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Report No: RES00426

RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING

OF

Financial Inclusion Support Project in Burkina Faso

APPROVED ON 30-Apr-2019

TO

Ministry of Economy, Finance and Development

Finance, Competitiveness and Innovation
Western And Central Africa

Regional Vice President:	Ousmane Diagana
Regional Director:	Abebe Adugna Dadi
Country Director:	Clara Ana Coutinho De Sousa
Practice Manager:	Douglas Pearce
Task Team Leader(s):	Tenin Fatimata Dicko, Maimouna Gueye

ABBREVIATIONS AND ACRONYMS

BCEAO	West Africa Central Bank (*Banque Central des Etats d'Afrique de l'Ouest*)
BDS	Business Development Services
CARFO	Ouagadougou Retirees Pension Plan
CETI-SFD	Information management center for microfinance institution (*Centre de Traitement Informatisé des Systèmes Financiers Décentratlisés*)
CNSS	National Social Security Office (*Caisse Nationale de Securité Sociale*)
DGD	National Customs Office (*Direction Générale de la Douane*)
FAARF	Women Entrepreneurial Activities Support Fund (*Fonds d'Appui aux Activités Rémunératrices des Femmes*)
GIM UEMOA	Interbank Electronic Banking Group - West African Economic and Monetary Union (*Groupement Interbancaire Monétique de l'Union Economique et Monétaire Ouest Africaine)*
MFI	Microfinance institution
MTR	Mid Term Review
OQSF	Observatory on quality financial services
PDO	Project Development Objective
PPCG	Partial Portfolio Credit Guarantee
RCPB	Network of Financial cooperative (*Réseau des Caisses Populaires du Burkina*)
RF	Results Framework
SICA	West African Economic and Monetary Union Automated Interbank Clearing House
SME	Small and Medium Enterprises
STAR	West African Economic and Monetary Union Real Time Gross System

BASIC DATA

Product Information

Operation ID	Operation Name
P164786	Financial Inclusion Support Project in Burkina Faso
Product/Financing Instrument	Geographical Identifier
Investment Project Financing (IPF)	Burkina Faso
Approval Date	Current Closing Date
30-Apr-2019	30-Apr-2025

Original EA Category

Partial Assessment (B) (PAD Approval Package-30 Apr 2019)

Organizations

Borrower	Responsible Agency
Ministry of Economy, Finance and Development	Directorate of Treasury and Public Accounting

OPERATION STATUS

Project Development Objective (DO)

Current Development Objective

The Project Development Objective is to increase access to digital financial services and facilitate access to credit for targeted beneficiaries.

Disbursement Summary (in USD million)

Source of Funds	Net Commitment	Disbursed	Undisbursed	% Disbursed
IBRD	--	--	--	0

IDA	90.21	72.49	23.74	75.33
Grants	10.00	0.00	10.00	0.00

Policy Waivers

Does this restructuring trigger the need for any policy waiver(s)?	No

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I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

1. The Financial Inclusion Support Project (FISP) was approved on April 30, 2019, and became effective on September 6, 2019. The original PDO is "to increase access to digital financial services and facilitate access to credit for targeted beneficiaries." Targeted beneficiaries refer to individuals, farmers, women, youth, and SMEs that are unserved and underserved financially. The PDO remains relevant and attainable.

2. Significant progress has been achieved since the last project restructuring following the mid-term review (MTR) to better align the project activities with the PDO, and to update the results framework to capture all the efforts the project is supporting. Thanks to these measures, both the PDO and Implementation Progress ratings were upgraded from MS to S. Indeed, out of the four PDO indicators; two reached their targets and the remaining two are on track to achieve the targets. As of 25th November 2024, the project disbursement rate was 73.62 percent on IDA Credit No. 6396-BF and 0% on Grant No. TF0B6183.

3. This Restructuring Paper seeks Senior Management approval for restructuring the Financial Inclusion Support Project (FISP). The purpose of the restructuring is to extend the project closing date. This is the first extension request of the project. An additional 12-month extension is crucial to finalize the resolution of technical issues arising from the use of IT equipment and payment platforms supported by the project and to disburse the additional financing in response to climate related shocks. The disbursement on AF grant occurs when the country is facing a shock (covid-19, climate shocks). The additional financing did not disburse yet as it became operational when the impact of COVID was already greatly mitigated (November 2021) and the scope of crises eligible was initially limited. If these issues are not addressed properly, they could hamper the full operationalization of the digital finance platforms for public implementing entities and microfinance institutions. On, the additional financing, during the second restructuring in February 2024, the scope of the eligible crisis was extended to climate shocks. Burkina has only one rainy season per year, this project extension will allow to cover next rainy season and increase the probability to disburse the additional financing grant.

4. Considering this, on June 26, 2024, the World Bank received a restructuring request from the Minister of Economy and Finance of Burkina Faso to extend the Closing Date from April 30, 2025, to April 30, 2026.

5. The 12-month extension is needed for component 1.1 on digitalization of government payments, to allow the completion of the activities and to stabilize the solutions. The Treasury e-banking solution and CNSS biometric identification solution and the hyperconverged servers, are at contract signature stage. Up to 10-12 months is needed to ensure effective deployment of these IT solutions, given the potential for initial implementation and technical issues to arise. This estimation of the stabilization period is based on the experience of platforms already deployed by the project after deployment completion. The insecurity context contributes to slow down the deployment of Treasury digital payment platform. As the deployment of payment platform requires an upgrade of the power system, the client deliberately excluded some remote offices from the rollout to avoid them being the target of attacks. On component 1.2, the digital transformation of MFIs (IT equipment (hardware) of the shared MFI platform) is being delivered, however the platform procurement was interrupted since July 2024 due to a complaint. Following the ARCOP (national public procurement authority) decision in early November 2024, the project will be able to proceed with the contract signing for the platform. Considering this interruption, the procurement stage, and the deployment time of the platform and stabilization, will only be completed by February 2026.

6. The extension is also needed for component 2, to allow the full deployment of the core IT system of the largest network of financial cooperatives in the microfinance sector (*Réseau des Caisses Populaires du Burkina*- RCBP). Project support to

RCBP was requested by the client during the February 2024 restructuring, as this institution is the largest microfinance provider in the country and represents a systemic risk for the entire microfinance sector.

7. Finally, this extension will give more time to disburse on the additional financing grant (TF0B6183) supporting the project component 3. Indeed, the disbursement on AF grant occurs when the country is facing a shock impacting SMEs, agriculture producers and women entrepreneurs such as Covid-19 and climatic shocks (floods and drought). As the country has one rainfall season, this extension will cover one additional rainy season, thus increase the probability to disburse the AF for climate related shocks.

8. Below is the status of the project procurement that would not be completed by end of April 2025. Without the extension, the potential undisbursed amount under IDA Credit and grant (TF0B6183) could be ranging between $19 million to $24 million.

Activity	Procurement stage	Under implementation	Completion date	Comments
E-banking solution	Contract signed on 11/15/2025	Not yet	5/30/2025	Require a stabilization period of up to 90 days following deployment completion
CNSS-Biometric identification solution	Contract signed on 11/25/2025	Not yet	8/30/2025	
CNSS IT equipment and servers	Contract signed on 11/25/2025	Not yet	12/30/2025	
Shared platform for MFIs	Contract signed on 11/21/2025	Not yet	8/31/2025	
Establishment of the entity in charge of managing the shared MIS (CETI-SFD) and institutional support for 15 months		The shared MIS hardware is delivered, and the entity is established	2/28/2026	
RCBP core IT system strengthening	Selection completed	Ongoing inception	9/30/2025	Require a stabilization period of up to 90 days following deployment completion

II. DESCRIPTION OF PROPOSED CHANGES

9. The Team recommends a Level 2 restructuring to ensure the achievement of the PDO by:
   - ✓ Extending the Financing Agreement of IDA Credit No. 6396-BF and the Trust Fund Grant Agreement No. TF0B6183 Closing Dates from April 30, 2025, to April 30, 2026, as requested by the Government.
   - ✓ This is the first extension of Closing Date for the Project.
   - ✓ This the third level 2 restructuring for the Project.

10. **Changes to the PDO**. There are no proposed changes to the PDO. It will remain as follows "to increase access to digital financial services and facilitate access to credit for targeted beneficiaries". Targeted beneficiaries include farmers, women, youth and SMEs that are unserved and underserved financially.

11. **Changes to Components**. There are no proposed changes to the five components of the project.

12. **Changes in the Results Framework (RF).** There are no proposed changes to the project results framework.

13. **Reallocation of Funds Among Components and Categories.** There are no proposed changes to the reallocation of funds among components and categories.

14. **Financial management:** the project financial management has been rated as satisfactory since the project started. There are no pending audit reports either an interim financial report. This restructuring is not aiming to modify the financial management arrangements in place. The FM's residual risk at the approval was rated substantial, however, the latest FM's supervision rated the FM's risk as moderate. No changes are planned in the FM arrangements.

III. PROPOSED CHANGES

Operation Information	Proposed Changes	Operation Information	Proposed Changes
Development Objective	No	Loan Closing Date Extension	Yes
Safeguard Policies Triggered	No	Loan Cancellations	No
ISDS	No	Reallocations	No
MFD/PCE	No	Financial Management	No
Results	No	Procurement	No
Risks	No	Institutional Arrangement	No
Legal Covenants	No	Implementation Schedule	No
Conditions	No		
Implementation Modalities	No		
Disbursements Estimates	No		
Disbursements Arrangements	No		
DDO	No		
Clients	No		
Appraisal Summary	No		
Components	No		

IV. DETAILED CHANGE(S)

COSTS & FINANCING

Private Capital Facilitation

Is this an MFD-Enabling Project (MFD-EP)?

Is this project Private Capital Enabling (PCE)?

LOANS

Loan Closing

Loan/Credit/Trust Fund	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-63960-001	Effective	30-Apr-2025	30-Apr-2025	30-Apr-2026	30-Aug-2026
TF-B6183-001	Effective	30-Apr-2025	30-Apr-2025	30-Apr-2026	30-Aug-2026