March 1994. Restructuring plans would be agreed on by the GOBF and IDA including the terms of reference for the TA required implementation by June 1994 (para. 96 (b)) and their implementation is expected to be completed by March 1995 for the restructuring of CCIA/CBC/ONAC and by December 1994 for the rationalization of CCIA, and CBC's facilities.

65. Assistance to CCIA and to private entrepreneurs. Under this sub-component, the project would finance short term expertise to help the restructured CCIA: (i) establish a data base which would record all available local and foreign sources of assistance to improve private enterprises operations, help private entrepreneurs carry out feasibility studies and/or obtain the financial support needed to create new enterprises; (ii) strengthen its capacity to evaluate entrepreneurs needs in terms of technical assistance; and, (iii) follow up and assess the results of the assistance received with its help by private entrepreneurs.

66. In addition, the project would finance, through the restructured CCIA, part of cost of the technical assistance needed by private entrepreneurs. Project preparation (in particular the consultants review of the institutional support system) has revealed that, for several reasons, private entrepreneurs seldom solicit assistance from the numerous sources existing in Burkina. Often they are not aware that this assistance is available. Generally they are not able to identify the kind of assistance that they need to overcome their problems. Entrepreneurs also perceive external assistance as being too expensive and do not realize that its benefits could by far exceed its cost. CCIA is expected to become, with the project assistance, capable of helping entrepreneurs take advantage of the sources of assistance available to them. To support CCIA in achieving this objective, the project would finance part of the cost of the assistance needs that entrepreneurs would have identified with CCIA's help. Arrangements between the CCIA and private entrepreneurs to deliver this financing, to be proposed by the consultants in charge of restructuring the CCIA, would have to be approved by IDA. These arrangements would be based on the following principles: (i) CCIA's assistance would be open to all entrepreneurs who request it even if they are not members of the CCIA; and, (ii) CCIA's financing of technical assistance would be based on a matching grant formula acceptable to IDA. Disbursements under this sub-component would be subject to the completion of CCIA's reorganization and IDA's agreement on the arrangements mentioned earlier (para. 97).

67. Financial sector component. During the life of the project, the Government will pursue the privatization of public enterprises including the commercial banks, a consumer credit institution and an insurance company in which it is still majority shareholder. The proposed project will provide technical assistance to the Ministry of Finance and Plan while supporting measures aiming at strengthening overall financial intermediation.

68. Assistance to the MFP. The project will finance: (i) the services of an expert investment banker to help the MFP evaluate and negotiate investors proposals to buy financial institutions; this expert to be provided by a well-established investment banking institution would be available on demand; and, (ii) technical assistance to improve the organization and procedures of the BRCB and equipment to computerize its operations. To ensure that this latter assistance will result in improved performance of the BRCB, the Government has agreed to adopt appropriate legislation conferring effectively to the BRCB the same collection privileges as those

of the Government tax services. The implementation of this measure is a condition of effectiveness (para. 94 (c)).

69. Strengthening of overall financial intermediation. Under this sub-component, the project would finance:

- (a) the update of the Banking Commission audits of the banks, prior to their privatization. This update would concentrate on the evaluation of the banks portfolios to identify the non performing assets and the preparation of a financial restructuring plan to be negotiated by the GOBF with their new potential shareholders. Agreement on the terms of reference of these audits, discussed during negotiations is a condition of board presentation (para. 95);
- (b) a study to prepare the conversion of the CCP/CNE into a financial institution. This study would help prepare an action plan to convert the CCP/CNE into an independent financial institution operating within the postal system. The study would, in particular: (i) propose ways to segregate the operations and financial flows of the CCP/CNE from those of the postal system; (ii) recommend legal actions to convert the CCP/CNE into a financial institution which would deposit its funds in the financial system rather than in the Government treasury; and, (iii) identify the conditions necessary to ensure that the new institution will be financially viable in the long-term. The terms of reference of this study (Annex 10) were agreed on during appraisal;
- (c) a review by expert lawyers of the laws relating to bad checks and delinquent debtors. As recommended by the SIBI study of the financial sector, this review would identify the amendments to the existing laws necessary to make it a penal offense to write bad checks or to attempt to conceal assets when creditors take action against delinquent debtors. This review would also analyze the legal process for bad loan recovery with a view to streamlining it and lessening its cost to financial institutions. For consistency purposes, this review would be carried out under the supervision of the Law Revision Committee established in the context of the ongoing PID to improve the country's overall legal system (para. 19); and,
- (d) a feasibility study to identify the conditions under which new and viable long-term instruments for investment financing could be created. This study would build on the existing initiatives mentioned already earlier in para. 48, that are presently considered by banks and private investors. It would identify new instruments for investment financing and help define the appropriate legal and regulatory framework for their establishment. The study would also provide guidance to private entrepreneurs or institutions willing to create such instruments. The terms of reference of the study (Annex 11) were agreed on during appraisal.

70. According to the implementation planning in Annex 13, the study of the CCP/CNE should be completed and agreement on an action plan reached between the GOBF and IDA by June 1994 (para. 96 (b)). The implementation of the action plan is expected to be completed by March 1995. The study on financial instrument should be completed by March 1994, and the

discussion of its recommendation between the GBOF, the BCEAO, IDA and representatives of the private sector completed by June 1994 .

71. The technical assistance and consultant services to be financed by the project, estimated at about 400 man/month, are summarized in the following table:

TABLE 5
Assistance Financed by the Project

Beneficiary Institutions	Objectives of the Assistance
<p>1. Assistance to MICM component</p> <p>Direction Générale du Commerce (DGC) and Direction Générale du Développement Industriel (DGGI)</p> <p>Commission de Privatisation (CP)</p>	<ul style="list-style-type: none"> • Improve the organization of the One Step Windows for international trade and for investment operations (20 man/month)⁹. • Computerization of their operations (6 m/m). • Assist in operating the CP (12 m/m). • Evaluate enterprises to be privatized (50 m/m).
<p>2. Institutional Support Component</p> <p>Direction Générale du Commerce (DGC) Direction des Transports (DT) and private sector</p> <p>CCIA Private entrepreneurs</p>	<ul style="list-style-type: none"> • Prepare privatization of CCIA (2 m/m). • Rationalize the support structure made of CCIA, CBC, and ONAC (10 m/m). • Rationalize the management of CCIA's and CBC's infrastructures (10 m/m). • Strengthen CCIA's operations (24 m/m). • Improve enterprise operation and help create new enterprises (200 m/m).
<p>3. Financial Sector Component</p> <p>Direction du Trésor of the Ministry of Finance and Plan (MFP)</p> <p>Bureau de Recouvrement des Créances du Burkina (BRCB)</p> <p>Financial institutions, private sector</p>	<ul style="list-style-type: none"> • Assist in negotiating sales of public enterprises, banks (12 m/m). • Update of the inspection reports of banks (10 m/m). • Improve Organization and procedures and computerization of operations (8 m/m). • Study conditions for creation of instruments (6 m/m). • Prepare conversion of CCP/CNE into a financial institution (6 m/m). • Revise laws governing bad check and delinquent debtors (3 m/m).
<p>4. Project Management (DEP)</p> <p>Project Coordination</p>	<ul style="list-style-type: none"> • Assistance to set up project accounting/auditing systems (10 m/m). • Equip project coordination office • Establish a communication program

⁹ Man/month (m/m) of Technical Assistance

C. Status of project preparation

72. Because of the preparation of the first democratic elections of a national assembly and of the ensuing Government reshuffle, project preparation was slow in the initial phase. However, the new Government swiftly resumed project preparation, in particular, by establishing in September 1992 the Government/private sector consultative commission which participated actively in the project preparation and design. The project preparation, which started in September 1991, was assisted by a Japanese grant of ¥ 109,4 million (about US \$800,000). This Grant helped to establish the Privatization Commission by financing the services of an expert advisor to the Commission and asset evaluation of the public enterprises proposed for privatization. It financed also consultants studies of the institutional framework for private sector promotion and of the financial sector, in particular, with regards to its ability to mobilize term resources for investment financing. In addition, a PPF of US \$150,000 financed part of the operating costs of the Privatization Commission. In February 1993, IDA approved an additional PPF of US \$360,000 to finance project activities that are critical for a timely project effectiveness and implementation.

D. Project Cost and Financing plan

73. The total project cost, contingencies included, is estimated at US\$ 9 million, of which about US\$ 3.1 million are in local costs (detailed table is in Annex 12). The project would be financed by an IDA credit of US\$ 7 million and US\$ 2 million of Government funding.

TABLE 6
Estimated Project Costs and Financing Plan
(in \$ 000s)

	<u>Local</u>	<u>Foreign</u>	<u>Total</u>
<u>Estimated costs</u>			
Assistance to the MICM	2350	820	3170
Institutional support component	—	2750	2750
Financial sector component	170	640	810
Project Coordination	550	170	720
Refund of PPF advance	280	230	510
Contingencies	<u>440</u>	<u>600</u>	<u>1040</u>
Total	3790	5210	9000
<u>Financing Plan</u>			
IDA	2170	4830	7000
Government	<u>1620</u>	<u>380</u>	<u>2000</u>
Total	3790	5210	9000

E. Project Implementation

74. **Project Coordination and Management.** The government agency directly concerned by each component or sub-component of the project would be responsible for its implementation. This would, as recommended by the Bank's guidelines for technical assistance projects in the Africa Region, enable Burkina Faso's administration to institutionalize the objectives of the project and ensure the building of a sustainable domestic capacity within the project institutions. The coordination and overall management of the project will be the responsibility of the Minister of Industry, Commerce and Mines who will be assisted by the Government/Private Sector Commission de Concertation established in September 1992. The Minister has officially delegated the day-to-day project coordination tasks to the head of the Directeur des Etudes et de la Planification (DEP) of the MICM. During appraisal, a project implementation planning (Annex 13) and a table of key project activities and evaluation criteria (Annex 14) were prepared with the project coordinator who would be responsible for:

- (a) ensuring coordination with the heads of other agencies involved in project implementation in terms of: (i) timely implementation of the measures detailed in the project implementation planning; and, (ii) appropriateness of procurement and, accounting procedures;
- (b) assisting the executing agencies in carrying out their tasks; and,
- (c) reporting semi-annually on project implementation progress to the Minister of Industry, Commerce and Mines, and IDA, seeking their guidance as necessary and convening their meetings to review, in particular, the recommendations of all the studies to be carried out under the project and the restructuring plans proposed for all the project institutions.

75. To help the DEP carry out this project coordination responsibility the credit would finance: (i) office equipment and vehicles required to facilitate its work; and, (ii) the carrying out, in cooperation with the Commission de Concertation, of a program of information dissemination to the public at large on the reforms undertaken within the MICM to improve the regulatory environment of private enterprises and on the progress achieved under the proposed project in strengthening the institutional environment.

76. Other responsibilities for project management will lie with:

- (a) the Privatization Commission (PC), for the implementation of the evaluation and privatization programs of the commission;
- (b) the Direction Générale du Commerce (DGC), for the implementation of the measures relating to the Guichet Unique for external trade operations which are under its responsibility;
- (c) the Direction Générale du Développement Industriel (DGDI) for the implementation of those relating to the Guichet Unique des investissements;

- (d) the Direction Générale du Commerce (DGC), for the execution of the studies to reorganize the institutional support structure comprised of the CCIA, ONAC and CBC, and for the implementation of its recommendations once they have been reviewed and agreed on by the Government and IDA; (the Direction des Transport Maritimes et Routiers of the Ministry of Infrastructure and Transport would assist the DGC in the implementation of the measures concerning CBC);
- (e) the Direction du Trésor (DT) of the Ministry of Finance and Plan for the implementation of the financial sector measures with regard to: (i) the recruitment of an expert investment banker to advise on privatization operations, (ii) the updating of the banks' audits and the training of their staff; (iii) the carrying out of the feasibility study on new financial instruments and the implementation; and, (iv) the follow-up on the revision by the Ministry of Justice of the laws governing bad loans, bad checks and repossession of collateral under the same arrangements adopted under the PID for the revision of commercial laws; and,
- (f) the BRCB for carrying out the strengthening of its organizations and procedures.

77. The head of the departments of the ministries involved in the implementation of the project would be the project coordinator's liaison for ensuring that documentation and project progress reports are provided as necessary. Besides the short-term technical assistance financed by the project, no incremental civil service position would be created, nor new staff hired, outside of the concerned ministries. Confirmation of the above arrangements for project management and implementation which have been discussed upon during appraisal were given during negotiations (para. 93 (c)).

78. Monitoring, evaluation and mid-term review. Each of the executing agencies mentioned above would be responsible for monitoring and evaluating the part of the project under its control. It would prepare a semi-annual report on the implementation of the part of the project for which it is responsible. The project coordination would consolidate the semi-annual reports into a report on overall project implementation to be submitted semi-annually to the GOBF and to IDA. The content of this report was discussed and agreed on during negotiations, (para. 93 (d)). To assess the results achieved, the evaluations presented in the reports would use, as a basis, the project implementation planning and the key project activities and evaluation criteria table which have also been agreed on during negotiations. The implementation planning for the whole project period has been detailed for the first calendar year of project implementation. Thereafter, the project coordination would consolidate the work programs prepared, by each executing agency, before the ongoing year in an overall work program to be submitted to IDA's approval no later than the end of November of each year (para. 96 (c)). In order to ensure more reliable evaluation, each annual work program would include an assessment of results achieved in the previous year, additional objectives and criteria to be used for evaluation, if warranted, and a detailed implementation timetable for the next year. It would also include a report on the execution of the budget for the previous year and projections for the next.

79. A mid-term review by the GOBF, Commission de Concertation and IDA will take place no later than the end of June 1995, (para. 96 (d)) about two years after project effectiveness. This review would focus on the overall development impact of the project, as well as the extent to which the objectives set for each component of the project, are, or are not, likely

to be achieved. The mid-term review would be based on the project coordinator semi-annual reports, the audits of the project accounts and an evaluation, in particular of the consultants and technical assistance performance, carried out by independent consultants to be financed by the project. In the event that some objectives of the project might be in jeopardy, the GOBF and IDA would jointly seek and agree on corrective actions. The mid-term review will result in a report prepared jointly by the Government, with the participation of the Commission de Concertation and IDA, on the results achieved at the time of the review and on how the remainder of the project would be implemented and, if needed, specific corrective measures to be taken, additional monitorable objectives and evaluation criteria. Of particular importance will be the progress made towards the privatization of the support and financial institutions. In order to determine at mid-term that the project objectives might be met, the following conditions will have to be fulfilled:

- (a) the two one-step windows of the MICM have become fully operational;
- (b) about 20 public enterprises have been privatized or liquidated;
- (c) the CCIA has become a private body genuinely representing the private sector;
- (d) the decision reached for the future of ONAC and CBC has been implemented;
- (e) the action plan for the restructuring/strengthening of CCIA has been approved by the GOBF and IDA, and its implementation is well underway;
- (f) the project accounting, auditing and procurement procedures have been implemented to IDA's satisfaction; and
- (g) the performance of the consultants and technical assistance financed by the project is satisfactory.

80. Other criteria to be used at mid-term review are detailed in Annex 14. During negotiations, assurances were given by the Government on: (i) the date of the mid-term review; and, (ii) the procedures to be used, including the recruitment of independent consultants to carry out an evaluation of the project implementation whose report would be submitted to IDA no later than a month before the mid-term review (para. 96 (e)).

81. Environmental provisions. This technical assistance project has no direct environmental impact. It has, therefore, been categorized C for environmental purposes. However, a National Environment Assessment carried out by the GOBF has identified environmental hazards due to industrial activity in the two cities of Ouagadougou and Bobo Dioulasso. IDA envisages to help the Government, after review of this assessment, carry out its recommendations.

82. Project supervision. The first two years of project implementation will require substantial supervision (about 40 staff weeks) because of the number of studies included in the project and of the critical nature of the privatization program expected to be carried out. In addition to four supervision missions per year during the first two years, considerable desk work is expected to review the procurement procedures, contract awards and recommendations of the

studies, and to prepare action plans to be discussed with the GOBF. In addition, a close follow-up of the privatization of the financial institutions and public enterprises will be required. The supervision plan in (Annex 15), the implementation planning and key project activities and criteria for evaluation, in Annexes 13 and 14, and the SAL and second PFP matrixes would facilitate the supervision of the project. Resources should also be allocated to the Resident Mission, which has already actively participated in the preparation of the project, to help monitor its implementation. After the first two years three supervision missions a year should be sufficient.

F. Procurement and Disbursement

83. **Procurement.** The table below summarizes the project elements, their estimated costs and the proposed methods of procurement:

TABLE 7
Amounts and Methods of Procurement
and % of disbursements (US \$ 000s)

Project Elements	Procurement Method				
	LCE	LIB	Other	Total Cost	% of Disbursement
1. GOODS Equipments		810 (810) ¹⁰		810 (810)	100 %
2. Consultancies					
2.1 Studies	—	—	2200 (1800)	2200 (1800)	100 %
2.2 Technical Assistance	—	—	3100 (3100)	3100 (3100)	100 %
2.3 Training	—	—	330 (130)	330 (130)	100 %
3. Miscellaneous					
3.1 Incremental Operating costs ¹¹	—	—	1750 (350)	1750 (350)	85 %
3.2 Communications ¹²	—	—	300 (300)	300 (300)	85 %
3.3 PFP refinancing	—	—	510 (510)	510 (510)	
Total	—	810 (810)	8190 (6190)	9000 (7000)	

¹⁰ Amounts in parenthesis are amounts financed by the Credit

¹¹ Operating costs of the privatization commission include all costs other than salaries, i.e. office rent and supplies; utilities, maintenance, transport and travel expenses; advertising expenses.

¹² Project coordination expenses for disseminating information on the reforms undertaken to stimulate private sector development

84. Under the proposed project, procurement would primarily be for computer, office equipment and vehicles, incremental operating costs of the Privatization Commission established under the PPF and of the DEP, and consultant services which would be financed by the credit on a net of tax basis. Since adequate local representation of foreign suppliers exists and availability of after sale maintenance is essential, equipments (computers and vehicles for about US \$810,000) to be acquired would be procured through limited international competitive bidding (LIB) in accordance with procedures acceptable to IDA. During negotiations, the list of suppliers to be invited to bid for these equipments was agreed on (para. 93 (f)). Goods and services (as defined under Table 7) needed to operate the Privatization Commission would be procured through local comparative shopping. Consultants for training expert advice and studies which represent the bulk of IDA's financing (about US \$5 million) would be recruited according to IDA's guidelines for the recruitment of consultants (para. 93 (g)). During negotiations, agreement was reached on standard Letter of Invitation to bid package and consultants contracts. Documentation for all contracts above US\$ 100,000 would be subject to prior review by IDA, while contracts below this amount would be subject to an ex-post review by the Association.

85. In the course of preparation and implementation of several projects, procurement bottlenecks have been identified by IDA as being potential causes for serious delays in project implementation in Burkina Faso. This problem will be addressed through the procurement reform under the ongoing PID project. During appraisal, it was agreed that in the interim period all procurement under the proposed project would be exempted from the procedures applicable to procurement funded by Government resources. During negotiations, the Government confirmed its agreement of this disposition (para. 92 (b)).

86. Disbursements. The proceeds of the credit would be disbursed against 100% of the costs, net of taxes and duties, of equipment, goods and consultants services and against 85% of the expenditures for operating costs and communications. The project will refinance, upon effectiveness, the PPF advance. The project coordinator would be responsible for all the disbursements made under the project. The disbursements would be fully documented except for the payment of contracts of less than US\$ 20,000 equivalent, which would be made against certified Statement of Expenditures (SOEs). Documents for withdrawals under SOEs would be retained by the Project coordination at the DEP and made available for the independent auditors and for review by IDA during supervision missions.

87. The IDA credit is expected to be disbursed over a period of four years or 48 months after project effectiveness according to the disbursement schedule in Annex 16. Although disbursement profiles for technical assistance projects in the Africa Region is, on average, about 84 months, a shorter implementation period is foreseen for this project because: (i) some measures have already been initiated under the SAL (one step windows, privatization and establishment of BRCEB); (ii) the project preparation has already identified the problems of the institutions to be restructured and the proposed project will concentrate on preparing and implementing restructuring plans; and, (iii) the Government and the private sector have displayed a genuine commitment to the project.

88. To facilitate disbursements one special account of CFAF 100 million (or about US \$400,000 equivalent) to be administered by the DEP, would be open by the GOBF in a commercial bank acceptable to IDA to finance the expenditures of the project. IDA would make the initial deposits in the special accounts upon project effectiveness. Replenishment requests would be accompanied by proof of eligible expenditures acceptable to IDA, and by up-to-date bank statements and reconciliation of the concerned special accounts.

G. Accounting and Auditing

89. The Ministry of Industry, Commerce and Mines would be responsible for ensuring that accounts for all expenditures made under the project are submitted to it on a regular basis by the DEP to which it has delegated the project coordination. The project accounts will be maintained by the DEP in accordance with internationally accepted standards and practices satisfactory to IDA. The DEP would establish proper accounting of the project with the assistance of an experienced accounting firm, to be financed by the project, whose terms of reference have been agreed on during negotiations (para. 93 (h)). The implementation of this measure is a condition of effectiveness (para. 94 (d)). The projects accounts, including the audit of the SOEs and of the special accounts, would be audited annually by independent auditors acceptable to IDA. The audit reports would be submitted to IDA no latter than six months after the closing of the fiscal year in Burkina Faso. The auditors' report would include a statement on the adequacy or otherwise of the accounting procedures and internal controls and of the reliability of the SOEs and related documentation as a basis for credit disbursement and compliance with financial covenants. The recruitment, on the basis of a short-list agreed on during negotiations, of an auditing firm for the four year period of implementation is a condition of project effectiveness (para. 94 (e)).

H. Project Benefits and Risks

90. Benefits. The proposed project will help the private sector respond to the political and economic transition towards democracy and liberalization that is underway. It will complement the policy and regulatory reform as well as the Government divestiture process presently undertaken, in the context of a SAL and other Bank-supported sectoral projects. It would help implement the Government strategy aiming at limiting its role in creating an environment conducive to the development of the private initiative in the economy while transferring to the private sector a restructured and strengthened institutional support structure whose services are critical to private entrepreneurs. The specific benefits from the project would consist of: (i) improved administrative services, by streamlining procedures relating to external trade and to the establishment of new enterprises; (ii) the establishment of an efficient and private institutional support structure where CCIA would play a central role in channeling and coordinating all local and foreign assistance available to private entrepreneurs; and, (iii) the deepening of financial intermediation, particularly through aiding the banks that have been privatized as well as private investors, to create financial instruments more adapted to investment financing. Finally, by concentrating on institutional building, the project would contribute to

create, in the medium-term, the local capacity which would ensure a sustainable development of the private sector.

91. **Risks.** The success of the project is conditioned by the progress achieved in implementing the privatization of public enterprises and financial institutions. A set back in this area would discourage the private sector and result in increased difficulty in the implementation of the measures contained in this project. This risk is, however, mitigated by the Government commitment restated in the second PFP being presently negotiated with the Bank and the IMF to support the development of the private sector. There is also a risk that the restructuring/privatization process expected to take place during the project might lag and prove difficult to implement. Adequate supervision, mostly at the onset of the project, along with the delivery of effective technical assistance envisaged, in the project will be crucial in alleviating this hazard. With regard to the private sector, the business community might prove unable or unwilling, since no investment financing is proposed, to play a significant role in taking charge of the institutional system supporting private entrepreneurs. However, contacts taken during project preparation with representatives of the private sector resulted in the establishment of the Government-private sector Commission de Concertation comprised mostly of highly respected representatives of the business community. This commission actively participated in the preparation of the project and its expected contribution in overseeing the project implementation and evaluation should sustain the interest of the private sector in the project.

I. Agreements reached and recommendation

92. The following were conditions of negotiations:

- (a) the issuance of an Arrêté ministériel enlarging the role of the Guichet Unique des Investissements to the handling of all procedures required to establish new enterprises (para. 60); and,
- (b) Government commitment to exempt all goods and services to be financed by the project from government procurement procedures (para. 85).

93. During negotiations, agreement was reached on the following:

- (a) the Government Policy Letter spelling out a program for strengthening financial and support institutions (para. 57);
- (b) the terms of reference for the assistance to the two one-step-windows (para. 60);
- (c) the arrangements for project coordination (para. 77);
- (d) the content of the project implementation reports to be submitted bi-annually to IDA (para. 78);

- (e) the conditions of the mid-term review (para. 80);
- (f) a list of international firms to be invited to bid on equipments (para. 84);
- (g) standard letter of invitation package contracts for the selection of consultants (para. 84); and,
- (h) the terms of reference for the establishment of the project accounting system (para. 89);

94. The conditions for project effectiveness are:

- (a) the elections by private entrepreneurs of the members of the CCIA executive bodies (para. 63 (a));
- (b) the issuance of invitations to bid for the reorganization of the structure comprised of CCIA, CBC and ONAC (para. 63 (b));
- (c) the adoption by the Government of appropriate legislation effectively conferring to the BRCB the collection privileges of the Government tax services (para. 68);
- (d) the establishment of the project accounting system (para. 89); and
- (e) the recruitment of an independent auditor for the project accounts (para. 89).

95. The agreement on the terms of reference for the updating of the banks audits and the preparation of financial restructuring plans is a condition of Board presentation.

96. The following are dated covenants:

- (a) the official publication no later than April 30, 1994, of the list of all enterprises to be privatized (para. 61);
- (b) the submission to IDA's approval, no later than June 30, 1994, of action plans for the restructuring of CCIA, the rationalization of CCIA's and CBC's warehousing facilities and for the conversion of CCP/CNE into a financial institution (paras. 64 and 70);
- (c) the submission to IDA by the project evaluation, no later than November 30 of each year, of the work programs of the following year (para. 78);
- (d) the carrying out of a mid-term review no later than June 30, 1995, (para. 79); and,

- (e) the submission to IDA of an independent consultant report on the evaluation of progress achieved in project implementation no later than May 30, 1995, (para. 80).

97. Conditions of disbursement for the technical assistance to private entrepreneurs (para. 66) would be IDA's approval, upon the completion of CCIA's reorganization, of the arrangements between CCIA and private entrepreneurs, including the matching grant formula, for the financing of technical assistance to private entrepreneurs with the project's proceeds.

98. Recommendation. Subject to the above terms, the proposed project is suitable for a credit to Burkina Faso in the amount of US\$ 7 million equivalent, on standard IDA terms.

BURKINA FASO
PRIVATE SECTOR ASSISTANCE PROJECT
LIST OF PUBLIC ENTERPRISES (1)
 (Financial figures in CFA million)

NAME	LEGAL STATUS	ACTIVITY	CAPITAL	STATE HOLDINGS IN %	SALES	NET PROFITS	EMPLOYEES
AGRO INDUSTRIES							
1. SAVANA	SEM	Fruit Juices	420.0	95%	407.00	(258.00)	90
2. SHSB - CITEC	SEM	Vegetable oil	1,800.0	83%	7,075.00	334.00	530
3. GMB	SEM	Flour	433.0	76%	4,968.00	210.00	100
4. SOSUCO	SEM	Sugar refining	6,031.0	89%	8,473.00	246.00	2476
5. CNA	SE	Poultry	533.0	100%	198.00	68.00	
MANUFACTURING							
6. SOFITEX	SEM	Cotton gining	4,400.0	66%	22,886.00	191.00	1000
7. FASO FANI	SEM	Weaving	1,109.0	62%	5,416.00	(473.00)	818
8. SIFA	SEM	Cycles	673.0	47%	3,632.00	146.00	x
9. COFA	SEM	Candles	217.0	42%	542.00	37.00 *	90
10. SINAC	SE	Shoes	200.0	100%	180.00	(162.00)*	70
11. CNEA	SE	Agricultural equipment	975.0	100%	480.00	48.00 *	112
12. SBMC	SEM	Leather	419.0	52%	141.00	(39.00)	59
13. CIMAT	SEM	Cement	1,800.0	61%			
14. FASOPLAST	SEM	Plastics	681.0	91%		121.00	75
15. SOBEMA	SEM	Household articles	100.0	50%		(149.00)	
16. SIBAM	SEM	Munitions	40.0	72%	508.00	10.00	46
17. SONACEB	SEM	Packaging	400.0	90%	858.00	(32.00)	25
18. SONACAB	SEM	Tiles	366.0	59%			
19. SOPAL	SEM	Liquors	299.0	59%	181.00	(316.00)	31
20. SICOMAF	SEM	Matches	230.0	13%	401.00		
21. INB (IMP. NAT.)	SE	Printing	119.0	100%	129.00	21.00	108
22. SOCOGIB	SEM	Construction	1,843.0	98%		14.00	27
COMMERCE/DISTRIBUTION							
23. BURKINA-SHELL	SEM	Fuel distribution	254.0	51%	2,528.00	350.00	80
24. SONABHY	SE	Fuel distribution	1,000.0	100%	5,793.00	43.00 *	12
25. FASO YAAR	SEM	General commerce	1,634.0	98%	20,188.00	(479.00)*	433
26. OFNACER	SEM	Grain marketing	3,723.0	100%	5,787.00	(240.00)	359
27. SBCP	SEM	Hides and skins collectio	100.0	49%	1,567.00	(115.00)	117
28. SONAPHARM	SEM	Pharmaceuticals	400.0		975.00	61.00	27
29. MACEHOU	SE	Fruits and vegetables	100.0	100%			
30. FRUCEMA	SE	Fruits and vegetables	90.0	100%			29
31. FEED LOT	SE	Fruits and vegetables	82.0	100%		(16.00)	
32. FLEX FAXO	SEM	Vegetable export	318.0	85%	559.00	(48.00)	
33. FLEX FAXO	SEM	Peanuts	300.0	55%	214.00	(118.00)	

BURKINA FASO
PRIVATE SECTOR ASSISTANCE PROJECT
LIST OF PUBLIC ENTERPRISES (1)
(Financial figures in CFA million)

NAME	LEGAL STATUS	ACTIVITY	CAPITAL	STATE HOLDINGS IN %	SALES	NET PROFITS	EMPLOYEES
UTILITIES							
34. SONABEL	EPIC	Electricity	1,588.0	100%	8,954.00	622.00	
35. ONEFA	EPIC	Water	3,086.0	100%	1,932.00	(143.00)*	
36. ONP	EPIC	Postal services	2,999.0	100%	2,322.00	71.00 *	
37. ONATEL	EPIC	Telephone					
TRANSPORT							
38. NAGANAGANI	SEM	Air transport	18.0	100%	1,743.00	114.00 *	X
39. AIR BURKINA	SEM	Air transport	35.0	66%	993.00	X	80
40. RX9	EPIC	Public transport	102.0	100%	930.00	202.00	306
41. SFCB	SEM	Railroad	---	100%	---	X	---
42. SNTB	SEM	Shipping	180.0	51%	821.00	28.00	240
MINING							
43. SOREMB	SEM	Mining	4,000.0	60%	9,972.00	(3,333.00)	760
44. SOMICOB	SEM	Mining	1,000.0	51%	---	(127.00)	---
45. SMG	SEM	Mining	850.0	53%	---	---	---
46. COMIKI	SE	Mining	80.0	100%	---	---	---
47. BUMIGEB	SEM	Geology/exploration	1,330.0	100%	540.00	11.00	260
48. CBMP	SE	Gold commerce	100.0	100%	8,401.00	89.00	---
SERVICES							
49. HOTEL INDEPENDANCE	EPIC	Hotel	529.0	100%	780	30.00	154
50. HOTEL SILMANDE	SEM	Hotel	1,600.0	99%	710.00	(591.00)*	134
51. CENATRIN	EPIC	Date processing	184.0	100%	394.00	2.00	62
52. FASO TOURS	SEM	Tourism	82.0	38%	302	(33)	56
53. SONACIB	SEM	Movies distribution	350.0	52%	867.00	39.00	---
54. ZAMA PUB	SE	Advertising	100.0	100%	653.00	181	19
55. ONAVET	SE	Veterinary sciences	1,218.0	100%	831.00	12.00	---
56. ONPF	EPIC	Well building	1,403.0	100%	1,497	(14.00)	---
57. AVV	EPIC	Volta Valley Development	50.0	100%	1,125	77	---
58. SOGEMAB	SEM	Markets management	150.0	300%	284	4	---
59. CGP	EPIC	Price stabilization	600.0	100%	16,471	1,154	---
60. CSPPA	EPIC	Price stabilization	25.0	100%	---	---	---
61. CCVA	EPIC	Vehicles	456.0	100%	162.00	25.00	---
62. CBC	EPIC	Shipping	30.0	100%	707.00	180.00	90
63. CCIA	EPIC	Chamber of Commerce	831.2	100%	868.00	665.00 *	155
64. LNBTP	EPIC	Laboratory	100.0	100%	510.00	91.00 *	138
65. ONBAH	EPIC	Dam building	80.0	100%	1,029.30	144.00 *	333
TOTAL					158,064	(805)	9,301

(1) Does not include financial institutions and 6 EPICs which are the social security and retirement Funds (CNSS and CARPO) and 4 EPICs considered as public services: MEDIFA (pharmaceutical laboratory) LONAB (National Lottery), the Caisse Autonome des Investissements (Public investment fund) and OGFT (Management of Tamba projects)

(2) COFA, SINAC, NAGANAGANI have been liquidated
SEMC, SBCF, SICOMAF have been privatized

* All figures as of end of 1990 except those marked by an * which are more recent figures available (as of end 1986)

BURKINA FASO**ANNEX 2****Page 1 of 2****PRIVATE SECTOR ASSISTANCE PROJECT****PRIVATIZATION COMMISSION****PRIVATIZATION PROGRAM****Enterprises to be privatized****In 1993****(Invitations to Bid Issued)**

1. FASO TOURS
2. CNA
3. SIFA
4. SONAPHARM
5. SONAR
6. FLEX FASO
7. GMB
8. FASOPLAST
9. ZAMA PUBLICITE
10. ONAVET
11. SOCOGIB
12. CIMAT
13. FEED COMOE
14. CNEA
15. FRUICEMA

1994-1996

1. MACEHOU
2. SOPAL *
3. CITEC *
4. SONACEB*
5. SONACOR
6. SOSUCO *
7. SOFITEK *
8. SNTB *
9. BURKINA SHELL *
10. FASO FANI *
11. SOBEMA *
12. SONACAB *
13. SAVANA *
14. FASO YAAR *
15. SOFIVAR
16. AIR BURKINA
17. NAGANAGANI
18. RNTC X9
19. SOREMIB
20. SOMICOB
21. CMK (Mines de Kiérou)
22. SMG

And EPICs that have become companies under normal communal law (see page 2)

** to be evaluated in 1993
others will be evaluated in
1994 and thereafter*

BURKINA FASO**PRIVATE SECTOR ASSISTANCE PROJECT****Etablissements Publics à Caractère Industriel et Commercial (EPICS)¹⁵****I. PRESENTLY UNDER REVIEW BY CONSULTANTS**

- 1 Hôtel Indépendance
- 2 Imprimerie Nationale du Burkina (INB)
- 3 Laboratoire National du Bâtiment et des Travaux Publics (LNBTP)
- 4 Laboratoire des Médicaments du Faso (MEDIFA)
- 5 Office National des Barrages et des Aménagements Hydro agricoles (ONBAH)
- 6 Loterie Nationale du Burkina (LONAB)
- 7 Office National des Télécommunications (ONATEL)
- 8 Office National de l'Eau et de l'Assainissement (ONEA)
- 9 Société Nationale d'Electricité du Burkina (SONABEL)
- 10 Centre National de Traitement de l'Informatique (CENATRIN)
- 11 Office National des Postes (ONP)
- 12 Office National des Puits et Forages (ONPF)

II. TO BE REVIEWED IN 1993 AND 1994

- 1 Office National d'Aménagement de la Vallée de la Volta (AVV)
- 2 Bureau des Mines et de la Géologie du Burkina (BUMIGEB)
- 3 Caisse Autonome d'Investissement
- 4 Caisse Autonome de Retraite des Fonctionnaires (CARFO)
- 5 Centre de Contrôle de Véhicules Automobiles (CCVA)
- 6 Caisse Générale de Péréquation (CGP)
- 7 Caisse Nationale de Sécurité Sociale (CNSS)
- 8 Caisse de Stabilisation des Prix des Produits Agricoles (CSPPA)
- 9 Office National des Céréales (OFNACER)
- 10 Office Général des Projets Tambao
- 11 Régie Nationale de Transport X9
- 12 Conseil Burkinabè des Chargeurs (CBC)
13. Chambre de Commerce de l'Industrie et de l'Artisanat (CCIA)

¹⁵ EPICS to be reviewed to determine if they should be converted into EPAs or into companies under normal law.

BURKINA FASO

PRIVATE SECTOR ASSISTANCE PROJECT

LIST OF PRIVATE PROFESSIONAL ORGANIZATIONS

1. Members of Conseil National du Patronat:

- G.P.I. : Groupement Professionnel des Industriels (Industry)
- SCIMPEX : Syndicat des Commerçants Importateurs et Exportateurs (Import/Export)
- APBIEF : Banques et Etablissements financiers (Banks)
- G.P.P. : Groupement des Pétroliers (Fuel distribution)
- Syndicat du Bâtiment et des Travaux Publics (Construction)
- Syndicat des Transporteurs (Transport)
- Syndicat des Transitaires (Shipping)
- Association des Grands Commerçants Traditionnels (Trade)
- Syndicats made of nine professional organizations¹⁴

2. Others

- Association des Femmes Chefs d'Entreprise
- Femmes Solidarité (Women entrepreneurs)
- AP-PME : Association des Petites et Moyennes Entreprises (Small and Medium Scale Enterprises)
- La Jeune Chambre Economique (Young businessmen)
- Association Burkinabè de Management (Management Association)
- Association pour la Productivité (Productivity Management)
- Association pour les Cercles de Qualité et le Management Participatif - ABCERQ (Quality Improvement)
- Association Burkinabè des Acteurs du Développement - ABAD
- Association des Bureaux d'Etude (Consultants)

Origin : Bureaucl report

¹⁴ including teachers, doctors, pharmacists, butchers, bakers...etc.,

BURKINA FASO
PRIVATE SECTOR ASSISTANCE PROJECT

PRIVATE CONSULTING FIRMS

<u>PROFESSIONS</u>	<u>PRIVATE</u>
Architects	14
Consultants	12
Topography	3
Sub-total 1	<u>29</u>
Accounting	30
Computer	19
Management and Marketing	25
Communication	19
Sub-total 2	<u>93</u>
Lawyers	19
Sub-total 3	<u>19</u>
Cleaning, security	14
Factoring	3
Secretarial, reprography	4
Recruitment, temping	1
Other	1
Sub-total 4	<u>23</u>
GRAND TOTAL	<u>164</u>

Note: About 30 professional architects in total active in Burkina Faso

Origin: Euxexcel report

BURKINA FASO

PRIVATE SECTOR ASSISTANCE PROJECT

PROGRAMMES D'ASSISTANCE FINANCES PAR LES BAILLEURS DE FONDS
(au 31 Juin 1992)

BAILLEURS	ORGANISME D'EXECUTION	PROGRAMME TYPE	DEBUT DU PROJET	BUDGET EN MILLIONS	CLIENTELE CIBLE	RESULTATS
Banque Mondiale	Faso-BAARA	Financement des Projets/Formation BTP	1992	30 US\$	Micro-entreprises BTP	458 Millions CFAP de marchés signés Février 1992
Caisse Populaire Desjardins (CANADA)	SDID	Epargne et crédit	1981		Micro-entreprises et activités génératrices de revenus	2300 prêts 325 millions CFAP en novembre 1991
O.N.G.	PRODIA	Crédit		80 CFAP	Micro-entreprises	1,016 prêts 258 millions CFAP fin 1991
CCCE (FRANCE)	AIPB	Crédit			PME	19 Projets 150 millions CFAP
F.A.C. (FRANCE)	BAME	Etude et Montage des dossiers	1991 Extension	- 50 CFAP phase pilote	PME et Micro-entreprises	6 dossiers 34 millions CFAP
PNUD	F.A.A.R. Femmes	Crédit		PNUD = 0,66 \$ G.B.P. = 300 CFAP	Activités Génératrices de revenus	496 crédits 22 millions CFAP novembre 1991
Banque Mondiale	Bureau d'appui à la privatisation	Aide à la privatisation	1992		Entreprises d'Etat	Démarrage
USAID (USA)	CCIA	Formation	1992	150,000 \$	PME	Démarrage
ACDI (CANADA)	CAPEO	Etude + Assistance Technique	1992	3 C\$	PME Modernes	Démarrage
F.A.C. (FRANCE)	CCIA	Formation Opérateurs Transport	1992	50 CFAP		A l'étude
PNUD	Projet Ville Moyenne	Assistance Technique	1992	A définir		A l'étude
PNUD	ONUDI	Etude Technique	1992	1,5 \$	PME	A l'étude
PNUD	CCIA	Formation	1992			A l'étude

Origine : *Excell*



Burkina Faso

Ouagadougou, le 10 FEV. 1993

Le Premier Ministre,

N° 93 - 029 - /PM/CAB/MICM.

A

Monsieur le Président de la Banque Mondiale
1818 H STREET NW WASHINGTON DC 20433
U. S. A.

Objet : Déclaration de politique
de renforcement des Insti-
tutions Financières et des
Institutions d'Appui au
Secteur Privé.

Monsieur le Président,

Dans le cadre de son Programme d'Ajustement Structurel (PAS) mis en oeuvre en 1990, le Gouvernement du Burkina Faso a retenu parmi les éléments de sa stratégie pour lever les obstacles à la croissance économique à long terme du pays, de favoriser le développement du secteur privé afin qu'il puisse jouer un rôle moteur dans l'économie. Il a, en conséquence, défini un programme d'action pour aider le secteur privé à assumer cette mission. Ce programme comporte quatre volets majeurs : la mise en place d'un environnement incitatif au développement de l'initiative privée et la privatisation des entreprises publiques, la restructuration du système bancaire, la réforme de l'administration pour lui permettre de répondre de manière plus efficiente aux besoins de ce secteur et le renforcement des Institutions d'appui à son développement. Les trois premiers volets de ce programme ont commencé à être mis en oeuvre avec l'assistance de la Banque Mondiale

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dans le cadre du PAS et du Projet de Développement Institutionnel (PDI). Le dernier volet qui concerne les Institutions d'appui sera, avec la continuation de la restructuration des banques et son élargissement aux institutions financières non-bancaires, l'objet principal du projet pour lequel le Gouvernement désire recevoir l'assistance de la Banque Mondiale.

1/ - Objectifs et Stratégies du Projet

Le Gouvernement du Burkina Faso est d'avis que le secteur privé doit être amené à prendre progressivement en charge son propre développement. C'est à dire qu'à terme il doit pouvoir fournir aux entrepreneurs privés l'assistance financière et technique dont ils ont besoin pour rendre leurs entreprises plus performantes et pour favoriser le développement de nouveaux investissements. C'est pourquoi le but ultime que le Gouvernement attache au plan de développement du système d'appui au secteur privé est de mettre à la disposition de ce secteur les moyens qui lui permettront d'atteindre cet objectif. Pour cela, il désire entreprendre une restructuration des institutions d'appui existantes en vue de :

- réaffecter à l'Etat les fonctions à caractère administratif ou de service public et de manière progressive les autres fonctions au secteur privé ;
- rendre ces institutions pleinement représentatives du secteur privé.

Il envisage aussi d'encourager la création de mécanismes susceptibles de favoriser le développement des investissements privés. Le Gouvernement souhaite donc financer des missions temporaires d'experts nationaux et étrangers pour aider à préparer et mettre en oeuvre, de concert avec les représentants du secteur privé, des plans permettant d'atteindre ces objectifs :

Le Gouvernement souhaite mettre en place un système d'appui au secteur privé constitué d'institutions représentatives du secteur privé capables de devenir, à terme, techniquement et financièrement auto-suffisantes. Ce système devrait être bâti, pour des raisons de coût et d'utilisation efficace des moyens matériels et humains, d'abord à partir de la restructuration d'institutions existantes (la possibilité d'encourager la création ultérieure

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d'autres institutions, n'étant, à priori pas écartée). L'assistance d'experts nationaux et internationaux que le Gouvernement est disposé à financer avec les moyens du projet, pour lequel il sollicite l'appui de la Banque Mondiale, devra répondre aux critères qu'il s'est fixé en accord avec les bailleurs de fonds.

Elle devra être temporaire et ses résultats devront être évalués. Cela implique pour ces institutions que dans un délai raisonnable : cette assistance aboutisse à la mise en place de systèmes de gestion adéquats et à la formation de leur personnel afin qu'ils soient à même de maîtriser ces systèmes; et, des mécanismes soient mis en oeuvre pour qu'elles deviennent financièrement indépendantes. Cela implique aussi qu'elle devra donner lieu à des évaluations périodiques afin de s'assurer qu'elle sert convenablement l'objet pour lequel elle a été accordée.

Le Gouvernement souhaite aussi assainir les institutions financières du pays afin de restaurer un climat sain d'intermédiation financière qui favoriserait le financement des investissements privés. A cette fin il envisage de continuer et d'achever la restructuration des banques et leur privatisation. Il envisage également d'évaluer les institutions financières non-bancaires afin d'identifier les mesures à prendre, les cas échéant, pour renforcer leur situation financière et leur gestion.

2/ - Le Programme d'Action

Afin de pouvoir définir un plan d'action en vue de mettre en oeuvre la stratégie et d'atteindre les objectifs mentionnés précédemment, le Gouvernement a commissionné une revue des deux principaux systèmes d'appui à l'entreprise privée : le système d'appui institutionnel qui doit lui apporter conseil, assistance et formation pour développer ses opérations et son expansion et les institutions financières qui doivent l'aider à financer ses activités et ses investissements. C'est sur la base des conclusions et recommandations de ces deux études qui ont été présentées, avec la participation de la Banque Mondiale, en Juin 1992 aux représentants des opérateurs privés nationaux que le Gouvernement a élaboré un programme d'action. Depuis, dans le souci d'assurer le succès de ce programme, il a pris l'initiative d'y associer largement le secteur privé. Pour cela, il a créé en septembre 1992, une

Commission de Concertation Etat-privés placée auprès du Ministère de l'Industrie, du Commerce et des Mines où les représentants du secteur privé sont majoritaires pour suivre la préparation, l'exécution et l'évaluation périodique de ce programme.

2.1./ - Les Institutions d'Appui.

Trois institutions devraient jouer un rôle majeur dans les opérations et le développement du secteur privé : la Chambre de Commerce, d'Industrie et d'Artisanat (CCIA) dont le but est de fournir aux entrepreneurs privés l'assistance et l'encadrement dont ils ont besoin et d'assurer la défense de leurs intérêts; l'Office National du Commerce Extérieur (ONAC) chargé de promouvoir leurs exportations; et le Conseil Burkinabè des Chargeurs (CBC) dont le rôle est primordial pour assurer la maîtrise des conditions et des coûts de transport qui jouent un rôle critique dans l'économie du pays. L'étude mentionnée précédemment a révélé que leurs missions, structures et statuts devraient être redéfinis pour tenir compte de la nouvelle politique libéralisation économique du pays et, pour certaines comme le CBC, de l'évolution de l'environnement international dans le domaine où elles opèrent. Le Gouvernement s'est donc fixé comme tâche d'entreprendre, conformément à la stratégie mentionnée plus haut, les actions nécessaires pour restructurer ces institutions afin de mettre à la disposition du secteur privé un appui institutionnel capable de l'accompagner dans son développement.

Les objectifs de cette tâche ont largement été exposés aux représentants du secteur privé Burkinabè. Ils consistent à revoir les fonctions de ces institutions pour restituer à l'Etat les missions à caractère administratif qu'elles assument actuellement et transférer, progressivement au secteur privé celles qui correspondent à des services directs aux opérateurs économiques. Les prestations de ces institutions qui ont un caractère de service public pourraient être soit reprises par l'Etat soit sous-traitées par celui-ci avec ces institutions restructurées dans des conditions à définir avec elles. Pour cela le Gouvernement entend réévaluer ces institutions et préparer des plans de restructuration répondant à ces objectifs.

Ceci implique d'abord que la CCIA retrouve son statut d'organisme consulaire. Ensuite qu'elle reçoive de l'assistance pour pouvoir jouer son rôle d'interprète du secteur privé auprès

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du Gouvernement, de catalyseur des aides au secteur privé qui sont disponibles et de formation d'assistance à l'entrepreneur privé. Enfin les missions du CBC et de l'ONAC devraient être revues dans le même esprit.

Afin de progresser dans la voie de l'instauration d'un cadre incitatif au développement du secteur privé, le Gouvernement envisage de simplifier les procédures administratives requises pour créer de nouvelles entreprises ou transformer celles qui existent. A cet effet, il a mis en place deux guichets uniques : l'un pour l'exécution des formalités pour les investissements et l'autre pour celles relatives aux importations. Le Gouvernement se propose maintenant de renforcer leurs moyens d'action par une assistance adéquate.

Le Ministère de l'Industrie, du Commerce et des Mines (MICM) a décidé d'adapter son organisation aux changements intervenus ou à intervenir dans ses fonctions du fait des changements d'orientation économique du pays. Il a aussi décidé de se doter d'outils de gestion qui lui permettront de suivre et d'analyser efficacement les performances de l'industrie et du commerce et de préparer les mesures incitatives appropriées à leur développement. A cette fin il a requis l'assistance du PNUD pour conduire un audit institutionnel. Il souhaite aussi que dans le cadre du projet de développement des institutions financières et d'appui au secteur privé une étude soit confiée à des consultants afin de définir les instruments les plus adaptés au suivi et à la prévision de l'activité économique dans les domaines de l'industrie et du commerce.

2.2/- Les Institutions Financières

Les institutions financières du Burkina Faso comprennent les banques et des institutions non-bancaires que sont les établissements financiers, les compagnies d'assurance et les institutions d'épargne contractuelle. Dans ce domaine le Gouvernement s'est donné comme objectifs : d'assainir les institutions qui ont des difficultés et d'ouvrir leur capital à la participation majoritaire du privé national et étranger; de les aider à se doter de moyens de gestion adaptés à leurs objectifs, et, de prendre les mesures nécessaires à améliorer les conditions de recouvrement de leurs créances.

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Depuis l'adoption du programme d'ajustement structurel appuyé par les bailleurs de fonds, en particulier par la Banque Mondiale, le Gouvernement a entrepris d'assainir et de privatiser le système bancaire.

En 1991, des mesures financières importantes ont été prises pour restructurer les bilans des banques qui avaient accumulé des actifs improductifs menaçant leur équilibre financier. Le Gouvernement a aussi entrepris la recherche d'investissements privés pour réduire sa propre participation dans leur capital à un maximum de 25 %. Les actions de privatisation se sont avérées difficiles à réaliser dans les délais prévus, mais le Gouvernement entend poursuivre ses efforts afin d'achever la privatisation du système bancaire comme il s'y était engagé dans le cadre du PAS.

Tout en poursuivant l'objectif mentionné précédemment, le Gouvernement a décidé de faire procéder à une évaluation précise de la faiblesse de la situation financière des banques et établissements financiers afin de pouvoir y remédier convenablement. Pour cela, l'évaluation de leur situation financière qui a été faite par la Commission Bancaire de l'UMOA est en train d'être revue par des consultants de la Banque Mondiale pour déterminer si des audits complémentaires sont nécessaires. Au moment de leur privatisation et après négociations avec leurs nouveaux actionnaires, des plans de restructuration financière seront ensuite élaborés pour chaque banque et établissement financier où l'Etat est majoritaire. Ces plans ne seront mis en oeuvre, cependant, qu'après accord de la Banque Mondiale. Les banques et établissements financiers qui n'auront pu être privatisés et dont la viabilité financière n'est pas assurée seront liquidés.

Afin de les préparer à être éligibles dans le futur aux lignes de crédit que la Banque Mondiale pourrait mettre à leur disposition, les banques et établissements financiers qui le désirent seront soumis à un audit institutionnel afin de déceler leurs éventuelles faiblesses de gestion. Ces institutions pourront ensuite bénéficier d'une assistance de la Banque Mondiale pour former leur personnel et se doter de procédures de gestion adéquates.

Les institutions d'épargne contractuelle et les institutions financières non bancaires seront aussi renforcées. Les premières qui sont la Caisse Nationale de Sécurité Sociale et

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la Caisse de Retraite (CARFO) feront l'objet, comme cela a été convenu dans le PAS, d'études actuarielles afin d'identifier les mesures aptes à assumer leur santé financière à long terme.

Les compagnies d'assurance, seront elles soumises aux dispositions du récent traité sur l'intégration du marché des assurances au sein de la zone Franc.

Dans le cadre du PAS, le Gouvernement s'était engagé à assainir et restructurer les Chèques Postaux et la Caisse Nationale d'Epargne (CCP/CNE) qui constituent un réseau indispensable à la collecte de la petite épargne. La restructuration envisagée devrait être basée sur les principes suivants : d'une déconnexion des flux des CCP/CNE de ceux du Trésor; et; de la séparation de leurs flux financiers de ceux de l'Office National des Postes dont ils font partie à l'heure actuelle afin d'éviter que les CCP/CNE ne financent l'activité postale. Une première évaluation des flux financiers des CCP/CNE a été faite. Un audit complet de leur situation financière sera entrepris incessamment. La restructuration des CCP/CNE pose cependant un problème, qui est maintenant débattu à l'échelle internationale, dû au fait qu'ils ont au départ été conçus uniquement comme instrument de collecte de l'épargne et non comme institution financière.

Le Gouvernement a donc décidé de faire entreprendre une étude de restructuration des CCP/CNE en vue de les transformer, selon les principes mentionnés précédemment, en une institution financière, qui au sein de l'ONP, continuera à mobiliser la petite épargne et pourrait, dans des conditions à préciser, faire du crédit à ses déposants. Cette étude examinera aussi les derniers développements sur le plan international en matière de statuts et rôle des réseaux CCP/CNE. Elle fera, en tenant compte de la réglementation de l'UMOA, les recommandations éventuelles à mettre en oeuvre pour que les CCP/CNE du Burkina Faso s'adaptent à l'évolution d'institutions similaires dans le monde.

Pour garantir la performance future des institutions financières qui accordent des crédits au secteur privé, le Gouvernement a décidé de prendre les mesures nécessaires pour éliminer les obstacles réglementaires qu'elles peuvent rencontrer dans le recouvrement de leurs créances. Ces mesures visent à sanctionner les débiteurs récalcitrants.

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Elles vont consister en un renforcement de la loi sur les impayés bancaires et les chèques sans provisions et l'incorporation dans le code pénal de sanctions à l'égard de ceux qui tenteraient de soustraire leurs actifs aux poursuites de leurs créanciers.

Le Gouvernement a décidé de les faire préparer et mettre en oeuvre par le Comité Directeur prévu à cet effet dans le projet de développement institutionnel. Les modifications envisagées devront être conformes aux dispositions réglementaires en vigueur dans l'UMOA et, dans la mesure où elles se concrétisent dans un délai compatible avec l'urgence de résoudre ce problème, aux orientations des projets communautaires présentement à l'étude.

Enfin, en vue d'accélérer le recouvrement des créances cédées au BRCB dans le cadre de l'assainissement des banques, le Gouvernement a décidé de doter celui-ci de moyens nécessaires. Il lui a déjà donné les privilèges du Trésor en matière de recouvrement. Il envisage maintenant d'informatiser ses opérations et sa comptabilité et de former son personnel aux techniques de recouvrement avec l'assistance fournie par le projet.

Telles sont, Monsieur le Président, les grandes lignes de la politique que mon Gouvernement compte suivre pour faire des institutions financières et des institutions d'appui de véritables outils de développement du secteur privé au Burkina Faso.

Je reste convaincu que par votre disponibilité constante à appuyer les efforts de développement, mon pays bénéficiera de la part de votre institution, de toute l'assistance nécessaire pour la mise en oeuvre des mesures envisagées.

Veillez croire, Monsieur le Président, à l'assurance de ma très haute considération.



Youssouf OUEDRAOGO/-.

BURKINA FASO**PRIVATE SECTOR ASSISTANCE PROJECT****THE BANKING SECTOR**

1. **Background.** Burkina Faso is one of the seven members of the West African Monetary Union (Union Monétaire Ouest Africaine - UMOA) whose monetary policies, bank regulation and supervision are administered by a common Central Bank (Banque Centrale des Etats de l'Afrique de l'Ouest - BCEAO). In late 1988, following the failure of several Banks of the Union, the BCEAO began to develop, throughout the zone, a modern and responsive financial system. In 1989, following consultations with donors including the Bank and the Fund, it undertook to reform its interest rate policies by eliminating the practice of directed credit, establishing a money market rate and unifying its two discount rates (the preferential and the normal) into a single rate slightly above the money market rate. It has also allowed the banks to freely set their lending rates within a margin of 5% above the rediscount rate, thus abandoning the system of fixed margins determined by the borrowers economic activity. To further submit the banks' activities to market-oriented forces, the BCEAO is now considering adopting another measure which would consist of gradually replacing the bank-by-bank credit ceilings currently used to monitor the money supply with a system of mandatory reserves. To strengthen bank supervision the BCEAO revised, in September 1991, its prudential regulations. In addition, the UMOA established, also in September 1991, a separate agency for the zone, the banking commission (Commission Bancaire - CB) to monitor the banks activities and penalize those which would not comply with the new policies. Since then bank supervision has been more frequent and, in the case of Burkina Faso, the CB had, as of late 1991-early 1992, audited all the banks. Finally, as part of its contribution to the restructuring of banking systems, the UMOA agreed to consolidate, on concessional terms, most BCEAO claims on the banks to be restructured or liquidated in the member countries of the Union. In Burkina Faso this measure has helped to restructure the balance sheet of the Banque Nationale de Développement du Burkina (BND-B).

2. The instruments available to BCEAO to implement monetary policy still need further development. Similarly although recently revised and improved, the prudential regulatory and supervisory framework is not yet fully compatible with internationally accepted standards. These issues are, however, beyond the control of individual member states of the UMOA. Consequently, though having a direct impact on the soundness of the Burkinabe banking system, their shortcomings cannot be addressed in the context of the proposed project.

3. **Banking institutions.** Since 1991, when three ailing Government banks were merged, Burkina Faso's banking system consists of six banks: the Banque Internationale pour le Commerce, l'Industrie et l'Agriculture (BICIA); the Banque Internationale du Burkina (BIB); the Banque Nationale de Développement du Burkina (BND-B); the Banque pour le Financement du Commerce et de l'Industrie (BFCI); the Caisse Nationale de Développement Agricole (CNCA); and the Banque Arabe Libyenne du Burkina (BALIB). With a participation varying from 50 to 87%, the Government is the majority shareholder in all the banks except BIB in which it has recently reduced its share to 25%. Three banks, BICIA, CNCA and BALIB have foreign shareholders who participate in their management. By far BICIA and BIB dominate the banking system (Table below).

CONSOLIDATED BALANCE SHEET OF THE BANKS

(1991)

1991

CFAF million

ACTIF	as of 30/09	BNDB	BB	BICIA	BFCI	BALIB	CNCA	TOTAL
Caisse		291	922	529	162	99	32	2,035
Banque Centrale		4,840	4,619	13,289	5,975	612		29,335
Banques et correspondants		468	4,905	5,448	969	148	99	11,737
Autre Inst. Financiere Nationale et Internationale		313	829	504		4		1,650
Gouvernement et Institution Internationale		1,797	7,340	6,057	34		19	15,247
Credit aux agents economique (net)		25,855	28,667	35,784	9,677	951	13,902	114,806
- dont sains		18,894	26,856	34,990	9,452	363	13,072	103,427
--- dont credit Court Terme		4,068	20,096	25,119	4,325	363	8,885	62,836
dont credit de campagne		(60)	(4,214)	(3,243)	(2,077)		(3,364)	(12,658)
--- dont credit Moyen Terme		3,638	5,392	9,345	2,652		4,207	25,234
--- dont credit Long Terme		11,188	1,160	526	2,475			15,358
- credit en souffrance brut		7,657	2,010	8,025	3,356	607	2,674	24,629
Provisions sur credit en souffrance		(696)		(7,291)	(3,131)	(19)	(2,144)	(13,251)
Autres Comptes et comptes d'ordre		1,042	21,727	11,016	403	46	896	35,130
Immobiliations et tres		1,265	3,275	2,351	2,498	154	947	10,490
Resultats anterieurs		1,120			2,887	413		4,420
Resultat exercice					1,725			1,725
TOTAL ACTIF		36,991	72,284	74,948	24,030	2,427	15,895	226,575

PASSIF	BNDB	BB	BICIA	BFCI	BALIB	CNCA	TOTAL
Banque Centrale	9,000					712	9,712
Banques et correspondants	151	201	374	114		2	842
Autre Inst. Financiere Nationale et Internationale	1,650	24	926		134	3,682	6,416
Gouvern. et autres Inst. non financiere	13,565	15,035	15,205	1,410	770	3,625	48,646
dont Depots a vue	4,678	7,978	4,141	1,020	420	383	18,618
dont Depots a terme	8,919	7,059	11,064	391	350	3,245	31,028
Depots Clienteles	8,381	32,344	41,248	17,767	487	1,820	102,047
dont Depots a vue	4,064	14,049	18,446	10,818	332	164	47,873
dont Depots a Terme Moins de 2 ans	1,954	11,176	15,523	8,072	131	601	35,457
dont Depots a Terme Plus de 2 ans	505						505
dont Comptes a Regime Special	1,858	7,119	7,280	877	24	1,056	16,214
Autres Comptes et Comptes d'Ordre	2,508	23,557	13,636	3,139	236	1,126	44,202
Fonds Propres	1,708	1,032	2,893	1,600	800	4,893	12,924
Resultats Exercice et Anterieurs		88	696			32	786
TOTAL PASSIF	36,991	72,284	74,948	24,030	2,427	15,895	226,575

In 1991, BICIA and BIB represented together about 65% of the CFAF 226 billion of total banks assets and their CFAF 150 billion in deposits contributed about 55% of the CFAF 114 billion total credit to the economy.

4. On the whole, the banking system enjoys a substantial level of liquidity. Although this level has declined since 1988, the banks deposited in 1992, about CFAF 30 billion on the UMOA money market.

Table 7
Banks Key Financial Indicators
(in CFAF billion)

	1988	1989	1990	1991
Total Assets	208	234	262	227 ¹
Total Credits	119	145	154	119 ¹
Total Deposits	153	174	176	151
Credits as % of deposits	78	83	88	79
Banks Lending on money market	44	30	18	30

¹ *Assets and credits have decreased as a result of the restructuring that took place in 1991 (see para. 48)*

5. As in most centralized economies, the banking sector essentially depends on the state and the public enterprises which together contribute about 55% of their resources. In addition to being very vulnerable to a change in the financial situation of the Government and its enterprises, their deposits are overwhelmingly of a short-term nature: checking deposits and term-deposits of less than two years maturity represent about 90% of their total deposits. It is, therefore, not surprising that the banks are reluctant to grant term-credit to finance private investments and prefer to extend short-term credit to finance commercial operations. However, as a result of past lending to public enterprises, term-loans represent, on the whole, about 35% of their total loan portfolio. The healthy banks allocated only about 20% of their lending to public enterprises while this proportion reached 50 to 60% in Government banks.

BURKINA FASO**PRIVATE SECTOR ASSISTANCE PROJECT****ASSISTANCE AU GUICHET UNIQUE DES FORMALITES NON DOUANIERES DU****COMMERCE EXTERIEUR****TERMES DE REFERENCE****INTRODUCTION**

1. Aux termes de l'ordonnance no. 91-0069/PRES du 25/11/91 portant régime général des importations et des exportations, l'entrée, tout comme la sortie des marchandises au Burkina Faso est libre. Cependant, à la sortie ou à l'entrée de ces produits les opérateurs économiques ont à remplir, en plus des formalités douanières, des formalités administratives. Ces dernières relèvent de différents services qui dépendent eux-mêmes de ministères différents: la Direction des impôts, la Chambre de Commerce et la Direction Générale du Commerce. Cela résulte en des lourdeurs qui jouent négativement sur la fluidité des opérations de commerce international. Aussi le Gouvernement a-t-il décidé de concert avec la Banque Mondiale la création d'un service dénommé Guichet Unique de formalités non douanières du commerce extérieur qui gère désormais toutes ces procédures administratives.

2. Ce guichet est placé au sein de la Direction Générale du Commerce. Le Gouvernement du Burkina désire doter ce service en outils de travail indispensables à l'exécution correcte des tâches qui lui sont assignées. Pour cela, il recherche l'assistance de consultants spécialisés pour l'aider à définir l'organisation, les procédures et le support informatique nécessaires à rendre le travail du guichet unique rapide et efficient.

OBJECTIFS DES CONSULTANTS

3. Les consultants devront analyser les tâches du Guichet unique pour et proposer en fin de mission:

- (a) un organigramme définissant les tâches des agents du guichets et le profil qu'ils devraient avoir pour les exécuter correctement; le consultant devra en particulier étudier la possibilité d'accroître l'efficacité du Guichet en décentralisant son travail par la création d'antennes hors de la capitale.
- (b) un manuel de procédures du Guichet unique et formulaires, imprimés et autre supports matériels à utiliser;
- (c) les outils informatiques indispensables à rendre l'exécution des tâches du Guichet, sa gestion et le traitement des données rapides et fiables.

- (d) un programme de formation sur le tas du personnel du Guichet pour le rendre familier aux nouvelles procédures; et,
- (e) un programme d'information des opérateurs économique au sujet des nouvelles dispositions concernant le travail du Guichet.

QUALIFICATION DES CONSULTANTS

- 4. Les consultants recherchés devront justifier d'une expérience éprouvée dans des travaux d'organisation administrative et en particulier en ce qui concerne les tâches de l'administration du commerce international. Ils devront aussi justifier qu'ils sont au fait de l'utilisation des moyens informatiques appropriés au genre de travail qui est celui du guichet unique.

OFFRES DES CONSULTANTS

- 5. Les offres des consultants devront être soumises avant le.... (au moins 45 jours à dater de l'appel d'offre) sous pli cachetés au Ministère de l'Industrie, du Commerce et des Mines. Les offres de services devront être accompagnées des curriculum vitae des consultants proposés justifiant leur expérience dans le genre de prestation recherchée. En plus des prestations concernant l'organisation du guichet unique, l'offre devra inclure une proposition la plus détaillée possible de formation sur le tas de courte durée pour initier le personnel du guichet aux nouvelles procédures et à l'utilisation de l'appareil informatique. Les offres seront notées sur 100: 80 points seront alloués à la qualification du ou des consultants proposés et 20 points à l'offre financière.

CONDITIONS ET CALENDRIER DE TRAVAIL

- 6. La durée de la mission au Burkina Faso sera de deux mois au maximum. A l'expiration de ce délai, un rapport provisoire rédigé en français comprenant le manuel de procédures, la proposition de matériel informatique et son utilisation et le programme de formation sur le tas et un projet de guide du l'exportateur et de l'importateur rédigé en français devra être remis en 10 exemplaires au Ministère de l'Industriel du Commerce et des Mines du Gouvernement du Burkina Faso et en 3 exemplaires à la Banque Mondiale.
- 7. Un rapport définitif sera remis dans les mêmes conditions que le rapport provisoire dans un délai de un mois après réception des commentaires du Ministre de l'Industrie, du Commerce et des Mines et de la Banque Mondiale.

PRIVATE SECTOR ASSISTANCE PROJECT**MISE EN PLACE DU GUICHET UNIQUE DES INVESTISSEMENTS****TERMES DE REFERENCE****INTRODUCTION**

1. Dans le souci d'aider à la relance des investissements au Burkina Faso, le Gouvernement a décidé de simplifier les procédures administratives relatives à l'établissement de nouvelles entreprises et de réduire les délais y afférents. Pour ce faire, il a été créé un Guichet Unique des Investissements au sein de la Direction Générale du Développement Industriel. Ainsi, les promoteurs qui devaient auparavant se déplacer d'une administration à une autre, peuvent accomplir en un même lieu toutes les procédures légales nécessaires à la création ou à l'extension de leur entreprise.

OBJECTIFS DU GUICHET UNIQUE DES INVESTISSEMENTS

2. L'objectif principal du Guichet Unique des Investissements est la rationalisation des formalités liées à la création et à l'extension des entreprises. Les entreprises concernées sont celles sollicitant ou non les avantages du Code des Investissements.

Le Guichet Unique permettra notamment:

- la rapidité dans la délivrance des attestations de dépôts et des déclarations d'investissement industriel ou de service ;
- la réalisation d'une économie de temps en regroupant les principaux services intervenant dans les formalités;
- la bonne organisation des formalités pour satisfaire au mieux les usagers ;
- la possibilité d'informer les opérateurs en un seul lieu sur toutes les formalités à travers entre autres la confection de fascicules d'information en la matière.

OBJECTIF D'ASSISTANCE SOUHAITEE

3. Le Gouvernement du Burkina Faso recherche l'assistance de consultants dont la mission sera de définir l'organisation et les procédures du Guichet Unique et de former son personnel sur le tas. A cette fin, la tâche du Consultant sera de:

- a. définir l'organisation du guichet unique, les postes de travail et la qualification du personnel requis;

- b. définir les procédures administratives qui doivent être accomplies au niveau du Guichet Unique;
- c. consigner ces procédures dans un "Guide du Promoteur";
- d. concevoir les formulaires et autres supports matériels nécessaires à l'accomplissement des formalités;
- e. identifier les matériels informatiques nécessaires à rendre le travail du Guichet et l'exploitation de ses informations rapides et efficaces; et,
- f. assurer la formation sur le tas des agents du Guichet Unique.

QUALIFICATION DES CONSULTANTS

4. Les consultants recherchés devront justifier d'une expérience éprouvée dans des travaux d'organisation administrative et en particulier en ce qui concerne les tâches de l'administration du commerce international. Ils devront aussi justifier qu'ils sont au fait de l'utilisation des moyens informatiques appropriés au genre de travail qui est celui du guichet unique.

OFFRES DES CONSULTANTS

5. Les offres des consultants devront être soumises avant le.... (au moins 45 jours à dater de l'appel d'offre) sous plis cachetés au Ministère de l'Industrie, du Commerce et des Mines. Les offres de services devront être accompagnées des curriculum vitae des consultants proposés justifiant leur expérience dans le genre de prestation recherchée. En plus des prestations concernant l'organisation du guichet unique, l'offre devra inclure une proposition la plus détaillée possible de formation sur le tas de courte durée pour initier le personnel du guichet aux nouvelles procédures et à l'utilisation de l'appareil informatique. Les offres seront notées sur 100: 80 points seront alloués à la qualification du ou des consultants proposés et 20 points à l'offre financière.

Conditions et calendrier de travail du Consultant

6. La durée de la mission sera de deux mois au maximum. A l'expiration de ce délai, un rapport provisoire rédigé en français comprenant le manuel de procédures, la proposition de matériel informatique et son utilisation, le programme de formation sur le tas et un projet de guide du promoteur devra être remis en 10 exemplaires au Ministre de l'Industrie, du Commerce et des Mines du Gouvernement du Burkina Faso et en 3 exemplaires à la Banque Mondiale.

7. Un rapport définitif sera remis dans les mêmes conditions que le rapport provisoire dans un délai de un mois après réception des commentaires du Ministre de l'Industrie, du Commerce et des Mines et de la Banque Mondiale.

BURKINA FASO**PRIVATE SECTOR ASSISTANCE PROJECT****ETUDE DE RESTRUCTURATION DE LA CCIA****TERMES DE REFERENCE****INTRODUCTION ET CONTEXTE:**

8. Le Gouvernement du Burkina Faso s'est engagé dans un P.A.S., instrument de la mise en oeuvre d'une nouvelle politique de développement économique qui confie au secteur privé un rôle moteur.

9. Dans ce contexte, et avec l'aide de la Banque Mondiale, le Gouvernement a mené une étude visant à proposer le renforcement du cadre institutionnel de promotion du secteur privé. Cette étude a constaté notamment que les institutions d'appui au secteur privé, et la CCIA, ne répondaient pas pleinement aux besoins de représentativité et d'appui nécessaires aux objectifs de développement des initiatives et des entreprises.

10. La CCIA, conçue à l'origine comme un véritable organisme consulaire de représentation des intérêts du secteur privé a dérivé au fil du temps vers un mode de fonctionnement de démembrement de l'Etat chargé de l'exécution de missions de service public, et de la gestion d'infrastructures destinées au transit de marchandises.

11. La réalisation des nouveaux objectifs économiques implique un recentrage et une restructuration des institutions de représentation et d'appui des entrepreneurs privés dans le respect des fonctions et du rôle qu'elles doivent logiquement assumer face à l'Etat. C'est dans ce contexte qu'une étude de restructuration de la CCIA doit être engagée afin d'en refaire un instrument de développement et d'appui efficace et responsable aux mains des utilisateurs.

OBJECTIF DE L'ETUDE:

12. L'objectif de l'étude est de proposer les textes, les procédures et le plan d'action nécessaires pour transformer la CCIA en véritable organisme consulaire, dans le cadre d'un statut particulier, dont les organes dirigeants sont composés d'élus par les opérateurs privés et dont les règles de tutelle sont spécifiquement aménagées afin de garantir son indépendance par rapport aux pouvoirs publics et son implication obligatoire en matière, notamment, de réglementation des affaires et du commerce.

13. Cette restructuration juridique doit être conçue à partir des attributions conférées par les textes d'origine, à savoir:

- mission consultative et représentative,
- mission de gestion de service communs à caractère administratif: formation, information, conseil et promotion des opérateurs privés,

- mission de gestion de services communs à caractère industriel et/ou commercial: infrastructures d'intérêt public.

14. La restructuration juridique envisagée doit essentiellement permettre de:

- garantir la représentativité de l'ensemble des opérateurs économiques concernés y compris les femmes et le secteur informel, qui accepteraient librement d'adhérer à la Chambre de Commerce,
- garantir la défense des intérêts des opérateurs économiques,
- garantir l'indépendance de l'institution par rapport aux pouvoirs publics,
- garantir le caractère systématique de la consultation de la CCIA par les pouvoirs publics dans l'amélioration de l'environnement des affaires et son rôle indispensable d'interface,
- garantir à l'institution des ressources suffisantes pour mener à bien ses missions.

TACHES DU CONSULTANT:

15. Remarque préalable. La transformation du statut juridique de la CCIA en organisme consulaire nécessite un certain nombre d'actions préalables. L'organisation d'élections auprès des commerçants, industriels, sociétés de service, personnes physiques et morales inscrites au registre du Commerce ou des sociétés simplement assujetties à la Patente ne semble pas réalisable dans l'immédiat. Le recours aux organismes et associations professionnelles existantes semble l'option la plus réaliste. Dans ce sens, les tâches du Consultant peuvent être schématisées comme suit:

16. Etude Juridique. Il s'agit de revoir le statut juridique de la CCIA dans l'esprit des objectifs sus-mentionnés, à savoir:

- la nature juridique de la CCIA,
- l'organisation des organes dirigeants,
- les attributions statutaires.

17. Préparation d'élections. Il s'agit de proposer un plan d'action opérationnel pour la tenue des élections des membres et les procédures aux institutions qui veulent adhérer à la Chambre de Commerce de désignation des organes dirigeants, y compris du Directeur Général ou du Secrétaire Général. Compte tenu de la remarque ci-dessus, cette mission consiste à:

- dresser une nomenclature des professions à représenter,
- vérifier la représentativité des organisations professionnelles existantes,
- définir la répartition des sièges par collège électoral (industrie, commerce, services, transport, artisanat, etc.),
- proposer une procédure d'élection des membres consulaires par les organisations professionnelles et, notamment, les règles de répartition des sièges.

18. Proposition d'un calendrier pour la tenue des élections.

QUALIFICATIONS ET SELECTION DES CONSULTANTS

19. Seront appelées à soumissionner les sociétés qui auront prouvé qu'elles ont une expérience confirmée dans ce genre d'étude et qu'elles disposent d'un personnel qualifié et expérimenté. Les offres seront évaluées en notant l'expérience de la firme sur 40, la qualité du personnel proposé sur 40 et le prix demande sur 20.

CONDITIONS ET CALENDRIER DE TRAVAIL

20. La durée de la mission est estimée à un mois sur le terrain et deux semaines pour la rédaction du rapport final, y compris les projets de textes. Au bout de ce délai, un rapport provisoire rédigé en Français devra être remis en 10 exemplaires au Ministère de l'Industrie du Commerce et des Mines (MICM) du Gouvernement du Burkina Faso et en 3 exemplaires à la Banque mondiale. Un rapport définitif sera remis dans les mes conditions que le rapport provisoire dans un délai de un mois après réception des commentaires du MICM et de la Banque mondiale.

BURKINA FASO**PRIVATE SECTOR ASSISTANCE PROJECT PROJECT****ETUDE DE REORGANISATION INTERNE**
DES INSTITUTIONS D'APPUI AU SECTEUR PRIVE
CCIA, ONAC ET CBC**TERMES DE REFERENCE****INTRODUCTION**

1. Le Gouvernement du Burkina Faso a entrepris un programme d'ajustement destiné à améliorer les politiques et réglementations qui s'appliquent aux activités du secteur privé de manière à ce que celui-ci puisse jouer un rôle moteur dans le développement économique du pays. Il désire maintenant compléter les réformes qu'il a déjà entreprises dans ces domaines par une réorganisation du système d'appui à l'entreprise privée de manière à le mettre en mesure d'apporter une assistance efficace aux entrepreneurs du secteur privé. Il souhaite confier à des consultants de(s) une étude des trois principales institutions qui constituent ce système d'appui, à savoir la Chambre de Commerce, de l'Industrie et de l'Artisanat (la CCIA), le Office National du Commerce Extérieur (ONAC) et la Conseil Burkinabé des Chargeurs (CBC). Pour respecter le principe de désengagement de l'Etat, qui est l'un de ceux qui sous-tendent son programme d'ajustement, cette étude devrait conduire à une redéfinition du rôle ces institutions de manière à ce qu'elles deviennent, en transférant leurs activités administratives à l'Etat et leurs activités commerciales au secteur privée, des organismes privés se consacrant essentiellement à la fourniture de services d'assistance indispensables au développement de l'entreprise privée. Le Gouvernement du Burkina Faso a fait faire une première revue de ces institutions par la Société EUREXCEL. Cette étude, de même que les études spécifiques préparées par les institutions elles-mêmes, seront fournies et devront servir de base d'information aux consultants appelés à entreprendre l'étude dont les termes de référence sont présentés dans les paragraphes ci-après.

OBJECTIF DE L'ETUDE

2. L'objectif final de l'étude envisagée est de proposer un plan de restructuration pour chacune de ces institutions selon le principe mentionné précédemment. Ce plan devrait assurer: (i) que les fonctions dévolues à ces institutions d'appui répondent effectivement aux besoins exprimés par les opérateurs du secteur privé eux-même en matière de services et d'assistance indispensables à la promotion de leurs activités; (ii) qu'elles acquerront les moyens nécessaires à garantir que les missions confiées par les opérateurs privés à ces institutions soient entreprises de la façon la plus efficace possible; et (iii) qu'elles pourront à terme devenir financièrement autosuffisantes.

TACHES DES CONSULTANTS

3. Pour pouvoir établir ces plans de restructuration, les consultants devront entreprendre, sans que cette liste soit exhaustive, les tâches suivantes:

- a. identifier, sur la base du rapport EUREXCEL et en concertation étroite avec les opérateurs privés et les Ministères concernés, les missions devant relever de chacune des institutions, ainsi que de l'Administration (en particulier Direction du Commerce et Direction des Transports), et les missions nouvelles à entreprendre;
- b. procéder à un diagnostic opérationnel et financier exhaustif de la CCIA, de l'ONAC et du CBC;
- c. évaluer les changements à apporter au niveau de l'organisation et des ressources humaines et financières de ces institutions; cette évaluation devra inclure les transferts de fonctions et d'actifs à opérer entre elles, les départements de l'Administration centrale concernés, le secteur privé pour leur permettre d'assurer efficacement les missions qui leur reviennent;
- d. identifier les ressources techniques, humaines et financières nécessaires, dans un souci d'efficacité maximum et de contrôle des coûts; ceci devrait inclure l'assistance technique externe requise et l'assistance financière de l'Etat sur une base dégressive; le principe de sous-traitance par l'Etat à ces institutions des tâches à caractère administratif sera examiné si cela s'avère nécessaire;
- e. développer des propositions de réorganisation interne des institutions d'appui qui en fonction de leurs nouvelles missions devraient être maintenues (celles dont l'existence n'étant plus justifiée devant disparaître: structure, mode de fonctionnement, niveau des effectifs, profils de qualification; en ce qui concerne la CCIA, les consultants devront apporter une attention particulière à la définition des tâches et de l'organisation de son département qui sera en charge d'apporter son aide aux entrepreneurs selon les principes suivants: (i) la CCIA ne donnera pas elle-même d'assistance aux entrepreneurs mais devra les identifier les institutions locales ou étrangères ou les programmes mis en place par les bailleurs de fonds capables de la leur fournir; et, (ii) l'assistance financière de la CCIA, et en particulier celle qui sera financée par la Banque mondiale, pour aider les entrepreneurs à acquérir l'aide dont ils ont besoin devra être soigneusement évaluée et sa mise en oeuvre suivie par la CCIA et devra être donnée sur la base de formules de récupération des coûts (genre Faso Barra) qui seront clairement définies par les consultants;
- f. développer des propositions concernant le mode de financement des institutions; et
- g. préparer un plan et un calendrier de mise en place des réformes proposées et définir l'assistance technique nécessaire à sa mise en oeuvre.

QUALIFICATIONS ET SELECTION DES CONSULTANTS

4. Seront appelées à soumissionner les sociétés qui auront prouvé qu'elles ont une expérience confirmée dans les études d'organisation de ce genre d'institutions et qui disposent d'un personnel qualifié et expérimenté. Les offres seront évaluées en notant l'expérience de la firme sur 40, la qualité du personnel proposé sur 40 et le prix demandé sur 20.

CONDITIONS ET CALENDRIER DE TRAVAIL

5. L'étude devra être terminée dans un délai maximum de trois mois après le paiement de l'avance. Au bout de ce délai, un rapport provisoire rédigé en Français devra être remis en 10 exemplaires au Ministère de l'Industrie du Commerce et des Mines (MICM) du Gouvernement du Burkina Faso et en 3 exemplaires à la Banque mondiale. Une présentation orale de ce rapport à Ouagadougou devra être prévue. Un rapport définitif sera remis dans les mêmes conditions que le rapport provisoire dans un délai de un mois après réception des commentaires du MICM et de la Banque mondiale.

BURKINA FASO**PRIVATE SECTOR ASSISTANCE PROJECT****ETUDE SUR LA GESTION DES INFRASTRUCTURES
DE LA CCIA ET DU CBC****TERMES DE REFERENCE****INTRODUCTION**

1. Le Gouvernement du Burkina Faso a entrepris un programme d'ajustement destiné à améliorer les politiques et réglementations qui s'appliquent aux activités du secteur privé de manière à ce que celui-ci puisse jouer un rôle moteur dans le développement économique du pays. Il désire maintenant compléter les réformes qu'il a déjà entreprises dans ces domaines par une réorganisation du système d'appui à l'entreprise privée de manière à le mettre en mesure d'apporter une assistance efficace aux entrepreneurs du secteur privé. Il souhaite confier à des consultants une étude en vue de rationaliser la gestion des infrastructures de stockage et manutention dans les ports ou débarquent les marchandises importées par le pays et embarquent celles qu'il exporte. A l'heure actuelle, la Chambre de Commerce, de l'Industrie et de l'Artisanat (la CCIA) et le Conseil Burkinabé des Chargeurs (CBC) possèdent et gèrent de telles infrastructures ainsi que des magasins situés aux points d'importation et d'exportation du pays. Cette étude devrait conduire à une rationalisation de la gestion de ces infrastructures en confiant la gestion à une seule institution. Cette institution pourrait être l'une de deux institutions existantes, une ou des société(s) privée(s) à laquelle (auxquelles) ces infrastructures seraient soit vendues soit sous-traitées. Ces différentes modalités de gestion devraient être analysées du point de vue de leur efficacité afin de déterminer celle qui maximiserait l'efficacité globale du système d'infrastructure. Un plan détaillé d'action pour passer de la situation actuelle à celle que les consultants recommanderont devra être présenté.

2. Le Gouvernement du Burkina Faso a fait faire une première revue de ces institutions par la Société EUREXCEL. Cette étude, de même que les études spécifiques préparées par les institutions elles-mêmes, seront fournies et devront servir de base d'information aux consultants appelés à entreprendre l'étude dont les termes de référence sont présentés dans les paragraphes ci-après.

TACHES DES CONSULTANTS

3. Sur base de l'audit financier de la CCIA et du CBC, analyser les aspects juridiques concernant la propriété des infrastructures de la CCIA et du CBC:

- (a) Analyser l'efficacité du mode de gestion actuel des infrastructures par les services de la CCIA et du CBC;
- (b) Examiner l'opportunité de regrouper la gestion des diverses infrastructures;
- (c) Développer des propositions concernant le mode de gestion des infrastructures qui serait le plus approprié pour atteindre l'objectif ci-dessus mentionné:
 - status quo avec éventuellement des propositions permettant de réaliser des gains de productivité,
 - vente de tous une d'une partie des actifs à des opérateurs privés ou à des groupements d'utilisateurs,

- privatisation de la gestion sous une forme à définir (par exemple: GIE, coopérative d'utilisateurs, société d'économie mixte, mise en gérance, etc.);
- (d) Evaluer les bénéfices potentiels de la solution proposée en termes d'amélioration du service, de réduction des coûts, etc..;
- (e) Si la privatisation de la propriété ou de la gestion apparaît la solution la plus appropriée:
 - développer le cahier des charges auquel devrait être soumis le gestionnaire pour garantir la sauvegarde de l'intérêt général,
 - élaborer les mécanismes de suivi du respect du cahier des charges,
 - proposer un mode de répartition des résultats de la gestion.
 - identifier l'ensemble des actions préparatoires à entreprendre (y compris au niveau juridique);
- (f) Développer un plan et un calendrier de mise en oeuvre des changements proposés en indiquant l'assistance technique qui serait requise pour sa mise en oeuvre.

QUALIFICATIONS ET SELECTION DES CONSULTANTS

4. Seront appelées à soumissionner les sociétés qui auront prouvé qu'elles ont une expérience confirmée dans des études du genre de celles visées par ces termes de référence. Elles devront prouver qu'elles disposent d'un personnel qualifié et expérimenté. Les offres seront évaluées en notant l'expérience de la firme sur 40, la qualité du personnel proposé sur 40 et le prix demande sur 20.

CONDITIONS ET CALENDRIER DE TRAVAIL

5. L'étude devra être terminée dans un délai maximum de trois mois après le paiement de l'avance. Au bout de ce délai, un rapport provisoire rédigé en Français devra être remis en 10 exemplaires au Ministère de l'Industrie du Commerce et des Mines (MICM) du Gouvernement du Burkina Faso et en 3 exemplaires à la Banque mondiale. Une présentation orale ce rapport à Ouagadougou devra être prévue. Un rapport définitif sera remis dans les mêmes conditions que le rapport provisoire dans un délai de un mois après réception des commentaires du MICM et de la Banque mondiale.

BURKINA FASO**PRIVATE SECTOR ASSISTANCE PROJECT****TERMES DE REFERENCE POUR LA RESTRUCTURATION DES CHEQUES
POSTAUX ET DE LA CAISSE D'EPARGNE****TERMES DE REFERENCE****A. INTRODUCTION**

1. Dans le cadre de son programme d'ajustement structurel, le Gouvernement du Burkina Faso (GBF) a décidé de restaurer, dans le cadre de restructuration du système financier qu'il a entreprise, la situation financière des Chèques Postaux et de la Caisse d'Epargne (CCP/CNE) afin de leur faire jouer un rôle plus actif dans la mobilisation de la petite épargne et sa mise à la disposition du développement de l'économie Burkinabé. Le GBF souhaite donc voir les CCP/CNE restructurés afin de pouvoir répondre à cet objectif. La restructuration des CCP/CNE devrait être basée sur une séparation de la gestion de leur trésorerie de celle de l'Office National des Postes (ONP) et du Trésor public. A cette fin, il a décidé de confier à des consultants une étude dont les termes de référence sont présentés ci-après.

B. OBJECTIF DE L'ETUDE

2. Dans une première phase, une étude des flux financiers des CCP/CNE, qui sera mise à la disposition des consultants a été effectuée en 1991. Un audit de leurs comptes et de leurs situation financière sera fait durant le dernier trimestre de 1992. Le rapport d'audit sera aussi mis à la disposition des consultants. Les objectifs de la présente étude seront de: (i) proposer les mesures juridiques nécessaires à doter, si possible les CCP/CNE d'une personnalité juridique propre, bien qu'ils fassent partie de l'ONP, qui lui permette de détacher ses flux financiers de ceux du Trésor; (ii) de définir comment la gestion et les opérations des CCP/CNE peuvent être séparés de ceux de l'Office National des Postes; (iii) de proposer une organisation et procédures propres au fonctionnement des CCP/CNE; et, (iv) de faire des projections financières établissant que cette institution sers viable à long terme.

C. TACHES DES CONSULTANTS

3. Les CCP/CNE font partie intégrante de l'Office National des Postes qui a le statut d'Etablissement Public à Caractère Industriel et Commercial. Ce statut doit, dans le cadre des réformes des entreprises publiques, être changé soit en statut d'Etablissement Public à Caractère administratif (EPA), soit de Société d'Etat soumise à la même réglementation qui les sociétés industrielles et commerciales privées. Au sein de cette entité les CCP/CNE devraient devenir une entité juridique propre qui puisse disposer elle même de sa trésorerie. Elle devrait pouvoir recevoir, en utilisant le réseau postal, les dépôts du public. La possibilité pour cette nouvelle institution de consentir des crédits à ses déposants devrait être analysée. Elle devrait aussi pouvoir placer ses excédents de trésorerie, qui en aucun cas ne pourraient être utilisés pour financer les opérations de

la poste soit auprès des banques soit selon d'autres modalités à définir au cours de l'étude toujours dans le cadre de la réglementation de l'UMOA. Dans cette perspective, les consultants devront:

- i. proposer les dispositions légales à prendre pour doter les CCP/CNE d'une personnalité juridique qui lui permette de détacher ses flux financiers du Trésor Public;**
- ii. définir les dispositions pratiques à prendre pour assurer la séparation des trésoreries et opérations des CCP/CNE et de l'ONP;**
- iii. proposer la convention à passer entre les CCP/CNE et l'ONP pour que les premiers puissent utiliser le réseau postal et les dispositions à prendre pour assurer l'autonomie des gestion des trésoreries à tous les stades de la gestion des deux activités;**
- iv. entreprendre une étude prospective la future activité des CCP/CNE. Pour cela, ils devront: (1) analyser l'environnement dans lequel cette institution financière sera amenée à opérer et définir son marché potentiel face à la concurrence d'un système bancaire restructuré; (2) évaluer le potentiel de collecte d'épargne des CCP/CNE par enquête auprès de ses clients potentiels (grand public, entreprises, émigration etc..);**
- v. définir une stratégie commerciale et de gestion de sa trésorerie;**
- vi. définir l'organisation, le support informatique et les procédures de gestion de l'institution;**
- vii. proposer un plan d'apurement des dettes du Trésor vis à vis des CCP/CNE et analyser l'impact sur le trésor public de la séparation de la trésorerie CCP/CNE de celle de l'ONP;**
- viii. établir des projections financières sur cinq ans au moins qui devront montrer sous quelles conditions l'institution sera financièrement viable à long terme; et,**
- ix. proposer un plan d'action détaillé pour la création de la nouvelle institution.**

D. APPEL D'OFFRES ET PROPOSITIONS DES CONSULTANTS

4. Les consultants feront deux propositions dans deux plis cachetés contenus dans une enveloppe qui sera envoyée à Monsieur le Ministre d'Etat Chargé des Finances et du Plan du Burkina faso. La première proposition sera une proposition technique qui devra comprendre une présentation des qualifications de la compagnie et celles des consultants proposés pour effectuer une étude de ce genre. Elle comprendra aussi une offre technique détaillée incluant une description de la méthodologie, des moyens envisagés et un calendrier de réalisation de l'étude. La seconde proposition sera la proposition financière.

5. Les propositions techniques seront d'abord analysées et notées sur 80. Les propositions financières seront ensuite analysées et notées sur 20. L'offre qui aura reçu la note la plus proche de 100 sera déclarée la meilleure.

E. REMISE DES RAPPORTS

6. Dans un délai qui n'excédera pas un mois après la fin de l'étude sur le terrain, les consultants devront remettre un rapport provisoire en 8 exemplaires au Ministère des Finances et du Plan du Burkina Faso, en 2 exemplaires à la Caisse française de Développement, à la Direction Nationale au Burkina Faso de la Banque Centrale des Etats de l'Afrique de l'Ouest et à la Banque Mondiale à Washington, DC. Un mois au plus tard après réception des commentaires du Gouvernement du Burkina Faso, ils devront remettre leur rapport définitifs dans les mêmes conditions que le rapport provisoire.

BURKINA FASO**PRIVATE SECTOR ASSISTANCE PROJECT****TERMES DE REFERENCE
D'UNE ETUDE DE FACTIBILITE DE NOUVEAUX
INSTRUMENTS FINANCIERS AU BURKINA FASO****TERMES DE REFERENCE****I. INTRODUCTION**

1. Le Gouvernement du Burkina Faso a entrepris une restructuration du système bancaire et s'est engagé par ailleurs dans un processus de privatisation des entreprises publiques, dans le cadre du Programme d'Ajustement Structurel.

2. Avec le concours de la Banque Mondiale il élabore un projet d'appui au développement du secteur privé pour la préparation duquel une étude a été conduite sur le potentiel de développement de l'intermédiation financière au Burkina Faso.

3. Cette étude a identifié la possibilité de promouvoir de nouvelles structures et de nouveaux instruments financiers devant renforcer les capacités de financement des investissements des entreprises et permettre d'accompagner le processus de privatisation des entreprises publiques tout en offrant de nouveaux instruments aux institutions d'épargne contractuelle pour le placement de leurs réserves. En particulier, elle a identifié la possibilité de créer un Fonds Commun de Placement axé sur les actions des sociétés privatisées et d'un Fonds Commun de Placement à Risques.

II. OBJECTIF DE L'ETUDE

4. L'objectif de la présente étude est:

- identifier
- de procéder à la factibilité des deux Fonds dont la création est envisagée
- sur la base de cette factibilité, et compte tenu du caractère novateur de tels instruments dans le système existant, d'assister les investisseurs intéressés à leur mise en place effective

III. TACHES A ACCOMPLIR

5. Au niveau de la factibilité des Fonds, le Consultant analysera de façon détaillée les points suivants:

- détermination de la nature et de la forme du nouvel instrument
 - dimensionnement du Fonds
 - identification des investisseurs appelés à constituer le Fonds
 - constitution des actifs du Fonds
- nature des actifs pouvant y être inclus

- ratios prudentiels de répartition des risques entre les divers actifs
6. En ce qui concerne le Fonds "privatisation", le Consultant examinera la possibilité d'inclure dans son portefeuille des titres à revenu fixe:
- qui pourraient être émis par des banques burkinabé aux fins de se procurer des ressources longues assurant la contrepartie de leurs prêts à moyen et long terme,
 - qui offrirait aux institutions d'épargne contractuelle des instruments appropriés à leurs besoins et, plus particulièrement pour les compagnies d'assurances, de satisfaire aux nouvelles règles édictées par la Conférence Internationale des Marchés d'Assurances (CIMA) en matière de placements.
- Mécanismes de cession et modalités d'évaluation des parts du Fonds
 - Modalités de la gestion du Fonds; coûts et rémunération
 - Comptes et bilan prévisionnels
 - Régime fiscal du Fonds et des revenus distribués.

7. Le consultant fera avec les investisseurs privés qu'il aura identifiés un plan de mise en oeuvre de ces Fonds. Au niveau de l'assistance à leur mise en place, le Consultant assistera les promoteurs des Fonds: compagnies d'assurances, organismes de prévoyance sociale, institutions financières, investisseurs dans les différentes opérations liées à la création des Fonds:

- élaboration des statuts
- formalités légales de constitution
- obtention des autorisations éventuellement nécessaires au plan administratif
- fixation du régime fiscal
- la réunion du capital des Fonds
- la définition de l'assistance à la gestion dont ils auront besoin

IV. QUALIFICATION DES CONSULTANTS

8. Seront appelés à soumissionner les sociétés qui auront prouvé qu'elles ont une expérience confirmée dans l'étude des institutions et instrument financiers et qui disposent d'un personnel qualifié et expérimenté les offres seront évaluées en notant l'expérience de la société sur 40, la qualité du personnel proposé sur 40 et le prix demandé sur 20.

V. REMISE DES RAPPORTS

9. L'étude devra être terminée dans un délai de trois mois après le paiement de l'avance. Au bout de ce délai, un rapport provisoire devra être remis en 15 exemplaires au Ministère de l'Industrie, du Commerce et des Mines (MICM) du Burkina Faso et en 3 exemplaires à la Banque mondiale. Un rapport définitif sera remis dans les mêmes conditions que le rapport provisoire dans un délai de un mois après réception par le Consultant des commentaires du MICM et de la Banque mondiale.

BURKINA FASO
PRIVATE SECTOR ASSISTANCE PROJECT

ESTIMATED PROJECT COSTS

I. ASSISTANCE TO M.I.C.M.*	LOCAL	FOREIGN	TOTAL	% OF FOREIGN EXCHANGE
A. One Step Windows				
- Technical Assistance		110	110	100%
- Equipment	280		280	0%
B. Privatization Commission				
- Technical Assistance		230	230	100%
- Enterprise Evaluations	600		600	0%
- Training		300	300	100%
- Operating Costs	1470	180	1650	11%
Sub-total	2350	820	3170	26%
II. INSTITUTIONAL SUPPORT COMPONENT				
A. Studies				
- Restructuring CCIA, CBC/ONAC		200	200	100%
- Restructuring of CCIA/CBC's Infrastructure		200	200	100%
B. Technical Assistance				
- Implementation Studies Recommendations		450	450	100%
- To CCIA		300	300	100%
- To Private Entrepreneurs		1800	1800	100%
Sub-total	0	2750	2750	100%
III. FINANCIAL SECTOR COMPONENT				
A. Assistance to MFP				
- Investment Banker Assistance		120	120	100%
- Updating of banks audits		220	220	100%
- Study on CCP/CNE		150	150	100%
- Study on Financial Instruments		150	150	100%
- Review of Law on Delinquent Debtors	50		50	0%
B. Assistance to BRCB				
- Technical Assistance	20		20	0%
- Equipment	100		100	0%
Sub-total	170	640	810	79%
IV. PROJECT COORDINATION				
- Project's audits and evaluation		120	120	100%
- Equipment	300		300	0%
- Communication	250	50	300	17%
Sub-total	550	170	720	24%
V. PPF REFUND (1)	280	230	510	45%
VI. PHYSICAL AND PRICE CONTINGENCIES	440	600	1040	58%
GRAND TOTAL	3790	5210	9000	58%

* Ministry of Industry, Commerce and Mines

(1) Finances in particular the preparation of CCIA's privatization and project accounting system

I. ASSISTANCE TO M.I.C.M.*	TOTAL	I D A	GOVERNMENT
A. One Step Windows			
- Technical Assistance	110	110	0
- Equipment	280	280	0
B. Privatization Commission			
- Technical Assistance	230	230	0
- Enterprise Evaluations	600	200	400
- Training	300	100	200
- Operating Costs	1650	250	1400
Sub-total	3170	1170	2000
II. INSTITUTIONAL SUPPORT COMPONENT			
A. Studies			
- Restructuring CCIA, CBC/ONAC	200	200	0
- Restructuring of CCIA/CBC's Infrastructure	200	200	0
B. Technical Assistance			
- Implementation Studies Recommendations	450	450	0
- To CCIA	300	300	0
- To Private Entrepreneurs	1600	1600	0
Sub-total	2750	2750	0
III. FINANCIAL SECTOR COMPONENT			
A. Assistance to MFP			
- Investment Banker Assistance	120	120	0
- Updating of banks audits	220	220	0
- Study of CCP/CNE	150	150	0
- Study on Financial Instruments	150	150	0
- Review of Law on Delinquent Debtors	60	60	0
B. Assistance to BRCS			
- Technical Assistance	20	20	0
- Equipment	100	100	0
Sub-total	310	310	0
IV. PROJECT COORDINATION			
- Project's audits evaluation	120	120	0
- Equipment	300	300	0
- Communication	300	300	0
Sub-total	720	720	0
V. PPF REFUND	510	510	0
VI. PHYSICAL AND PRICE CONTINGENCIES	1040	1040	0
GRAND TOTAL	9000	7000	2000

* Ministry of Industry, Commerce and Mines

BURKINA FASO
PRIVATE SECTOR ASSISTANCE PROJECT

IMPLEMENTATION PLANNING

A. ASSISTANCE TO THE MINISTRY OF INDUSTRY, COMMERCE AND MINES (M.I.C.M.) COMPONENT

1. ONE STEP WINDOWS (OSW)	1993	1994	1995	1996	1997
Investments					
• Adoption of new text for OSW investment	X				
• TORs and short list	X				
• Assistance for organization					
• Equipement purchase and implementation					
International Trade					
• TORs and short list	X				
• Assistance for organization					
• Equipement purchase and implementation					
2. PRIVATISATION COMMISSION	1993	1994	1995	1996	1997
	15 enterprises	10 enterprises	10 enterprises	EPICS	
Privatisation of Enterprises					
	10 enterprises	10 enterprises	EPICS		
Evaluation of Enterprises					

*EPICS – Etablissements Publics A Caractere Administratif: which would be converted into Societes (enterprises under commercial law)
as a result of a renew of their mandate started in late 1992

B. INSTITUTIONAL SUPPORT COMPONENT

1. PRIVATISATION OF CCIA	1993				1994				1995				1996				1997			
Establishment of an elected management																				
- TORs and short list	X																			
- Study																				
- Elections			X																	
2. REORGANISATION OF THE CCIA, CBC AND ONAC SUPPORT STRUCTURE	1993				1994				1995				1996				1997			
Study of CCIA, CBC and ONAC																				
- Short list	X																			
- Invitation to bid and contract award																				
- Study and preparation of action plan																				
- Agreement on action plan																				
- Legal measures																				
- Implementation																				
3. RATIONALISATION OF CCIA AND CBC's INFRASTRUCTURES	1993				1994				1995				1996				1997			
- Short list	X																			
- Invitation to bid and contract award																				
- Study and preparation of action plan																				
- Agreement on action plan																				
- Implementation																				
4. TECHNICAL ASSISTANCE TO CCIA																				
5. TECHNICAL ASSISTANCE TO PRIVATE ENTREPRENEURS																				

C. FINANCIAL SECTOR

A. TECHNICAL ASSISTANCE TO MFP	1993	1994	1995	1996	1997
1. Recruitment of Investment Banker					
- TORs and short list	XX				
- Submission of resumes					
- Recruitment	X				
2. Study of CCP/CNE	1993	1994	1995	1996	1997
- Short list	XX				
- Invitation to bid and contract award					
- Study and agreement on action plan					
- Implementation					
3. Study on new financial instruments	1993	1994	1995	1996	1997
- Short list	X				
- Invitation to bid and contract award					
- Study and review of recommendations					
4. Update of banks audits					
5. Review of Laws on Bad Checks and Delinquent Debtors	1993	1994	1995	1996	1997
- TORs		X			
- Invitation to bid and contract award					
- Review					
- Implementation					
B. ASSISTANCE TO BRCE	1993	1994	1995	1996	1997
- Organization study					
- Purchase of equipment and installation					

Project Coordination	1993	1994	1995	1996	1997
- TORs and short list	X				
- TA for accounting and auditing system					
- Equipment purchase					
- Audits					
- Coordination reporting		X	X	X	X
- Communications					

DETAILED IMPLEMENTATION PLANNING FOR 1993

A. ASSISTANCE TO THE MINISTRY OF INDUSTRY, COMMERCE AND MINES (M.I.C.M.)

ACTIVITY	RESPONSIBILITY	1 9 9 3											
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1. ONE STEP WINDOWS (O.S.W.)													
- Adoption text enlarging role of OSW investment	GOVERNMENT		X										
- TORs for Technical Assistance and short list	DGC/DTI		X										
- Invitation to Bid	DGC/DI												
- Contract award and signature													
- Definition of organization and procedures	CONSULTANTS												
- Implementation	DGC/DDI												
- LIP for equipment	DGC/DDI												
- Purchase of Equipment and Installation	DGC/DDI												
2. PRIVATIZATION COMMISSION													
(a) Evaluation studies													
- Submission to IDA of documentation for enterprise evaluation in 1993													
- Review of documents													
- Agreement and Invitations to bid													
- Evaluation and Contract Award													
- Signature of contract and beginning evaluation	CONSULTANTS												
(b) Privatization													
- Privatization of 15 enterprises													
- Reception of bids			X										
- Evaluation of bids and selection													
- Negotiations of sales													

B. INSTITUTIONAL SUPPORT COMPONENT

[illegible]

[illegible][illegible]

KEY PROJECT ACTIVITIES AND EVALUATION CRITERIA

1. ASSISTANCE TO M.I.C.M.	OBJECTIVE	TIMING	CRITERIA FOR EVALUATION	MID-TERM REVIEW
1. Organization of One Step Window	<ul style="list-style-type: none"> • Simplification and fast processing of administrative procedures for external trade and establishment of new business 	<ul style="list-style-type: none"> • Completion date 12/93 	<ul style="list-style-type: none"> • Monthly statistics of processed requests are available and show improvement in average processing time 	<ul style="list-style-type: none"> • OSWs operational data is available to document progress made
2. Privatization Commission	<ul style="list-style-type: none"> • Implement divestiture program as per planning in Annex 12 	---	<ul style="list-style-type: none"> • As per planning 	<ul style="list-style-type: none"> • 20 enterprises evaluated • 25 enterprises either privatized or liquidated

II. INSTITUTIONAL SUPPORT COMPONENT	OBJECTIVE	TIMING	CRITERIA FOR EVALUATION	MID-TERM REVIEW
1. Privatization of CCIA	<ul style="list-style-type: none"> Elected representatives of private entrepreneurs have taken over CCIA 	<ul style="list-style-type: none"> Completion April/June 1993 	<ul style="list-style-type: none"> Has not delayed project effectiveness 	<ul style="list-style-type: none"> Action completed
2. Reorganization of the CCIA/CBC/ONAC's Structure	<ul style="list-style-type: none"> Rationalize activities of CCIA/CBC/ONAC Transfer to State administrative tasks Concentrate in CCIA <u>all</u> support to private entrepreneurs Restructure/strengthen CCIA to make it efficient CCIA coordinates all programs of assistance to private entrepreneurs CCIA efficient in helping them get the assistance they need Role of ONAC and CBC <u>if any</u> clearly defined 	<ul style="list-style-type: none"> Study completed and action plan agreed on 06/94 CCIA restructuring completed by March 95 ONAC, CBC restructured if warranted by March 95 	<ul style="list-style-type: none"> Timeliness in carrying study, in approving action plan for CCIA restructuring and role, <u>if any</u> of CBC and ONAC Timeliness in restructuring/strengthening CCIA CCIA semi-annual reports to DEP with appropriate statistics and data show progress in activities towards improved management and assistance to private sector 	<ul style="list-style-type: none"> Action plan for CCIA restructuring has been approved by Government, private sector and IDA Agreement on role of CBC, ONAC <u>if any</u> reached with Government Implementation of CCIA's plan restructuring is completed and strengthening well underway Actions agreed on for CBC and ONAC well underway Private entrepreneurs interviewed by consultants are satisfied of CCIA's services
3. Rationalization of CCIA/CBC's Infrastructures	<ul style="list-style-type: none"> Infrastructures are merged in an institution efficiently managed by private sector 	<ul style="list-style-type: none"> Study completed 03/94 Action plan agreed 06/94 End of implementation 12/94 	<ul style="list-style-type: none"> Timeliness of implementation of study and action plan Semi-annual reports to DEP show that the institution is well managed, efficient and profitable Users interviewed satisfied 	<ul style="list-style-type: none"> Action plan approved by Government, private sector and IDA Implementation of action plan is completed
4. Technical Assistance to CCIA	<ul style="list-style-type: none"> Establish information system on assistance available to private sector CCIA's extension services are efficient and appreciated CCIA's personnel is competent 	<ul style="list-style-type: none"> Beginning when CCIA's restructuring plan is completed (04/95) End 12 months later 	<ul style="list-style-type: none"> CCIA's extension services well organized Personnel training completed and evaluation shows training has been satisfactory Evaluation of TA by CCIA based on results achieved is positive 	<ul style="list-style-type: none"> TA has been recruited and is operation
5. Technical Assistance to Private Entrepreneurs	<ul style="list-style-type: none"> Help entrepreneurs get on a cost sharing or cost recovery basis the assistance they need 	<ul style="list-style-type: none"> Begins when CCIA's restructuring completed (04/95) 	<ul style="list-style-type: none"> Evaluation by CCIA of TA results show that users have benefited from their assistance Cost sharing formula effective 	<ul style="list-style-type: none"> CCIA has started identifying entrepreneurs need of TA

III. FINANCIAL SECTOR	OBJECTIVE	TIMING	CRITERIA FOR EVALUATION	MID-TERM REVIEW
A. ASSISTANCE TO MFP				
1. Technical Assistance of Investment Banker	<ul style="list-style-type: none"> Ministry negotiates effectively and timely privatization of financial institutions 	<ul style="list-style-type: none"> In place by 04/93 	<ul style="list-style-type: none"> According to MFP's assessment of each intervention, TA prepares adequate documents for negotiations of privatization and gives proper advice 	
2. Audits of Financial Institutions	<ul style="list-style-type: none"> Prepare financial restructuring plans to be negotiated with banks new share-holders 	<ul style="list-style-type: none"> Audits to be carried out before privatization of each institution 	<ul style="list-style-type: none"> Financial restructuring plans satisfactory and minimize government cash contribution 	<ul style="list-style-type: none"> All banks have been privatized
3. Conversion of CCP/CNE into a Financial Institution	<ul style="list-style-type: none"> Put CCP/CNE's financial resources in the banking system Restructure CCP/CNE and intensify small savings mobilization 	<ul style="list-style-type: none"> Study completed by March 1994 and action plan agreed by June 1994 	<ul style="list-style-type: none"> Timely implementation of study and its recommendations Savings mobilization and deposits of CCP/CNE in the banks are increasing 	<ul style="list-style-type: none"> CCP/CNE's financial statements show that it operates efficiently
4. Study of New Financial Instruments	<ul style="list-style-type: none"> Identify financial instruments and private investors willing to create them to facilitate privatization and new private investments 	<ul style="list-style-type: none"> Study and discussion of results completed by 06/94 	<ul style="list-style-type: none"> Timely implementation of study Private investors undertake to create new instruments 	
B. ASSISTANCE TO HERC	<ul style="list-style-type: none"> Improve recovery rate of bad loan 	<ul style="list-style-type: none"> TA has completed organization by 06/93 	<ul style="list-style-type: none"> Quarterly data on loan recovery available and shows improvement 	<ul style="list-style-type: none"> New procedures and organization implemented and progress on loan recovery made
C. REVIEW OF LOAN ON BAD CHECKS AND DELINQUENT DEBTORS	<ul style="list-style-type: none"> Improve recovery capacity of financial institutions 	<ul style="list-style-type: none"> Review of study's recommendations completed by 12/93 Implementation completed 06/94 	<ul style="list-style-type: none"> Timely implementation of study and recommendations 	<ul style="list-style-type: none"> New laws implemented Financial institutions interviewed by MFP indicate, with supporting documentation, improvement in recovery of delinquent loans

BURKINA FASO**PRIVATE SECTOR ASSISTANCE PROJECT****SUPERVISION PLAN**

APPROX. DATES	ACTIVITY AND OBJECTIVES	EXPECTED SKILLS REQUIREMENTS	STAFF- WEEKS
05/93	Supervision mission to: a. launch project and check on conditions of effectiveness b. check on measures of implementation planning	Task Manager Procurement and disbursements specialists Task Manager	7
6/93 - 9/93	Desk supervision to renew bidding contract awards and procurement documentation for: o study on MICM's data collection system o TA to one step o evaluation of PEs to be privatized o reorganization of CCIA/CBC/ONAC o rationalization of CCIA and CBC warehousing infrastructures o study of CCP/CNE and financial instruments o TA to BCRB	Task Manager and procurement specialists Financial Specialist	8
09/93	Supervision mission to check on: o bid evaluation for MICM study, the revision of law on bad checks and TA to BRCB o implementation status of one step windows organization plans o contract awards for PEs evaluation o implementation of studies on CCIA/CBC/ONAC and on warehousing infrastructures o negotiation for PEs privatization o preparation of the first quality report	Task Manager Procurement Specialist	5
10/93-12/93	Desk supervision to follow up on: o privatization o studies being implemented	Task Manager	4

01/94 ¹⁵	Supervision mission to: ○ renew and prepare the implementation of the recommendations of the studies on CCP/CNE financial instruments and laws on bad checks ○ following on evaluations and privatization of PEs	Task Manager	3
1/94 - 4/94	Desk supervision	Task Manager	6
04/94	Supervision mission to: ○ prepare review and implementation of studies on CCIA/CBC/ONAC and on warehousing infrastructures ○ check on implementations of study on CCP/CNE financial instrument and laws on bad checks ○ follow up on privatization	Task Manager	3
6/94 - 7/94	Supervision mission to prepare review and implementation of study on MICM's data collection system and follow up on other matter	Task Manager	3
09/94	Supervision mission implementation of MICM study and of action plan for CCIA/CBC/ONAC	Task Manager	3
01/95	Supervision mission	Task Manager	3
03/95	Supervision mission	Task Manager	8
06/95	Mid term review	Task Manager Consultants for project evaluation and auditors	8
09/95	Supervision mission to implement mid term review recommendation and prepare TA to entrepreneur through CCIA if warranted	Task Manager	3
01/96 through 06/97	5 Supervision mission Desk supervision	Task Manager	15 36
TOTAL			115

¹⁵ Thereafter supervision plan for the following year would be detailed at the end of each year

BURKINA FASOPRIVATE SECTOR ASSISTANCE PROJECTDisbursement Schedule
(\$ 000's)**IDA Fiscal Year and Quarters**

<u>FY 93</u>		Quarterly Disbursement	Cumulative Disbursement	Cumulative %
June	1992	420	420	6
<u>FY 94</u>				
September	1993	590	1010	14.4
December	1993	820	1830	26.1
March	1994	610	2440	34.9
June	1994	395	2835	40.5
<u>FY 95</u>				
September	1994	235	3070	43.8
December	1994	380	3450	49.3
March	1995	340	3790	54.1
June	1995	300	4090	58.4
<u>FY 96</u>				
September	1995	340	4430	63.3
December	1995	430	4860	69.4
March	1996	380	5240	74.9
June	1996	430	5670	81.0
<u>FY 97</u>				
September	1996	350	6020	86.0
December	1996	350	6370	91.0
March	1997	330	6700	95.7
September	1997	300	7000	100.03