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BURKINA FASO

SUMMARY OF THE DRAFT NATIONAL PROGRAMME OF ACTION

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## BURKINA FASO

### I. SITUATION IN THE 1990s

#### 1. Background

Burkina Faso is a poor, landlocked country in the Sahel with a per capita income of less than US\$ 300. The climate is characterized by low, irregular rainfall and the economy relies on the agricultural sector, which employs 85 per cent of the active population and provides potential exports of cotton and livestock products. The secondary sector is rudimentary and concentrated in the five main urban centres. The country's landlocked nature and the weakness of the domestic market are not conducive to diversification of the productive sectors or to increased trade. Public finance and the balance of payments have remained structurally in the red despite the efforts made since 1991 to implement the structural adjustment programme and despite the devaluation of the CFA franc in 1994. Financial constraints are acute, particularly because of low incomes and national savings, so that there is a shortage of funding for economic development. The debt burden remains high for an economy which is still very sensitive to external shocks and which has a very narrow export base. This is compounded by underemployment, slow progress in social indicators and, consequently, continued poverty.

#### 2. Situation during the 1990s

Under the structural adjustment programme, the aim was to achieve an average growth rate of around 5 per cent in real gross domestic product (GDP) between 1991 and 1998, so that per capita income would rise by over 2 per cent.

The rise in per capita income between 1980 and 1993 was followed by a significant rise in the investment ratio, from 20 per cent to 26 per cent of GDP between 1990 and 1997, and efforts to consolidate the budget helped improve the primary balance from -1.9 per cent to 1.7 per cent of GDP. The overall improvement in the economy was due to a combination of factors, including greater macroeconomic stability due to prudent budgetary and monetary policies. Moreover, efforts were made in various areas, such as the social sectors, to which the State allocated 25-30 per cent of its resources, the drafting of legislation on agrarian and land reform and the development of financial intermediation to promote access by the poor to production capital and financial services.

However, despite all these efforts, macroeconomic performance has not been good enough to significantly improve the living conditions of the vast majority of households. Poverty persists because the following obstacles remain: (i) the fact that the State is ill-equipped to prepare effective development policies and strategies; (ii) the low level of domestic liberalization and opening up: in fact, since devaluation, the export rate has remained one of the lowest in the region (12 per cent of GDP on average between 1990 and 1997), which has led to a sizeable structural imbalance in the trade account (-9.3 per cent and -12.3 per cent of GDP in 1992 and 1997 respectively) and in the current account (-6.2 per cent to -10.2 per cent of GDP) over the same period; (iii) the low level of participation of the private sector in the formal production structure; (iv) low factor productivity; (v) the high costs of services; and (vi) social problems (standards of education and health, access to safe water, etc.)

### 3. Determining factors in the country's development in the 1990s

#### Positive factors

After some periods of uncertainty, punctuated with numerous social conflicts, Burkina Faso has embarked on the road to democracy with the creation of new democratic institutions. This transformation is a significant advantage for boosting the economy and promoting good governance. Moreover, under the structural adjustment programme, the Government has undertaken to liberalize the economy, restructure the public sector, put financial transactions on a sound footing and introduce a number of reforms in the regulatory framework (the labour code, the investment code, etc.). In environmental matters, Burkina Faso has also adopted a plan of action aimed particularly at combating desertification and preserving the environment.

#### Negative factors

Burkina Faso's weak production capacity stems from supply-side structural constraints, including:

- The inadequacy and poor use of human resources, leading to a shortage of technical, commercial and other skills;
- The low-capacity and particularly expensive economic infrastructure, which limits opportunities for specialization and productivity increases;
- The shortcomings of production units as a result of weak technological capacity;
- The very limited self-financing capability and low savings ratio, which have made the country very dependent on official development assistance.

These constraints have been exacerbated by unfavourable external factors such as bad weather, the influx of refugees from neighbouring countries and factors linked to social conditions, such as illiteracy, education and health standards and, in particular, the position of women, which is characterized by difficult access to education and a low level of participation in economic and public life.

#### Characteristics of the economic sectors

An analysis of the contribution made by different sectors to growth during the last decade confirms that there has been no structural diversification and that the agricultural sector remains the main source of growth, accounting for 37 per cent of GDP in 1998. The main activities in the secondary sector are in the mining, manufacturing and construction industries. Economic activity is therefore heavily dependent on the agricultural sector, which is itself vulnerable to unpredictable external shocks resulting from weather conditions, export price fluctuations or internal constraints. The sector is exposed to the problems of the depletion of natural resources, inadequate control of water resources and the low level of intensive farming. In the export

sector, the country originally had a market for vegetables in Europe and for livestock in neighbouring coastal countries. In the absence of an aggressive trading policy, its outlets for livestock, fruit and vegetables, though not its traditional outlets for cotton, are being taken over by other countries.

#### Development funding, external debt and foreign direct investment

The lack of finance for strengthening Burkina Faso's production capacities is one of the main obstacles to development. The internal mobilization of resources, which would depend on domestic savings and an export surplus, remains a difficult objective to reach despite the progress made in reforms aimed at creating better conditions for a recovery in export production. Official development assistance (ODA) finances 85 per cent of public capital expenditure. This shows how heavily the country depends on external assistance. However, the question of the impact and effectiveness of such assistance needs to be faced. Several factors have been put forward to explain the limited effectiveness of ODA, namely: (i) weak capacity in the operational management of development; (ii) illiteracy and inadequate training; (iii) the lack of any strategic monitoring; (iv) the low amount of ODA; and (v) the continuing use of project-based approaches and the influence of donors.

Private investment is still limited, although there has been some diversification in the areas attracting it. In 1996, transport accounted for 17 per cent of assistance for investment projects, the social development sector took second place, attracting 14 per cent of capital expenditure, and regional development was in third place with 11.8 per cent of capital expenditure; human resources followed with 10 per cent.

Significant progress has been made in tackling Burkina Faso's national external debt (including arrears) over the last eight years.

The cost of servicing the debt went down from 25.4 per cent of exports in 1994 to 15.8 per cent in 1996 (that is, 26 per cent of budgetary resources) thanks to the rescheduling in June 1996.

In September 1997, Burkina Faso was declared eligible for the new Heavily Indebted Poor Countries Debt Initiative.

## II. PROGRAMME OF ACTION: 2001-2010

### Development objectives and national priorities

There are seven major objectives: (i) to create conditions in which every person from Burkina Faso can feel safe; (ii) to speed up development of the production potential yet preserve the environment; (iii) to step up action to reduce poverty and improve social services; (iv) to maintain macroeconomic stability and consolidate gains in competitiveness; (v) to modernize the civil service, with the emphasis on making it more efficient; (vi) to strengthen the process of decentralization; and (vii) to consolidate the process of economic integration.

## Development programmes

### 1. Programme to speed up growth

The growth target for the period 2000-2004 is 7-8 per cent, which could double per capita income in less than 15 years. The reforms envisaged will affect all sectors.

Measures and activities to be undertaken:

- Create an investment-friendly environment;
- Maintain a stable macroeconomic framework;
- Increase economic competitiveness and reduce the costs of inputs.

Reforms envisaged: (i) market deregulation; (ii) a reduction in the unit costs of labour, by reviewing the minimum wage and reducing the social security contributions that handicap enterprises in the modern sector; (iii) the privatization of existing organizations, to make it easier for new companies to break into the various market segments and for resources and new technologies to be injected into them; (iv) the establishment or strengthening of the State's capacity to regulate the markets for public services; and (v) the development of vocational training.

### Support for the productive sectors

- (a) The agricultural sector (given its importance):
  - (i) Encourage the development of a market economy in rural areas;
  - (ii) Modernize farms and livestock farms;
  - (iii) Encourage a professional approach by the various actors and strengthen their role;
  - (iv) Ensure sustainable management of natural resources;
  - (v) Increase food security;
  - (vi) Improve significantly the economic status of rural women;
  - (vii) Redefine the role of the State and encourage private initiatives in the agricultural and livestock sector;

- (b) The industrial sector:
  - (i) Create a much more favourable climate for small and medium-sized enterprises (SMEs) by: (a) reforming State monopolies in the electricity, oil, water and telecommunications sectors; (b) cutting down on red tape for those setting up enterprises and making investments, and defining the status of investors and the formalities to be observed by them; and (c) making tax changes to encourage the expansion of SMEs;
  - (ii) Take advantage of opportunities to capture new markets abroad;
  - (iii) Make the support programmes for the private sector more effective;
  - (iv) Combat fraud, unfair competition and corruption by strengthening the relevant legal mechanisms in cooperation with civil society and the private sector;
  - (v) Strengthen the judicial framework for business by establishing and strengthening commercial courts;
- (c) The tourist sector: to be promoted.

## 2. Programme to improve access to basic social services

### Education:

- (i) Increase, at a reasonable cost, the crude primary enrolment rate from 40 per cent to 70 per cent, particularly for children and girls in rural areas, and improve the quality and effectiveness of schooling;
- (ii) Provide high-quality literacy courses for adults (particularly for women and those living in disadvantaged areas) and raise the literacy rate from 22 per cent to 40 per cent by using suitable literacy programmes, especially in deprived areas;
- (iii) Provide 300,000 children between the ages of 3 and 6 with an education focused on early childhood development and provide 165,000 youngsters between the ages of 9 and 15 who are not enrolled or have dropped out of school with a four-year bilingual education and pre-vocational training, while keeping the recurring costs down;
- (iv) Improve the quality of apprenticeships and teaching and thus reduce the wastage due to the high number of pupils repeating a year or dropping out;

- (v) Strengthen the administrative capacity of schools, inspectors and regions;
- (vi) Improve educational standards in secondary schools and in higher education.

Health: the strategic objectives are as follows:

- Improve health coverage by decentralizing the provision and management of services down to the health district level;
- Improve the quality of health services;
- Ensure that essential medicines are available;
- Step up the campaign against AIDS;
- Control population growth.

The measures are: (i) a primary health-care policy with the emphasis on prevention; (ii) a system whereby care is financed jointly by the authorities and the local communities; (iii) genuine decentralization of health facilities to ensure that people use them and that local authorities take responsibility for them; and (iv) a system to encourage the private sector to set up health facilities and pharmacies.

The implementation of these strategic principles should contribute to the attainment of the following objectives: (i) to reduce the overall and infant mortality rates, including by providing greater mother and child care and through family-planning education; (ii) to increase coverage of vaccination against the main diseases (diphtheria, tetanus, measles, meningitis) by further expanding the vaccination programme; (iii) to reduce the areas affected by parasitic diseases; (iv) to reduce malnutrition, particularly in children under the age of five, through dietary and vitamin supplements; (v) to bring health and welfare centres closer to the people using them; and (vi) to provide the basic health facilities with essential generic medicines.

3. Access to safe water

4. Programme to promote good governance

- Devise a national plan on good governance and a strategy for the reform of the judicial system;
- Reform the administration;
- Start the decentralization process;
- Improve the collection and analysis of economic and social information.

## 5. Combating poverty

As poverty basically affects people in the countryside, the following measures are envisaged:

- (i) Reduce the vulnerability of agricultural activities;
- (ii) Introduce modern intensive farming techniques;
- (iii) Increase income from more diverse water sources;
- (iv) Open up further, so as to improve access to and from the country.

### Activities

- Repair facilities for collecting water from eroded surfaces;
- Develop irrigated areas;
- Conduct an information, training and communication strategy;
- Agricultural advisory services and access to farm equipment and inputs;
- Improve access to credit;
- Promote income-generating and self-employment activities.

Prioritization of projects and programmes:<sup>1</sup> in setting priorities, the country's poverty has been borne in mind. Burkina Faso thus gives priority to the following:

- Projects and programmes to provide the poor with access to the basic social services (health, education and safe water);
- Projects and programmes to increase opportunities for the poor, especially in agriculture (agricultural hydraulics, farming, livestock-breeding, rural roads, cultivation).

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<sup>1</sup> The report includes a projected budget and estimates of the overall cost of the development programmes given priority by Burkina Faso.