

Language: English
Original French



AFRICAN DEVELOPMENT FUND

Accelerated Growth Strategy and Business Environment Support Programme (PASCACAF)

Country : BURKINA FASO

APPRAISAL REPORT

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TABLE OF CONTENTS

I-PROPOSAL.....	1
II-COUNTRY AND PROGRAMME CONTEXT	1
2.1-Government’s Overall Development Strategy and Medium-Term Reform Priorities.....	1
2.2-Recent Socio-economic Developments, Prospects, Constraints and Constraints.....	2
2.3-Status of Bank Group Portfolio.....	5
III-RATIONALE, KEY PROGRAMME DESIGN ELEMENTS AND SUSTAINABILITY .	5
3.1-Linkages with the CSP, Assessment of Country Preparedness and Underlying Analytical Elements	5
3.2-Donor Collaboration and Coordination	6
3.3-Results and Lessons from Similar Previous Operations	7
3.4-Linkages with Ongoing Bank Operations	8
3.5-Bank’s Comparative Advantage	8
3.6-Application of Principles of Good Practices in Conditionalities	9
3.7-Application of Bank Group's Policy on Non-concessional Borrowing	9
IV – PROPOSED PROGRAMME	9
4.1-Programme Goal and Objectives	9
4.2-Programme Pillars, Components and Expected Results	9
4.3-Financing Requirements and Sources of Financing for 2011-2012.....	14
4.4-Programme Beneficiaries.....	14
4.5-Impact on Gender.....	14
4.6- Impact on the Environment.....	15
4.7- Other Programme Impact.....	15
V-IMPLEMENTATION, MONITORING AND EVALUATION	15
5.1- Implementation Arrangements.....	15
5.2-Monitoring and Evaluation Arrangements.....	16
VI-LEGAL INSTRUMENTS AND AUTHORITY	16
6.1-Legal Instruments	16
6.2 Conditions for Bank’s Intervention.....	16
6.3-Compliance with Bank Group Policies	17
VII-RISK MANAGEMENT	17
VIII-RECOMMENDATION	18

Tables

Table 1:	Financing Needs of the 2011-2012 Programme	14
Table 2:	Programme Financing	14

Annexes

Annex 1	Letter of Development Policy	11
Annex 2	Matrix of Programme Measures	3
Annex 3	Analysis of the Crisis in Burkina Faso and Measures taken by the Government	2
Annex 4	Interventions of Various Technical and Financial Partners in Burkina Faso	1
Annex 5	Relations with the IMF	1
Annex 6	Matrix of SCADD Measures	4
Annex 7	Fiduciary Risk Assessment	2
Annex 8	Macroeconomic and Financial Indicators	1
Annex 9	Comparative Socio-economic Indicators	1
Annex 10	Key Macroeconomic Indicators (Source: ADB)	1

Currency Equivalents
June 2011

Currency Unit	CFAF
UA 1	USD 1.60077
UA 1	EUR 1.11280
UA 1	CFAF 729.949

Fiscal Year

1 January – 31 December

ACRONYMS AND ABBREVIATIONS

ADF	African Development Fund
AGETIB	Burkina Faso Infrastructure Works Agency
APEX	Export Promotion Agency
APRM	African Peer Review Mechanism
ARMP	Public Procurement Regulatory Authority
BFFO	Burkina Faso Field Office
CEFAC	Centre for Facilitation of the Building Permit Process
CFAA	Country Financial Accountability Assessment
CGAB-PRSF	General Budget Support Framework for the PRSF
CPAR	Country Procurement Assessment Report
CPIA	Country Policy and Institutional Assessment
CS	Construction Sector
DBSL	Development Budget Support Loan
DGMP	Directorate General for Public Procurement
ECF	Extended Credit Facility
FBDES	Burkina Faso Fund for Economic and Social Development
GCC	General Conditions of Contract
GDP	Gross Domestic Product
GRPP	General Regulations for Public Procurement
ICT	Information and Communication Technologies
IMF	International Monetary Fund
MCA	Millennium Challenge Account
MDG	Millennium Development Goals
MEBF	<i>Maison de l'entreprise du Burkina Faso (one-stop shop for business registration)</i>
MEF	Ministry of Economy and Finance
MFRPE	Ministry of the Public Service and State Reform
MICA	Ministry of Industry, Trade and Handicrafts
MID	Ministry of Infrastructure and Road Construction
MTEF	Medium-Term Expenditure Framework
PNF	National Land Policy
PAI-PDC	Project to Support Institutions Responsible for Public Expenditure Programming and Control
PAP-PRSF	Priority Action Programme of the PRSF
PARGB	Action Plan to Strengthen Budget Management
PEFA	Public Expenditure and Financial Accountability
PLAGIRO	Road Infrastructure Management Framework
PRGF	Poverty Reduction and Growth Facility
PRSF	Poverty Reduction Strategy Framework
PRSSP	Poverty Reduction Strategy Support Programme
RBCSP	Results-based Country Strategy Paper
RMC	Regional Member Countries
SIMP	Integrated Public Procurement Information System
SP-PPF	Permanent Secretariat for Monitoring Financial Policies and Programmes
SRFP	Public Finance Strengthening Strategy
STAP	Sector Triennial Action Plan
TFPs	Technical and Financial Partners
WAEMU	West African Economic and Monetary Union

GRANT INFORMATION SHEET

Beneficiary Information

DONEE:	Burkina Faso
SECTOR OF IMPLEMENTATION	Economic and Financial Governance
EXECUTING AGENCY	Permanent Secretariat for the Monitoring of Financial Policies and Programmes (SP-PPF) in the Ministry of Economy and Finance
AMOUNT	UA 50 million
TERMS:	First tranche: UA 25 million and second tranche: UA 25 million
NUMBER OF TRANCHES	Two annual tranches

Programme Financing

<u>Source</u>	<u>Amount (in UA million)</u>	
	<u>2011</u>	<u>2012</u>
ADF	25	25
WORLD BANK	140.42	16.175
EUROPEAN UNION	55.587	55.587
FRANCE	6.245	6.379
DENMARK	11.415	15.72
NETHERLANDS	18.421	16.175
SWITZERLAND	4.69	4.69
SWEDEN	10.191	10.191

Timeframe – Main Milestones

Preparation mission	:	February 2011
Review of Concept Note by Country Team	:	22 March 2011
Review of Concept Note by OPSCOM	:	20 April 2011
Appraisal mission	:	6 - 17 June 2011
Presentation of Report to ADF Board	:	21 September 2011
Effectiveness	:	October 2011
Disbursement of the first tranche	:	October 2011
Mid-term review	:	May 2012
Disbursement of the second Tranche	:	June 2012
Annual audit of financial flows by TFPs	:	June 2012 for the first tranche and June 2013 for the second tranche
Completion Report	:	May 2013

RESULTS-BASED LOGICAL FRAMEWORK MATRIX

Country and Programme Name: Burkina Faso - Accelerated Growth Strategy and Business Environment Support Programme
Programme Goal: Support the implementation of the Accelerated Growth and Development Strategy (SCADD) by promoting accelerated growth and streamlining public resource management

RESULTS CHAIN		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS/ MITIGATIVE MEASURES
		Indicator (including ISCs)	Baseline Situation	Target		
IMPACT	The economy is more diversified and the business environment is more attractive to the private sector.	<ul style="list-style-type: none"> • GDP growth • Gross investment rate • Population living below the poverty line 	<p>5% on average between 2008 and 2010</p> <p>19% in 2010</p> <p>43.9% (2010)</p>	<p>5.6% in 2012</p> <p>17.2% of GDP in 2012</p> <p>35% (2015)</p>	<p>Government statistics</p> <p>IMF report</p> <p>Burkina Faso statistics publications</p>	
EFFECTS	1- Macroeconomic framework consolidated	<p>1.1 Settlement of cotton sector arrears</p> <p>1.2 Reduction of internal and external imbalances</p> <ul style="list-style-type: none"> • Budget balance (commitment basis) • Current account balance (net of transfers) 	<p>Arrears of payment settled</p> <p>10.1% of GDP (2010)</p> <p>-7.4% of GDP (2010)</p>	<p>No new arrears</p> <p>-8.6% of GDP (2012)</p> <p>-9.7% of GDP (2012)</p>	<p>MEF</p> <p>IMF report</p>	<p>Risk 1</p> <ul style="list-style-type: none"> • National socio-political instability due to persistent demands made by social groups and the military. <p>Mitigative measures</p> <p>Apart from the emergency measures already adopted, the government is attentive to these demands and is keen to satisfy them adequately.</p>

RESULTS CHAIN	PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS/ MITIGATIVE MEASURES
	Indicator (including ISCs)	Baseline Situation	Target		
2. Diversified exports and diversified economy	2.1. Share of non-traditional products (excluding cotton and gold) in total exports.	12% (2010)	14% (2012)	MICA statistics	<p>Risk 2: Macroeconomic destabilization by external and climatic shocks.</p> <p>Mitigative measures The Government is determined to continue implementing cotton sector and public finance reforms, including building capacity for debt management and the financial sector. To that end, it recently concluded a new ECF-backed programme with the IMF.</p>
	2.2 Total volume of exports	18.2% of GDP (2010)	21.7% of GDP (2012)	Same as above	
	2.3 New production sectors	No study conducted	Study on new sectors available (2012)	Same as above	
3. Business environment is more attractive	3.1 Number of foreign investors attracted	316 (2010)	350 (2012)	Report of <i>Maison de l'entreprise (the one-stop shop)</i>	<p>Risk 3: Fiduciary risks</p> <p>Mitigative measures Efforts made to ensure greater transparency in public finance management. Establishment of a transparent public procurement system and several assessments conducted attest to the reliability of the fiduciary framework.</p>
	3.2 Number of processing units created	96 (2010)	107 (2012)		
	3.3 Number of businesses created by women	708 (2010)	920 (2012)	Same as above	
4. Budget management is consolidated	4.1. Composition of actual expenditure compared to original approved budget	PEFA indicator PI-2 C (2010)	PEFA Indicator PI-2 B (2012)	PEFA report	
	4.2 Institution of public policy-oriented budgeting	PEFA indicator PI-12 B+ (2010)	PEFA Indicator PI-12 A (2012)	PEFA report Same as above	
5. Public procurement system is consolidated	5.1 Interconnection of all public procurement system stakeholders through SIMP	Insufficient interconnection between DGMP, ARMP and the others	The system is integrated (2012)	- Report of ARMP and DGMP - Report of PFSS	

RESULTS CHAIN	PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS/ MITIGATIVE MEASURES	
	Indicator (including ISCs)	Baseline Situation	Target			
6. Improved governance in the infrastructure sector	6.1. Value of contract amendments as percentage of total amount for road contracts.	21.9% of the cost of contracts (2010)	Less than 10% (2012)	MID report ARMP report		
	6.2 Share of public contracts concluded within the validity period of infrastructure sector bids (%).	30% (2010)	40% (2012)	ARMP report		
	6.3 Share of contracts awarded; bidding processes initiated in the infrastructure sector	90% (2010)	90% (2012)			
O U T C O M E S	Component A – Create conditions conducive to growth and economic diversification				Risk 4: Limited capacity to implement reforms	
	• Protocols on asset transfers to various cotton companies reviewed.	Balanced redistribution of farming areas	Majority of farming areas under SOFITEX management	Increase of farming areas managed by private enterprises	MICA	Mitigative measures The government's willingness to continue with reforms as well as various institutional support programmes implemented are crucial to mitigating this risk. Besides, the Government will take the necessary measures to develop the institutional capacity of MICA and MEBF as expressed in the Letter of Development Policy in Annex 1.
	• Export Promotion Fund set up • ONAC transformed into an Export Promotion Agency	Volume of total exports	18.2% of GDP in 2010	21.7% of GDP in 2012	MICA	
	Certification Standardisation and Metrology Authority established	Establishment decree	Poor standardization, certification and metrology.	Standardization, certification and metrology services provided	MICA	
	Foreign trade one-stop shop based on the ORBUS system	Number of windows for import and export formalities	Existence of several windows for such formalities	One-stop shop for operational formalities	MEF	
	The public-private partnership establishment strategy and its action plan adopted	Availability of the strategy	Absence of strategy	Strategy and action plan available at the end of 2011	MICA report	

RESULTS CHAIN	PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS/ MITIGATIVE MEASURES
	Indicator (including ISCs)	Baseline Situation	Target		
Mining Investment Facilitation Centre established (CEFIM)	Decree and orders setting up CEFIM	Multiplicity of procedures for obtaining mining permits and authorisations	CEFIM set up in 2012	MEBF	
Component B – Strengthen economic and financial governance					
The six Directives on: (i) public finance management transparency code; (ii) finance law; (iii) general regulations governing public accounting; (iv) State budget nomenclature; (v) State accounting plan (SAP); and (vi) State financial operations table (TOFE) are incorporated into the national legal framework.	Transposition decrees	No policy on budgeting based on development results in certain ministries and institutions	Availability and application in all ministries and institutions of the reference framework for results-based budget management	PFSS report	
Programme-budgets (PB) prepared	Number of programme budgets	PBs of 16 pilot ministries available in 2011	PBs of all ministries and institutions available in 2012	PFSS report	
Integrated public procurement system finalised	Number of stakeholders connected	ARMP and over half of the decentralised public procurement structures not connected	All stakeholders connected	PFSS report	
Public procurement code of ethics prepared	Availability of the decree	Absence of code	Public procurement code of ethics available	PFSS report	
Setting-up of AGETIB	Operationalisation of AGETIB	AGETIB created	AGETIB operational	MID report	

RESULTS CHAIN	PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS/ MITIGATIVE MEASURES
	Indicator (including ISCs)	Baseline Situation	Target		
Integrated Infrastructure Management Platform (PLAGIRO) established.	Availability of reliable information on infrastructure management	Absence of data on infrastructure management	Information on contracts available	MID report	
KEY ACTIVITIES	<ol style="list-style-type: none"> 1. Signature of grant protocol 2. Opening of a special account to receive grant resources 3. Preparation of statutory texts on retained reforms 4. Preparation of half-yearly programme implementation progress reports 5. Audit of special account 6. Preparation of the programme completion report 			RESOURCES (in UA million, in 2011 and 2012) <ul style="list-style-type: none"> • ADF 50.00 • European Union 111.174 • World Bank 156.594 • Denmark 27.135 • France 12.624 • Netherlands 34.596 • Sweden 20.282 • Switzerland 9.38 	

Programme Executive Summary

Programme Overview	<ul style="list-style-type: none"> ▪ Programme Title: Accelerated Growth Strategy and Business Environment Support Programme (PASCACAF) ▪ Geographical scope: National ▪ Duration of implementation: 2011-2012 ▪ Program cost: UA 50 million as ADF grant ▪ Programme type: General budget support programme ▪ Disbursement: 2 tranches (of UA 25 million in 2011 and UA 25 million in 2012) ▪ 2 components: (i) Create conditions conducive to growth and economic diversification, and (ii) Strengthen financial governance
Context and Rationale	<p>Burkina Faso has enjoyed relative socio-political stability for over twenty years, despite minor social upheaval from time to time. Yet, recent events of February-May 2011 could disrupt this stability. Faced with this situation, the authorities opted for dialogue and adopted emergency social measures that appear to have gradually restored social peace. PASCACAF is the Bank's sixth general budget support to Burkina Faso that will be implemented from 2011-2012 under the General Budget Support Arrangement signed in January 2005 by the Bank, eight other technical and financial partners (TFPs) and the Government. It follows previous budget support programmes (PRSSP I-V) backed by the Bank and other multilateral donors, including the World Bank and the European Union. It is based on the guidelines of the 2011-2015 Accelerated Growth and Sustainable Development Strategy (SCADD) adopted in December 2010 by the Government and that gives top priority to speeding up private sector-driven economic growth and efficient utilization of public resources. It is equally consistent with the Bank's intervention strategy in RBCSP 2005-2009, which has been extended to 2010-2011.</p>
Programme Outputs	<p>The outputs expected from implementing this Programme include: (i) consolidation of the macroeconomic framework to stimulate economic activity; (ii) economic diversification and promotion of the country's exports to increase business opportunities for economic operators; (iii) a more attractive business environment for the private sector; (iv) results-oriented and public policy-based budget management; (v) consolidation of the public procurement system to create healthy competition among contractors interested in government contracts; and (vi) promotion of governance in infrastructure management to guarantee its sustainability and efficiency for both private and public sector users.</p>
Needs Assessment and Relevance	<p>By adopting SCADD in December 2010, Burkina Faso's intention was to achieve robust, sustainable and quality economic growth with a multiplier effect on the income and quality of life of its people, and consistent with the principle of sustainable development. The Government needs adequate and predictable resources to finance the priority actions (2011-2013) of its new development strategy, defined through a participatory approach with all stakeholders and in close collaboration with TFPs.</p>
Banks Comparative Advantage and Value-added	<p>In this Programme, the Bank contributes all its reform support experience acquired in PRSSP I to V. More specifically, recent reforms initiated in the areas of standardisation, competitiveness and public procurement under previous reform support programmes, as well as various studies conducted under the Support Programme for Public Expenditure Programming and Control Institutions (PAI-PDC) have made it possible to establish and maintain dialogue with the Government and other TFPs. Furthermore, the presence of a field office (BFFO) has enabled the Bank to participate actively in dialogue with other partner-members of the CGAB-PRSF/SCADD Protocol, especially in monitoring the performance matrix and disbursement criteria for general budget support.</p>
Institutional Development and Knowledge Building	<p>Through various measures, the Programme will contribute to institutional development and knowledge building in private sector promotion and public finance management. In particular, the programme will help to define the needs and build the capacity of the Ministries of Trade and Handicrafts, the Ministry of Infrastructure and Road Construction, and ministries and institutions involved in programme-budget implementation and public procurement management.</p>

**REPORT AND RECOMMENDATION OF MANAGEMENT TO THE BOARD
OF DIRECTORS OF THE AFRICAN DEVELOPMENT FUND CONCERNING
A PROPOSAL TO AWARD A GRANT TO BURKINA FASO TO FINANCE THE
ACCELERATED GROWTH STRATEGY AND BUSINESS ENVIRONMENT SUPPORT
PROGRAMME (PASCACAF)**

I PROPOSAL

1.1 Management hereby submits the following report and recommendations concerning the award of a UA 50 million grant to Burkina Faso to finance the Accelerated Growth Strategy and Business Environment Support Programme (PASCACAF). This is general budget support to Burkina Faso to be implemented from 2011-2012 under the General Budget Support Arrangement signed in January 2005 by the Bank, eight other technical and financial partners (TFPs) and the Government. It comes in response to a request submitted to the Bank by the Government on 23 March 2011 and is a continuation of previous budget support programmes (PRSSP I-V) supported by the Bank and other donors, including the World Bank and the European Union. It is based on the guidelines of the 2011-2015 Accelerated Growth and Sustainable Development Strategy (SCADD) adopted in December 2010 by the Government, which gives top priority to speeding up the private sector-driven economic growth and efficient utilization of public resources. PASCACAF was designed based on the principles of the Paris Declaration, the Accra Agenda and good practices on conditionalities. It is consistent with the priorities retained in the Bank's 2005-2009 Country Strategy Paper, extended to 2011, namely: (i) economic diversification; and (ii) improvement of the living conditions of the people, especially vulnerable groups.

1.2 The Programme was prepared in February 2011 jointly with other development partners who are members of the General Budget Support Arrangement. Its appraisal was conducted from 7 to 17 June 2011 with the World Bank. PASCACAF's goal is to support SCADD implementation by promoting accelerated growth and streamlining public resource management. Its specific objectives are to: (a) promote growth and diversify the economy; (b) improve the business environment and render it more attractive for the private sector; and (c) continue improving the efficiency and effectiveness of public spending. Budget support through PASCACAF will also help to finance the State budget, thus enabling the authorities to implement priority actions under SCADD. The outputs expected from implementing this Programme are: (i) consolidating the macroeconomic framework to boost economic activity; (ii) diversifying the country's exports to increase business opportunities for economic operators; (iii) developing a more attractive business environment for the private sector; (iv) budget management that is results-oriented and based on public policies; (v) consolidating the public procurement system to create healthy competition among contractors interested in government contracts; and (vi) promoting governance in infrastructure management to guarantee its sustainability and efficiency for both private and public sector users.

II COUNTRY AND PROGRAMME CONTEXT

2.1 Government's Overall Development Strategy and Medium-Term Reform Priorities

2.1.1 The Government's development programme is based on the Accelerated Growth and Sustainable Development Strategy (SCADD 2011-2015) adopted in December 2010 with the overall objective of achieving robust, sustainable and quality economic growth with a multiplier effect on the income and quality of life of the people, and consistent with the principle of sustainable development. SCADD seeks to speed up growth at an average annual GDP rate of 10% and to pursue the achievement of the Millennium Development Goals (MDGs).

2.1.2 The four pillars of this strategy are: (i) development of accelerated growth poles; (ii) consolidation of human capital and promotion of social welfare; (iii) consolidation of governance; and (iv) inclusion of cross-cutting priorities in development policies and programmes. Under the first pillar, reforms planned focus on the development of growth poles that will help to structure the production apparatus, diversify and increase the supply of products in order to guarantee food security for the population and export earnings for the country. The measures taken to strengthen the fundamentals of the economy and accelerate growth rely on macroeconomic stability, consolidation of the external position, a prudent debt policy and improvement of the business environment. With respect to the second pillar, Government's policy for the coming years is to implement a bold human resource development policy by increasing education, training and healthcare supply. The third pillar on governance consolidation relates to: (i) capacity-building in economic planning and management; (ii) enhanced public finance control and corruption, fraud and forgery control; (iii) establishment of institutions that guarantee political stability as well as property and contractual rights; (iii) consolidation of administrative governance; and (v) consolidation of local governance. Lastly, with respect to the fourth pillar, reforms will focus on consolidating gender equality programmes, population control, environmental management and optimum use of natural resources, implementing the land-use policy and capacity-building for public services and institutions in the areas of public policy formulation, implementation and monitoring/evaluation.

2.2 Recent Socio-economic Developments, Constraints, Challenges and Prospects

Recent Macroeconomic and Social Developments

2.2.1 Burkina Faso is reputed to have solid and credible experience in macroeconomic management and structural reforms. Despite a difficult international economic situation, the country achieved a sustained real GDP growth rate of 5% on average, from 2005 to 2010. The slowdown in economic activity resulting from the impact of the cotton, energy, food, financial and economic crises, as well as the September floods in Ouagadougou, rolled back the growth rate to 3.2% in 2009. In 2010, national economic activity thrived in an international environment boosted by the revival of growth, which experienced an upturn throughout 2010. According to preliminary estimates, the GDP growth rate reportedly stood at 7.9%. This growth was driven essentially by the buoyancy of the mining and agricultural sectors, especially cereal production, thanks to the even distribution of rainfall in space and time during the 2010/2011 crop year. Investments and final household consumption contributed 4.8 and 3.2 points to growth, respectively, while external demand contributed only 0.1 point. Inflation remained below the community threshold, standing at an average of 0.2%, compared to 4.4% over the 2007-2009 period, thanks to a good cereal harvest.

2.2.2 In **public finance**, economic and financial governance improved as evident in the results achieved through implementation of the Public Finance Strengthening Strategy (SRFP). In 2010, total revenue was 15.6% of GDP, compared to 13.5% of GDP in 2009, representing an increase of 2%. Tax revenue inched up from 12.4% of GDP in 2009 to 13% of GDP in 2010. Hence, the revenue targets set in the IMF's ECF-supported programme, which were 13.9% of GDP for total revenue and 12.8% of GDP for tax revenue, were largely attained. However, total expenditure in 2010 was 26.8% of GDP in 2010 compared to 24.1% in 2009, representing an increase of close to 3%, which is clearly above the target of 25.1% of GDP set by the Programme. Hence, the budget deficit (commitment basis, including grants) rose marginally from 4.7% of GDP in 2009 to 4.8% in 2010, well within the Programme target of 5% of GDP.

2.2.3 **Money and credit:** Money supply, which grew by 18% in late 2009, dipped slightly to 16.6% at the end of 2010 due to a parallel decline in net foreign assets (7.2% in December

compared to 20.2% in December 2009), despite a slight increase in credit to the economy aimed at shoring up the revival of economic activity, especially in the cotton sector (2.5% compared to 1.2% at the end of 2009). The financial health of the banking system remained satisfactory despite the vulnerability engendered by overexposure in the cotton sector that remains sensitive to world market price fluctuations. Nevertheless, the government is pursuing its efforts to facilitate access to credit for SME/SMIs by bailing out distressed banks and consolidating the microfinance sector.

2.2.4 With respect to **foreign trade**, the balance of payments should experience an improvement in terms of trade. Owing to rising exports (40% compared to 2009), the rally in world cotton prices (85 cents per pound compared to 62 cents in 2009) and the gold price boom, the current account balance in 2010 showed a deficit of 3.5% of GDP compared to 4.2% of GDP in 2009. This result is clearly below the initial projections of 8.7%, despite a 23.6% increase in exports in the same year compared to 2009.

2.2.5 **Public debt:** At the end of September 2009, the public debt stock stood at CFAF 919.1 billion, comprising an external debt of CFAF 737.9 billion and a domestic debt of CFAF 181.2 billion. The audited part of the domestic debt, composed essentially of government securities such as Treasury bonds, has been settled, such that the debt stock has declined by 5.9% compared to its end-September 2008 levels. Debt servicing stood at CFAF 23.1 billion at the end of 2009 and, according to projections, was expected to reach CFAF 32.9 and 35.6 billion, respectively, in late 2010 and 2011. According to the debt sustainability analysis conducted by the Bretton Woods Institutions in May 2010, the risk of a debt overhang is high since the debt-to-exports ratio, which stood at 124.8 in 2009, could exceed the tolerance threshold of 150% in 2017, given the country's narrow export base.

2.2.6 In the **social sector**, substantial progress has been made, thanks to government's cumulative financial contribution of CFAF 1,695 billion to poverty reduction. The crude enrolment rate rose from 60.7% in 2005 (including 55% for girls) to 77.6% in 2010 (including 75% for girls). The hospital attendance rate jumped from 32% in 2005 to 56% in 2010. In 2010, the rate of access to safe drinking water was 76% in urban areas, compared to 56.5% in rural areas. These positive results notwithstanding, the prevailing poverty was aggravated by the international financial crises whose impact on the economy and the purchasing power of households is undeniable. The results of the nation-wide household living conditions survey show that poverty still affected 43.9% of the population in 2010, comprising 50.7% in rural areas and 19.9% in urban areas. Besides, according to the 2010 Human Development Reportⁱⁱ, Burkina Faso, whose ranking fell by one position compared to 2009, currently ranks below the average for Sub-Saharan African countries and faces daunting challenges in the education and health sectors. If current trends continue, it will be impossible to meet the poverty incidence reduction target of 35% by 2015 or achieve most of the MDGs.

Constraints, Challenges and Medium-Term Prospects

2.2.7. According to IMF estimates, the country's macroeconomic prospects are bound to improve with the gradual revival of economic activity. A recovery is expected in growth, which should stand between 5.5% and 6.5% from 2011 to 2014 after a record performance of 7.9% in 2010. For its part, the inflation rate will fall below 3% in keeping with WAEMU convergence criteria. As concerns foreign trade, the external position should deteriorate a bit in 2011. The current account deficit (including transfers) is projected to stand at 6.3% of GDP in 2011, compared to 5.2% of GDP in 2010, because of the expected decline in official transfers and the foreseen deterioration in terms of

ⁱⁱ According to the 2010 report, Burkina Faso ranked 161st out of 169 countries and was among the 10 countries with the lowest human development index (HDI).

trade which largely offset the rise in cotton and gold exports. Efforts will be pursued to consolidate the public finance situation and contain the budget deficit (including grants) at 3.9% of GDP in 2011. Nevertheless, it should be noted that, from February to May 2011, Burkina Faso experienced a wave of protests from the military and various social groups. The protests undermined the safety of persons and property in various towns of the country, especially Ouagadougou, Koudougou and Bobo-Dioulasso. The main demands of protesters related to: (i) the institution of better governance especially in the area of justice; and (ii) the improvement of living conditions for workers, including those serving in the defence and security forces as well as students, to help them cope with the high cost of living. An analysis of current data shows that this crisis did not fundamentally weaken the established macroeconomic framework, partly because of the unflagging sound performance of the agricultural (26% increase) and gold mining (12.3%) sectors, and because most of the new social measures adopted to tackle the crisis (estimated to cost CFAF 26.64 billion) will be financed through the reallocation of investment spending. Most current transfers to various social groups will come from a reductionⁱⁱⁱ of investment spending (construction of administrative buildings) and certain operating expenses (missions and training). Detailed analysis of the impact of the crisis and measures taken by the government to tackle it are presented in Annex 3. This crisis situation has compounded the many challenges facing the country, among which:

- **Economic diversification:** The country's economy remains relatively less diversified because, apart from stockraising and fisheries, agriculture alone accounts for 40% of GDP. The main export products that account for over 80% of foreign trade include gold, cotton and, to a lesser extent, livestock products. From the economic standpoint, this situation keeps the country highly vulnerable to exogenous shocks.
- **Improvement of the business environment:** Although progress has been made in improving the business environment, mainly through establishment of the *Maison de l'entreprise* and the many reforms implemented (reduction of the time-limit for business creation, creation of a one-stop shop to facilitate the building permits process and the one-stop shop for land registration formalities, etc.), the country was ranked 154th in the world under the World Bank's 2010 Doing Business classification. Other challenges remain to be addressed such as: (i) low competitiveness of the economy; and (ii) the absence of a legal and institutional mechanism that promotes private sector business opportunities by financing and managing facilities through a public-private partnership (PPP) approach.
- **Improvement of public expenditure efficiency and effectiveness:** The priorities here should be better public resource programming and allocation, and consolidation of public procurement reforms. Indeed, through its national budget, the State is both consumer and investor within a national economy that should actually be driven by the private sector. By modernizing public finance management through better expenditure programming and efficiency, the State would further guarantee its means of stimulating demand and responding to the supply of private sector goods and services. Furthermore, the consolidation of public procurement system reforms would create conditions for healthy competition between private economic operators who bid for government contracts.

ⁱⁱⁱ Spending on priority sectors, especially the social sectors, is not affected by this reduction.

- **Improvement of infrastructure sector governance:** The challenges in this sector relate to: (i) protracted timeframes for the award of contracts; (ii) a multiplicity of contractual amendments; and (iii) infrastructure sustainability.

2.3. Status of Bank Group Portfolio

2.3.1. As at 8 June 2011, the Bank's active portfolio in the country comprised eleven (11) projects amounting to UA 218.51 million. Its sector distribution is as follows: 13.23% for the agricultural sector, 48.12% for the transport and electricity sectors, 19.22% for the social sectors, 1.31% for water and sanitation, and 1.13% for multi-sector. The overall disbursement rate was 32%. On the whole, the quality of the portfolio is deemed satisfactory. The overall portfolio review score was 2.6% in 2009 and 1.9 in 2006. The Bank's response time is currently shorter and the average timeframe for procurement bid analysis has reduced from one year to less than two months. Furthermore, the timeframe for an operation to become effective, which averaged 15 months, has been halved. In 2009, only 14% of projects were at risk, compared to 33% in 2006 and attributable to delays in project effectiveness. The portfolio has also been rejuvenated from an average age of 5.3 years in 2006 to 3.7 years in 2009. Such substantial improvement notwithstanding, problems remain: (i) bottlenecks in the contract award process; (ii) weak project monitoring/evaluation mechanisms; (iii) insufficient human capacity to make an effective contribution to aid coordination and project management; and (iv) the poor performance of contracting firms, especially in the area of infrastructure. To address these constraints, several recommendations were made to the Government and the Bank during the two half-yearly reviews conducted in 2010.

III. RATIONALE, KEY PROGRAMME MAIN DESIGN ELEMENTS AND SUSTAINABILITY

3.1 Linkages to CSP, Assessment of Country Preparedness and Underlying Analytical Elements

3.1.1 **Linkages to CSP:** PASCACAF is consistent with the Bank's intervention strategy defined in RBCSP 2005-2009 (extended to 2011), the guidelines of which tally with those of SCADD, since its two pillars are: (i) promotion of economic diversification; and (ii) improvement of the living conditions of the people, especially vulnerable groups. It seeks to contribute to the achievement of SCADD targets by promoting accelerated and sustainable growth through consolidation of the macro-economic framework and improvement of the business environment, economic and financial governance. Lastly, PASCACAF is in line with the Bank's strategic guidelines on governance for 2008-2012, whose priority pillars are: improvement of the business environment and financial governance.

3.1.2 **Prerequisites:** The general and technical prerequisites for budget support are in place as presented in the table below:

Prerequisites:		Comments
GENERAL PREREQUISITES	Political stability	<ul style="list-style-type: none"> • Burkina Faso has enjoyed socio-political stability for over twenty years, albeit punctuated by a few social disturbances from time to time. Presidential and legislative elections (the lastest held in 2010) have been organized regularly. Even so, that stability was shaken by recent events of February-May 2011. Faced with this situation, the authorities opted for dialogue and adopted emergency social measures that appear to have gradually restored social peace in the country.^{iv}

^{iv} A note on the crisis is presented in Annex 3.

Prerequisites:		Comments
	Economic stability and Government commitment	<ul style="list-style-type: none"> On the economic front, the country has embarked on a reform policy with the support of technical and financial partners, including the Bank. This has made it possible to record an average growth rate of 5% over the last five years, despite the various (food, energy, international economic) crises.
TECHNICAL PREREQUISITES	Existence of well-designed PRSP/NDPs as well as efficient PRSP/NDP implementation mechanisms.	<ul style="list-style-type: none"> The Government has a new development strategy based on accelerated growth and sustainable development. SCADD was prepared with the active involvement of all national stakeholders and in consultation of TFPs.
	Viable macro-economic framework and financial sector in the medium-term	<ul style="list-style-type: none"> The ECF, signed with the IMF, has defined a macro-economic and financial framework for 2010-2013.
	Existence of strong partnership between this RMC and donors	<ul style="list-style-type: none"> There is a solid partnership between the government and TFPs through the CGAB-PRSF/SCADD protocol signed in January 2005. A public spending review and a fiduciary framework assessment (PEFA exercise) were conducted in 2009 and 2010 respectively.
	Existence of strong partnership among donors	<ul style="list-style-type: none"> There is strong partnership among donors as presented in Section 3.2 below.
	Satisfactory fiduciary review of the public finance management system (PEFA, CPAR and Public Expenditure Review – use of country systems)	<ul style="list-style-type: none"> The fiduciary framework is satisfactory overall (cf. Annex 7); the public procurement system was reformed and the new Code is already being applied by the competent bodies - the Directorate General for Public Procurement and its various services as well as the Public Procurement Regulatory Authority (ARMP). Furthermore, fiduciary reviews such as CFAA, CPAR, PER and PEFA, have already been conducted. With respect to the risk of using resources for other ends with a view to quelling the social tension, the government has undertaken to preserve the priority spending retained in the macroeconomic framework agreed upon with the IMF.

3.1.3 Analytical work: A number of analytical and consultancy studies underpin the proposed budget support operation. Annual consultations on PRSF review, dialogue with the government and other development partners during the bi-annual review of CGAB/PRSF and the Public Finance Reform Strategy (PFSS) led to an agreement on the priorities retained in PASCACAF. In the area of financial governance, the recent analytical work conducted and referred to in PASCACAF design are: (i) assessment of financial management performance (PEFA 2010); and (ii) the 2008 and 2009 public procurement audits. With regard to the private sector, reference was made to the following studies conducted with Bank support (PRSSP IV and V); (i) organisational audit of MICA in 2010; (ii) the Trade, Industry and Handicraft Promotion Policy and its action plan; (iii) national policy on quality; and (iv) the export promotion strategy. Furthermore, the IMF conducts regular macroeconomic and financial performance assessments as part of its ongoing ECF programme. Lastly, recent Doing Business 2010 surveys identified obstacles to private sector development as well as areas that require urgent attention.

3.2. Donor Collaboration and Coordination

3.2.1 This operation was designed in collaboration with the Government and eight other technical and financial partners (TFPs), members of the General Budget Support Organisation Framework (CGAB-PRSF/SCADD), who signed a Protocol in January 2005. The objectives of that Protocol included the improvement of budget support predictability and implementation. The Government and partners have defined a year-on-year matrix of performance and disbursement indicators for implementing the Protocol. The Protocol provides for the organisation of two joint annual sessions to review the matrix. PASCACAF measures and the disbursement conditions for

the ADF contribution come from this matrix of performance and disbursement criteria for 2011-2013.

3.2.2 From the operational standpoint, this project promotes complementarity between the operations of several partners. The Bank and the World Bank work in harmony to support reforms in growth consolidation and improvement of the business environment. The World Bank's intervention, through its budget support^v and an institutional support project, focuses mainly on support for economic competitiveness and cotton sector reform. In the area of public finance, the World Bank also intervenes at the level of control institutions. The IMF is the lead agency for the financial sector and in matters of fiscal and customs policy reform. Several other TFPs support SCADD implementation. The areas of intervention of various TFPs are presented in Annex. 4

3.3 Results and Lessons from Similar Previous Operations

3.3.1 **Key results of previous operations:** This operation is an extension of previous operations (PRSSP I to V) which, through the measures implemented, yielded the results presented in the box below. It will help to build on these achievements and pursue reforms to further improve the country's business environment and consolidate the macroeconomic framework.

Objectives	Measures	Achievements	Results	
Boost competitiveness and develop the private sector	Maintenance of an appropriate macro-economic framework	Abolition of customs duties and/or VAT on certain staples like rice.	Maintenance of economic stability with: (i) a sustained real annual GDP growth rate of 5%, on average, from 2005 to 2010; (ii) inflation of 4.1% over the same period.	
		Reinforcement of the social welfare safety net, including cash transfers to vulnerable persons.		
		Implementation of a proactive incentive policy for farmers (distribution of 9000 tonnes of selected seeds, 2000 tonnes of fertilizer and 200 irrigation motor pumps).	Revival of cereal production in a food crisis context (41% in 2008, comprising 183% for rice and 29% for cotton).	
	Improvement of the business environment	Support for the establishment of two branches of <i>Maison de l'entreprise</i> in the towns of Ouahigouya and Koupéla.	Support for the establishment of a one-stop shop to facilitate issuance of building permits and a one-stop shop for land tenure formalities.	Significant improvement in Doing Business indicators, such as: (i) reduction of the timeframe for building permit formalities by 82 days, from 214 days in 2008 to 30 days in 2010; and (ii) reduction of the timeframe for transfer of property rights by 73 days, from 132 days to 59 days in 2010, after establishment of the one-stop shop for land tenure formalities.
		Public procurement systems		

3.3.2 **Lessons from similar previous operations:** The Bank has already implemented five budget support operations in Burkina Faso^{vi}. The design of the current operation was informed by lessons

^v The World Bank's budget support for 2011 was approved by its Board on 26 July 2011.

^{vi} The completion reports of these operations are available.

from previous Bank operations, the implementation of institutional support projects and lessons from the independent review of reform support operations conducted in 2010 by OPEV. The main lessons include: (i) the relevance of continuing to finance the implementation of Burkina Faso's development strategy through the general budget support mechanism; (ii) the need to continue building the government's capacity to ensure greater ownership and better monitoring of reform programmes; and (iii) the need, according to an independent OPEV review, to increase complementarity between various budget support interventions and other operations within the Bank's portfolio. These three concerns were factored into PASCACAF design.

3.3.3 For the Bank, this will entail a need to: (i) continue combining general budget support operations with targeted institutional support^{vii} to ensure the effective consideration of capacity-building needs; (ii) bear in mind the relatively short duration of budget support programmes when targeting the reforms to be supported, their timeframe and monitoring indicators; (iii) define conditionalities in a manner ensuring that they adapt to changes in the indicators/measures within the matrix. The programme equally includes lessons and recommendations from recent reviews of the operations of other TFPs operating in Burkina Faso, for instance the European Union and French Cooperation.

3.4 Linkages with On-going Bank operations

3.4.1 The current reform support operation backs the implementation of on-going operations and those proposed under the 2005-2009 country strategy, extended to 2010-2011. PASCACAF enjoys great synergy and complementarity with the Bank's other operations in Burkina Faso. It backs reforms necessary for consolidating public finance management, the capacity-building aspects of which are covered under the on-going Project to Support Institutions Responsible for Public Expenditure Programming and Control.

3.4.2 In light of lessons drawn from independent assessment of reform support operations by OPEV, the Programme will strengthen infrastructure governance with a view to developing the necessary synergy with operations proposed under Pillar 1 of the RBCSP, namely the promotion of economic diversification. Lastly, the programme contributes to regional integration efforts by encouraging the application of regional norms and guidelines governing public finance, including public procurement. In this context, the Bank supports WAEMU initiatives mainly through the Public Procurement Reform Support Project (grant of UA 4.5 million) and the Programme to Support Reform of the Harmonised Public Finance Framework. The Programme will help Burkina Faso to mainstream the new community guidelines on public finance, mainly through the institution of programme-budgets and consolidation of public procurement reform.

3.5 Bank's Comparative Advantage

3.5.1 The presence of a field office (BFFO) has enabled the Bank to participate actively in dialogue with other partners, members of the CGAB-PRSF/SCADD Protocol, especially in monitoring the matrix of performance and disbursement criteria for general budget support. Furthermore, over the last few years, the Bank has developed regional experience in consolidating financial governance and improving the business environment through its operations in several countries. These include support programmes for improving the business environment in Rwanda with the Rwanda Development Board (RDB), in Senegal with the Investment and Export Promotion Agency (APIX), in Congo with the Institutional Support Project for Improvement of the Business Environment and Diversification of the Congolese Economy (PACADEC), and, very recently, in

^{vii} In addition to PAI-PDC that builds the capacity of public resource management institutions, PRSSP IV had provisions that made it possible to effectively include capacity-building needs adopted in agreement with the Government.

Benin with the Project to Support Public Finance Management and Improve the Business Environment. In its operations in Burkina Faso, the Bank also displayed a certain capacity for analysis and dialogue with the authorities (cf. § 3.1.3).

3.6. Application of Principles of Good Practices in Conditionalities

3.6.1 The five principles of good practices in conditionalities were observed in designing PASCACAF. These are: (i) increased ownership resulting from the fact that the Programme is designed with the active collaboration of the authorities and is based on SCADD; (ii) the Government and technical and financial partners agreed to retain CGAB-PRSF/SCADD as the budget support coordination framework; (iii) Bank support modalities are aligned on national priorities (SCADD); (iv) disbursement conditions are few and stem from the joint (Government/Partners) matrix; and lastly (v) Bank support is aligned on the country's budget cycle.

3.7 Application of Bank Group's Policy on Non-concessional Borrowing

3.7.1 The Programme is consistent with the Bank's Policy on Non-concessional Borrowing. Under the Poverty Reduction and Growth Facility (PRGF) signed with the International Monetary Fund (IMF) in 2007, no non-concessional loans can be contracted by the Government during the PASCACAF implementation period.

IV. PROPOSED PROGRAMME

4.1. Programme Goal and Objectives

4.1.1 The overall goal of the Programme is to support SCADD implementation by promoting accelerated growth and streamlining public resource management. The specific objectives are to: **(a) promote growth and diversify the economy; (b) improve the business environment to render it more attractive for the private sector; and (c) continue improving public spending efficiency and effectiveness.**

4.2. Programme Pillars, Components and Expected Results

4.2.1. PASCACAF has two components, namely: **(a) creation of conditions conducive to growth and economic diversification; and (b) strengthening of financial and economic governance.** With regard to the first component, the reform measures are based on the recommendations and action plan of economic diversification and private sector promotion studies conducted recently by the Government. These include the sector policy of the Ministry of Trade, the policy on quality and the export promotion strategy. With respect to the second component, the reform measures come from the 2011-2013 action plan of the Public Finance Consolidation Policy, the results of PEFA 2010, as well as lessons from implementing infrastructure projects financed by the Bank in the country.

Component A: Create Conditions Conducive to Growth and Economic Diversification

Sub-component A1: Consolidate the Macroeconomic Framework

4.2.2. **Context and challenges:** Burkina Faso's economy is driven essentially by the primary sector, which employs the majority of the labour force and contributed 30.3% to total value-added in 2010 and 2.2% to GDP growth. Cotton, the backbone of the agricultural sector, is processed and marketed by three corporations: SOFITEX, the oldest and largest, SOCOMA and FASO-COTON. Over the years, SOFITEX has suffered operational losses amounting to CFAF 86.2 billion for

FY2008 alone and farmers' groups have accumulated crop year credit arrears of payment of CFAF 4.355 billion in the local banks. Aggravated by the economic and financial crisis of 2008 and 2009, the cotton sector crisis caused an 18.5% output decline for cotton, the country's main export crop. Furthermore, the financial difficulties faced by cotton companies and the slump in world market prices risked upsetting the macroeconomic framework and undermining the sustainability of the entire sector if the Government did not take the necessary measures to correct the situation.

4.2.3 **Recent actions:** the government adopted a series of cotton sector measures to address the negative effects of the international crises that the country faced in 2008 and 2009. Among other things, such measures focused on producer prices, input prices, defrayment of all outstanding payments of farmers' groups amounting to CFAF 4.355 billion and financial restructuring of the main ginning company (SOFITEX), which translated into a revaluation of its fixed assets and a capital injection of 16.4 billion by the State to increase its capital; consequently the company's shareholding structure is as follows: (i) State and FBDES (88.09%); (ii) farmers (10.39%); and private investors (1.52%). To privatize the sector, the State intends to cede the cotton-growing region of Koudougou, which currently belongs to SOFITEX, to FASO COTON.

4.2.4 **Programme measures:** As a follow-up to these measures and in collaboration with the World Bank, the Programme will support any solution which tends to enhance cotton sector sustainability. Increasing private sector participation in sector management will entail: (i) pushing on with State divestment from the cotton sector by ceding 51% of the State's SOFITEX shares to the private sector; and (ii) balanced redistribution of cotton-growing areas by reviewing the protocols ceding such areas to the various cotton companies. These two measures will complement those supported by the World Bank, which focus essentially on the promotion of growth poles.

4.2.5 **Expected results:** Cotton sector performance will improve and the decline in its contributions to the economy could be stemmed.

Sub-component A2: Boosting Economic Competitiveness

4.2.6 **Context and challenges:** To boost the competitiveness of Burkina Faso's economy in order to create conditions conducive to economic growth, the Programme retains the following areas of action: (i) improvement of the business environment; (ii) broadening of the production base of the economy; and (iii) promotion of exports. *As concerns improvement of the business environment*, Burkina Faso has, since the inception of the Doing Business Better Programme, initiated reforms to facilitate private sector development, with the support of TFPs, including the Bank. Today, the results can be considered as encouraging, based on various reports that highlight national efforts to improve the business environment. Nevertheless, the issue of rural land tenure security remains a constraint to private investment in the agricultural sector. Other obstacles include the high cost of factors of production, difficult access to financing, low labour qualification and the absence of legal and institutional mechanisms that encourage private sector business opportunities in infrastructure financing and management based on the public-private partnership (PPP) approach. *As concerns broadening of the production base of the economy*, the current two flagship sectors of Burkina Faso's economy are cotton and gold, whose projected average growth over the next three years (2011-2013) is 7.9% and 9.2%, respectively. Although the cotton sector generated 40% of exports in 2008, it represented only 18% in 2010, having been overtaken by the gold sector that alone accounted for 69% of exports. The transition from cotton dominance in an economy that is more vulnerable to exogenous shocks (price fluctuations and especially climatic conditions) to a situation of gold sector dominance still poses the problem of economic diversification for Burkina Faso, especially as the country's current total gold reserves are not expected to last beyond 10 years. As long as the other production sectors are not concurrently developed by economic operators, the

country will remain highly vulnerable to exogenous shocks. The government has to promote new sectors to broaden the production base of its economy. **Lastly, as concerns export promotion**, it should be noted that Burkina Faso's current exports are essentially cotton, gold and, to a certain extent, cattle on the hoof which together represent 78%. The three products accounted for 10.5% of GDP in 2007 and 15% in 2010, and are exported as raw material, with very little value-added from processing. Furthermore, these exports contributed only 0.1% to the GDP growth rate of 7.9% in 2010. Hence, there is need for the business community to promote and diversify the sector.

4.2.7 Recent actions: In pursuing the implementation of its strategic plan, *Maison de l'entreprise* plans to extend its action to mining sector economic operators whose weight within the economy is growing steadily (69% of total exports and 68% of valued-added in the secondary sector). To that end, it intends to set up a Mining Investment Facilitation Centre within *Maison de l'entreprise* to facilitate issuance of mining permits and authorizations, and promote transparency in the management of these formalities. Lastly, all the administrative formalities that have to be fulfilled by Burkina Faso exporters and importers at customs will be simplified using the ORBUS system^{viii}, which will soon be installed. Furthermore, cognizant of the fact that Burkina Faso economic operators have not yet exploited the full potential of trade with other countries, the government has designed a Trade Promotion Strategy and its attendant action plan. With Bank support through PRSSP IV and V, the Government also prepared a national policy on quality and the related action plan, as well as a sector policy on the promotion of trade, industry and handicrafts and its implementation plan. Furthermore, it conducted an organisational audit of the Ministry of Industry, Trade and Handicrafts (MICA) that revealed the institutional weaknesses of the Ministry and defined its new structures per area of competence (trade, industry, crosscutting business promotion activities and handicrafts). A capacity-building plan was also prepared for the Ministry.

4.2.8 Programme measures: During implementation of the reforms resulting from the above studies, the Programme will support the following measures: (i) conduct of a study on new production sectors to broaden the production base of the economy; (ii) implementation of the trade promotion policy action plan with a view to increasing the volume of exports; (iii) setting-up of a Standardisation, Certification and Metrology Authority to promote the quality of Burkina Faso exports; (iv) setting-up of an Export Promotion Support Fund (FAPEX) to support private exporters; and (v) transformation of the National Foreign Trade Authority (ONAC) into an Exports Promotion Agency (APEX). To improve the business environment and continue providing reform support to this area, the programme will support the following measures: (a) establishment of structures and preparation of rural land tenure guides and tools; (b) establishment of a one-stop shop for foreign trade using the ORBUS system; and (c) adoption of a strategy to establish Public-Private Partnership and its action plan.

4.2.9 Expected results: (i) The products of Burkina Faso SME/SMIs will comply with quality norms and gain greater access to foreign markets; (ii) rural land tenure security will encourage private investment in rural areas; (iii) export and import formalities at customs will be simplified and facilitated for economic operators; and (iv) the adoption of a strategy to establish Public-Private Partnership will pave the way for business collaboration between the State and the private sector.

4.2.10 To help implement the measures retained under this first component of the Programme, the technical and operational capacity of MICA have to be developed based on the recommendations of the organisational audit conducted in 2010. The same will apply to *Maison de l'entreprise*. The Bank will ensure that the government allocates the necessary resources to that end. Similar to the

^{viii} The ORBUS System is designed to facilitate foreign trade procedures by introducing e-trade between those engaged in foreign trade. The system relies on technological infrastructure and a services mechanism.

SRFP, the financing and implementation of this activity will be subjected to an annual review, which will include sector reviews leading to preparation of SCADD's annual implementation performance report.

Component B: Strengthen Financial and Economic Governance

Sub-component B1: Strengthen Financial Governance

4.2.11 **Context and challenges:** To improve consistency between resource allocation and sector priorities as well as effectiveness in implementing development programmes, the Government has, over the last few years, embarked on budget framework reform that should translate into jettisoning the "resource-based budget" approach in favour of the "programme-budget" approach. Given the complexity of instituting the programme-budget approach, the Government adopted the following texts: (i) Order No. 2009-477/MEF/CAB of 29 December 2009 on the establishment, duties, composition and operation of the Steering Committee for Instituting the State's Programme-Budget (CP/BPE); (ii) Order No. 484/MEF/CAB of 29 December 2009 on the establishment, duties, composition and operation of the Unit for Instituting the State's Programme-Budget (CP/BPE); (iii) Decree No. 2011-585/07/PM/MEF of 26 September 2010 to extend membership of the Steering Committee to all ministries and institutions, regional councils, vocational schools and civil society. Chaired by the Minister Delegate in charge of the Budget, the Steering Committee is the body responsible for guiding and supervising the programme-budget implementation process while the Unit, headed by a Coordinator, is responsible for its institution. Furthermore, WAEMU member States were invited to mainstream the Union's Harmonised Public Finance Framework into their national laws. *With respect to public procurement*, Burkina Faso has made substantial progress in this area with the institution of a renovated legal and statutory framework in 2008, initiated within the context of the new WAEMU regulations. The challenge now is to ensure that the instituted system functions harmoniously with the effective involvement of all stakeholders in the process.

4.2.12 **Recent actions:** The Steering Committee set up to institute these programme-budgets (PB) prepared a programme of activity for 2010-2015 that was approved by the Council of Ministers on 16 June 2010, with the goal of instituting programme-budgets in all ministries and institutions by 2015. Firstly, the methodology adopted entailed helping sector ministries to transform their sector policies into a programme and define the logical frameworks; and, secondly, helping them to draft the PB document. Hence, according to the established programme, seven (7) ministries were covered in 2010 on an experimental basis; in 2011 they will increase to 16; and by 2012 the PBs of all Ministries would have been prepared. All these PBs will be consolidated into a single document in 2015. The Government has trained over 400 employees in PBs and sector policy design through PAI-PDC. As concerns public procurement, an audit of the procurement process for 2008 and 2009 was conducted in 2010. Its recommendations should be gradually implemented.

4.2.13 **Programme measures:** To boost the public finance modernization process, the Programme will support the following measures: (i) mainstreaming of WAEMU 2009 public finance guidelines into the national legal framework; (ii) preparation, in 2011, of programme budgets for 16 ministries under the 2012-2014 Programme Budget; and (ii) preparation, in 2011, of programme budgets for all ministries and institutions under the 2013-2015 Programme Budget. With regard to public procurement, the Programme supports the following measures: (i) consolidation of the integrated public procurement information system to ensure the interconnection of all stakeholders and the production of accurate and complete statistics; and (ii) preparation and adoption of a public procurement code of ethics.

4.2.14 **Expected results:** The harmonisation of public finance management in WAEMU States will be enhanced through the effective application of Union guidelines. Moreover, State budget resource allocation will be more consistent with public policy. At the same time, public procurement transparency will be enhanced.

Sub-component B2: Strengthen Infrastructure Sector Governance

4.2.15 **Context and challenges:** On average, public spending on infrastructure represented over 15% of total budget expenditure in the last three years. The Bank's commitments in Burkina Faso's infrastructure sector represent 48% of the portfolio, which is quite substantial. However, the implementation of these projects is deemed unsatisfactory because of protracted procurement deadlines and, above all, the multiplicity of contract amendments which, from January 2011 to date, have generated CFAF 17.83 billion as cost out of the total cost of works amounting to CFAF 118.31 billion (i.e. 15.1% of total cost of works). Such poor performance attests to the managerial weaknesses within the sector and calls for the adoption of adequate measures to preserve public spending efficiency and effectiveness, and institute good governance within the sector. The problems are compounded by such sector development bottlenecks as: (i) insufficient financing to cover the country's huge infrastructure needs; (ii) difficulties in ensuring the preservation and sustainable maintenance of infrastructure; and (iii) administrative obstacles that prevent transport from playing a pivotal role in promoting intra-regional trade, even though such obstacles are best addressed at the level of regional institutions.

4.2.16 **Recent actions:** Within the Ministry of Infrastructure and Road Construction, the government has set up a Technical Committee chaired by the Secretary-General of the Ministry. The Technical Committee is responsible for validating technical studies prior to the publication of bidding documents to ensure that during the works phase, contractors are not forced to make technical adjustments that require recourse to contractual amendments. The Burkina Faso Works Infrastructure Agency (AGETIB) was also set up by Decree No. 2010-394/PRES/PM/MCPE of 29 July 2010. A State corporation, AGETIB's goal is to implement specific infrastructure projects, especially in the road sector, as project supervisor delegate on behalf of the State. Furthermore, a ministerial decision in the form of a memorandum was issued outlining the conditions for recourse to contractual amendments, with a view to discouraging the practice. Lastly, the preparation of a procedures manual and the establishment of an Integrated Infrastructure Management Platform (PLAGIRO) in synergy with SIMP will help to ensure sound planning and more rigorous management of public contract award and implementation within the sector, and thus avoid cost overruns that undermine infrastructure profitability.

4.2.17 **Programme measures:** This Programme will focus on: (i) implementing Decree No. 2010-394/PRES/PM/MCPE of 29 July 2010 to set up the Burkina Faso Works Infrastructure Agency (AGETIB); and (ii) setting up the Integrated Infrastructure Management Platform (PLAGIRO) to ensure more rigorous management of procurement contracts in the sector and thus avoid cost overruns that undermine infrastructure profitability.

4.2.18 **Expected results:** (i) Infrastructure management is improved through the operationalization of AGETIB and the establishment of PLAGIRO; (ii) substantial reduction in contract management weaknesses and recourse to contractual amendments; and (ii) reduction of procurement timeframes.

4.3 Financing Requirements and Sources of Financing for 2011-2012

Table I
Financing Requirements for 2010-2011 (in CFAF billion)

Source of Expenditure	2011 ^{ix}	2012	TOTAL 2011-2012
Revenue and grants	1 046.17	1 078.5	2 057 185
including: Tax revenue	619.2	741.8	1 379 490
Total expenditure	1 212.52	1 253.6	2 419 945
including: Recurrent expenditure	601.35	613.2	1 186 060
Investment spending	617.47	636.4	1 219 715
Net loans	-6.3	4	9 565
Budget deficit (including grants)	-166.35	-175.1	-362 760

Source: Burkina Faso authorities and IMF estimates

Table II
Financing of the 2011-2012 Programme (in CFAF million)

Source of Financing	2011	2012	TOTAL 2011-2012
Total financing	156.7	165.5	322.2
Domestic financing	50.0	-37.8	12.2
External financing	136.05	206.95	343.0
Cash adjustment	-33.0	0.0	-33.0
Residual financing gap	-13.30	-5.98	-19.28

Source: Burkina Faso authorities and IMF estimates (Report No. 10/361 of December 2010)

4.3.1 The residual gap of CFAF 13.30 billion in 2011 comprises IMF allocations of CFAF 9.65 billion expected in 2011 and CFAF 3.65 billion from the UA 5 million reduction in ADF contributions for 2011 (first tranche of UA 25 million instead of the budgeted UA 30 million). For 2012, the initial residual gap of CFAF 9.6 billion, which corresponds to expected IMF resources under the ECF, will be reduced to CFAF 5.98 billion since the second ADF tranche will be UA 25 million instead of the 20 million initially budgeted. Total ADF financing corresponds to 10% of the financing needs for 2011 and 2012.

4.4 Programme Beneficiaries

4.4.1 In general, the main beneficiary of the Programme will be the population of Burkina Faso and especially the most disadvantaged groups, to which the Government could allocate more resources through better public resource management under a poverty reduction programme. More specifically, private sector operators will also benefit more from implementation of reforms retained under this Programme. The main thrust of the programme is geared towards improving the business environment: support to cotton farmers (remunerative prices, Inputs Fund), improvement of public finance management to enable the State to increase its revenue in order to respond better to the supply of goods and services by economic operators, creation of the Export Promotion Agency and establishment of a Support Fund for Exporters, etc. The other beneficiaries are State financial services whose operational capacity will be developed through implementation of measures to streamline public finance management.

4.5 **Impact on gender:** Activities to facilitate business creation throughout the country by setting up branches of *Maison de l'entreprise* in various regions and districts have already benefitted businesswomen since their number surged from 172 in 2009 to 316 in 2010. The vast majority of businesses created by women focus on trade and agricultural product processing, which both represent a significant segment of the national economy. While most businesses created at *Maison de l'entreprise* are limited liability companies and one-person businesses, women in general prefer to operate through an economic interest group (EIG) - which is less constraining. The number of businesswomen is expected to rise to 920 in 2012.

^{ix} The 2011 data comes from the Burkina Faso authorities while 2012 data are IMF projections made in agreement with the Burkina Faso authorities.

4.6 Impact on the environment: By its very nature, PASCACAF should not have a negative impact on the environment. It is classified under Category III.

4.7 Other Programme Impact

4.7.1 Impact on governance: Most programme measures also relate to governance. The implementation of reforms such as: (i) the establishment a public procurement code of ethics; (ii) the implementation of public procurement recommendations of 2008 and 2009; and (iii) the limitation, by ministerial decree, of recourse to contractual amendments in the infrastructure sector, are all measures that will encourage transparency in public resource management and, consequently, improve governance in the country.

4.7.2 Impact on the private sector: The entire thrust of the programme focuses on the business environment and the promotion of exports. Pursuit of the readjustment policy in the cotton-growing areas and the sale of 51% of State shares in SOFITEX, the main cotton company, should benefit the private sector. The establishment of a Standardisation and Certification Authority to promote the quality of Burkina Faso products in the market, the creation of an Export Promotion Fund (FAPEX), the setting-up of an Export Promotion Agency (APEX) and the creation of a one-stop shop using the ORBUS software are the various measures adopted to support the import-export activities of SME/SMIs. Furthermore, the adoption of a public-private partnership strategy paves the way for the establishment of a legal and institutional framework that encourages private sector business opportunities through infrastructure financing and management.

4.7.3 Impact on poverty reduction: PASCACAF's ultimate goal is to reduce poverty through better allocation of public resources and creation of a more attractive business environment for the private sector, one that generates employment and wealth. The expected results include the gradual institution of programme-budgets in all ministries and a clear improvement of budget resource allocation in terms of an increase in pro-poor expenditure. Furthermore, all measures aimed at improving the business environment and promoting exports are likely to encourage the business community to invest in the country and create jobs, thus contributing to an improvement in the living conditions of the people. Lastly, implementation of the reform programme by the government should have a general impact on the country's economic growth and, consequently, raise the living standards of the Burkina Faso population.

V. IMPLEMENTATION, MONITORING AND EVALUATION

5.1. Programme Implementation

5.1.1. Executing Agency: The Ministry of Economy and Finance will bear primary responsibility for PASCACAF implementation. Accordingly, it will ensure that the relevant ministries and government services in Burkina Faso fully play their respective roles in implementing the reforms and measures that fall within their scope of action. In daily practice, the technical implementation organ will be the Permanent Secretariat for Monitoring Financial Policies and Programmes (SP-PPF) in the Ministry of Economy and Finance. SP-PPF is responsible for monitoring all budget support programmes under the arrangement signed in January 2005 by the Bank, eight other technical and financial partners (TFPs) and the Government. The Secretariat has successfully coordinated the implementation of previous budget support programmes (PRSSP I to V). Under the supervision of the Ministry of Economy and Finance, SP-PPF will be charged with transmitting to the Bank: (i) the quarterly progress reports on PASCACAF implementation; (ii) budget implementation reports; and (iii) management accounts as well as the audited budgets.

5.1.2 **Procurement arrangements:** The grant will be awarded in the form of general budget support. Consequently, goods and services will be procured using national procedures. As reformed, the national public procurement system is of acceptable quality.

5.1.3 **Disbursements:** The grant amounting to UA 50 million will be disbursed in two annual tranches (2011 and 2012) of UA 25 million, subject to fulfilment of specific conditions by the Donee (§ 6.2.2 below). In line with CGAB provisions, resources will be disbursed into a public treasury account opened in the books of the BCEAO national branch in Ouagadougou. The references of this account shall be communicated to the ADF.

5.1.4 **Audits:** PASCACAF will be audited in line with the provisions of CGAB-PRSF/SCAAD. To this end, an audit of financial flows by a private audit firm and an independent appraisal are planned at the end of each fiscal year. The audit reports of the previous operations were submitted to the partners on time and the auditors issued a favourable opinion on financial flows.

5.2. Monitoring and Evaluation

5.2.1 The Bank will monitor the Programme at two levels. The first level will be conducted in coordination with other budget support partners who agreed under CGAB to institute consultative dialogue with the government for the implementation of SCADD and reform programmes. Such dialogue with the Government is based essentially on the organisation of a joint bi-annual review of SCADD, the CGAB matrix and other programme matrices supported by donors. The second level of programme monitoring/evaluation will be conducted within the framework of Bank supervisions and based on the results matrix in Annex 2 of the report and the logical framework matrix. The Ouagadougou Field Office, which maintains routine contact with the authorities for programme implementation purposes, will participate actively in such supervision. In that regard, it has the necessary expertise to perform its duties successfully, thanks to the acceleration of decentralization. A new PEFA survey and Doing Business survey (both in 2012) will, respectively, help to assess the quality of the public finance management system and the progress made in improving the business climate in Burkina Faso.

VI LEGAL INSTRUMENTS AND AUTHORITY

6.1. **Legal document:** To finance the Programme with ADF resources, a Grant Protocol will be signed between the ADF and Burkina Faso.

6.2 Conditions for Bank's Intervention

Conditions Precedent to Programme Presentation to the ADF Board

6.2.1 The following measures must be implemented prior to presentation of the Programme to the ADF Board of Directors:

Measure 1: Maintenance of a satisfactory macroeconomic framework based on the IMF review; and Measure 2: Satisfactory implementation of the CGAB-PRSF 2010 performance matrix established by the 2011 annual review.

Conditions Precedent to Grant Effectiveness

6.2.2 The grant will become effective as soon as it is signed by the ADF and the Donee.

Specific Conditions Precedent to Disbursement

A Disbursement of the First Tranche of UA 25 million

- Provide proof of preparing programme-budgets in 10 out of 16 ministries for the 2012-2014 programme-budget (§ 4.2.13); and
- Provide proof of establishing a Steering Committee to implement the action plan of the industry, trade and handicraft promotion policy, with a view to increasing the volume of exports (§ 4.2.8).

B Conditions for the Second Tranche of UA 25 million

- Maintain a satisfactory macroeconomic framework based on the IMF review;
- Provide proof of satisfactory implementation of the programme matrix and disbursement of CGAB-SCADD 2011 established by the 2012 annual review;
- Provide proof (Decree) of transforming ONAC into an Export Promotion Agency (APEX) (§ 4.2.8);
- Provide proof (Decree) of creating the Standardisation, Certification and Metrology Authority (§ 4.2.8).

6.3 Compliance with Bank Group Policies

6.3.1 Guidelines on Development Budget Support Lending in Bank Regional Member Countries as set forth in Document ADF/BD/WP/2003/182/Rev.2 of 28 April 2004 are applicable to this Programme. Therefore, this Programme is consistent with those Guidelines.

VII RISK MANAGEMENT

7.1 The identified risks and mitigative measures are described in the table below:

Project Risk	Probability of Risk	Mitigative Measures
Socio-economic destabilisation at the regional level	Moderate to low	The political crisis in Cote d'Ivoire destabilized the neighbouring countries of the sub-region, from the political and economic standpoints; however, the crisis is gradually ebbing and economic recovery has started.
Socio-political destabilisation at the national level	Moderate	The risk relates to persistent demands by social groups and the military, which could generate socio-political instability. This could have a negative impact on economic activity, especially in the cotton sector. To mitigate this risk, and in addition to the emergency measures already adopted, the government is attentive to these demands and is keen to provide adequate solutions to them. To this end, several high-level meetings ^x were organised with development partners to inform them about the evolution of the situation and request their support.
Macroeconomic instability	Moderate	The main macroeconomic risk is the country's high economic vulnerability to exogenous shocks. To mitigate this risk, the government is determined to continue implementing cotton sector and public finance reforms, including debt management capacity building for the financial sector. In this regard, the government recently concluded a new ECF-supported programme with the IMF.
Fiduciary risks	Low	Major efforts were made by the authorities over the last few years to consolidate public finance management and mitigate fiduciary risks: procurement system fully reformed, new management and regulatory organs. Fiduciary reviews such as CFAA, CPAR, PER and PEFA have already been conducted. Furthermore, PASCACAF will

^x Two of these meetings were chaired by the Prime Minister of Burkina Faso.

Project Risk	Probability of Risk	Mitigative Measures
		<p>be implemented within the framework of CGAB-PRSF, which allows regular dialogue between the government and the main TFPs, especially on corruption control, capacity building, transparency and accountability.</p> <p>With respect to the risk of resource utilization for other ends with a view to quelling the social tension, the government has undertaken to preserve the priority spending retained in the macroeconomic framework agreed upon with the IMF.</p>
Low capacity to conduct reforms	Moderate	<p>Government's willingness to continue with reforms and the various institutional support programmes implemented are crucial to mitigating this risk. Besides, the Government will adopt the necessary measures to develop the institutional capacity of MICA and MEBF as expressed in the Letter of Development Policy in Annex 1.</p>

VIII RECOMMENDATION

In light of the foregoing, it is recommended that the Board of Directors approve the award of an ADF grant not exceeding UA 50 million to the Government of Burkina Faso to implement the Programme and subject to the conditions set out in this report.

LETTER OF DEVELOPMENT POLICY

MINISTRY OF ECONOMY

AND FINANCE

CABINET

N° 2011- /MEF/CAB/SP-PPF

**The Minister
To**

**Mr. Donald KABERUKA,
President of the ADB Bank Group**

Tunis (TUNISIA)

Subject: Letter of Development Policy

Mr. President,

This Letter of Development Policy (LDP) reviews Burkina Faso's economic and social trends in 2010 and its prospects for the years ahead. It is based essentially on the Poverty Reduction Strategy Framework (PRSF) and the unified matrix of PAP-PRSF and CGAB-PRSF 2010 measures validated jointly by the Government and technical and financial partners on 2 June 2010.

1. Programme implementation details are presented in the 2010 implementation report prepared after the implementation review of the Poverty Reduction Strategy Framework conducted on 14 June 2011 and which recognized the transition to the Accelerated Growth and Sustainable Development Strategy (SCADD) adopted by the Government at the end of 2010. The letter lays emphasis on the implementation of priority Government reforms supported by the Poverty Reduction Strategy Support Programme (PASRP) of the African Development Bank (ADB).

STATUS OF IMPLEMENTATION OF THE POVERTY REDUCTION STRATEGY FRAMEWORK

I.1. The status of implementation is presented according to the following four strategic areas: (i) accelerate economic growth that is based on equity; (ii) guarantee access to basic social services and social welfare for the poor; (iii) ensure a balanced increase in employment and income-generating opportunities for the poor; (iv) promote good governance.

I.2. The country experienced floods again in July 2010 which, contrary to those of September 2009 that were limited to Ouagadougou, affected several localities in the country, causing loss of human life and substantial material damage. According to estimates, about 173,226 persons were victims of this disaster. The cost of emergency humanitarian operations is estimated at about CFAF 4 billion. The consolidated rehabilitation and upgrade needs for irrigation infrastructure (dams, dykes) destroyed or damaged by the cycle of floods could

exceed CFAF 48 billion according to assessments conducted by the Directorate for Water Resource Mobilisation.

A. Accelerate Economic Growth Based on Equity

I.3. In a sub-regional context characterised by uncertainty, Burkina Faso's economy has been able to recover its steady growth rate of the past decade, thanks to the buoyancy of the agricultural and mining sectors. Economic activity improved slightly in 2010, while inflation remained moderate, staying below the community threshold of 3%. The real GDP growth rate was 3.7% in 2010 compared to 3.2% in 2009. As concerns agriculture, cereal production, estimated at 4,560,574 tonnes, would rise by 26% compared to the previous crop year because of fairly favourable climatic conditions and actions initiated by the Government over the last few years to boost sector productivity, by insisting on the use of organic manure and the supply of improved seeds to farmers. However, seed cotton output declined compared to the 2009 crop year.

With respect to the mining sector, commissioning of the fifth gold mine (ESSAKANE) which is of world class, has led to a 90% increase in output. Given such a context, the Government has undertaken to review the mining code to improve good governance and the socio-environmental impact of the sector. It is also committed to rehabilitating the country's image in accordance with the Extractive Industries Transparency Initiative (EITI) by preparing its first report with the assistance of an independent data reconciliation officer.

I.4. The State budget remains the preferred channel for financing priority PRSF actions, which include the Millennium Development Goals. The 2010 budget guidelines remain consistent with the main objectives of the economic and social development reference frameworks and with the consolidated action plan adopted by the Government to mitigate the effects of the financial and economic crisis, and the floods. This action plan includes: (i) revival of agricultural production; (ii) establishment of a special programme for youth employment; (iii) restructuring of ailing businesses and promotion of small- and medium-sized enterprises; (iv) supervision of the price structure of consumer goods and services; (v) infrastructure development; and (vi) implementation of social safety net programmes and innovative cost-saving mechanisms for vulnerable households. The 2011 budget guidelines seek to consolidate the 2010 budget targets and pave the way for the commencement of major SCADD projects, especially support to productive sectors.

I.5. Reconstruction actions for equipment, facilities and infrastructure damaged by floods was equally a government concern. After intense humanitarian and rehabilitation support, current efforts focus on reconstruction. To maintain the consistency and efficiency of its recovery actions, the Government has decided to consolidate its plan to mitigate the effects of the economic and financial crisis and the reconstruction plan prepared after the 2009 floods.

I.6. As regards budget implementation in 2010, the measures initiated through the recovery units approach, the extension of computerisation and the intensification of awareness-raising to encourage taxpayer compliance generated a remarkable internal revenue yield of CFAF 681 billion, compared to the CFAF 667.8 billion threshold retained under the economic and financial programme supported by IMF's Extended Credit Facility. With respect to the expenditure component, total expenditure and net loans amount to CFAF 1,123.6 billion, including social spending which stood at CFAF 297 billion, compared to a threshold of CFAF 274 billion. The budget implementation rate for priority sectors

(liquidation basis) reached 99.66% on average in 2010, reflecting the success achieved in securing the credits made available to such sectors for implementing their respective priority action plans. The decongestion of common inter-ministerial expenditure (CIME) led to the effective transfer of at least 57.11% of the 2010 CIME to beneficiary structures and a subsequent breakdown in implementation statistics.

I.7. As concerns cotton production, 338,000 tonnes of seed cotton were harvested during the 2010/2011 crop year, reflecting an output decline of 6% compared to the 2009 crop year which had yielded 361,120 tonnes of seed cotton. However, the positive price effect following the rally in world market prices yielded a more encouraging turnover and financial profits for the three cotton companies operating in the national cotton basin. To restructure and support the cotton sector, the Government started implementing the action plan that it had included as a component into the action plan for mitigating the impact of the financial and economic crisis. Hence, it recapitalised SOFITEX for CFAF 16.4 billion, settled the internal outstanding payments of cotton farmers' groups for CFAF 4.3 billion, and subsidized inputs to the tune of CFAF 3 billion. To enhance the viability of the cotton areas, they were restructured by transferring the Koudougou cotton region operated by SOFITEX to FASO COTON whose output share could thus rise to 15%. The cotton region proposed for transfer has two ginning plants. Furthermore, some thought is being given to the idea of experimenting with cotton sector climate risk insurance, setting up an inputs fund and fine-tuning the renovation of the stabilisation mechanism.

I.8. With regard to improving the business climate, the Government issued Order No. 2010/284/MEF/CAB in June 2010 to reform the VAT credit reimbursement mechanism To boost the competitiveness of export businesses by improving their cashflow.

I.9. As concerns transport sector liberalisation, the Government conducted two studies, the first of which seeks to establish a diagnosis of road freight management systems in the West African sub-region, and proposed a liberalisation plan for freight audit access. In this manner, it shows its determination to cooperate with all countries of the sub-region and depend on the assistance of sub-regional organisation such as WAEMU and ECOWAS to eliminate the quotas and rotations practised in the ports so as to boost sector competitiveness. The second study makes an inventory of road transporters and documents the income they earn from this activity To finetune the focus of any potential attendant measures. In this process which seeks to be participatory, it involved all sector stakeholders (transporters, public administration, all unions, forwarding agents, etc.) by signing an Order setting up a steering committee for the sector liberalization process. The Government's action also focused on protecting the national road network through effective enforcement of instruments governing axle load. Field control and awareness-raising activities by the National Road Safety Authority (ONASER) led to a substantial decline in overloading from 70% to 40%.

I.10.

I.11. To seek alternative sources of financing for its development, the Government has embarked on the institution of a strategy for establishing public-private partnership (PPP) in Burkina Faso. Accordingly, an inter-ministerial committee was set up to define the legal and institutional framework for the PPP, especially the administrative structure that will be provided with the financial, material and human resources to prepare and implement the action plan.

Guarantee Access to Basic Social Services and Social Welfare for the Poor

I.12. Given the objectives targeted by this second PRSF pillar, namely human resource development to provide sustainable support to economic growth and job creation, this component focuses on basic social sectors, especially basic education and health, social welfare (including social safety nets), drinking water and sanitation. All the sector reforms implemented within this framework target disadvantaged groups.

B.1. Access to Basic Education Services

I.13. With respect to education, efforts made to implement the Ten-year Education Development Plan led to satisfactory results in terms of supply and quality in the basic education sector.

- an enrolment increase from 1,906,279 pupils in 2008/2009 to 2,047,630 pupils in 2009/2010;
- a book/pupil ratio of 1.1 for reading and 1 for arithmetic during the 2009/2010 academic year.

As concerns school infrastructure, the Government set up an inter-ministerial commission to monitor and control the construction of school infrastructure. The main role of this commission is to: (i) implement the strategy for monitoring school infrastructure construction; (ii) supervise all activities related to technical monitoring and maintenance of school infrastructure; (iii) control the application of construction norms, compliance with contract provisions and maintenance of school infrastructure; and lastly (iv) collect information on the monitoring and control of works sites.

To consolidate reform implementation efforts in the sector, major institutional changes were made at the government level through creation of the Ministry of National Education and Literacy (MENA), thereby effectively translating into reality, the extension of basic education into the first cycle of secondary education.

Regarding post-primary and secondary education, the Government is striving to finalise school mapping.

B.2 Access to Health Services

I.14. To increase health coverage, the Government made an effort to build and equip health units, recruit health staff and improve the immunisation coverage rate. During the period, the percentage of CSPSs that were up to standard in terms of staff was 84.3%, which translates into more quality services for the population. The percentage of births attended by qualified staff was 75.3%, compared to an annual target of 72%.

With respect to reinforcement of sector dialogue, the first Health Sector Review was organized in March 2010 and the second National Health Development Plan (PNDS II) was finalized and adopted.

B.3 An Efficient Social Welfare System

I.15. To improve the national social welfare system and develop a coherent social safety net strategy, the Government is trying, with the support of its partners, to define a strategy in this area which will increase programme design, implementation, monitoring and appraisal capacity.

C. Ensure a Balanced Increase in Employment and Income-generating Opportunities for the Poor

I.16. This third pillar of the PRSF and its priority reform programme focus on building the capacity of the poor to generate income by encouraging their participation in the production process. As concerns reform, Law No. 034-2009/AN on rural land tenure security was adopted in 2009 following a long participatory process initiated after adoption of the rural land tenure security policy in 2007. This law aims at promoting productive investments in the agricultural sector and laying the foundation for the modernisation of agriculture and its integration into the market economy. All the enabling instruments were adopted and they focus respectively on: (i) provisions governing the organization and management of rural land registers; (ii) arrangements for the preparation and validation of local land ownership maps; (iii) designation of the Ganzourgou rural land ownership plan as the pilot operation for rural land tenure security; (iv) procedure for recognising rural land ownership by private individuals; (v) special conditions applicable to the sale of rural landed property; (vi) duties, composition, organisation, functioning of local land management structures; (vii) procedure for establishing ownership of rural lands initiated by councils; (viii) arrangements for issuance of a temporary development permit for rural lands and conditions for restitution of the land to the possessor or rural landowner.

D. Promote Good Governance

I.17. Substantial progress has also been noted in the area of governance. The improvement of public finance management mechanisms and of the decentralisation process remained a top priority for the authorities all through 2010. The main actions carried out under this pillar were aimed at consolidating achievements.

I.18. In public finance, the activities conducted formed part of the implementation of the Sector Triennial Action Plan (PAST) of the Public Finance Consolidation Strategy (SRFP), under the supervision of the steering mechanism set up in early 2008. The structures of this mechanism functioned in accordance with the provisions governing them, notably with the holding of periodic Steering Committee sessions and meetings of 6 technical groups. The 2010 assessment report examined during the review of 25 February 2011 shows overall satisfactory implementation of the 2010 annual tranche of PAST-SRFP, especially in the areas of: (i) budget forecasts and programming; (ii) resource mobilization; (iii) optimization of budget implementation procedures; (iv) control; (v) deconcentration and decentralization; and (vi) capacity-building.

I.19. As concerns public procurement management, the following reforms had to be pursued in 2010: (i) continue building the legal framework in accordance with international and community (WAEMU) standards; (ii) consolidate the institutional framework and institutional development capacity; (iii) reinforce the interface between public procurement operations and private sector performance; and (iv) ensure the integrity of the public procurement system.

I.20. With respect to audits and corruption control, the progress made in 2010 included: (i) reinforcement of controls over the management public orders, conducted by the Directorate General for Financial Control (DGCF); (ii) audit of Directorates of Financial Affairs (DAF) and of Procurement Officers (PO) by the Inspectorate General of Finance (IGF); (iii) conduct of a public procurement audit in 2008 and 2009 by the Public Contracts Regulatory Authority (ARMP); (iv) study of records by the Audit Bench to mete out penalties for the managerial flaws detected during pre-2010 audits; (v) re-reading of the national anti-corruption policy paper and preparation of the action plan by the Supreme State Control Authority (ASCE); and (vi) preparation of an inventory of risks facing audit structures. As concerns this last major activity, three ministries were chosen to experiment with this approach, namely: the Ministry of Basic Education and Literacy, the Ministry of Health, and the Ministry of Infrastructure and Road Construction. Mapping was carried out through a participatory approach coordinated by ASCE to better channel the control effort. In addition to the mapping, three audits were conducted. In MEBA, the audit focused on the strategy and mechanism for monitoring and supervising the management of resources transferred to the councils for school infrastructure rehabilitation. In the Ministry of Infrastructure and Road Construction, the audit focused on management of routine road maintenance projects and works implementation, control and supervision. As concerns the Ministry of Health, the audit focused on organisational aspects. The recommendations of these audits will help to improve the provision of education, health and transport services, respectively.

I.21. Significant progress was made in implementing planned public finance reforms in 2010, thus raising the prospect of broader utilization of national systems and procedures, which is crucial for enhancing aid effectiveness.

I.22. Events of 2011: Since February 2011, the country has experienced various forms of crisis that have led to fairly violent protests from a population calling for better governance. The numerous protests disrupted the social peace dear to the people of Burkina Faso. These deplorable events, which generated various repercussions and multiple consequences, threatened the safety of persons and property in various towns of the country, especially Ouagadougou, Koudougou and Bobo-Dioulasso.

The main complaints of the various social groups related to the following points:

- institution of better governance especially in the domain of justice;
- improvement of the living conditions of workers, including those serving in the defence and security forces as well as students, to help them cope with the high cost of living; and
- greater community access to basic social services (health, education, food security, etc.).

I.23. The main measures taken by the authorities to calm the social climate include:

- the effective payment of housing allowances to soldiers;
- reduction in the prices of essential goods (imported rice, local rice, sugar and cooking oil);
- improvement of purchasing power through abolition of the council development tax, reduction of the 10% single tax on wages and salaries and financial regularization of advance salaries to civil servants;
- enforcement of court decisions in favour of workers;
- suspension of penalties for late payment of water and electricity bills up to June and repeal of the decree instituting a new fee schedule for health services in public hospitals;
- suspension of land allotment;
- suspension and/or dismissal of certain mayors for mismanagement;
- compensation of informal sector businesses which suffered damage as a result of the acts of violence and vandalism committed, and granting of concessional loans to businesses pending the establishment of the compensation mechanism.

While helping to restore the socio-economic situation, these measures should ensure the rapid recovery of economic activities.

I.24. Economic impact of the events: From the macroeconomic standpoint, growth forecasts of over 5% for 2011 remain valid, owing to consistently sound performance of agriculture and mining. Inflation should remain below the WAEMU community threshold. It is still premature to assess the economic impact of the crisis on the country. However, certain sectors such as tourism, hotel industry, restaurants, handicrafts and trade have been seriously affected by the crisis, although these sectors represent a relatively small segment of the economy. The main engines of growth, namely agriculture and mining, were not affected by the crisis. Medium-term macroeconomic prospects still remain positive with a projected real GDP growth rate of over 6% in the years ahead, owing to an expected slight improvement in cereal output and a rise in exports and gold prices. The average inflation rate should stay below 3%, owing in part to the cautious monetary policy practised by the Central Bank.

I.25. Budgetary impact of the events: The financial impact of the crisis, estimated at close to CFAF 26.64 million, is not expected to alter the macroeconomic framework. The new measures will have a marginal impact on the budget deficit in 2011 since most of the expenditure increases will be financed through reallocation of investment spending. Most current transfers to various social groups will come from a reduction of investment spending (construction of administrative buildings) and certain operating expenses (missions, training). All these adjustments were under the programme concluded with the International Monetary Fund.

II. PROSPECTS FOR THE 2011-2012 PERIOD

II.26. The Government made a landmark decision in 2010 when reviewing its development reference framework by preparing an Accelerated Growth and Sustainable Development Strategy Paper (SCADD). This option will enable it to tackle poverty better, while reinforcing dialogue with the partners involved in this process.

II.27. PASCACAF seeks to build on the achievements of PASRP V, and aims at contributing to the promotion of robust and sustainable economic growth that focuses on private sector development with a view to reducing poverty. In the medium-term, the programme will enhance Burkina Faso's capacity to cushion the negative impact of the world economic recession and the effects of the September 2009 floods, and maintain the country's economic growth rate at an average of 6% over the 2010-2011 period. Furthermore, given the emphasis laid on pro-poor results, it is expected that the programme will support the PRSF objective of reducing the incidence of poverty to 38.6% in 2010, compared to 42.8% in 2008.

II.28. Adopted in December 2010, the 2011-2015 Accelerated Growth and Sustainable Development Strategy (SCADD) now serves as the socio-economic development policy framework in Burkina Faso. As such, it replaces the PRSF adopted in 2000 and revised in 2004. The overall objective of SCADD is "to achieve robust and sustainable economic growth that includes sustainable natural resource management that generates multiplier effects in terms of an improvement in the income levels and quality of life of the people". By building on the Bank's previous reform support operations whose achievements it has to consolidate, PASCACAF seeks to support SCADD implementation in areas where the Bank has a comparative advantage while aiming for complementarity with the operations of other partners in order to avoid duplication and maximize results.

II.29. The main objective of the programme is to contribute to the promotion of accelerated economic growth through a more diversified economy, a more attractive business environment for the private sector and streamlining of public finance management. It comprises two components, namely: (a) **the creation of conditions conducive to growth and economic diversification, and (b) the strengthening of financial governance.** The expected outputs of the programme are: (i) sustained annual growth of at least 5.5% to 6.5%, containment of inflation below 3%; (ii) an export increase of at least 10% in 2012 compared to 2010; (iii) tax revenue increase to at least 14% of PIB by 2012; and (iv) acceleration of the transition to a results-based budget to help improve social indicators.

A. Component A: Create Conditions Conducive to Growth and Economic Diversification

The approach retained by the Government to consolidate the fundamentals of the economy and speed up economic growth is based, *among others*, on: (i) consolidation of the macroeconomic framework; (ii) diversification and promotion of exports; and (iii) continued improvement of the business environment.

II.30. Consolidation of the macroeconomic framework: To counter the negative effects of various international crises experienced by the country in 2008 and 2009, the government adopted a series of measures for the cotton sector, which is one of the main engines of economic growth. These measures focused, *inter alia*, on input prices, settlement of all outstanding payments of farmers' groups and recapitalization of the main ginning company

(SOFITEX) owing to substantial losses accumulated by the Company. The programme will support any solution that tends to promote cotton sector development. Specifically, this will entail: (i) adopting an inputs strategy, in general, and setting up a Cotton Inputs Fund, in particular; (ii) ensuring that the producer price-fixing mechanism is adequate; (iii) continuing to finetune the Stabilisation Fund mechanism after its last revision in 2011. These two measures will complement those supported by the World Bank which focus essentially on promoting growth poles, such as launching of the "Bagre Growth Pole" Pilot Project.

II.31. Export Diversification and Promotion: To reduce the dependence of the economy on the three products (cotton, gold and cattle on the hoof) which, over the last few years, accounted for 72% to 76% of the total value of the country's exports, the Government adopted a national policy on quality accompanied by an action plan; conducted an organisational audit of the Ministry of Industry, Commerce and Handicrafts; and prepared a sector policy on the promotion of trade, industry and handicrafts as well as its implementation plan. In implementing the reforms resulting from these studies, the programme will support the following measures: (i) adoption of a Decree governing the organisation and functioning of the Ministry of Industry, Trade and Handicrafts as well as an instrument to organise the steering of the sector strategy; (ii) establishment of a Standardization, Certification and Metrology Authority; and (iii) establishment of the Export Promotion Support Fund (FAPEX). To help implement the measures retained in the programme, the technical and operational capacity of MICA must be developed based on the recommendations of the organisational audit conducted in 2010. The Government will assist the Ministry of Industry, Trade and Handicrafts through targeted actions and a budget allocation equivalent to CFAF 700 million (about UA 950,000) to enable it to ensure timely implementation of the above measures.

II.32. Improvement of the business environment: Burkina Faso initiated reforms to facilitate private sector development with the support of TFPs, including the Bank. Today, the results can be considered as positive based on various reports that highlight national efforts to improve the business environment. Nevertheless, the issue of rural land tenure security remains a constraint to private investment in the agricultural sector. Other obstacles include the high cost of factors of production, difficult access to financing and low qualification of the workforce. Hence, under the programme, the Bank, as an extension of its support to improvement of the business environment, will support: (i) the establishment of structures and the preparation of guides and mechanisms for rural land tenure security; and (ii) the establishment of a one-stop shop for foreign trade based on the ORBUS system. At the *Maison de l'entreprise*, the Government will support: (i) the establishment of a mining investment facilitation centre; and (ii) the operationalisation of the database for the Trade and Real Estate Credit Register.

To that end, CFAF 300 million (about UA 408,000) will be allocated to *Maison de l'entreprise du Burkina Faso* to support the implementation of these measures.

B. Component B: Strengthen Economic and Financial Governance

This component will support Government efforts aimed at pushing on with the modernisation of public finance management through better public spending programming and effectiveness to stimulate demand and better respond to private sector supply. It also seeks to increase infrastructure sector performance by helping to eliminate constraints to sector financing, contract management and the improvement of investment sustainability.

II.33. Improvement of budget management: The government will carry on with the necessary reforms to enhance the harmonisation of policies, programmes and budgets with SCADD objectives, and will lay special emphasis on monitoring/evaluation improvement actions to encourage and speed up the achievement of development results. In this context, the institution of the programme-budget is an unwieldy and demanding reform which calls for profound changes in terms of mechanisms and adaptation of the legal and statutory framework. To that end, the programme will support: (i) mainstreaming of the new WAEMU public finance guidelines on the programme-budget approach into national regulations; (ii) preparation in 2011 of programme-budgets for 16 ministries and institutions for the 2012-2014 Programme Budget; and (ii) preparation in 2011 of programme-budgets for all ministries and institutions for the 2013-2015 Programme Budget.

II.34. Consolidation of the public procurement system: Burkina Faso has made substantial progress in this area with the institution of a renovated legal and statutory framework in 2008, initiated within the context of the new WAEMU regulations. To consolidate reform gains, the programme supports the following measures: (i) consolidation of the integrated public procurement system to connect all stakeholders and ensure the production of accurate and complete statistics; (ii) the preparation and adoption of a public procurement code of ethics; (iii) the establishment of a mechanism to ensure comprehensive archiving of documents by the contracting authorities; (iv) capacity-building for contracting authorities on the correct use of standard bidding documents.

II.35. Improvement of infrastructure sector governance: It will be recalled that for a landlocked country like Burkina Faso, roads are an essential element for opening up and maintaining all-season access to farming areas and providing the country with access to regional and international markets. The main bottlenecks to infrastructure development are: (i) insufficient resources for their financing, compared to the country's huge infrastructure needs; (ii) difficulties in ensuring the sustainable maintenance of such infrastructure; (iii) administrative obstacles that prevent transport from playing a pivotal role in promoting intra-regional trade; frequent recourse to contractual amendments due to the obsolescence and quality, *ab initio*, of the technical studies that served as a basis for launching of the bidding process. The current programme will focus on: (i) the adoption of a Public-Private Partnership strategy and its action plan; (ii) the adoption of a law establishing an enabling institutional framework for PPP with a view to increasing infrastructure financing; (iii) the improvement of infrastructure maintenance and management by providing the appropriate, sufficient and necessary allocations to ensure the sustainability of investments; (iv) the full institution and operationalisation of the Road Fund; (v) the establishment of a Technical Committee to review and update project technical studies prior to the launching of the bidding process; (vi) the setting-up of an Integrated Platform for Infrastructure Management (PLAGIRO) and preparation of a contract management procedures handbook in synergy with SIMP to ensure more rigorous management of procurement contracts in the sector and thus avoid cost overruns that undermine the profitability of infrastructure.

C. Expected Outputs

II.36. The short- and medium-term outputs expected from implementing this programme are: (i) consolidation of the macroeconomic framework to stimulate economic activity; (ii) diversification of the country's exports to increase business opportunities for economic operators; (iii) a more attractive business environment for the private sector; (iv) results-oriented budget management that is based on public policies; (v) consolidation of the public

procurements system to create healthy competition among contractors interested in government contracts; and (vi) promotion of governance in infrastructure management to guarantee its sustainability and efficiency for both private and public sector users.

D. Institutional Framework for Implementation

II.37. The Ministry of Economy and Finance will be responsible for implementing the programme. Accordingly, it will ensure that the relevant ministries and government services of Burkina Faso fully play their respective roles in implementing the reforms and measures that fall within their area of competence. The technical implementation organ will be the Permanent Secretariat for Monitoring Financial Policies and Programmes (SP-PPF) in the Ministry of Economy and Finance, which is responsible for monitoring budget support programmes under the arrangement signed in January 2005 by the Bank, eight other technical and financial partners (TFPs) and the Government. To that end, the technical and operational capacity of SP-PPF will be developed. Resources amounting to CFAF 200 million (UA 270,000) will be allocated to this structure to increase its capacity and enable it to monitor the programme adequately, and to submit the reports prescribed under CGAB (mid-term review report and performance report).

II.38. The Government remains convinced that, with ADB support under PASCACAF, the satisfactory implementation of the priority actions will help to consolidate the macroeconomic environment and promote more robust economic growth that is driven by the private sector and necessary for significant poverty reduction.

Please accept, **Mr. President**, the assurance of my highest consideration.

Lucien Marie Noël BEMBAMBA Officer of the National Order

**ACCELERATED GROWTH STRATEGY AND BUSINESS ENVIRONMENT SUPPORT PROGRAMME (PASCACAF)
MATRIX OF MEASURES**

S/Components Objectives	Measures already taken	Measures to be taken under PASCACAF	Implementation schedule	Results	Entity in charge
Macroeconomic framework	Maintenance of the ECF Programme with the IMF 2008-2010	Maintenance of the ECF Programme with the IMF 2011-2013	2011-2013	Sound macroeconomic performance	MEF
Poverty reduction program	PRSF implementation 2008-2010	SCADD implementation 2011-2013	2011-2013	Sound economic and social performance	Government
Public finance reform strategy	Implementation of STAP/PRSF 2010-2012	Implementation of STAP/PRSF 2011-2013	2011-2013	Public finance management improved	MEF
A. Create conditions conducive to growth and economic diversification					
A-1 Consolidation of the macroeconomic framework	<ul style="list-style-type: none"> - Fixing of a floor price for the 2010/2011 crop year at CFAF 182/kg (1st choice) compared to CFAF 160 for the 2009/2010 crop year. - Payment of a bonus of CFAF 8/kg of seed cotton to farmers. - Defrayment by the State of all outstanding domestic payments of farmers' groups, amounting to CFAF 4.355 billion. - Financial restructuring of SOFITEX, which translated into a revaluation of its fixed assets, a contribution of CFAF 16.4 billion to its capital increase. 	A1.1 - Carry on with the readjustment policy for cotton-growing areas by selling 51% of State shares in SOFITEX to the private sector;	2012	Increase of the private sector share within the sector	SOFITEX
		A1.2 Balanced redistribution of cotton-growing areas by reviewing the protocols ceding such areas to the various cotton companies.	2012	Cotton-growing areas are redistributed in a balanced manner	MICA/SP-PPF/MICA
A-2. Export diversification and promotion	<ul style="list-style-type: none"> - Preparation of the national policy on quality and its attendant action plan - Preparation of the sector policy for the promotion of trade, industry and handicrafts as well as its implementation plan - Organisational audit of the Ministry of Industry, Trade and Handicrafts accompanied by a capacity-building 	A2.1 Implement the trade promotion policy action plan	2011 & 2012		
		A2.2 – Create a Certification Standardisation and Metrology Authority	2012	Burkina Faso's products will be more competitive on international markets	MICA
		A2.3 – Transform ONAC into an Export Promotion Agency	2012	Burkina Faso exports to foreign markets will increase	MICA

S/Components Objectives	Measures already taken	Measures to be taken under PASCACAF	Implementation schedule	Results	Entity in charge
	plan				
		A2.4 – Set up an Export Promotion Fund (FAPEX)	2012	Economic operators will be better supported in their export activities	MICA
		A2.5 – Conduct a study on new production sectors	2012	The production and export base is diversified	MICA
A.3 Carry on with improvement of the business environment	In its strategic action plan, <i>Maison de l'entreprise</i> has defined a certain number of actions to be implemented that will further enhance the business environment and improve Burkina Faso's ranking in the Doing Business report. These are: (i) interconnection of CFORE and CEFAC; (ii) establishment of a Mining Investments Facilitation Centre; (iii) pooling of data on the trade and real estate credit register; and (iv) establishment of a one-stop shop for the bidding process.	A3.1 – Set up structures to prepare guides and tools for land tenure security in rural areas	2012	Private investors could operate in full security in the agricultural sector	MICA/Ministry of Agriculture
		A3.2 – Adopt a strategy to institute public-private partnership (PPP) and its action plan	2012	Better resource mobilization for infrastructure financing	MEF and MICA
		A3.3 - Establishment of a one-stop shop for foreign trade using the ORBUS system;	2011-2012	Administrative formalities for imports will be simplified	MEF/MICA
B. Strengthen economic and financial governance					
B-1 Strengthen financial governance	The Steering Committee set up to institute programme-budgets adopted a programme of activity approved by the Board of Directors on 16 June 2010. Under this programme, 7 programme-budgets were prepared in 2010. In 2011, 16 PBs will be prepared; in 2012, PBs will be prepared for all State	B1.1 - Incorporate WAEMU 2009 public finance guidelines into the national legal framework	2011	Sub-regional economic integration will be consolidated	MEF
		B1.2 – Prepare the programme-budgets of 16 ministries for the 2012-2014 Programme—Budget	2011	Improvement of the quality of public spending and better allocation of public resources	MEF

S/Components Objectives	Measures already taken	Measures to be taken under PASCACAF	Implementation schedule	Results	Entity in charge
	ministries and institutions; and in September 2014, all the PBs will be consolidated into one programme-budget that will be reviewed and adopted by the National Assembly.	B1.3 Prepare the programme-budgets of all ministries and institutions for the 2013-2015 Programme-Budget	2012	Same as above	MEF
	- The structures of the public procurement system have been set up (DGMP, ARMP and their services in the various ministries and institutions) - An audit of the contracts of 2008 and 2009 was conducted and its recommendations should be gradually implemented.	B1.4 - Consolidate the integrated public procurement system to connect all stakeholders and ensure the production of accurate and complete statistics.	2012	The transparency of the system will be enhanced	MEF
		B1.5 – Prepare and adopt a public procurement code of ethics	2012	Leads to the introduction of integrity within the system	MEF and the ministries concerned
B.2 Improvement of infrastructure sector governance	- Establishment of AGETIB to implement specific infrastructure projects, especially in the road sector, as project supervisor delegate on behalf of the State.	B2.1 – Operationalize AGETIB	2011-2012	Improve infrastructure management and sustainability	MID
	- Gradual establishment of an Integrated Infrastructure Management Platform (PLAGIRO) to ensure more rigorous management of procurement contracts in the infrastructure sector; - Ministerial decision outlining the conditions for any amendment of contracts signed with successful bidders.	B2.2 – Set up the Integrated Road Infrastructure Management Platform (PLAGIRO) to ensure more rigorous management of procurement contracts in the sector and thus avoid cost overruns that undermine infrastructure profitability.	2012	Makes it possible to avoid contract amendments and bad contract management practices	MID

**ACCELERATED GROWTH STRATEGY AND BUSINESS ENVIRONMENT
SUPPORT PROGRAMME (PASCACAF)**

**MACROECONOMIC AND BUDGET IMPACT OF THE FEBRUARY/MAY 2011
CRISIS**

1. Background:

Violent student protests in February and March following the death of a young high-school student named Justin ZONGO, on 20 February 2011; successive and coordinated mutinies of soldiers and police officers in Ouagadougou and subsequently in various towns of the country; protests by traders in reaction to the pillaging of their shops and stands by protesters; and another mutiny in Bobo-Dioulasso, lasting for three days with pillaging and acts of violence, committed against the population. This last mutiny was ferociously repressed.

2 Physical Impact:

Six dead, including two police officers; several civilians and uniformed officers wounded; about ten soldiers dead among the mutineers in Bobo-Dioulasso and more than a hundred arrests; substantial material damage, especially in the commercial centres.

3 Measures Taken by the Government to Tackle the Crisis

The demands of protesters related to: (i) the institution of good governance especially in the area of justice and improvement of the living conditions of workers, including those serving in the defence and security forces as well as students, to enable them cope with the high cost of living. Faced with these protests, the authorities first opted for dialogue and adopted emergency social measures to calm down the social climate. Nevertheless, given the anarchy that reigned because of the army mutiny, the authorities had to take measures to restore State authority.

The main measures taken by the authorities to calm the social climate include:

- the effective payment of housing allowances to soldiers;
- reduction in the prices of essential goods (imported rice, local rice, sugar and cooking oil);
- improvement of purchasing power through abolition of the council development tax, reduction of the 10% single tax on wages and salaries and financial regularization of advance salaries to civil servants;
- enforcement of court decisions in favour of workers;
- suspension of penalties for late payment of water and electricity bills up to June and abolition of the new fee schedule for health services in public hospitals;
- suspension of the mandates of mayors and of land allotment operations; and

- payment of compensation, in the form of loans to economic operators who suffered losses because of the violence and vandalism. Such loans should ensure the revival of economic activity.

4. Macroeconomic Impact

From the macroeconomic standpoint and based on the data received, the new measures are consistent with the overall financial framework. The growth projections of over 5% for 2011 remain valid because the agricultural and mining sectors are still performing well and inflation should stay low, remaining below the WAEMU threshold. Nevertheless, it is still premature to assess the full economic impact of the crisis on the country. However, at first sight, certain sectors such as tourism, hotel industry, restaurants, handicrafts and trade have been seriously affected by the crisis, although they represent a relatively small share of the national economy. It is also apparent that the main engines of growth, namely agriculture and mining, were not affected by the crisis. The medium-term macroeconomic prospects remain positive with a projected real GDP growth rate of over 6% in the years ahead, owing to a projected slight improvement in cereal output and a rise in exports and gold prices. The average inflation rate should be under 3%, owing in part to the cautious monetary policy practised by the Central Bank.

5. Budgetary Impact

The financial impact of the crisis, estimated at close to CFAF 26.64 million, is not expected to alter the macroeconomic framework. An in-depth analysis of the revised budget for 2011 (Finance law: corrigendum) reveals that the new measures will, at most, have a marginal impact on the budget deficit since a large share of the proposed increases in current expenditure will be financed through the reallocation of investment spending. Current transfers to various social groups will come from a reduction of investment spending (construction of administrative buildings) and certain operating expenses (missions, training). Such cancellations did not affect priority sectors. It also emerges that all these adjustments were made under the programme concluded with the International Monetary Fund.

Intervention Areas of the Main TFPs

Area/Partners	ADB	World Bank	IMF	France	Denmark	Netherlands	Switzerland	Sweden	Germany-Germany
Political governance									
Economic and financial governance									
Administrative governance									
Local governance									
Rural development and food security									
Private sector development									
Infrastructure									
Education and training									
Health and nutrition									
Social action									
Drinking water and sanitation									
Housing, town planning and living conditions									
Information, art, culture, sports and leisure									
Vocational training and employment									
Population issues									
Gender									
HIV/AIDS									
Environment and natural resource management									

Shaded area: Sector covered by TFPs

Source: Mapping on Division of Labour and Complementarity in Burkina Faso, Burkina Faso, November 2009

Relations with the International Monetary Fund

IMF Executive Board Completes Second Review Under ECF for Burkina Faso and Approves US\$10.3 Million Disbursement

Press Release No. 11/283

July 15, 2011

The Executive Board of the International Monetary Fund (IMF) today completed the second review of Burkina Faso's economic program supported by the Extended Credit Facility (ECF). The approval will enable an immediate disbursement in an amount equivalent to SDR 6.45 million (about US\$10.3 million), bringing total disbursements under the arrangement to an amount equivalent to SDR 20.354 million (about US\$32.4million).

In completing the review, the Board approved a modification of a performance criterion on the overall budget deficit for end-June and end-December 2011. The ECF Arrangement for Burkina Faso was approved by the Board on June 14, 2010 (See [Press Release No. 10/241](#)). Following the Executive Board's discussion, Ms. NematShafik, Deputy Managing Director and Acting Chair, said:

"The Burkinabè authorities are to be commended for their implementation of the ECF-supported program. Sound policies, aided by improved global economic conditions, have supported an economic rebound and greater macroeconomic stability. Nonetheless, inflation pressures and social uncertainties pose risks to the near-term outlook.

"The authorities are committed to a prudent fiscal policy while accommodating additional spending on social priorities. In this regard, it will be important to implement revenue-enhancing measures, mobilize further external financing, and develop contingency plans in the event of revenue or financing shortfalls. The authorities are also encouraged to maintain a prudent debt policy and rely on grant and concessional financing to the extent possible.

"Growth-enhancing reforms and pro-poor programs will be essential to support the authorities' objectives under the new poverty reduction strategy. Careful prioritization of programs and selection of investment will be critical, going forward, as well as additional steps to strengthen the cotton sector, broaden access to financial services, and further improve the business environment," Ms. Shafik added.

Project: 2011-2013 Performance Matrix of the Accelerated Growth and Sustainable Development Strategy (SCADD): (version of 31/05/2011)

Pillars	Areas	No.	Measures and Actions			Structures Responsible
			2011	2012	2013	
Pillar 1. Development of accelerated growth pillars	Promotion of growth poles	1	Finalise and launch the Bagré Growth Pole pilot project	Implement the Bagré Growth Pole and define other growth poles	Continue implementing the Bagré Growth Pole and source financing for other growth poles	MEF, MRA, MICA, MEBF, MAH, MEDD
		2	Adopt a strategy to institute public-private partnership (PPP) and its action plan	Adopt a law on PPP and create an enabling institutional framework for PPP	Initiate PPPs	MEF, MICA
	Promotion of the agricultural sector (agriculture, fisheries and forestry)	3	Adopt the National Rural Sector Programme (PNSR)	Implement the National Rural Sector Programme (PNSR)	Implement the National Rural Sector Programme (PNSR)	MAH, MRA, MEDD, MEF
		4	Step up agricultural, sylvicultural, pastoral and fisheries production	Adopt an inputs strategy	Step up agricultural, sylvicultural, pastoral and fisheries production by implementing the inputs strategy	MAH, MEDD, MRA
	Food and food security	5	Assess the national food security strategy	Prepare the national food security policy and its action plan	Implement the action plan of the national food security policy	MAH, MEDD, MRA, MASSN
	Mining	6	Publish the first EITI report	Adopt the new mining code and its enabling instruments	Carry on with adoption of the enabling instruments of the mining code	MMCE
	Handicrafts, cultural industries and tourism	7	Ensure the launching and functioning of the Handicraft Trades Chamber	Organise urban and rural craftsmen into cooperatives and build handicraft villages	Continue organising urban and rural craftsmen into cooperatives and build handicraft villages	MICA
	Small and medium-sized enterprises/ industries (SME/SMIs)	8	Implement the national programme for restructuring ailing businesses	Develop the industrial zones of Ouagadougou and Bobo-Dioulasso	Set up an industrialization fund	MICA
	Support infrastructure	9	Adopt and implement an action plan with a view to liberalizing	Implement attendant measures for the action plan	Implement attendant measures for the action plan	MTPEN

Pillars	Areas	No.	Measures and Actions			Structures Responsible
			2011	2012	2013	
	(transport, ICTs, energy)		access to freight.			
		10	Implement FER-B reforms	Continue implementing FER-B reforms	Continue implementing FER-B reforms	MID
		11	Set up specific financing mechanisms for the procurement of new heavy vehicles for goods transport	Prepare the technical file for the national backbone infrastructure	Mobilize financing for the construction and operation of the national backbone	MTPEN
	Town planning	12	Continue the programme for the construction of 10,000 social and economic housing units	Continue the programme for the construction of 10,000 social and economic housing units	Continue the programme for the construction of 10,000 social and economic housing units	MHU
	Support institutions and business environment	13	Establish a one-stop shop for foreign trade using the ORBUS system	Develop a partnership strategy with major multinationals and promote economic intelligence (definition: Create a database for sector enterprises and network them with enterprises in the rest of the world)	Set up an SME/SMI promotion agency	MEF, MICA
	Promotion of economic integration	14	Incorporate WAEMU 2009 public finance guidelines into the national legal framework	Prepare the 2011 convergence report and the 2012 convergence programme	Prepare the 2012 convergence report and the 2013 convergence programme	MEF
Pillar 2: Consolidation of human capital and promotion of social welfare	Increased income and employment	15	Conduct studies on the skilled labour needs of pro-growth and job creating sectors (construction, agro-food)	Start implementing the recommendations of studies on the skilled labour needs of pro-growth and job creating sectors	Establish an efficient labour market information system	MESS+MJFPE
	Education and training	16	Set up a mechanism which allows for active guidance of pupils in technical and vocational education structures	Adopt and implement the multi-year agreement system for delegated project management (DPM)	Adopt the school infrastructure construction and equipment strategy	2011: MENA, MJFPE 2012: MASSN, MESS 2013: MASSN, MESS
		17	Validate the draft handbook on the preparation and implementation of the school mapping for post-primary and secondary education	Implement autonomous management for public general, technical and vocational education schools	Implement the school mapping for post-primary and secondary institutions	2011: MENA, MASSN, MJFPE 2012: MEF 2013: MENA, MASSN, MJFPE
	Health, nutrition and HIV/AIDS	18	Validate the human resource situation analysis	Prepare the human resources health development plan	Implement the human resources health development plan	MS (DRH)

Pillars	Areas	No.	Measures and Actions			Structures Responsible
			2011	2012	2013	
		19	Ensure the availability of the first emergency malaria treatment kits for under-five children (150,000 kits) and pregnant women (30,000 kits)	Ensure the availability of the first emergency malaria treatment kits for under-five children (at least 150,000 kits) and pregnant women (at least 30,000 kits)	Ensure the availability of the first emergency malaria treatment kits for under-five children (at least 150,000 kits) and pregnant women (at least 30,000 kits)	MS (DGPS)
	Drinking water and sanitation	20	Validate the action plan for the management of solid waste and its development	Implement the action plan for the management of solid waste and its development	Continue with the implementation of the action plan for the management of solid waste and its development	MEDD
	Social welfare and promotion	21	Adopt the Social Welfare Policy (NSPP)	Implement the Social welfare Policy (NSPP)	Implement the Social Welfare Policy (NSPP)	MFPTSS
Pillar 3: Strengthen governance	Strengthening of economic governance	22	Adopt the 2012 finance bill based on the sector ceilings of the overall MTEF for 2012-2014 in accordance with SCADD priorities	Adopt the 2013 finance bill based on the sector ceilings of the overall MTEF for 2013-2015 in accordance with SCADD priorities	Adopt the 2014 finance bill based on the sector ceilings of the overall MTEF for 2014-2016 in accordance with SCADD priorities	MEF
		23	Adopt the programme-budget institution strategy (strategy paper, procedures handbook and preparation guide)	Prepare the programme budgets of ministries and institutions	Prepare the programme budgets of ministries and institutions	MEF
	Strengthening of political and administrative governance	24	Set up judicial assistance commissions in high courts	Operationalise the judicial assistance fund	Set up a tribunal to resolve conflicts	MJPDH
		25	Adopt the ten-year strategic plan for administrative reform and its action plan	Implement the action plan of the ten-year strategic plan for administrative reform	Continue implementing the action plan of the ten-year strategic plan for administrative reform	MFPTSS
	Consolidation of local governance	26	Prepare, adopt and implement the rolling Triennial Action Plan 2011-2013 of the strategic framework for the implementation of decentralization (PAT/CSMOD 2011-2013)	Prepare, adopt and implement the rolling Triennial Action Plan 2012-2014 of the strategic framework for the implementation of decentralization (PAT/CSMOD 2012-2014)	Prepare, adopt and implement the rolling Triennial Action Plan 2013-2015 of the strategic framework for the implementation of decentralization (PAT/CSMOD 2013-2015)	MATDS

Pillars	Areas	No.	Measures and Actions			Structures Responsible
			2011	2012	2013	
Pillar 4: Inclusion of crosscutting priorities in development policies and programmes.	Strengthening of gender inequality reduction programmes	27	Set up a national gender fund	Implement PAO 2011-2013 of the PNG.	Implement PAO 2011-2013 of the PNG.	MPF
	Strengthening of population growth control programmes	28	Adopt the National Population Policy and finalise its priority action plan	Implement birth control programmes	Continue implementing birth control programmes	MEF
	Environmental management and optimum use of natural resources	29	Validate the guide for mainstreaming the environment and the poverty-environment linkage into policy formulation	Validate the environmental mainstreaming guide and build the capacity of the environmental units in the ministries	Integrate the principles of sustainable development into country policies and programs and reverse loss of environmental resources	MEDD
	Implementation of the land-use policy	30	Adopt the law on agrarian and land reorganisation	Prepare regional land use plans (RLUP)	Continue preparing the regional land use plans (RLUP)	MEF

ACCELERATED GROWTH STRATEGY AND BUSINESS ENVIRONMENT SUPPORT PROGRAMME (PASCACAF)

Fiduciary Risk Assessment

Context

1. **Recent assessments show that Burkina Faso has made substantial progress in improving and consolidating its public finance management system.** Burkina Faso currently stands as the leading country within WAEMU and Francophone Africa with regard to the functioning of its public finance management system. However, a number of weaknesses still exist that could undermine the efficiency of public resource management. These conclusions emanate from the Public Expenditure Review, conducted in 2009 by the World Bank, the Bank and other development partners and PEFA 2010 conducted by the government with TFP support.

2. The PEFA 2010 report, in particular, notes a performance improvement in the six areas covered by PEFA, although there are still weaknesses in certain areas. The progress made includes: (i) reinforcement of the control and internal audit corps (especially the Inspectorate General of Finance, internal control conducted by the Central Directorate for the Treasury and Public Accounting) and better monitoring of recommendations; (ii) completion of the establishment of a public procurement control system which fully meets international standards; (iii) a budget preparation procedure that is more closely aligned with public policy (overall MTEF); (iv) better control of budget implementation (procurement plan, mid-term review and institution of a budget closure framework); and (v) streamlining of tax revenue collection, with more visible collection results that translate into greater accuracy in budget revenue projections.

3. The improvement points to be considered relate to: (i) recourse to the simplified procedure; (ii) inadequate resource allocation to the Audit Bench which does not allow it to carry out its core audit duties; (iii) uncompleted computerization with regard to ISA (Integrated State Accounting) and IRC (Integrated Revenue Circuit) software; and (iv) processing of year-end divestments for Fiscal Year N.

Fiduciary Risk Assessment

4. The risks associated with the implementation of general budget support such as the Accelerated Growth Strategy and Business Environment Support Programme can be considered as low. Indeed, apart from the generally satisfactory level of the public finance management system reflected by RDP 2009 and PEFA 2009, the completion reports of the Bank's previous operations in Burkina Faso and the independent assessments conducted over the last few years attest to the relevance of the mechanism and the effectiveness of the major reforms implemented, and which translated into sustained economic growth and improved public finance management. Nevertheless, as underscored by PEFA 2010, a number of weaknesses and challenges remain. They relate, in particular, to the "monitoring and external audit" dimension and the consolidation of public procurement reform.

Mitigation and Management of Fiduciary Risks

5. Although the fiduciary risk can be considered as low, the Bank, the budget support group partners and the Government are aware of the need to conduct additional reforms to consolidate the system and of the measures that should be taken to ensure the successful implementation of programmes. To that end, the current programme supports several reforms aimed at improving public finance management, such as the institution of budget management based on development results and reinforcement of the procurement system. The World Bank supports consolidation of the external audit function by lending assistance to the Audit Bench.

6. As concerns implementation of the programme, the Ministry of Economy and Finance will bear primary responsibility for its execution. Accordingly, it will ensure that the relevant ministries and government services of Burkina Faso fully play their respective roles in implementing the reforms and measures that fall within their respective areas of competence. In daily practice, the technical implementation organ will be the Permanent Secretariat for Monitoring Financial Policies and Programmes (SP-PPF) in the Ministry of Economy and Finance, responsible for monitoring all budget support programmes under the arrangement signed in January 2005 by the Bank, eight other technical and financial partners (TFPs) and the Government. The SP-PPF will produce the reports prescribed under CGAB-SCADD (mid-term review report and performance report). The Bank will closely monitor programme implementation through BFFO. To that end, the Bank will attend all joint sessions for assessment of SCADD's performance and the disbursement criteria matrix. Besides, an audit of financial flows conducted by a private audit firm and an independent appraisal are scheduled for the end of each fiscal year.

Macroeconomic and Financial Indicators

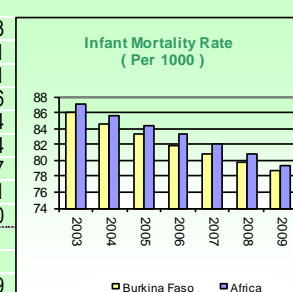
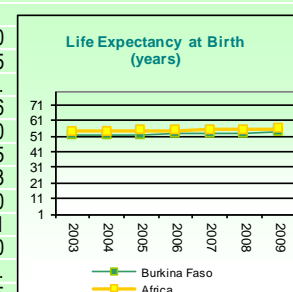
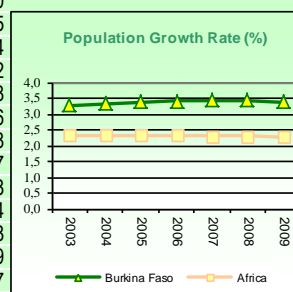
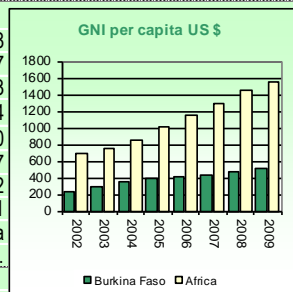
	2008	2009	2010	2011	2012
	Annual variation as %, except otherwise indicated				
National income and price					
GDP at constant prices	5.2	3.2	5.2	5.5	5.6
Consumer price (annual average)	10.7	2.6	0.2	2.0	2.0
Money and credit					
Net foreign assets					
Claims on the State	15.9	-2.0	9.4	5.5	7.0
Claims on the economy	4.6	0.2	6.8	3.1	0.2
Money supply (in the broadest sense)	13.6	1.2	2.5	2.5	6.8
External sector	-11.7	18.2	16.6	7.6	7.7
Exports (FOB value in CFAF)					
Imports (FOB value in CFAF)	3.9	34.7	40.3	32.7	9.5
Terms of trade	21.8	-9.2	23.7	23.3	14.9
	-3.2	28.6	16.5	-3.3	-2.1
	(as % of GDP, except otherwise indicated)				
Savings and investment					
Gross national savings	9.2	13.2	17.6	18.3	18.0
Public	5.4	5.6	7.1	6.5	7.5
Private	3.8	7.6	10.5	11.7	10.6
Gross domestic savings	4.3	7.1	12.4	13.9	13.1
Public administration	2.3	1.6	3.4	3.5	3.8
Private sector	2.0	5.6	9.0	10.4	9.3
Gross investment	20.9	17.8	22.8	24.5	25.3
Public administration	6.4	8.5	9.1	9.0	9.1
Private sector	14.6	9.3	13.7	15.5	16.3
Financial operations of the State					
Total revenue, including:	13.1	13.5	15.6	15.7	16.1
Tax revenue	12.1	12.4	13.0	13.8	15.0
Total expenditure	21.6	24.1	25.8	25.2	25.3
Overall budget balance (commitment basis)					
Net of grants	-8.4	-10.6	-11.2	-9.6	-9.2
Including grants	-4.5	-4.7	-4.8	-3.9	-3.5
Debt and external sector indicators					
Exports of goods and services	9.8	11.8	15.0	18.2	18.5
Imports of goods and services	26.5	22.5	25.5	28.9	30.7
Current account balance (including transfers)	-11.7	-4.5	-5.2	-6.3	-7.9
Current account balance (net of transfers)	-15.9	-8.9	-9.3	-9.6	-11.3
Overall balance of the PB (- = deficit)	-1.0	4.8	1.8	0.4	0.0
NPV of the external debt and guarantee	11.6	15.4	16.5	17.7	19.1
NPV of external debt (% of exports)	116.2	124.6	109.6	97.1	103.7
NPV of external debt (as % of budget revenue)	87.3	115.3	105.6	112.9	118.7
Gross official reserves (in USD billion)	0.9	1.2	1.2	1.2	1.3
Memorandum items:					
Nominal GDP (in CFAF billion)	3 689	3 986	4 280	4 605	4 960

Source: Burkina Faso authorities and IMF estimates (Report No. 10/361 of December 2010).

Burkina Faso

COMPARATIVE SOCIO-ECONOMIC INDICATORS

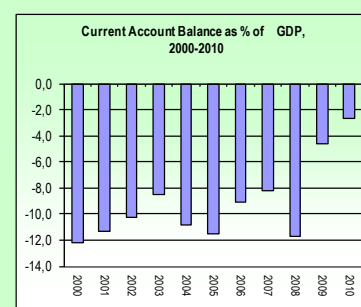
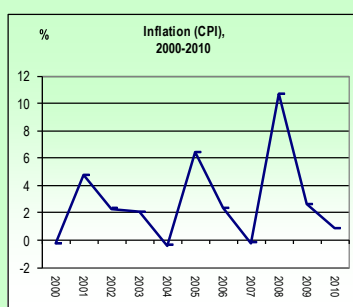
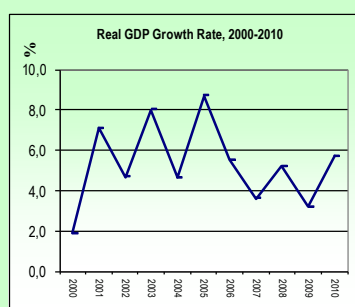
Year	Burkina Faso	Africa	Developing Countries	Developed Countries
Basic Indicators				
Area ('000 Km²)	274	30 323	80 976	54 658
Total Population (millions)	2010 16,3	1 031,5	5 659	1 117
Urban Population (% of Total)	2010 20,4	39,9	45,1	77,3
Population Density (per Km²)	2010 59,4	34,0	69,9	20,4
GNI per Capita (US \$)	2009 510	1 525	2 968	37 990
Labor Force Participation - Total (%)	2010 45,2	40,1	61,8	60,7
Labor Force Participation - Female (%)	2010 47,1	41,0	49,1	52,2
Gender -Related Development Index Value	2007 0,383	0,433	0,694	0,911
Human Develop. Index (Rank among 169 countries)	2010 161	n.a	n.a	n.a
Popul. Living Below \$ 1 a Day (% of Population)	2005-09 ...	42,3	25,2	...
Demographic Indicators				
Population Growth Rate - Total (%)	2010 3,3	2,3	1,3	0,6
Population Growth Rate - Urban (%)	2010 5,5	3,4	2,4	1,0
Population < 15 years (%)	2010 46,4	40,3	29,0	17,5
Population >= 65 years (%)	2010 2,1	3,8	6,0	15,4
Dependency Ratio (%)	2010 93,9	77,6	55,4	49,2
Sex Ratio (per 100 female)	2010 99,9	99,5	93,5	94,8
Female Population 15-49 years (% of total populat)	2010 23,0	24,4	49,4	50,6
Life Expectancy at Birth - Total (years)	2010 53,7	56,0	67,1	79,8
Life Expectancy at Birth - Female (years)	2010 55,0	57,1	69,1	82,7
Crude Birth Rate (per 1,000)	2010 46,2	34,2	21,4	11,8
Crude Death Rate (per 1,000)	2010 12,5	12,6	8,2	8,4
Infant Mortality Rate (per 1,000)	2010 77,8	78,6	46,9	5,8
Child Mortality Rate (per 1,000)	2010 150,4	127,2	66,5	6,9
Total Fertility Rate (per woman)	2010 5,8	4,4	2,7	1,7
Maternal Mortality Rate (per 100,000)	2008 560,0	530,2	290,0	15,2
Women Using Contraception (%)	2005-07	61,0	...
Health & Nutrition Indicators				
Physicians (per 100,000 people)	2008 6,0	58,3	109,5	286,0
Nurses (per 100,000 people)*	2008 43,9	113,3	204,0	786,5
Births attended by Trained Health Personnel (%)	2006 53,5	50,2	64,1	...
Access to Safe Water (% of Population)	2008 76,0	64,5	84,3	99,6
Access to Health Services (% of Population)	2005-07 33,2	65,4	80,0	100,0
Access to Sanitation (% of Population)	2008 11,0	41,0	53,6	99,5
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2007 1,6	4,9	0,9	0,3
Incidence of Tuberculosis (per 100,000)	2009 215,0	294,9	161,0	14,0
Child Immunization Against Tuberculosis (%)	2009 99,0	79,9	81,0	95,1
Child Immunization Against Measles (%)	2009 99,0	71,1	80,7	93,0
Underweight Children (% of children under 5 years)	2006 37,4	30,9	22,4	...
Daily Calorie Supply per Capita	2007 2 677	2 465	2 675	3 285
Public Expenditure on Health (as % of GDP)	2008 5,6	5,7	2,9	7,4
Education Indicators				
Gross Enrolment Ratio (%)				
Primary School - Total	2010 79,2	102,7	107,2	101,3
Primary School - Female	2010 75,4	99,0	109,2	101,1
Secondary School - Total	2010 21,4	37,8	62,9	100,1
Secondary School - Female	2010 18,5	33,8	61,3	99,6
Primary School Female Teaching Staff (% of Total)	2010 35,6	47,0	60,5	81,4
Adult literacy Rate - Total (%)	2007 28,7	64,8	80,3	98,4
Adult literacy Rate - Male (%)	2007 36,7	74,0	86,0	98,7
Adult literacy Rate - Female (%)	2007 21,6	55,9	74,8	98,1
Percentage of GDP Spent on Education	2007 4,6	4,6	3,8	5,0
Environmental Indicators				
Land Use (Arable Land as % of Total Land Area)	2008 23,0	7,8	10,6	10,9
Annual Rate of Deforestation (%)	2005-09 ...	0,7	0,4	-0,2
Annual Rate of Reforestation (%)	2005-09 ...	10,9
Per Capita CO2 Emissions (metric tons)	2009 0,1	1,1	2,9	12,5



Sources : ADB Statistics Department Databases; World Bank: World Development Indicators; last update : May 2011
 UNAIDS; UNSD; WHO, UNICEF, WRI, UNDP; Country Reports.
 Note : n.a. : Not Applicable ; ... : Data Not Available.

Burkina Faso
Selected Macroeconomic Indicators

Indicators	Unit	2000	2005	2006	2007	2008	2009	2010 (e)
National Accounts								
GNI at Current Prices	Million US \$	2 606	5 411	5 756	6 752	7 932	8 019	...
GNI per Capita	US\$	250	400	420	430	480	510	...
GDP at Current Prices	Million US \$	2 617,8	5 459,3	6 066,4	6 791,7	8 257,0	8 343,9	9 143,7
GDP at 2000 Constant prices	Million US \$	2 617,8	3 604,8	3 803,6	3 941,1	4 146,7	4 279,4	4 523,3
Real GDP Growth Rate	%	1,9	8,7	5,5	3,6	5,2	3,2	5,7
Real per Capita GDP Growth Rate	%	-1,1	5,1	2,0	0,2	1,7	-0,2	2,3
Gross Domestic Investment	% GDP	17,9	24,1	21,1	18,0	25,8	21,1	21,7
Public Investment	% GDP	10,9	14,3	14,0	8,1	8,2	6,0	5,4
Private Investment	% GDP	6,9	9,8	7,0	9,9	17,6	15,1	16,3
Gross National Savings	% GDP	4,5	8,7	7,3	11,3	9,2	12,1	14,4
Prices and Money								
Inflation (CPI)	%	-0,3	6,4	2,3	-0,2	10,7	2,6	0,9
Exchange Rate (Annual Average)	local currency/US\$	712,0	527,5	522,9	479,3	447,8	472,2	495,3
Monetary Growth (M2)	%	6,2	-4,8	11,0	23,8	12,3	22,3	16,3
Money and Quasi Money as % of GDP	%	20,8	19,3	19,4	23,5	23,2	26,6	26,9
Government Finance								
Total Revenue and Grants	% GDP	19,5	17,0	39,0	20,0	17,1	19,6	20,5
Total Expenditure and Net Lending	% GDP	23,3	22,3	23,1	25,7	21,5	23,1	24,9
Overall Deficit (-) / Surplus (+)	% GDP	-3,8	-5,3	15,9	-5,7	-4,4	-3,5	-4,5
External Sector								
Exports Volume Growth (Goods)	%	-4,2	22,0	9,3	1,9	-8,1	36,6	11,2
Imports Volume Growth (Goods)	%	-13,4	0,2	3,8	10,6	4,2	2,4	11,6
Terms of Trade Growth	%	-17,8	-26,5	12,7	0,9	-3,1	12,0	30,0
Current Account Balance	Million US \$	-320,2	-628,5	-552,0	-560,4	-965,2	-384,6	-248,1
Current Account Balance	% GDP	-12,2	-11,5	-9,1	-8,3	-11,7	-4,6	-2,7
External Reserves	months of imports	3,4	2,7	3,0	4,7	3,3	4,9	3,3
Debt and Financial Flows								
Debt Service	% exports	20,3	8,3	6,2	2,6	6,0	4,8	4,9
External Debt	% GDP	63,0	38,7	20,0	19,7	19,8	23,1	27,0
Net Total Financial Flows	Million US \$	187,2	721,5	973,9	899,6	1 038,4	1 079,7	...
Net Official Development Assistance	Million US \$	179,7	693,3	874,1	951,1	1 001,0	1 083,9	...
Net Foreign Direct Investment	Million US \$	23,1	34,2	33,6	343,5	137,1	171,4	...



Source : ADB Statistics Department; IMF: World Economic Outlook, October 2010 and International Financial Statistics, April 2011;
ADB Statistics Department: Development Data Platform Database, April 2011. United Nations: OECD, Reporting System Division.

Notes: ... Data Not Available (e) Estimations

Last Update: May 2011