TABLE OF CONTENTS

Acronyms and Abbreviations ........................................................................................................... i
Map of Burkina Faso .......................................................................................................................... ii
Executive Summary ............................................................................................................................ iii

I. INTRODUCTION ............................................................................................................................. 1

II. COUNTRY CONTEXT ....................................................................................................................... 1

   2.1 Political Context ......................................................................................................................... 1
   2.2 Economic and Social Context ...................................................................................................... 2
   2.3 Sector Developments and Cross-cutting Themes ......................................................................... 4

III. COUNTRY STRATEGY AND BANK PORTFOLIO AND POSITIONING ............................... 7

   3.1 Strategic Framework of the Country ........................................................................................... 7
   3.2 Challenges/Weaknesses for the Structural Transformation of the Economy ............................. 8
   3.3 Strengths/Opportunities for Structural Transformation of the Economy ................................. 9
   3.4 Bank Portfolio and Positioning in Burkina Faso ......................................................................... 11

IV. LESSONS LEARNED FROM IMPLEMENTATION OF THE 2012-2016 CSP AND 2016 CPPR .... 11

   4.1 Lessons for the Bank .................................................................................................................. 11
   4.2 Lessons for the Government ...................................................................................................... 12

V. BANK STRATEGY FOR BURKINA FASO OVER THE 2017-2021 PERIOD ............................ 13

   5.1 Rationale for Intervention and Strategic Selectivity ....................................................................... 13
   5.2 Expected Outcomes and Targets ................................................................................................. 14
   5.3 Indicative Operational Programme ............................................................................................ 15
   5.4 Linkages between Proposed Activities and Bank Policies ............................................................ 17
   5.5 Complementarity with the Ongoing Operations of the Bank and other TFPs ............................. 17
   5.6 Monitoring/Evaluation ............................................................................................................... 18
   5.7 Mobilizable Resources and Instruments for Implementing the 2017-2021 CSP ......................... 18
   5.8 Issues Covered by Country Dialogue ......................................................................................... 19
   5.9 Risks and Mitigation Measures .................................................................................................. 19

VI. CONCLUSIONS AND RECOMMENDATIONS .............................................................................. 20
LIST OF ANNEXES

Annex 1: 2017-2021 CSP Result Matrix .................................................................I
Annex 2: Burkina Faso - Linkages between the 2017-2021, High-5s, PNDES and SDGs ..........VI
Annex 3: Indicative Operational Programme of 2017 - 2021 CSP .................................... VII
Annex 4: Burkina Faso-Overall Active Portfolio in UA million as at end-April 2017 ............... VIII
Annex 5: Portfolio Performance Improvement Action Plan of 28 March 2017 ....................... IX
Annex 6: Burkina Faso - Note on Fragility ............................................................... X
Annex 7: Burkina Faso- Demographic Constraints on Development Policies ...................... XIII
Annex 8: Burkina Faso- Note on the Energy Sector .................................................. XVII
Annex 9: Burkina Faso- Note on the Agricultural/Rural Sector .................................. XX
Annex 10: Burkina Faso- Note on the Water and Sanitation Sector .................................. XXIII
Annex 11: Burkina Faso - Note on Governance ......................................................... XXVII
Annex 12: Burkina Faso- Procurement System Assessment, April 2017 ........................ XXXI
Annex 13: PPP Experience in Burkina Faso .............................................................. XXXVI
Annex 14: Burkina Faso - Note on Gender .................................................................. XXXIX
Annex 15: Burkina Faso - Note on the Environment and Climate Change ....................... XLI
Annex 16: Burkina Faso - Note on Youth Employment and Skills Development in Rural Areas ... XLIV
Annex 17: Distribution of TFPs according to their Areas of Intervention in Burkina Faso ... XLIX
Annex 18: Burkina Faso - Key Macro-economic Indicators ........................................... L
Annex 19: Burkina Faso - Comparative Socio-Economic Indicators ............................... LI

LIST OF FIGURES

Figure 1: Burkina Faso – GDP and Inflation Trends as % .............................................2
Figure 2: Burkina Faso – Trend of Fiscal and External Balances ................................. 3

BOXES:

Box 1: Bagre Agropole or how to transform an ecological and health liability into an asset .... 10
Box 2: Engagement of civil society organizations (CSOs) in combatting corruption ......... 11

CURRENCY EQUIVALENTS

(2017)

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<td>1.00</td>
<td>1.22</td>
<td>1.39</td>
<td>799.76</td>
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<tr>
<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>ABEDA</td>
<td>Arab Bank for Economic Development in Africa</td>
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<tr>
<td>ADF</td>
<td>African Development Fund</td>
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<td>AFD</td>
<td>French Development Agency</td>
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<td>AfDB</td>
<td>African Development Bank</td>
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<td>Central Bank of West African States</td>
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<td>BFFO/COF</td>
<td>AfDB Country Office in Burkina Faso</td>
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<td>CET</td>
<td>Common External Tariff</td>
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<tr>
<td>CFA.F</td>
<td>Franc of the African Financial Community (issued by BCEAO)</td>
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<tr>
<td>CIF</td>
<td>Climate Investment Funds</td>
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<tr>
<td>CODE</td>
<td>Committee on Operations and Development Effectiveness of the AfDB Group Board of Directors</td>
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<tr>
<td>CPIA</td>
<td>Country Policy and Institutional Assessment</td>
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<tr>
<td>EBID</td>
<td>ECOWAS Bank for Investment and Development</td>
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<td>ECOWAS</td>
<td>Economic Community of West African States</td>
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<tr>
<td>EIB</td>
<td>European Investment Bank</td>
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<td>EICVM</td>
<td>Integrated Survey on Household Living Conditions</td>
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<td>EMC</td>
<td>Continuous Multisectoral Survey</td>
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<td>European Union</td>
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<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
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<tr>
<td>GCF</td>
<td>Green Climate Fund</td>
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<tr>
<td>GDP</td>
<td>Gross domestic product</td>
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<tr>
<td>GEF</td>
<td>Global Environment Facility</td>
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<td>GIZ</td>
<td>Deutsche Gesellschaft für Internationale Zusammenarbeit or German International Cooperation Agency</td>
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<td>GPHC</td>
<td>General Population and Housing Census</td>
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<td>HDI</td>
<td>Human Development Index</td>
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<td>ICTs</td>
<td>Information and Communication Technologies</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>IsDB</td>
<td>Islamic Development Bank</td>
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<td>JBP</td>
<td>Juxtaposed Border Posts</td>
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<td>JICA</td>
<td>Japanese International Cooperation Agency</td>
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<td>KfW</td>
<td>Kreditanstalt für Wiederaufbau [Reconstruction Credit Institute]</td>
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<td>MDGs</td>
<td>Millennium Development Goals</td>
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<tr>
<td>MW</td>
<td>Megawatt</td>
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<td>MWp</td>
<td>Megawatt peak</td>
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<tr>
<td>NTCF</td>
<td>Nigerian Technical Cooperation Fund</td>
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<td>NTF</td>
<td>Nigeria Trust Fund</td>
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<td>National Economic and Social Development Plan, 2016-2020</td>
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<td>PSD</td>
<td>Public-Private Partnership</td>
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<td>PPP</td>
<td>Country Strategy Paper</td>
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<tr>
<td>REDD</td>
<td>Reducing Emissions from Deforestation and Degradation</td>
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<td>RMC</td>
<td>Regional Member Countries</td>
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<td>SCADD</td>
<td>Accelerated Growth and Rural Development Strategy</td>
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<tr>
<td>TFP</td>
<td>Technical and Financial Partners</td>
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<tr>
<td>UA</td>
<td>Unit of Account</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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<tr>
<td>WADB</td>
<td>West African Development Bank</td>
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<tr>
<td>WAEMU</td>
<td>West African Economic and Monetary Union</td>
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Executive Summary

1. This 2017-2021 Country Strategy Paper (CSP) for Burkina Faso follows the 2012-2016 CSP whose achievements considered satisfactory. It will serve as a mechanism for operationalizing the High-5s and the Bank’s new Development and Business Delivery Model (DBDM) in Burkina Faso. It is based on the country’s new development reference framework namely the 2016-2020 National Economic and Social Development Plan (PNDES), with special focus on the structural transformation of the economy.

2. This determination to structurally transform the national economy is threatened by several mutually reinforcing challenges that could undermine the achievement of PNDES objectives. These challenges include: (i) prevalent rural poverty; (ii) excessive reliance of agriculture on rainfall which is, in turn, affected by climate change; (iii) weak energy sector capacity that discourages industrialization; (iv) social challenges pertaining to demography, health and education; and (v) the landlocked nature of the country that is compounded by weak transport infrastructure.

3. However, Burkina Faso has assets that could drive the implementation of its strategy to structurally transform its national economy. These assets include its national agro-ecological potential which can be leveraged to achieve accelerated rural sector growth, as well as the significant industrial processing potential in the cotton sector. Burkina Faso also has considerable untapped solar energy potential that could facilitate the transition to green, renewable energy. Other assets that also drive the structural transformation of the economy include the activism of civil society and the resilience of the administrative apparatus in Burkina Faso.

4. In order to address the many constraints faced by Burkina Faso and considering its assets, strategic selectivity has prompted the Bank to concentrate on improving access to renewable energy and increasing agricultural productivity as the main focus areas for driving the process of economic transformation. Furthermore, given its previous and current operations in Burkina Faso as well as its High-5 priorities, the Bank has the means to contribute effectively towards addressing the challenges of energy access and agricultural transformation.

5. In light of the strategic objectives of Burkina Faso and the High-5 priorities of the Bank, and considering national challenges and strengths as well as the lessons learned from implementation of the previous CSP, the overall objective of 2017-2021 CSP is to support the structural transformation of the economy in Burkina Faso. Accordingly, the Bank’s strategy in Burkina Faso for 2017-2021 focuses on the following pillars: (i) promotion of access to electricity; and (ii) agricultural development to ensure inclusive growth.

6. During the review mission on completion of the 2012-2016 CSP in May 2016, the proposed pillars for the 2017-2021 CSP were discussed with Burkina Faso authorities who confirmed their support for them. Similarly, in accordance with current procedures, the proposed pillars were reviewed and supported by CODE in February 2017. Finally, during a CSP preparation mission in April 2017 and after in-depth discussions with all stakeholders, the Bank and Burkina Faso authorities confirmed these two pillars.

7. The energy sector was chosen because electricity access in Burkina Faso appears to be a real obstacle to economic transformation. Meanwhile, agricultural sector development for inclusive growth was chosen because it addresses the need to promote agricultural value chains in order to ensure food...
self-sufficiency and rural poverty reduction. Accordingly, agricultural sector activities under this CSP will improve water management to ensure food self-sufficiency, generate agricultural surpluses for processing and develop agribusiness and employability in the rural sector. Finally, given the scarcity, it is more efficient for the Bank to focus on two sectors for maximum impact.

8. To achieve the objectives set under the pillars of the 2017-2021 CSP, in addition to the Bank’s usual selection criteria, the choice of operations will be based on: (i) linkages with previous CSPs to further consolidate the gains achieved under previous actions; (ii) targeting of the Bank’s High-5s; (iii) PNDES priorities to improve alignment with the national development reference framework; (iv) the quest for maximum impact on transformation and employability, particularly in the energy and agricultural sectors; and (v) the search for co-financing and complementarities with TFPs.

9. For Pillar I (Promotion of access to energy), operations have been proposed that meet the above criteria and, more specifically, the expressed will of Burkina Faso as stated in its the Energy Sector Policy Letter (2016). These operations will contribute to the attainment of a national electrification rate of 45%, available capacity of 1000 MW and the connection of 1,000,000 homes by 2020. To that end, the following actions have been scheduled under the 2017-2021 CSP: (i) support for energy sector reforms; (ii) implementation of regional grid interconnection projects with Nigeria, Niger, Benin, Ghana and Mali while strengthening the existing line with Côte d’Ivoire; (iii) construction of solar power stations with the private sector; and, (iv) intensification of rural electrification.

10. For Pillar II (Support to agricultural sector development to ensure inclusive growth), the Bank will target: (i) support for agricultural sector reforms; (ii) development of value chains and water management by supporting the emergence of growth centres such as Bagrépole and the processing of cotton; (iii) promotion of youth employment with special emphasis on the development of agribusiness and vocational skills; (iv) access to sector financing with institutional and financial support to an agricultural Bank being established; and (v) construction of road infrastructure to improve the marketing of agricultural produce and intra-regional trade. These actions will, inter alia, help to reduce rural poverty from the current 47.5% to 35% by 2021, boost primary sector productivity by 50% and increase the share of processed agricultural products from 12% in 2015 to 25% in 2021.

11. Priority will be given to the improvement of governance by supporting the energy and agriculture sectors. Similarly, vocational training and regional integration will be strengthened under the two pillars through a cross-sectional approach, by supporting existing and start-up training centres, electric power grid interconnections, development of regional infrastructure to open up production areas and support for ongoing initiatives to strengthen integration. Finally, given the growing role of the private sector in implementing solar energy projects in the cotton sector and the agropoles, this CSP plans several operations that could be driven by private investors under the two pillars.

12. In light of the foregoing, the Boards are invited to consider and approve the review and approve 2017-2021 CSP for Burkina Faso.
I. INTRODUCTION

1.1.1 This Country Strategy Paper (CSP) presents the Bank’s new intervention framework in Burkina Faso for 2017-2021. It follows the 2012-2016 CSP\(^1\) whose review, conducted in May 2016, concluded that its achievements were satisfactory. It also follows a change in the country’s development reference framework, namely the 2016-2020 National Economic and Social Development Plan (PNDES) which focuses on the structural transformation of the economy. Finally, the new CSP was prepared as a result of the need to operationalize the High-5s and take into account the Bank’s Development and Business Delivery Model (DBDM).

1.1.2 The proposed general objective of the new CSP is to support the economic transformation of Burkina Faso. However, this general objective is threatened by many constraints which include: (i) lack of access to energy; (ii) rural poverty due to low agricultural productivity; (iii) social challenges pertaining to demography, health and education; (iv) weak transport infrastructure which compounds the landlocked situation of Burkina Faso; and (v) the impact of climate change which further fragilizes the rural community.

1.1.3 In light of these constraints and multifaceted priorities and pursuant to the principle of strategic selectivity, the Bank considers that improving access to renewable energy and increasing agricultural productivity appear to be the fundamental variables for supporting the economic transformation process. Furthermore, because of its previous and current operations in Burkina Faso as well as its High-5 priorities, the Bank is able to contribute effectively towards addressing the challenges of energy access and agricultural development.

1.1.4 On the basis, therefore, of the proposed general objective, the 2017-2021 CSP is based on the following two pillars: (i) promotion of access to electricity; and (ii) agricultural sector development to promote inclusive growth. These pillars were supported and validated by CODE on 3 February 2017.

1.1.5 This CSP introduction (i) is followed by: (ii) the country context; (iii) the strategic options of Burkina Faso and the Bank’s portfolio and positioning; (iv) lessons learned from implementation of the previous CSP and the Country Portfolio Performance Report (2016 CPPR); (v) the Bank’s strategy for 2017-2021; and (vi) conclusions and recommendations to the Boards. Finally, the preparation of this CSP was enriched by several studies and assessments whose summaries are appended to this report.

II. COUNTRY CONTEXT

2.1 Political Context

2.1.1 The political context of Burkina Faso is characterized by a return to normalcy following the establishment of republican institutions following credible elections. It should be recalled that former president Blaise Compaoré’s attempt to amend the Constitution for a third consecutive term generated severe political tension in 2014. The tension gradually spiralled into a

\(^{1}\) The 2012-2016 CSP was aimed at supporting implementation of the Accelerated Growth and Sustainable Development Strategy (2011-2015 SCADD) and helping the country to address structural challenges in the field of infrastructure and strengthen governance for private sector development. Accordingly, it focused on two pillars, namely: (i) the development of backbone infrastructure to boost growth; and (ii) the consolidation of governance.
popular uprising in October 2014 that led to his overthrow. A transitional regime was installed for the 2014-2015 period. This transition period was marred by turmoil, including a failed coup d’état in September 2015. The return to calm began in late 2015, with the organization of Presidential and legislative elections in November 2015 followed by municipal elections in May 2016. The domestic political situation was also marked by the interim release of a large number of the ousted President's supporters who had been arrested for allegedly supporting the failed coup. The judicial process to address these issues is under way. Furthermore, authorities have embarked on a process to revise the Constitution in order to move into the Fifth Republic. The goal of this exercise is to restore balance of power among the various institutions. Furthermore, the Government has been faced with many social demands that have disrupted the functioning of some services (justice, higher education, health, State media, finance, taxation, customs, etc.). Finally, the Government must also address the emergence of vigilante groups (called Koglweogo) formed to combat “banditry”, but about which several observers have expressed concerns.

2.1.2 However, Burkina Faso has also been the subject of a series of terrorist attacks attributed to jihadist groups. These security issues, which started in 2015 and continued into 2016 and 2017, have led to the loss of over 50 lives and affected the recovery of economic activity. The Government is restructuring the defence forces in order to mount an efficient response to the security issue. This challenge will continue to weigh on the country's socioeconomic prospects, especially its public finances against a backdrop of persistent jihadist threats in the Sahel. For more information on this jihadist threat, see the country’s "Note on Fragility" in Annex 6.

2.2 Economic and Social Context

2.2.1 After a period of sluggishness, economic activity has vigorously resumed. Following the slowdown of the real GDP growth rate to 4% in 2014 and 2015, mainly due to poor rainfall during the crop year and the aforementioned socio-political upheaval, the economic growth rate rallied back to 5.9% in 2016. This recovery stemmed from the resumption of activities in all sectors of the economy, but is mainly attributed to solid performances in the agricultural and extractive industries sectors as well as the buoyancy of the telecommunications and financial services sectors. The economic outlook for 2017 is favourable with a projected growth rate of 7.4% (see Figure 1). It should be sustained by the buoyancy of the mining sector in which two new industrial mines will commence production, and by the implementation of the public investment programme driven by the 2016-2020 PNDES, in the areas of energy, irrigation, road infrastructure and telecommunications. The prospects for a robust recovery of economic growth are also enhanced by maintaining the prices of the main exports (namely gold and cotton) at a favourable level. Regarding inflation, the general price level remains low at less than 1% in 2016 and 1.7% in 2017 as in the other WAEMU countries. Moreover, reflecting the positive economic outlook for the economy of Burkina Faso, the recent S&P rating indicates that Burkina Faso is one of the Sub-Saharan African countries that recorded an improvement in their status. Its rating improved from B-/Stable in mid-2015 to B-/Positive outlook in late 2016.
2.2.2 Public finance management remains under control in general although it has been impacted by the socio-political situation and the terrorist attacks. Revenue collection increased significantly by 10.4% in 2016 relative to 2015. This performance is mainly due to the recovery of economic activity and reforms implemented to improve the efficiency of taxation services. It should be noted that the tax ratio (tax revenue/current GDP) of 15.9% in 2016 remains far below the WAEMU Community minimum standard of 20% by 2019. Current expenditure surged by 21.2% in 2016 relative to 2015, driven by the wage bill and security expenditure. Investment expenditure grew at a relatively modest rate of 5.1%. The overall fiscal deficit (commitment basis) was 3.1% of GDP in 2016, representing a net increase relative to the 2% recorded in 2015. Despite this fairly low deficit, current expenditure (wage bill and security expenditure) crowded out capital expenditure. Dialogue has been initiated with labour unions committed to containing the wage bill within the thresholds of the WAEMU convergence criteria. For the FY2017, the expansion of capital expenditure as planned under the PNDES and maintenance of current spending levels to address social and security demands would significantly widen the fiscal deficit: 4.6% of GDP (see Figure 2). As part of its public finance management, the Government initiated discussions with the IMF for a new three-year programme (2018-2020), supported by the Extended Credit Facility (ECF) just after the 2014-2016 programme, extended to FY2017. At the 7th and last review of this programme in July 2017, the IMF Executive Board considered its implementation to be satisfactory.

2.2.3 External trade remains highly vulnerable to gold and cotton price volatility. In 2016, these two products represented respectively 69.8% and 15.5% of export earnings. Trade was characterized by a 10% increase in exports, driven mainly by gold which had a high world market price. Imports grew by 6.9% owing to the influx of intermediate goods and equipment against a backdrop of steadily declining crude oil prices. On the whole, these current account transactions also narrowed the current account deficit from 8% of GDP in 2015 to 7.4% in 2016. In 2017, foreign trade was marked by positive trends in the production and prices of gold and cotton. This would lead to a 13.2% increase in exports. With economic recovery and implementation of the PNDES, imports are expected to rise (12.3%). These operations will improve the current account balance of payments to -5.5% of GDP by 2017. As in previous fiscal years, the overall balance of payments will show a positive balance of 2.5% of GDP in 2017, which is lower than the 3% in 2016 (see Figure 2). However, from 2018, under the impetus of expenditure generated by PNDES implementation, the country will record both fiscal and balance of payments deficits. It is, therefore, necessary to consolidate internal and external revenue collection and ensure the quality of PNDES expenditure.

2.2.4 Burkina Faso’s public debt remains viable. Its debt overhang was USD 4.14 billion as at 31 December 2016. In GDP terms, it was evaluated at 34.8% in 2016, relative to a maximum WAEMU threshold of 70%. With regard to PNDES funding, this ratio is expected to rise slightly to 36.6% in 2017. The debt structure analysis shows that foreign debt is the largest component with
70.8% compared to 29.2% for domestic debt. The domestic component is mainly composed of Government securities (87.8%) while the external component mainly comes from multilateral creditors (86.3%). This external debt remains essentially concessional and approximately 50% of it comes from multilateral donors, including the World Bank, AfDB and IMF. The sustainability analysis under the 2017-2020 Medium-Term Debt Management Strategy (MTDS) shows a moderate debt distress risk until 2035.

2.2.5 **On the social front, the demographic profile of Burkina Faso reveals a mainly young population and a high poverty rate.** In 2017, this population was 19.6 million with a growth rate of 3.1% and over 67% of the inhabitants under 25 years old. The total fertility rate in the country is one of the highest in the world (5.6 children per woman). This high population growth rate partly accounts for the high social demands (see Annex 7: Demographic Constraints on Development Policies). Through the PNDES, the Government seeks to, inter alia, contain the annual population growth rate at 2.7% in 2020 compared to 3.1% in 2015. This objective will be achieved mainly by reviving the National Population Council (CONAPO) and vigorous implementation of the 2010-2030 national population policy. With regard to the living conditions of the population, the most recent Continuous Multisector Survey (EMC) on household living conditions conducted in 2014, shows that poverty incidence is in net decline but still remains high in 2014 at 40.1% compared to 46.7% in 2009. Poverty is essentially a rural phenomenon as nine out of every 10 poor people live in rural areas. The decline in poverty incidence was also greater in urban areas (13.6% in 2014, compared to 25.2% in 2009) than in rural areas (47.5%, compared to 52.8% in 2009).

2.2.6 **In the health sector, the policies implemented have helped to significantly improve the sub-sector indicators.** The average distance to reach a basic health facility fell from 7.5 km in 2009 to 6.5 km in 2015. Primary health centres that comply with the minimum staff standards increased from 83.2% in 2009 to 89.8% in 2014. The control or even rollback of HIV/AIDS has continued. HIV prevalence among adults was down slightly from 1.2% in 2010 to 0.9% in 2014. Malaria prevention has continued, with the mortality rate from acute malaria among under-five children falling from 2.7% in 2012 to 1.4% in 2014.

2.2.7 **Significant progress has been made in the education and training system in terms of access to primary and post-primary education.** The gross primary enrolment ratio increased from 81.3% in 2013 to 83.7% in 2015. However, the education system continues to face significant challenges, namely: (i) the precarious nature of education infrastructure in rural areas; (ii) the development of post-primary education as a whole; and (iii) the strong focus on general education to the detriment of technical and vocational education. One of the consequences of these challenges is the low employability of graduates from this education system: barely 5% of people aged 16-64 years have access to education as well as technical and vocational training; the proportion of unemployed workers is 14.5% in rural areas and 13.0% in urban areas (EMC 2014).

2.3 **Sector Developments and Cross-cutting Themes**

2.3.1 **The energy sector is dominated by thermal energy supply which remains insufficient to meet growing demand** which stands at 13% per year. As at 31 December 2016, available electric power was 325 MW broken down as follows: (i) 62.8% for thermal energy; (ii) 30.7% for imports from Côte d’Ivoire; and (iii) 6.5% for hydro-power. Access to electricity is also low with a national electrification rate of 18.8% in 2016. There are wide disparities in access between urban (59.9%) and rural areas (3.1%). The major challenges facing the country include: low electricity supply, the limited
share of renewable energy in the national energy mix and the low electricity access rate especially in rural areas. The national strategy to address these challenges is the Energy Sector Policy Letter (LPSE). According to the LPSE, by 2020 the national electrification rate is expected to reach 45%; available electric power is expected to rise from 325 to 1000 MW with 50% being renewable energy and the number of electricity subscribers to increase from 500,000 to 1,000,000. In this regard, the law adopted in April 2017 defining the general regulations governing the energy sector is a significant step forward in terms of institutional reforms. It takes account of the increased role of the private sector in electricity production. See Annex 8: Note on the Energy Sector.

2.3.2 The rural sector plays a significant role in the economy of Burkina Faso. It employs approximately 86% of the labour force, contributes approximately 35% to GDP formation, and provides 61.5% of the monetary income of agricultural households. As a result, the country’s economic growth depends on the performance of the agricultural sector, which itself is highly dependent on the variability of agricultural and climate conditions. Furthermore, it should be noted that cotton is the main source of income for over 4 million people in Burkina Faso and greatly contributes to poverty reduction and inclusive growth. Stockbreeding is the dominant rural sector activity, generating 30.9% of the monetary income of rural dwellers. At the national level, stockbreeding occupies third place in terms of exports (5.8%), but remains far behind gold and cotton. The main challenges of the sector are funding difficulties, the limited capacity of stakeholders and their organizations as well as the coordination and harmonization of multiple interventions. Sector output is constrained by the low volume and especially poor distribution of rainfall, poor management of water resources, inaccessibility of inputs and equipment, and persistent land tenure insecurity. As regards the processing and marketing of rural sector products, the main constraints are high energy and equipment costs, inaccessibility of farming areas, etc. See Annex 9: Note on the Agricultural/Rural Sector.

2.3.3 Burkina Faso has made significant progress in improving access to water and sanitation. The national drinking water access rate in 2016 was 72.5%, while access to sanitation was 20%. The averages for Sub-Saharan Africa are 68% for water and 40% for sanitation (according to reports of the joint UNICEF/WHO monitoring programme, 2016). The drinking water access rate in rural areas was 65.3% compared to 92% in urban areas and the sanitation access rate was 13.7% and 36.1% in rural and urban areas respectively. To improve the water and sanitation access rates and address the disparity challenge, the government has formulated a national water policy focused on (i) drinking water; (ii) wastewater and sewage treatment; (iii) integrated water resource management; and (iv) sub-sector governance (See Annex 10).

2.3.4 As a landlocked country, over 80% of Burkina Faso’s imports and exports are transported by road. Accordingly, the road infrastructure sector has become the engine of national economic and social development. The total length of the classified road network is 15,272 km and has a low coverage rate with 85.6 km of road per 100,000 inhabitants, compared to 266 km/100,000 inhabitants in ECOWAS. The railway network is represented by the Abidjan-Ouagadougou-Kaya railroad which is 1261 km long, composed of 622 km in Burkina Faso and 639 km in Côte d’Ivoire. Transport sector challenges include: (i) limited efficiency and lack of transparency in the procurement

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2 Less than 14% of the general government budget is allocated to agriculture and the sector benefits from only 3% of loans from the banking system.
system; (ii) the lack of a reference framework for investment planning; and (iii) the poor quality of road infrastructure due to a lack of transparency in road maintenance.

2.3.5 **In the area of governance**, Burkina Faso has made significant progress over the past two years. According to the 2016 edition of the Mo Ibrahim Index of African Governance, Burkina Faso ranks above the average for the whole of Africa, with a score of 51.8/100 and a ranking of 23rd out of 54 countries assessed. On **rule of law and accountability**, it ranks among the top 10 least-corrupt African countries in 2016, according to the Corruption Perceptions Index of Transparency International. The authorities have initiated legislative reforms aimed at scaling up the combat against corruption, mainly through the adoption in March 2015, of the law on prevention and prosecution of corruption (see Annex 11: Note on Governance).

2.3.6 **In the area of public procurement**, Burkina Faso has made significant progress in ensuring that the procurement system is consistent with the international standards and guidelines of WAEMU. Assessment of the procurement system in Burkina Faso led to the conclusion that the overall risk of using it for Bank-funded operations is “moderate”. This progress notwithstanding, there are still some persistent shortcomings. For instance, the legal framework, organization, policy and procedures for internal and external controls need to be strengthened (see Annex 12). Accordingly, as part of the dialogue with the Government, actions aimed at improving the public procurement system will be implemented.

2.3.7 **As regards the business environment**, the country has implemented many institutional and regulatory reforms that have ensured its classification among the 10 best reformers in the world, according to the World Bank's 2009 Doing Business report. These reforms focus on the establishment of Business Formalities Centres (CEFORE), labour code reform, establishment of the Arbitration, Mediation and Conciliation Centre of Ouagadougou (CAMCO); etc. However, over the past five years, the country has not made any progress, apart from the business formalities facility. According to the last DB ranking (2017), Burkina Faso came close to the right references but its ranking fell from 142nd in 2015 to 146th out of 190 countries in 2016. Access to electricity and credit, difficulties in paying taxes and the high cost of legal fees for litigation arising from contract execution are some of the constraints affecting the business climate.

2.3.8 **The private sector in Burkina Faso is mainly dominated by little-developed micro and small businesses.** The informal sector represents almost 60% of the national economy, excluding mining activities. The fiscal system in Burkina Faso remains attractive and open to foreign direct investment (FDI) especially in mining. It includes an investment code that provides for four privileged tax regimes, and is supplemented by the new mining code adopted in 2015 and Act 025-2012AN. It should be noted that the application of this last code raises difficulties resulting from the large number of levies. Furthermore, private investment is bound to increase as public-private partnership (PPP) contracts intended for PNDES implementation emerge. In this respect, the country has endowed itself with regulatory and institutional frameworks for PPPs whose improvement is supported by the Bank. See Annex 13- PPP Experience in Burkina Faso.

2.3.9 **The industrialization of the country remains weak and constrained by limited access to energy, raw materials and quality labour.** The manufacturing industry in Burkina Faso is essentially based on agribusiness, cotton ginning and mining. The output of manufacturing industries other than mining, represented 6.6% of GDP in 2016. The industrial processing rate remains low at 12% over the last three years. As regards cotton sector industrialization, although Burkina Faso has
been the leading cotton producer in Africa since 2004, it processes only 1% of its annual output (estimated at 700,000 tons) into yarn. Although it has a sectoral framework which is the 2011-2020 Sector Policy for Industry, Trade and Handicrafts (POSICA) 2011-2020, the industry in Burkina Faso is limited by, inter alia, high electricity costs, limited equipment with outdated and often second-hand technologies and tools and a the shortage of qualified labour.

2.3.10 **Several constraints persist in the promotion of gender equality in Burkina Faso**, despite the progress made in terms of equal opportunities and the key role of women in the productive system. The country was ranked 146th out of 149 in terms of gender inequality in the 2016 Human Development Report due to a certain number of unfavourable socioeconomic factors, namely: higher incidence and severity of poverty for women than for men (52% compared to 48%); low representation of women in decision-making (for instance, in 2016, their representation was only 9.4% in parliament and 24.3% in the Government), etc. In general, women's access to agricultural extension services, credit and productive resources like land, remains limited. The causes of this situation are many, prominent among which is the low level of education (79% illiteracy rate among adult women) and the sociocultural constraints that relegate women to a reproductive role. See Annex 14: Note on Gender.

2.3.11 **Burkina Faso is a Sahelian country hard hit by the effects of climate change.** These effects are a steady decline in the volume and quality of rainfall, rising temperatures, floods, droughts and violent winds. In agriculture, the reduced rainfall coupled with rising temperatures causes a decline in yields. With regard to the impact on biodiversity and ecosystems, climate change causes floods, degradation of the vegetation and a rise in temperatures. In terms of energy, these changes are reflected in the decline in timber resources since biomass, used for household needs, accounts for 85% of energy consumption. To address these environmental challenges, the Government has developed strategies and adopted many legal and regulatory texts. The Paris agreement on climate change was ratified in October 2016 and entered into force in November 2016 (see Annex 15: Note on Environmental and Climate Change).

### III. COUNTRY STRATEGY AND BANK PORTFOLIO AND POSITIONING

3.1 **Strategic Framework of the Country**

3.1.1 **The 2016-2020 National Economic and Social Development Plan (PNDES) is the development reference framework of Burkina Faso.** After the presidential and legislative elections of November 2015, the Burkina Faso government established a development reference framework that reflects its political manifesto, which is: "To join the people in building a Burkina Faso that is a haven of democracy, economic and social progress, freedom and justice". The 2016-2020 PNDES which replaced the 2011-2015 Accelerated Growth and Development Strategy (SCADD) was designed in this context. It is the outcome of a participatory process that began in March 2016 and was adopted in July 2016. The overall objective of the PNDES is to structurally transform the economy of Burkina Faso with a view to achieving robust, inclusive and sustainable growth that creates decent jobs for all and improves social well-being.

3.1.1 **PNDES focuses on three strategic pillars. Pillar 1 on reforming institutions and modernizing the administration is devoted to improving the security as well as the political, administrative, economic and local dimensions of governance. Pillar 2 on developing human capital addresses issues pertaining to education, technical and vocational training, health, population, water
and sanitation. **Pillar 3 on boosting** economic growth and job-creating sectors, seeks to improve the productivity of the agricultural, industry and services sectors; the deployment of energy sector backbone investments, transport and ICT. The PNDES seeks, inter alia, to: (i) generate an average annual economic growth rate of 7.7%; (ii) reduce the incidence of poverty to 35% in 2020 compared to 40.1% in 2014; (iii) contain annual population growth rate at 2.7% in 2020 compared to 3.1% in 2015; and (iv) speed up human capital development.

### 3.2 Challenges/Weaknesses for the Structural Transformation of the Economy

#### 3.2.1 The diagnosis made in the contextual section of this report shows that, apart from its recurrent weaknesses related to social challenges and the effects of global warming, Burkina Faso faces many other constraints including the ones described below. These constraints reinforce each other and could indeed undermine the structural transformation of the Burkina Faso economy.

#### 3.2.2 Predominance of Poverty in Rural Areas: nine out of ten poor people live in rural areas. This rural predominance of poverty stems from the severe inequalities in rural areas in terms of gender, illiteracy, and lack of social and health infrastructure. These inequalities cause low productivity in rural areas which, in turn, fuels the vicious circle of poverty. It also limits rural communities to subsistence agriculture which does not generate any surpluses that can be processed.

#### 3.2.3 Heavy dependence of agriculture on uncertain Sahelian-type rainfall. This stems from a lack of investments in rural infrastructure including irrigation and water management. Less than 14% of the general government budget is allocated to the rural sector which employs 86% of the labour force and contributes 35% to GDP. Investment funding for the sector comes essentially from official development assistance: approximately 80% of the overall investment budget of the rural sector. By depending solely on rainfall in a Sahelian context that is highly vulnerable to climate change, Burkina Faso will not be able to rely on the rural sector in general and on agriculture, in particular, to transform its economy.

#### 3.2.4 Current energy sector parameters do not favour industrialization and the structural transformation of the Burkina Faso economy. The country’s limited supply of electricity is one of the most striking situations on the continent, with an access rate of 18.8% compared to the African average of 40%. The cost price per kWh of electricity ranges from CFA.F 130 to 150 and remains one of the highest in West Africa (CFA.F 63 to 75 for Côte d’Ivoire). Since over 65% of national electricity is generated from thermal sources using diesel and fuel oil, oil price fluctuations have a negative impact on energy production. Furthermore, the country imports, on average, more than 30% of its energy consumption from Côte d’Ivoire whose economy is expanding and also needs more energy. These adverse conditions and the wide disparity between urban and rural areas (urban and rural electrification rates are respectively 59.9% and 3.1%) do not favour transformation of the agricultural sector and the rural environment where most of the population lives. Hence, the major challenge for Burkina Faso is to diversify its energy production and supply sources in the sub-region and develop access programmes, including off-grid access solutions.

#### 3.2.5 The employability of human capital remains low in relation to Burkina Faso’s goal of transformation. The mismatch between the training and labour-market needs is considerable. Barely 5% of young people aged 16 to 35 years have benefitted from education and/or technical and vocational training. In rural areas, only 1.2% of the working age population has had technical or vocational training. Some 74% of these young people are trained in tertiary streams such as
accounting, administration, secretarial studies. Upon graduation from these centres of learning, the young graduates often lack professional experience because the structure of the educational system does not combine theoretical teaching with corporate internship training to ensure acquisition of professional experience. The result is that the unemployment rate is almost 38% among youth aged 15 to 29 years. See Annex 16 on Employment and Skills Development in Rural Areas.

3.2.6 The country is landlocked and heavily dependent on inter-State highways linking it to neighbouring countries that have a coastline. Indeed, approximately 80% of the country's external trade is conducted by sea and transport costs account for 40% to 60% of the cost price of imports and exports. As a result, the improvement of access routes and regulatory procedures remains critical for the economic transformation of Burkina Faso.

3.3 Strengths/Opportunities for Structural Transformation of the Economy

3.3.1 The agro-ecological potential of Burkina Faso can help it to achieve accelerated rural growth. These assets lie in the strong potential of arable land estimated at 9 million hectares approximately 46% of which is farmed. The surface area of irrigable land is almost 233,500 ha, only about 12 to 14% of which is currently farmed. Furthermore, the country has 500,000 ha of bottomlands that can be easily developed. Similarly, there is enormous potential for developing irrigation, fishing and aquaculture. With approximately 1200 water bodies (dams, lakes, ponds), the country can harness up to five billion cubic metres of water per year. As for stockbreeding whose development depends on that of agriculture, it has the potential to become one of the vectors of Burkina Faso exports to neighbouring countries. In 2014, Burkina Faso had a large and varied

Box 1: Bagré Agropole or How to Transform an Ecological and Health Liability into an Asset

In the 1970s, Burkina Faso (Upper Volta at the time) embarked on a programme to eradicate onchocerciasis that was endemic in the Nakambé Valley. This drive entailed managing the surface water in the valley by building a dam in Bagré. Hence, the Bagré project was aimed at ensuring the economic development of areas freed from onchocerciasis. Upon completion of the dam construction works in 1993, it turned out that the dam could be transformed into an economic growth pole. Indeed, with a surface area of 33,500 km² and a capacity of 1.7 billion m³ and 13,000 hectares of irrigated farmland, the Bagré dam is used for electricity generation, irrigation farming and fish production.

Given the potential and the economic promise of this growth pole, the Bank decided in 2015 to support the Government's drive through the Bagré Growth Pole Support Project (PAPCB) with ADF funding of UA 21 million. This support is consistent with achievement of the High-5s in a single project as described below. It also highlights the relevance of the agropole approach which will be continued under this CSP.

**Light up and power Africa**: The hydroelectricity dam provides 16 MW of energy or nearly 5% of the current energy supply in Burkina Faso. The Bank was the lead donor during the construction of this dam and its hydroelectric facilities at the end of the 1980s.

**Feed Africa**: The Bank’s involvement alone will produce an additional annual yield, estimated at 6,024 tonnes of paddy rice, 7,057 tons of corn, and 10,374 tonnes of vegetables; this will help to reduce the food and nutrition deficit.

**Industrialize Africa**: To date, the Bagré pole is home to a few agribusiness companies specialized in rice hulling, feed manufacturing, fish farming and honey production. Other value chain development activities are currently being set up.

**Integrate Africa**: Bagre pole is located in a border area close to Ghana and Togo. When the project reaches its maturity, it will certainly boost trade between Burkina Faso and its two neighbours. The imminent completion of rehabilitation works on the Koupela - Bitou road with bank financing will further expand such trade.

**Improve quality of life for the people of Africa**: PAPCB will directly affect approximately 2219 farms (2103 small farmers, 96 farmers’ sons/daughters and 20 graduates) and directly benefit approximately 13,400 people (including approximately 4000 women). Some 6,350 permanent jobs are also expected to be created in agricultural entrepreneurship. The growth pole is expected to become fully operational in 2018 with the installation of the farmers and agricultural businesses. Its contribution to the country’s economic growth from 2018 to 2020 is estimated at 0.5% per year on average. The AfDB and the World Bank have engaged in parallel co-financing of this programme. Source: Authors
livestock population comprising 9,091,000 cattle, 23,200,000 small ruminants, etc. It also has a diverse regulatory framework (framework law on agro-silvo-pastoral, wildlife and fishery activities, law on rural land tenure, etc.) and provides many opportunities for developing agricultural entrepreneurship. The abovementioned potential provides opportunities to create value chains of various agro-pastoral sub-sector such as the integrated growth poles of Bagrépole which is under way, Sourou and Samendéni (see Box 1).

3.3.2 **The potential for industrial transformation of the cotton crop sector remains huge.** As noted in paragraph 2.3.9, Burkina Faso processes less than 1% of its annual output, notwithstanding its ranking as the leading cotton producer in Africa. The country has only one operational industrial unit for spinning that processes approximately 7,000 tons of fibre into yarn. Thus, the country has not fully appreciated the fact that the cotton industry should be well organized and professionalized, that raw material should be available in quality and quantity for industrial processing. However, the potential for a cotton processing industry, in terms of job creation and access to international markets, remains significant and untapped. The country does not even take advantage of the facilities for exporting manufactured cotton goods under the *Africa Growth and Opportunity Act* for the U.S. market or those with the European Union.

3.3.3 **Burkina Faso has enormous and untapped solar energy potential that can facilitate its transition to green, renewable energy.** The country receives sunshine estimated at 5.5 kWh/m²/d for 3,000 to 3,500 hours annually. Similarly, the steady decline in the per kWh cost of solar energy over the past decade should facilitate the development of this sector and increase domestic production. In fact, several mining sector operators seized this opportunity to engage in energy-mix operations with the construction of their own off-grid solar power plants. Furthermore, the expected diversification of electricity import countries following the ongoing interconnection of the power grids of West African countries, especially the Ghana-Burkina Faso lines under construction; the Ghana-Burkina Faso-Mali; and the Nigeria-Niger-Benin-Burkina Faso lines, will give the country access to the hydro-power resources of Ghana, Nigeria and Guinea through Mali.

3.3.4 **The assets that drive the structural transformation of the economy include the activism of civil society and the resilience of the administrative apparatus in Burkina Faso.** The civil society organizations (CSOs) of Burkina Faso consist of stakeholders who can exert pressure, or even serve as a countervailing force to guarantee the control of government action. Recent socio-political

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**Box 2: Engagement of Civil Society Organizations (CSOs) in Combatting Corruption**

CSOs play several roles within the accountability and transparency mechanism. They act as a counterweight to the government by denouncing abuses and the mismanagement of public resources and by demanding transparency and accountability from their managers. They influence the decision-making and budgetary processes or engage in advocacy with decision-makers to promote civil society interests and concerns. They collaborate with public authorities to combat corruption. The dialogue framework on finance is dynamic. Three CSOs, namely the National Anti-Corruption Network (RENLAC), the Centre for Democratic Governance (CGD) and the Centre for Information, Training and Studies on the Budget (CIFOEB) are very active in it. (Source: *Burkina Faso, European Union Commitment to Civil Society - 2016-2020 Roadmap*). These CSOs regularly produce reports on the transparency and corruption status in finance and public procurement management in Burkina Faso. In general, these reports are welcomed by citizens and the authorities. Accordingly, CSOs in Burkina Faso significantly contribute to combatting corruption and guarantee achievement of the objectives of good governance promotion. Such CSO involvement in combatting corruption is consistent with the principles of the Bank's *Framework for Enhanced Engagement with Civil Society Organizations* (2012), which seeks to optimize partnerships with these organizations at the institutional, national and project levels. *Source: Authors*
events in Burkina Faso have highlighted the crucial role of CSOs in ensuring the advent of democracy. Their involvement in the development and implementation of national and sectoral public policies will promote governance that ensures the structural transformation of the economy (see Box 2). It should be noted that the Bank organizes an “open day” in Ouagadougou annually with these CSOs. These meetings are intended to educate CSOs on the actions of the Bank and raise awareness on their role, particularly in the supervision of public procurement. This practice will be continued and strengthened during the implementation of the 2017-2021 CSP. Similarly, the resilience of the Burkina Faso government is a major factor in the implementation of strategies for the structural transformation of the economy. Despite the instability and socio-political unrest of 2014-2015, the administrative apparatus has remained strong and has carried on implementing development activities.

3.4 Bank Portfolio and Positioning in Burkina Faso

3.4.1 As at end-April 2017, the total Bank portfolio was UA 335.35 million for 16 active projects. The overall disbursement rate is estimated at 32%, for an average age of two and a half years. The sector distribution of the active portfolio is: transport (46%), agriculture (21%), water and sanitation (10%), private sector (12%), energy (8%), and the multisector (3%). See Annex 4. The Bank’s portfolio is deemed efficient and has no problem project.

3.4.2 The Bank will continue to play a leading role in coordinating the assistance of TFPs during the 2017-2021 period. It is the leading partner of Burkina Faso for infrastructure and the third TFP in terms of development assistance after the European Union and the World Bank. The Bank chaired the troika of TFPs from 2013 to 2014 with the United Nations system and Canada. From 2014 to 2015, it served as the lead agency within the Sector Framework for Dialogue on Infrastructure and as the lead agency for the water and sanitation sector from June 2015 to October 2016. It coordinated TFPs involved in youth employment and vocational training between 2014 and 2016. This dynamism in the Bank’s coordination and positioning will be strengthened over the 2017-2021 period. The main TFPs and their areas of operation in Burkina Faso are indicated in Annex 17.

IV. LESSONS LEARNED FROM IMPLEMENTATION OF THE 2012-2016 CSP AND 2016 CPPR

4.1 Lessons for the Bank:

4.1.1 The Combined 2012-2016 CSP Completion Report and 2016 CPPR was submitted to CODE in February 2017. This combined report highlights the lessons below for enhancing the effectiveness of Bank operations in Burkina Faso.

4.1.2 Relevance of the 2012-2016 pillars and their alignment with the objectives of the 2011-2015 SCADD: Despite the socio-political unrest and institutional instability that characterized the last three years of CSP implementation, the Bank’s strategy defined in 2012 has proven adequate to support the development efforts of Burkina Faso. None of the choices made by the Bank under this CSP was undermined during the unstable period experienced by the country. That is why, in the definition of the intervention pillars for CSP 2017 - 2021, the Bank will continue to ensure that the
development challenges of the country are effectively taken into account in accordance with its development reference framework.

4.1.3 **Relevance of Bank operations in the energy sector:** They facilitated the electrification of over 159 locations in the country and reduced power outages. It should be recalled that on completion of the 2012-2016 CSP 2012-2016, the Bank had approved five operations in the electricity sub-sector since starting its activities in the country. The Bank has, therefore, developed experience in energy sector projects in Burkina Faso which must be leveraged in its future operations.

4.1.4 **The increased search for co-financing following the 30% decline in ADF allocations:** As regards concessional resources, the allocation of Burkina Faso fell sharply from UA 150.31 million under ADF 12 to UA 105.73 million under ADF 13, representing a decline of approximately 30% over the 2012-2016 implementation period. This reduction of nearly one-third of the country's resources could undermine the achievement of the 2012-2016 objectives. This scarcity of resources implies that under the 2017-2021 CSP, it is necessary to focus on key priority sectors and step up the search for co-financing.

4.1.5 **Close monitoring of the Bank’s portfolio by its field office in Burkina Faso helped to speed up implementation of operations under the 2012-2016 CSP** and to mitigate the negative impact of the social unrest and institutional instability (see Annex 5 of the *Portfolio Performance Improvement Action Plan* as at end-March 2017). In order to capitalize on this experience under the 2017-2021 CSP, the role of the field office in project management should be strengthened by accrediting task managers to be based at COBF.

4.2 **Lessons for the Government**

4.2.1 The Combined 2012-2016 Completion Report and Portfolio Review highlighted a number of lessons whose scope exceeds the framework of Bank operations but which have an impact on the achievement of the 2016-2020 PNDES objectives. These key lessons by sector and underpinning reforms are presented below.

4.2.2 **Improve electricity supply, which remains insufficient and slows down economic activity:** The shortage of electricity supply and poor quality of ICT services are among the constraints that have affected economic activity in the secondary and tertiary sectors, thus contributing to the slowdown in growth.

4.2.3 **Ensure efficient allocation of land provided by the State to increase agricultural production:** Resolving the problem of women's and youth access to land in the areas managed by the State, particularly in the Bagré growth pole would increase agricultural output. In general, the idea is to promote the involvement of the local private sector in agricultural production and reduce the surface area of unfarmed land. If these measures are not taken, the agricultural policy one of whose basic principles is the development of irrigation, will have a limited impact.

4.2.4 **Initiate reforms that can match training with labour-market needs:** Indeed, owing to the predominance of general education over technical and vocational education, limited youth access to technical and vocational training, the mismatch between the educational system and job-creating sectors; and governance problems, the educational system of Burkina Faso does little to develop

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3 The indicative country allocation for Burkina Faso under ADF 14 is UA 96.01 million, representing a decline of 9.2% compared to ADF 13.
youth employability. Consequently, there is an urgent need to initiate the necessary reforms in the educational system to address these challenges.

4.2.5 **Take measures to improve the country’s absorption capacity** by eliminating administrative and institutional bottlenecks to project implementation. These include: (i) systematic use of the advance procurement method; (ii) strengthening of the system for assessing the qualification of local businesses; and (iii) greater awareness-raising and training for CSOs on their role in ensuring citizen oversight of public procurement to promote public transparency.

V. **BANK STRATEGY FOR BURKINA FASO OVER THE 2017-2021 PERIOD**

5.1 **Rationale for Intervention and Strategic Selectivity**

5.1.1 **Rely on the strategic objectives of Burkina Faso and the High-5 Priorities of the Bank.** The general objective of the new development framework of Burkina Faso is to ensure the structural transformation of the economy to achieve robust and resilient growth that creates decent jobs for all. Compatibility of the objectives of this framework with those covered by the Bank’s 2013-2022 Ten-Year Strategy (TYS) and, more specifically, by the High-5s implies that the 2017-2021 CSP should contribute to achievement of Burkina Faso’s development objectives.

5.1.2 **Contribute to addressing the challenges and taking advantage of the opportunities in Burkina Faso:** Selection of the pillars of this strategy also takes account of the challenges and opportunities of Burkina Faso. However, as indicated in paragraph 3.2, the severe rural poverty resulting from low agricultural productivity, lack of electricity supply, heavy reliance of agriculture on uncertain rainfall; and high human capital development needs are, inter alia, obstacles to economic transformation. Meanwhile, as mentioned in paragraph 3.3, the agro-ecological potential that favours the creation of value chains in the rural sector, the opportunities for ensuring the industrial transformation of the cotton sub-sector, the existence of significant and untapped solar energy potential and the solidity of national institutions are assets that should contribute to the realization of the Bank’s actions to transform the economy of Burkina Faso in 2017-2021.

5.1.3 **Tap the renewable energy and agricultural potential while improving employability to ensure the structural transformation of Burkina Faso’s economy:** Taking into account the need to align with the reference framework of Burkina Faso, national challenges and opportunities and the consolidation of actions, the overall objective of the Bank’s strategy for 2017-2021 is to support the transformation of Burkina Faso’s economy. Such structural transformation of the national economy cannot be done without removing the obstacles relating to: (i) the unavailability of competitive electricity generated from a renewable source; (ii) low agricultural productivity which makes it impossible to move beyond subsistence agriculture; and (iii) the lack of a well-trained workforce. Accordingly, to help Burkina Faso overcome these obstacles, and in keeping with the principle of strategic selectivity, the 2017-2021 CSP is expected to focus on the energy and agro-silvo-pastoral sectors while strengthening youth employability, especially in these sectors.

5.1.4 **On the basis of this overall objective of supporting the structural transformation of Burkina Faso’s economy,** the Bank’s support strategy for 2017-2021 is based on the following pillars: (i) **promotion of access to electricity; and (ii) agricultural development to ensure inclusive growth.** During the review mission conducted after the 2012-2016 CSP’s completion in May 2016, the proposed pillars for the 2017-2021 CSP were discussed with Burkina Faso authorities who
supported them. Similarly, in accordance with the proposal for prior discussion of the Country Strategy Papers (CSP) by Executive Directors of the Bank (DF/BD/WP/2014/112/approved) the proposed pillars were also reviewed and validated by CODE in February 2017. Finally, during the CSP preparation mission in April 2017 and after in-depth discussions with all stakeholders, the Bank and Burkina Faso authorities confirmed these two CSP pillars.

5.1.5 The choice of the 2017-2021 CSP pillars and their modification relative to those of the 2012-2016 CSP\(^4\) are justified by the change in Burkina Faso’s reference framework with a focus on the economy’s structural transformation. Moreover, the energy sector was chosen because access to electricity in Burkina Faso appears to be a real obstacle to economic transformation. The selection of agricultural sector development to ensure inclusive growth is consistent with the need to reduce rural poverty, manage water to ensure food self-sufficiency, develop agribusiness and promote employability in the rural sector.

5.1.6 The Bank’s experience and knowledge acquired after four decades of operation in the Burkina Faso energy sector give it a comparative advantage. The Bank funded the construction of the Kompienga hydroelectric power plant (14MW) in 1984, the construction of the Bagré dam (16 MW) in 1993, the rural electrification study in 2002, the project to strengthen electricity and rural electrification infrastructure (PRIELER) approved in 2010, which led to the electrification of 159 localities and the Energy Sector Budget Support Programme (PASE) in 2015. Completion reports have been prepared on these operations and the lessons learned help to improve project quality. The Electrification Project for the Semi-Urban Areas of Ouagadougou and Bobo-Dioulasso (JEPP) was also approved in September 2016.

5.1.7 The Bank has solid experience in the agricultural and rural development sectors in Burkina Faso. It gained this experience from implementing several programmes and projects in the fields of agricultural infrastructure, stockbreeding, resilience and support to the development of growth poles. These includes the Small Dams Development Project of 2004, Rural Development Support to Gnagna and Kouritenga in 2006, the Drinking Water Supply and Sanitation Project (DWSS) in 13 provinces in 2003, the Rural DWSS Project in four regions in 2007, and, more recently, the Internal Access Roads Development Project of 2013, the Multinational Programme to Build Resilience to Food and Nutrition Insecurity in the Sahel (P2RS) in 2014, the Bagré Growth Pole Project in 2015, and the Cashew Development Support Project in Comoé Basin in 2016. These experiences have provided the Bank with knowledge on water resources management, value chain development and construction of access roads to farming areas. This experience will help to ensure closer targeting of intervention areas.

5.2 Expected Outcomes and Targets

Pillar I: Promotion of access to electricity

5.2.1 The goal of this pillar is to ensure an increase in the quantity and quality of energy supply. This objective stems from the fact that current energy sector data does not favour the industrialization or transformation of the Burkina Faso economy whereas the country has significant untapped solar energy potential that can facilitate its transition to green and renewable energy (see 3.2 and 3.3). The Bank will, therefore, contribute to the promotion of renewable energies, household

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\(^4\) It should be noted that the 2012-2016 CSP 2012-2016 focused on two pillars, namely: (i) the development of backbone infrastructure that boosts growth and ii) the consolidation of governance.
access to electricity, especially in semi-urban and rural areas, the implementation of regional electricity power grid interconnection projects under the West African Power Pool (WAPP) and vocational training in the field of energy. The areas of intervention envisaged under this pillar are: (i) the promotion of access to electricity and development of renewable energy; (ii) the enhancement of energy efficiency; and (iii) building of energy sector capacity.

5.2.2 Through support for energy development and the facilitation of household access to this resource, the Bank's strategy will contribute to the achievement of the following outcomes: (i) increase in the household access rate to electricity, especially in rural and semi-urban areas; (ii) improvement in electricity supply; (iii) competitive pricing of electricity; and (iv) increased availability and employability of human resources in the field of renewable energy.

Pillar II: Agricultural sector development to ensure inclusive growth

5.2.3 The objective of this pillar is to transform agriculture and the rural community into the vectors of economic transformation in Burkina Faso. This objective stems from the current low productivity in rural areas, the heavy dependence of agriculture on uncertain rainfall and the high potential for industrial transformation of the cotton sub-sector as well as the agro-ecological strengths of Burkina Faso for inclusive growth to reduce extreme poverty in rural areas (see 3.2 and 3.3). This pillar will help strengthen the food and nutritional security of the people particularly in rural areas, promote the creation of decent jobs for young people and women and improve the living conditions of rural communities most affected by poverty. The pillar will focus on the following three areas of intervention, namely: (i) value chain development and improvement of access to water; (ii) promotion of youth employment and skills development in rural areas; and (iii) the construction of access roads in farming areas.

5.2.4 The expected outcomes from the actions considered under this pillar will contribute to the following main PNDES outcomes: (i) the agricultural sector ensures food security, productive employment and supplies to local agribusinesses; (ii) infrastructure quality, reliability and accessibility are increased to facilitate the structural transformation of the economy; (iii) access to water, sanitation and a decent living environment are improved; (iv) access to production areas is improved; (v) the availability and the employability of human resources is increased in the agricultural sector.

5.3 Indicative Operational Programme

5.3.1 To achieve the objectives set under the pillars of the 2017-2021 CSP, in addition to the Bank's usual selection criteria, the choice of operations will be based on: (i) linkages with previous CSPs to further consolidate the gains achieved under previous actions; (ii) targeting of the Bank's High-5s; (iii) PNDES priorities to improve alignment with the national development reference framework; (iv) the quest for maximum impact on transformation and employability, particularly in the energy and agricultural sectors; and (v) the search for co-financing and complementarities with TFPs. The linkages between the new CSP, the High-5s, the specific objectives of the PNDES and sustainable development goals (SDGs) are outlined in Appendix 2.

5.3.2 An indicative programme resulting from broad discussions with the Government, CSOs, TFPs and private sector stakeholders with whom co-financing has been envisaged: In light of the foregoing, and to more closely target the objectives of the 2017-2021 CSP, an indicative
An operational programme has been proposed and is presented in Annex 3. This programming of CSP actions over time also takes into account the availability of resources for ADF cycles 14 and 15. The shortage of concessional resources and the limitations of frontloading will make it impossible to merge certain operations. This accounts for the relatively large number of projects, especially under Pillar II. Similarly, private sector projects under the two pillars will be implemented on a case-by-case basis and on demand. In the end, sector studies are recommended under this programme to improve policy dialogue and quality at entry of Bank operations. These studies are directly linked to the two pillars.

5.3.3 For Pillar I (Promotion of access to energy), operations have been proposed that meet the above criteria and specifically coincide with the desire of Burkina Faso as expressed in its Energy Sector Policy Letter (2016). They will contribute to the achievement of a national electrification rate of 45%, available capacity of 1000 MW and 1,000,000 households connected by 2020. To that end, the following actions are envisaged under the 2017-2021 CSP: support to energy sector reforms, regional grid interconnection projects with Nigeria, Niger, Benin, Ghana, and Mali, construction of solar power plants with private sector participation, programme-based support to the Government in order to implement a vast solar power programme, connection of 400,000 households to the interconnected grid and 600,000 others to mini-grids and off-grid systems as well as a skills mapping study in the energy professions.

5.3.4 For Pillar II (Support to agricultural development to ensure inclusive growth), the Bank will take actions that will, among others, help to reduce rural poverty from the current 47.5% to 35% by 2021, boost primary sector productivity by 50% and increase the share of processed agricultural products from 12% in 2015 to 25% in 2021. To that end, the Bank will target: support for agricultural sector reforms, value chain development and water management by supporting the emergence of growth poles and transformation of the cotton sector, the promotion of youth employment with special emphasis on the development of agribusiness and vocational skills; access to sector financing with institutional and financial support to an agricultural Bank being established,\(^5\) construction of access roads to improve the marketing of agricultural produce and intra-regional trade,\(^6\) and the conduct of two studies, one on the identification of promising sectors for gender balance in the agricultural sector and the other on skills development for rural youth.

5.3.5 Cross-cutting Actions under the Two Pillars: Cross-cutting actions will be implemented in the following areas: skill-building to ensure employability, promotion of the gender approach, and public governance and adaptation to the effects of climate change in order to consolidate the outcomes of the two pillars. To that end, the following operations will be implemented, either as components of projects or as stand-alone initiatives: (i) institutional and human capacity-building support in energy and agriculture - support to training centres such as the Higher Institute of Electrical Engineering in Burkina Faso, the International Institute of Water and Environmental Engineering (2iE), the SONABEL training centre, the future Institute of Renewable Energy Technology (ITER) and institutions such as the Rural Promotion Centres (RPC); (ii) strengthening of dialogue to improve the management of public investments, the public procurement system and various control systems; (iii) gender mainstreaming actions in reform programmes; and (iv) actions to mitigate the effects of

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\(^5\) The future agricultural Bank should be built on a sustainable economic model based on the standards of the WAEMU Banking Commission with the dual objective of ensuring profitability and providing financial services that meet the needs of rural sector stakeholders. AfDB support would focus on: (i) payment of the central government’s contribution to the capital of the Bank being created; and (ii) institutional support.

\(^6\) Rehabilitation of the Gounghin-Fada N’Gourma-Niger border road will facilitate the sale of agricultural produce and open up access to productive resources and the markets of North East Burkina Faso.
climate change in all projects but also to assist Burkina Faso to join the African Risk Capacity (ARC) Initiative.

5.4 Linkages between Proposed Activities and Bank Policies

5.4.1 With regard to Pillar I (Promotion of access to energy) as defined in paragraph 5.3.2, the planned operations will contribute to the implementation of the Bank's High-5s. They are all consistent with the objectives of the Bank's Energy Sector Policy, approved in 2012. They will contribute to the goal of universal access by 2025 targeted by the Bank Group's strategy in the New Deal on Energy for Africa approved in June 2016. Pillar I operations will also contribute to the achievement of the objectives of the Bottom-of-the-Pyramid Energy Financing Facility through the connection of rural households, the programme to increase bankable solar energy projects, the energy efficiency programme, etc. Support for training centres specialized in energy, as proposed in paragraph 5.3.4, will contribute to the achievement of the objectives of the Youth Employment Strategy and of the Human Capital Development Strategy.

5.4.2 With regard to Pillar II (Support for agricultural sector development to ensure inclusive growth), the operations proposed in paragraph 5.3.3 are part of the Bank's 2013-2022 Ten-Year Strategy. The agricultural development option chosen under this pillar is consistent with the Bank's 2016-2025 Strategy for Agricultural Transformation in Africa. The option in favour of rural sector employability as described in paragraph 5.3.4 is consistent with implementation of the Youth Employment Strategy, the Human Capital Development Strategy and the Bank’s Agripreneur Initiative.

5.5 Complementarity with the Ongoing Operations of the Bank and other TFPs

5.5.1 Pillar I operations planned under the indicative 2017-2021 CSP programme will help to consolidate the outputs and outcomes of ongoing (PEPU) or recently completed (PRIELER) projects whose objectives were to increase the access rate through the expansion of distribution networks and connections. Similarly, reforms initiated during the implementation of the Energy Sector Budget Support Programme (PASE) in 2015 will be continued and expanded. For the 2017-2021 period, the AfDB, World Bank and AFD have agreed to fund the Nigeria-Niger-Benin/Togo-Burkina Faso grid interconnection project and the Bank and AFD are currently preparing a joint programme of support to the Government to develop the solar voltaic sub-sector.

5.5.2 The proposed operations under Pillar II will consolidate the ongoing operations of the Bank pertaining to the Bagré Growth Pole Support Project (PAPCB) and the Multinational Programme to Build Resilience to Food and Nutrit Insecurity in the Sahel (P2RS). The proposed operation on youth employment can serve as a basis for integrating young people into the targeted agropoles. The private sector project proposed for the transformation of the cotton sector will consolidate the actions of the Cotton Sector Support Project (PAFICOT) already funded by the Bank. Support for the establishment of an agricultural Bank addressed the constraint on access to financing. Complementarity with partners will be strengthened through the following actions: The World Bank will focus on the Bagré growth pole, AFD on youth employment and skill-building, and Afreximbank on cotton processing. AFD, ABEDA, EIB, and German Cooperation (GIZ and KfW) will focus on irrigation development and promotion of rural poverty reduction activities. Cooperation will be strengthened with JICA and the EU to open up access to farming areas. A drinking water and sanitation project will be
implemented in the North Sahel region with the *One Drop* Foundation, Canadian Cooperation and a mining company.

5.6 Monitoring/Evaluation

5.6.1 **Burkina Faso has a satisfactory monitoring/evaluation system that has facilitated project implementation even in times of political crisis.** The General Directorate for Cooperation (DGCOOP) at the Ministry of Economy, Finance and Development (MINEFID) coordinates official development assistance. Monitoring/evaluation are ensured by the General Directorate for the Economy and Planning (DGEP) which is also at MINEFID. As part of the monitoring/evaluation of its operations in Burkina Faso, the Bank organizes quarterly reviews jointly with DGEP. CSP reviews at mid-term and upon completion of the CSPs are conducted with DGCOOP. This involvement of government structures in the design and implementation of strategies and projects developed with the Bank ensures ownership by the Burkina Faso government. During implementation of the 2017-2021 CSP, collaboration with both entities will be strengthened, mainly through the deployment of the DBDM. Similarly, monitoring/evaluation of this CSP will be conducted under this cooperation system and will be based on indicators related to the outcomes outlined in the indicative framework of results in Annex 1. For its part, the Government has established a monitoring/evaluation mechanism managed by the Permanent Secretariat of the PNDS (SP/PNDES).

5.7 Mobilizable Resources and Instruments for Implementing the 2017-2021 CSP

5.7.1 **The resources that can be mobilized to implement operations under the strategy are estimated at UA 665 million.** They are outlined in the table below:

<table>
<thead>
<tr>
<th>Sources</th>
<th>UA million</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country allocations under ADF 14 and 15</td>
<td>160.0</td>
<td>Calculated on the basis of UA 96 million as country allocations under ADF 14 and two years of ADF 15</td>
</tr>
<tr>
<td>Regional allocations under ADF 14 and 15</td>
<td>70.0</td>
<td>Regional resources that can be mobilized under ADF 14 and two years of ADF 15 for two regional projects</td>
</tr>
<tr>
<td>Access to the ADB Window</td>
<td>175.0</td>
<td>Or 35 million per year on average, once access to this window is confirmed for Burkina</td>
</tr>
<tr>
<td>Other resources (CIF, FAPA, GEF, etc.)</td>
<td>35.0</td>
<td></td>
</tr>
<tr>
<td>TFP co-financing</td>
<td>150.0</td>
<td>Over UA 70.2 million already secured from JICA, the EU and One Drop</td>
</tr>
<tr>
<td>Estimated Bank contributions to operations</td>
<td>75.0</td>
<td>Funding of operations in the solar energy, cotton and livestock sectors</td>
</tr>
<tr>
<td>implemented by private individuals</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Estimated Total</strong></td>
<td><strong>665.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

5.7.2 The operations included in the country strategy will be financed through the following instruments: (i) budget support; (ii) project loans; (iii) project grants; (iv) lines of credit in addition to technical assistance operations; (v) partial credit guarantees of the ADF; and (vi) the Private Sector Credit Enhancement Facility.

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7 Having a moderate debt distress risk, Burkina Faso is one of the ADF countries potentially eligible to the sovereign window of the AfDB to finance projects on a case-by-case basis if it continues to manage its debt as indicated in paragraph 2.2.4.
5.8 Issues Covered by Country Dialogue

5.8.1 Under the Development and Business Delivery Model (DBDM) and with the country office (COBF), the Bank will maintain enhanced dialogue with Burkina Faso. In this respect, during preparation of the current CSP, it was agreed with the Government and TFPs that the main issues requiring close consultations and discussions related to structural challenges that could prevent effective implementation of the 2016-2020 PNDES and the 2017-2021 CSP. These include the following: (i) maintain efforts to control demographic indicators in order to ensure that the equipment and services supplied match social demand; (ii) increase the supply of electricity and ICT which remains insufficient and hinders economic activity; (iii) ensure the efficient allocation of land developed by the State and efficiently tackle the issue of rural land tenure; (iv) initiate reforms that facilitate the matching of training with labour-market needs; (v) address the challenges resulting from application of the Mining Code of June 2015 to restore the competitiveness of the mining sector which has great potential to consolidate the Government’s fiscal space; and (vi) improve the country’s absorption capacity by eliminating bottlenecks in the public procurement system (see Annex 12).

5.8.2 Regarding population issues, even if the Bank has no comparative advantage in this area, the CSP will help to sustain dialogue in order to encourage the authorities in their efforts to control demographic indicators with a view to ensuring that the facilities and services offered match social demand. In this regard, the analysis of population dynamics conducted under this CSP shows that the underlying root cause of high fertility is poverty, especially in rural areas. Furthermore, the actions planned under the CSP will all contribute to the economic empowerment of households and, more specifically, women in rural areas.

5.9 Risks and Mitigation Measures

5.9.1 The risks that could affect implementation of the 2017-2021 CSP as well as their severity and mitigation measures are detailed in the matrix below.
<table>
<thead>
<tr>
<th>Risks</th>
<th>Severity</th>
<th>Mitigation Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficulties in promoting a calm political environment that will guarantee the stability of institutions</td>
<td>Moderate</td>
<td>As indicated in paragraph 3.4.2, the Bank will use the platform of the Troika of TFPs to raise awareness among all social dialogue stakeholders on the need to maintain a calm political environment. The Bank will also use the projects planned under this CSP as dialogue mechanisms to remind the Government, at any given time, that without a calm political environment, PNDES objectives will not be achieved. Furthermore, consolidation of the citizen oversight role and reinforcement of CSOs that have proven their effectiveness in managing various crises will also contribute to the mitigation of this risk.</td>
</tr>
<tr>
<td>Deterioration of the security environment, particularly after the terrorist attacks of January 2016 in Ouagadougou and the northern border shared with Mali</td>
<td>High</td>
<td>The Bank will ensure that the dimensions of fragility and resilience are factored into the design and implementation of the operations planned under this CSP, especially in the north of Burkina Faso, even though the country is not a fragile state. In case of acute crisis, this also implies the subcontracting of actions planned in the North with agencies of the United Nations system or any other agency able to operate in fragile zones. This option is consistent with the Bank's principles of engagement in fragile situations. In global terms, it is envisaged that the international community will continue to mobilize to combat regional terrorism, including through G5 Sahel.</td>
</tr>
<tr>
<td>Sharp increase in current expenditure to the detriment of investment spending to satisfy public service wage demands and address security concerns.</td>
<td>High</td>
<td>Under this CSP, the Bank plans two budget support initiatives, which will help to consolidate public finance management reforms in energy and agriculture. This support will also help to provide central government with more fiscal space to deal with expenditure that can accelerate the achievement of PNDES results. Furthermore, with the pursuit of cooperation under a new ECF-supported programme, the Government and the IMF will strive to ensure the quality of budgetary expenditure.</td>
</tr>
<tr>
<td>Economic or climatic exogenous shocks related to the decline in the prices of cotton and gold as well as poor rainfall.</td>
<td>High</td>
<td>To mitigate this risk and in addition to expanding central government’s fiscal space, the Bank will continue to implement programmes that diversify the Burkina Faso economy and strengthen its resilience to climate risks (see paragraph 5.3.4). The operations under this CSP will consolidate ongoing activities such as the Multinational Programme to Build Resilience to Food and Nutrition Insecurity in the Sahel (P2RS), the Bagré Growth Pole Project and the Cashew Development Support Project in the Comoé Basin.</td>
</tr>
</tbody>
</table>

### 6 CONCLUSIONS AND RECOMMENDATIONS

6.1.1 This country strategy paper presents the Bank’s intervention framework in Burkina Faso for 2017-2021. It aims to support the structural transformation of Burkina Faso’s economy as indicated in the country’s national development reference framework, namely the PNDES. However, this transformation is fundamentally constrained by a shortage of energy which makes industrialization impossible and weak agricultural productivity which maintains the rural sector in poverty. Accordingly, increasing the supply of renewable energy, generating an agricultural surplus for processing, ensuring good governance and building skills in the energy and agricultural sectors have become the main challenges in ensuring structural transformation of Burkina Faso’s economy. The Bank has, therefore, opted to focus the 2017-2021 CSP for Burkina Faso on (i) promoting access to energy; and (ii) supporting agricultural sector development to ensure inclusive growth.

6.1.2 The Boards are invited to consider and approve the 2017-2021 CSP for Burkina Faso.
### Annex 1: 2017-2021 CSP RESULTS MATRIX

<table>
<thead>
<tr>
<th>PNDES Development Objectives</th>
<th>Constraints hindering achievement of desired PNDES Outcomes</th>
<th>CSP outcomes achieved in 2021</th>
<th>CSP outputs in 2021</th>
<th>Bank Group Interventions during CSP period (ongoing and proposed)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2017-2021 CSP Pillar 1 - Promotion of access to energy</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Focus Area 3: Boost economic growth and job-creating sectors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Outcome 1.1: Promotion of access to electricity and development of renewable energy</strong></td>
<td>- Significant energy deficit;</td>
<td>- Available output is increased from 325 MW in 2016 to 1000 MW to 2021</td>
<td>- 396 km of new lines 330 kV</td>
<td><strong>New Projects</strong></td>
</tr>
<tr>
<td></td>
<td>- High cost of electricity;</td>
<td>- Imported energy is increased: 443 GWh in 2016 to 900 GWh in 2021;</td>
<td>- 2 new 225/330/33 kV transformers</td>
<td>- Grid interconnection project for the North Backbone of WAPP (Nigeria-Niger-Burkina-Benin);</td>
</tr>
<tr>
<td></td>
<td>- Limited household access to electricity</td>
<td>- The electricity access rate for households rises from 18.8% in 2016 to 45% in 2021;</td>
<td>- 1 solar power plant of 50 MWc</td>
<td>- Multinational Grid interconnection project Ghana - Burkina Faso - Mali;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- The rural electrification rate rises from 3.1% in 2016 to 10% in 2021;</td>
<td>- 1 national dispatching unit</td>
<td>- Project to install solar energy in public buildings (office buildings, schools, hospitals), solar pumps in rural areas and street lighting in Ouagadougou and Bobo-Dioulasso (2019);</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- 250 new rural areas electrified;</td>
<td>- Energy project implemented by the private sector</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- 170 MV/LV cabin sub-stations constructed</td>
<td><strong>Ongoing projects</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- 220 MV/LV pole-mounted transformers constructed</td>
<td>- Electrification Project for the Semi-Urban Areas of Ouagadougou and Bobo-Dioulasso (JEPP)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Upgrade of 90 cabin sub-stations from the radial to the loop distribution system</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- 30,000 private connections made.</td>
<td></td>
</tr>
</tbody>
</table>

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**PNDES Development Objectives**

- Development Objectives
- Constraints hindering achievement of desired PNDES Outcomes

**CSP outcomes achieved in 2021**

- Available output is increased from 325 MW in 2016 to 1000 MW to 2021
- Imported energy is increased: 443 GWh in 2016 to 900 GWh in 2021;
- The electricity access rate for households rises from 18.8% in 2016 to 45% in 2021;
- The rural electrification rate rises from 3.1% in 2016 to 10% in 2021;

**CSP outputs in 2021**

- 396 km of new lines 330 kV
- 2 new 225/330/33 kV transformers
- 1 solar power plant of 50 MWc
- 1 national dispatching unit
- 250 new rural areas electrified;
- 170 MV/LV cabin sub-stations constructed
- 220 MV/LV pole-mounted transformers constructed
- Upgrade of 90 cabin sub-stations from the radial to the loop distribution system
- 30,000 private connections made.

**Bank Group Interventions during CSP period (ongoing and proposed)**

- Grid interconnection project for the North Backbone of WAPP (Nigeria-Niger-Burkina-Benin);
- Multinational Grid interconnection project Ghana - Burkina Faso - Mali;
- Project to install solar energy in public buildings (office buildings, schools, hospitals), solar pumps in rural areas and street lighting in Ouagadougou and Bobo-Dioulasso (2019);
- Energy project implemented by the private sector

**Focus Area 2: Develop human capital**

**Focus Area 3: Boost economic growth and job-creating sectors**

**New Projects**

- Electrification Project for the Semi-Urban Areas of Ouagadougou and Bobo-Dioulasso (JEPP)

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<table>
<thead>
<tr>
<th>PNDES Development Objectives</th>
<th>Constraints hindering achievement of desired PNDES Outcomes</th>
<th>CSP outcomes achieved in 2021</th>
<th>CSP outputs in 2021</th>
<th>Bank Group Interventions during CSP period (ongoing and proposed)</th>
</tr>
</thead>
</table>
| **Outcome 1.2: Reinforcement of energy efficiency** | - Energy inefficiency with significant losses within the network. | - 100GWh of lost energy recorded in 2015 is reduced by 30%  
- 25 MW made available | - Support to the National Renewable Energy and Energy Efficiency Agency (ANEREE)  
- 218 km of underground MV systems constructed  
- 171 km of MV aerial networks constructed  
- 152 ?V!LV cabin sub-stations installed  
- 20 MV/LV sub-stations reinforced | **New Projects**  
- Grid interconnection project for the WAPP North-Core Transmission Sub-Programme (Nigeria-Niger-Burkina-Benin);  
- Multinational Grid interconnection project Ghana - Burkina Faso - Mali;  
**Ongoing projects**  
Electrification Project for the Semi-Urban Areas of Ouagadougou and Bobo-Dioulasso (JEPP) |
| **Outcome 1.3: Improvement of governance and capacity-building in the energy sector** | - Low technical capacity, especially lack of qualified labour in the field of renewable energy. | - 100GWh of lost energy recorded in 2015 is reduced by 30%  
- The availability and employability of human resources increased in the field of renewable energy with less than 30% women. | - The Burkina Faso Higher Institute of Electrical Engineering, 2iE and the SONABEL training centre received significant support from the Bank for the training of technicians.  
- The Institute of Renewable Energy Technology (ITER) is operational;  
- The first two cohorts of students from the Institute are available on the market. | **New Projects**  
- Budget support geared towards energy efficiency with a gender and youth employment component.  
- Components of the above new projects: support to the Burkina Faso Institute of Electrical Engineering, 2iE, the SONABEL training centre and the future Institute of Energy Technology Renewables (ITER) |
<table>
<thead>
<tr>
<th>PNDES Development Objectives</th>
<th>Constraints hindering achievement of desired PNDES Outcomes</th>
<th>CSP outcomes achieved in 2021</th>
<th>CSP outputs in 2021</th>
<th>Bank Group Interventions during CSP period (ongoing and proposed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus Area 3: Boost economic growth and job-creating sectors</td>
<td>- Low productivity of the agricultural sector with frequent water shortage and climate variability; - Limited private sector involvement in agricultural production; - Frequent farmer/stockbreeder conflicts</td>
<td>- Proportion of the Burkina Faso population suffering from hunger and malnutrition reduced by 6% between 2016 and 2021. - Average annual increase of 6% in cereal yields from 2016 to 2021; - Improvement of credits to the agricultural sector to 25%; - 10% increase in the agricultural produce processing rate; - 12% increase in the agricultural produce marketing rate. - Number of people earning a sustainable income from classified forests increased from 500 in 2012 to 2700 in 2018; - 50% of people earning a sustainable income from classified forests are women - Number of young people operating in the agro-silvo-pastoral, fishery and wildlife sectors, of whom 30% are women. - Drinking water access rate of 27% for the project area community - 20% of the rural population has access to household sanitation facilities</td>
<td>- 3000 ha of fully operational irrigation schemes established; - 1,000 ha of bottomlands developed and farmed; - 7 dams rehabilitated or built - 50000 additional tons of cereals; - 100 agricultural produce processing units - one integrated cotton processing unit is operational (processing of 20000 tons of cotton) - 1 Agropole is operational and functional; - 5000 groups and 500 SMEs gain access to funding (including 20 agribusiness projects) - Creation of 10,000 jobs - 284,000 hectares of secured forests covered; 9 000 hectares replanted or regenerated - 60 new drinking water supply points installed in rural or semi-urban areas - 12 multi-village drinking water systems are constructed and operational - 1000 community latrines, 15,000 family latrines, 1500 showers with sumps are constructed</td>
<td><strong>New Projects</strong> - Institutional support for the creation of an agri-food business bank; - Cotton Sector Transformation Support Project - Agrobusiness project implemented by the private sector - Agropole Development Project - Phase 2 (Bagré / Sourou/Samandeni); - Gender-sensitive drinking water, sanitation and local development project in the Sahel region;  <strong>Ongoing projects</strong> - Support for the integrated development of the shea butter value chain - Bagré Growth Pole Project - Multinational Programme to Build Resilience to Food and Nutrition Insecurity in the Sahel (P2RS) - Gazetted Forests Participatory Management Project for REDD + (PGFC REDD+) - First Sanitation Sub-Project on Drainage of Ouagadougou's Outlying Districts (SPAQPO)</td>
</tr>
<tr>
<td>PNDES Development Objectives</td>
<td>Constraints hindering achievement of desired PNDES Outcomes</td>
<td>CSP outcomes achieved in 2021</td>
<td>CSP outputs in 2021</td>
<td>Bank Group Interventions during CSP period (ongoing and proposed)</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>----------------------------------------------------------</td>
<td>----------------------------</td>
<td>------------------</td>
<td>---------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| **Focus Area 1: Institutional reform and modernization of the administration** | - Under-funding of agricultural entrepreneurship projects  
- Access to, and management of rural sector vocational training centres need to be improved  
- Lack of intermediate skills relative to rural sector needs  
- Business environment not conducive to private sector development  
- Loss of human and animal lives as well as property damage due to flooding;  
- Blocked access to neighbourhoods during the rainy season, resulting in a slowdown in economic and commercial activities and the proliferation of waterborne diseases. | - Average number of decent jobs created (50% of women)  
- Improve the management of rural sector vocational training centres  
- Increase youth access to vocational training centres (at least 40% of whom are girls)  
- Manufactured products as percentage of GDP are 8% in 2018 and 12% in 2021 compared to 6.6% in 2015  
- Increase the number of young people absorbed into the agricultural and related sectors;  
- 15% increase in the enrolments in rural vocational and technical training centres.  
- Number of jobs created by the private sector (trends in number of workers registered with the national social security fund) increase from 283 000 in 2012 to 376 000 in 2016 | - 6000 jobs created  
- 3000 young people trained in agricultural entrepreneurship  
- One incubation centre established  
- 500 projects of young entrepreneurs financed  
- 10 rural sector vocational training centres are strengthened;  
- The first batch of technicians in rural sector trades enter the job market;  
- Programmes revised based on needs and including the teaching of agricultural entrepreneurship  
- Operationalization of the Authorized Management Centre (CGA) in Ouagadougou and monitoring of over 7000 companies in 2018  
- At least 10 businesses of the oil mill cluster upgraded (in 2018)  
- Six private sector support institutions strengthened including two for women. | **New Projects**  
- Project on youth employment and skill-buildings development in rural areas  
- Budget support geared towards reforms on the regulation of gender-sensitive activities in rural areas. **Ongoing projects**  
- Economic Transformation and Job Creation Support Project (PATECE): |
<table>
<thead>
<tr>
<th>PNDES Development Objectives</th>
<th>Constraints hindering achievement of desired PNDES Outcomes</th>
<th>CSP outcomes achieved in 2021</th>
<th>CSP outputs in 2021</th>
<th>Bank Group Interventions during CSP period (ongoing and proposed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus Area 3: Boost economic growth and job-creating sectors</td>
<td>- High general cost of transport; - Access roads to farming areas are in poor condition and inadequate;</td>
<td>- 50% of the rural population in the project area live within a 2-km walking distance from a paved road - Increase of infra-regional trade - Travel time on the Lomé-Ouagadougou road segment from Lomé Port is reduced from 6 days in 2011 to 3 days in 2018; - Heavy vehicle operating costs fall from EUR 1.92/km in 2011 to EUR 1.72/km in 2018 on the Lomé-Ouagadougou corridor; - The time for processing transit documents on the Lomé-Cotonou corridor reduced from 3 days in 2011 to 3 hours in 2018</td>
<td>- 100 km of the Koupela-Bitou roads along the Lomé-Ouagadougou corridor built and 6 bridges rehabilitated by [2018]; - 3 km of roads on the corridor to Ghana rehabilitated by [2018]; - 42 km of feeder roads and 5 km of urban road network rehabilitated; - Cargo tracking system set up along the Lomé-Ouagadougou corridor; - Works on 96 km of the Kongourssi-Djibo road, 3 bridges, 3 km of urban roads, 30 km of feeder roads completed by 2018. - 218 km of road built and asphalted - Construction of 80 km of rural roads;</td>
<td>- <strong>New Projects</strong> - Project to build infrastructure opening up access to farming areas (Rehabilitation of the Gounghin - Fada N’gourma - Piega - Niger border road and construction of farm-to-market roads) - <strong>Ongoing projects</strong> - Internal Access Roads Development Project; - Togo/Burkina Faso Multinational project: rehabilitation of roads and transport facilitation on the CU9 Lomé-Cinkansé-Ouagadougou corridor.</td>
</tr>
</tbody>
</table>
Annex 2: Burkina Faso - Linkages between the 2017-2021 CSP, the High 5s, PNDES and SDGs

**CSP 2017-2021**

**PILLAR I – PROMOTION OF ACCESS TO ENERGY**
- Promotion of access to electricity and development of renewable energies
- Strengthening energy efficiency
- Energy sector capacity building, including governance

**PILLAR II: Support to agriculture sector development for inclusive growth**
- Development of value chains and improved access to water
- Promotion of youth employment and skills development in rural areas
- Constructing infrastructure for opening up production areas

**The Bank’s High 5s**
- Light up & Power Africa
- Industrialize Africa
- Integrate Africa
- Feed Africa
- Improve the quality of life for the people of Africa

**PNDES Strategic Objectives (SO)**
- SO25. Improving access to water, sanitation and quality energy services
- SO34. Build quality, reliable, sustainable and accessible infrastructure for structural transformation
- SO31. Develop productive agro-sylvo-pastoral sector and domestic agro-industry
- SO22. Increase supply and improve quality of education and training in line with the needs of the economy.

**SDGs**
- **7** CLEAN AND AFFORDABLE ENERGY
- **2** ZERO HUNGER
- **6** CLEAN WATER & SANITATION
- **4** QUALITY EDUCATION
- **9** INDUSTRY, INNOVATION & INFRASTRUCTURE
- **10** REDUCED INEQUALITY
## Annex 3: Indicative Operational Programme of the 2017-2021 CSP

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Grid interconnection project for the WAPP North-Core Transmission Sub-Programme (Nigeria-Niger-Burkina-Benin);</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>52.5</td>
<td>ADF</td>
<td>NEPAD, AFD, IsDB, WB</td>
</tr>
<tr>
<td>2</td>
<td>Budget support based on the energy sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>15.0</td>
<td>ADF</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Solar production and access programme for urban and rural areas:</td>
<td></td>
<td></td>
<td></td>
<td>25.0</td>
<td></td>
<td>AfDB, AFD, Other TFPs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(i) Programme for 50 MWc solar power plants; and</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>(ii) Project on the electrification of school and health infrastructure, installation of solar pumps in</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>rural areas and installation of solar street lighting in Ouagadougou and Bobo-Dioulasso.</td>
<td></td>
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<tr>
<td>4</td>
<td>Grid interconnection project for South-Core Transmission Subprogramme (Ghana-Burkina - Mali)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>35.0</td>
<td>ADF</td>
<td>NEPAD, AFD, IsDB, WB</td>
</tr>
<tr>
<td>5</td>
<td>Solar energy project executed by the private sector under a PPP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>AFD, NTF and CIF, Other TFPs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Study on skills mapping in the energy sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>AFD, NTF and CIF, Other TFPs</td>
<td>Private</td>
</tr>
</tbody>
</table>

**For Pillar II - Support to agricultural sector development for inclusive growth**

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Project to build infrastructure opening up access to production areas (Rehabilitation of the Gounghin - Fada N’gourma - Piega - Niger border road and construction of farm-to-market roads)</td>
<td>65.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>AfDB, JICA, EU, AFD</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Institutional support for the creation of an agribusiness bank;</td>
<td>7.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>AFD, FAPA, Private</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Project on youth employment and skill-building in rural areas</td>
<td></td>
<td></td>
<td></td>
<td>20.0</td>
<td></td>
<td>ADF, AFD, Other TFPs</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Drinking water, sanitation and local development project in the north zone;</td>
<td></td>
<td></td>
<td></td>
<td>10.0</td>
<td></td>
<td>ADF, One Drop</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Private Sector Support Project for Cotton Sector Transformation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>40.0</td>
<td>AFD, WB and other TFPs</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Agropole Development Project - Phase 2 (Bagré / Sourou/Samandeni)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>AFD, AFD</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Agribusiness project to be implemented by the private sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>40.0</td>
<td>AFD, AFD</td>
<td>Private</td>
</tr>
<tr>
<td>8</td>
<td>Budget support geared towards reforms on the regulation of activities in rural areas</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>15.0</td>
<td>ADF</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Studies on the identification of promising sectors for gender mainstreaming in the agricultural sector;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>ADF, AFD</td>
<td>Private</td>
</tr>
<tr>
<td></td>
<td>and on skill-building for rural youth</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>AFD, AFD</td>
<td>Private</td>
</tr>
</tbody>
</table>

**National public projects** | **Private sector projects** | **Regional Projects**

**NB:** 1. The small size of ADF allocations and limitations of frontloading do not make it possible to consolidate or merge some projects of this indicative programme.
2. Private sector projects under the two pillars will be implemented on a case-by-case basis and on demand.
Since this line of credit is the first major private sector operation in Burkina Faso, due diligence took a lot more time with discussions between the Bank and client. The agreement was signed on 14 July. The first disbursement is expected before the end of September 2017.

### Annex 4: Burkina Faso—Overall Active Portfolio in UA million as at end-April 2017

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Approval date</th>
<th>Completion date</th>
<th>Age (in years)</th>
<th>Approve d amount</th>
<th>Amount disburse d</th>
<th>Disbursement Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Electrification of the Semi-Urban Areas of Ouagadougou and Bobo-Dioulasso</td>
<td>21-Sep-16</td>
<td>31-Dec-21</td>
<td>0.67</td>
<td>27.23</td>
<td>N/A (i)</td>
<td></td>
</tr>
<tr>
<td>Energy Sector Total</td>
<td>0.67</td>
<td>27.23</td>
<td>0.00</td>
<td>0.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Internal Access Roads Project</td>
<td>13-Nov-13</td>
<td>31/12/2019</td>
<td>3.53</td>
<td>46.44</td>
<td>7.76</td>
<td>16.7%</td>
</tr>
<tr>
<td>3 Burkina Faso Facilitation Corridor</td>
<td>27-Jun-12</td>
<td>31-Dec-17</td>
<td>4.91</td>
<td>106.34</td>
<td>50.97</td>
<td>47.9%</td>
</tr>
<tr>
<td>Transport Sector Total</td>
<td>4.22</td>
<td>152.78</td>
<td>58.73</td>
<td>38.4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Bagré Growth Pole Support Project</td>
<td>29-Apr-15</td>
<td>30-Apr-21</td>
<td>2.07</td>
<td>21.00</td>
<td>3.00</td>
<td>14.3%</td>
</tr>
<tr>
<td>5 Participatory forest management project</td>
<td>28-Nov-13</td>
<td>30-Jun-18</td>
<td>3.48</td>
<td>7.67</td>
<td>1.42</td>
<td>18.5%</td>
</tr>
<tr>
<td>6 Cashew Development Support Project in the Comoé Basin for REDD-(PADA-REDD+)</td>
<td>17-Jan-17</td>
<td>31-Dec-22</td>
<td>0.35</td>
<td>5.86</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>7 PPG greatest common factor/REDD preparation ++ FIP</td>
<td>22-Mar-13</td>
<td>30-Jun-17</td>
<td>4.17</td>
<td>0.36</td>
<td>0.14</td>
<td>38.9%</td>
</tr>
<tr>
<td>8 Multinational Programme to Boost Resilience to Food and Nutritional Insecurity in the Sahel (P2RS)</td>
<td>15-Oct-13</td>
<td>31/12/2019</td>
<td>2.61</td>
<td>25.45</td>
<td>1.91</td>
<td>7.5%</td>
</tr>
<tr>
<td>9 Multinational Programme to Build Resilience to Food and Nutrition Insecurity in the Sahel (P2RS)</td>
<td>15-Oct-14</td>
<td>31/12/2019</td>
<td>2.61</td>
<td>10.00</td>
<td>1.87</td>
<td>18.7%</td>
</tr>
<tr>
<td>10 PPFYouth and Women's Integration into the Agro-Silvo-Pastoral sectors</td>
<td>25-May-16</td>
<td>31-Aug-17</td>
<td>0.99</td>
<td>0.60</td>
<td>0.01</td>
<td>1.7%</td>
</tr>
<tr>
<td>Agriculture and Rural Dev. Sector Total</td>
<td>2.33</td>
<td>70.94</td>
<td>8.34</td>
<td>11.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11 Drainage of Ouagadougou's Outlying Districts</td>
<td>09-Oct-13</td>
<td>30-Jun-18</td>
<td>3.62</td>
<td>33.02</td>
<td>13.66</td>
<td>41.4%</td>
</tr>
<tr>
<td>12 Study on Rehabilitation of the NARE Underground Dam</td>
<td>11-Apr-16</td>
<td>31-Dec-18</td>
<td>1.12</td>
<td>0.66</td>
<td>0.03</td>
<td>4.6%</td>
</tr>
<tr>
<td>Water and Sanitation Sector Total</td>
<td>2.37</td>
<td>33.68</td>
<td>13.66</td>
<td>40.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13 Economic Transformation Support Project</td>
<td>17-Sep-14</td>
<td>30-Sep-18</td>
<td>2.68</td>
<td>10.00</td>
<td>1.40</td>
<td>14.0%</td>
</tr>
<tr>
<td>Multisector Total</td>
<td>2.68</td>
<td>10.00</td>
<td>1.40</td>
<td>14.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14 Private sector - Africa SME Programme - Fidelis</td>
<td>19-Jun-14</td>
<td>30-Jul-17</td>
<td>2.93</td>
<td>2.00</td>
<td>2.00</td>
<td>100%</td>
</tr>
<tr>
<td>15 Support to the Shea Butter Value Chain</td>
<td>12-Jul-16</td>
<td>30-Jun-18</td>
<td>0.86</td>
<td>0.72</td>
<td>N/A (ii)</td>
<td></td>
</tr>
<tr>
<td>16 Grant of a line of credit to Coris Bank International</td>
<td>23-Nov-16</td>
<td>30-Jun-19</td>
<td>0.50</td>
<td>38.00</td>
<td>N/A (iii)</td>
<td></td>
</tr>
<tr>
<td>Total Private Sector</td>
<td>1.93</td>
<td>40.72</td>
<td>2.00</td>
<td>4.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Active Portfolio</td>
<td>2.33</td>
<td>335.35</td>
<td>84.13</td>
<td>32%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(i) In addition to effectiveness of the loan agreement and of the grant agreement, the disbursement of ADF resources was subject to the fulfilment of a number of conditions, almost all of which were fulfilled. The PEPU could disburse reasonably in August 2017.

(ii) The recruitment process for consultants has been delayed by a strike of nearly two-months (45 days) in the Ministry of the Economy and Finance which could not therefore issue the financial control approval control prior to any competitive bidding organized by the Government. Disbursements are expected in October 2017.

(iii) Since this line of credit is the first major private sector operation in Burkina Faso, due diligence took a lot more time with discussions between the Bank and client. The agreement was signed on 14 July. The first disbursement is expected before the end of September 2017.
## Annex 5: Portfolio Performance Improvement Action Plan of 28 March 2017

<table>
<thead>
<tr>
<th>Difficulties</th>
<th>Recommendations</th>
<th>Actions</th>
<th>Expected Outcomes &amp; Monitoring Indicators</th>
<th>Timeline</th>
<th>Responsible Entities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low overall portfolio disbursement rate</td>
<td><strong>Improve the AfDB portfolio's overall disbursement rate.</strong></td>
<td>Observe the time limit of 3 months for disbursements; Accelerate the processing of procurement files; Organize meetings between projects to share experiences and best practices</td>
<td>The overall portfolio disbursement rate rises from 31% to 40%.</td>
<td>June 2017</td>
<td>AfDB, Projects</td>
</tr>
<tr>
<td>Risk of cancellation of funding agreements for some projects</td>
<td><strong>Closely monitor the execution of the various contracts to avoid the cancellation of loan/grant agreements</strong></td>
<td>Speed up the ratification of agreements for new projects; Submit a (annual, quarterly) disbursement plan to the AfDB for the planned monitoring of disbursement requests; Strengthen consultation frameworks</td>
<td>The number of projects eligible for annulment declines from three to zero</td>
<td>June 2017</td>
<td>Projects, AfDB</td>
</tr>
<tr>
<td>Lack of project monitoring by the Government</td>
<td><strong>Strengthen the role of the DGEP in project monitoring</strong></td>
<td>Step up support to DGEP in supervision missions; Regularly turn to DGEP to monitor documents pending</td>
<td>-4 supervision missions are organized; Number of documents pending submitted to DGEP</td>
<td>June 2017</td>
<td>Projects, MINEFID</td>
</tr>
<tr>
<td>Weak capitalization on the progress made between the two reviews</td>
<td><strong>Improve the organization of portfolio reviews</strong></td>
<td>Propose a standard format for the presentation of project performance that takes into account the progress made between the two reviews; Propose an action plan with measurable indicators at the next review; Present per project the actions taken to resolve the problems identified in the last review.</td>
<td>The action plans are broken down into measurable indicators between the two reviews; All projects have attained the projected disbursement rate for the next quarter 100%; The physical execution rate of the AWBP reached 50% at the end of the next quarter for all projects</td>
<td>April 2017</td>
<td>MINEFID</td>
</tr>
</tbody>
</table>
Annex 6 : Burkina Faso - Note on fragility

Context:
Although Burkina Faso is generally and currently on an encouraging development trajectory, it would be unwise to ignore a number of economic, social, political and environmental factors that could compromise the country's ongoing democratization, growth and development. The main elements to be considered include: unsustainable water resources management; income disparity between rural and urban areas; persistent food insecurity; widespread youth unemployment; high volatility of energy and agricultural product prices; worsening of the security crisis in Mali in particular and of the outcome of the conflict resolution in the Sahel in general.

The presidential elections of 16 May 2016 ended the 19-month long political transition following the popular uprising that toppled the long-standing regime of former president Blaise Compaoré. The elections resulted in the strengthening of democratic institutions, crucial for the democratic development of the country. However, the country still faces a number of governance issues, particularly in strengthening the balance between the Executive, the Legislature and the Judiciary. External operators exploit and fuel existing tensions and latent conflicts between ethnic and economic groups. Poverty, competition for scarce natural resources, income inequality, poor geographical coverage with services which creates a strong perception of spatial non-inclusiveness in development programmes, discrimination or marginalization and unequal access to resources, are factors which fuel conflict and instability. Addressing these grievances and supporting local conflict resolution mechanisms is likely to significantly reduce the sensitivity of social groups to radical influence. Fear of the expansion of AQIM (Al-Qaida in the Islamic Maghreb) into Burkina Faso, from Mali and Niger where it operates, is a potential source of instability and insecurity for Burkina Faso.

Security Challenges:
The Sahel region already has many armed Islamist groups, like Boko Haram and Al-Qaida in the Islamic Maghreb, which have, at one time or another, transformed parts of Niger, Mali, Algeria and Nigeria into battle grounds. Burkina Faso increasingly appears to be the target territory for establishing, strengthening or expanding their influence in the Sahel. Islamist militancy continues to grow despite intense military operations in the region to curb the activities of radical groups. Activists have opened a new front in the North of Burkina Faso, disrupting normal life by repeatedly conducting attacks in the region and well beyond. This new movement known as Ansarul Islam or Defenders of Islam has recently emerged as an umbrella organization for all Islamist operations in the North of Burkina Faso. It is led by a radical imam identified by the authorities as Ibrahim Malam Dicko, a native of Djibo, a city located north of Burkina. Ansarul is the first local Islamist group in Burkina Faso.

Given this context, the Burkina Faso Minister of Security, Mr. Simon Compaoré, said recently that the country had suffered not less than 20 terrorist attacks that had killed 70 people since 4 April 2015, the date on which a Romanian was abducted in Tambo, on the northeast border which Burkina Faso shares with Mali and Niger. Not later than 27 April 2017, a team from the Ministry of Water and Sanitation was attacked in Abao, a village located in the Sahel region, and two officials of this Ministry were taken hostage. Burkina Faso has long been undermined by other types of problems, but attacks by Islamist militants against civilians and property are relatively new. According to some unconfirmed sources, some former soldiers of the presidential elite regiment, the RSP, support the activities of these groups in one way or another. Communications allegedly intercepted between a fugitive of the former RSP, Mr. Boubacar Sawadogo, and the leader of the Ansarul Islam Group seems to confirm this involvement. The particularity of these attacks is their
geographic locality: they are committed for the most part in the administrative region of the Sahel, and are committed by Islamist groups operating or having operated in Mali.

The elements that may have contributed to the rise of terrorism in Burkina Faso include the instability in neighbouring Mali; the regional and local dynamic of Burkina Faso, which could include the firm stance of the new Burkina Faso authorities against terrorists; the socioeconomic conditions of the people; and the emergence of “radical Islam”, which gave rise to the Ansarul Islam Group in the country.

Repeated attacks have triggered a wave of panic across the country. Economic activities have slowed down. Night life and tourism are affected. Westerners who are high-value targets are increasingly rare. Many fear that the North is only a point of departure for Ansarul Islam and that its tentacles could spread further if their offensive is not met with an appropriate response.

**Economic and Social Challenges**

Although Burkina Faso has adopted relatively sound macroeconomic policies, its economy remains fragile because of, inter alia, its limited export base (mainly cotton and gold) and the vulnerability of its economy to external shocks, including climate change, trade and other regional and global developments. Moreover, the geographical position of the country generates high energy costs (ranked 181th out of 190 countries for electricity supply in the World Bank's Doing Business Index 2016), which strongly affects the other sectors of the economy and is a major obstacle to development. Burkina Faso has certainly made significant progress in improving its business climate, including the improvement of business registration, strengthening of land tenure laws and the establishment of commercial courts. This progress notwithstanding, the country is only ranked 146th out of 190 countries in the World Bank Doing Business Index 2016.

Although the national gender policy adopted in 2009 seeks to reduce gender inequality at all levels of society and gender equality is one of the priorities of the accelerated growth and sustainable development strategy, it should be noted that gender equality in general - and violence against women and children in particular - are significant concerns in Burkina Faso. Manifestations of this gender inequality are characterized by discrimination in certain acts, including unequal rights and duties. For example, the largest share of daily household chores is more often given to girls than to boys and women have limited opportunities and privileges compared to men. Furthermore, women's access to sexual and reproductive health services, especially contraceptives, is limited because of the poor coverage of health facilities, adverse reactions from their families and cost considerations. The result is high maternal mortality, illegal abortions and high birth rates. Female genital mutilation, physical violence, early and forced marriages, rape and sexual harassment constitute serious violations of the human rights of girls and women.

**Environmental Challenges**

Located at the centre of West Africa, Burkina Faso is also the gateway to the Sahara Desert. Accordingly, robust and innovative strategies to achieve green and sustainable growth, are major challenges for Burkina Faso. Indeed, the country has limited access to natural resources in general and to water resources in particular. Agriculture, which depends on soil fertility and water availability is a key element of basic daily life for over 80% of the population. The country is experiencing significant climate variability with floods and droughts, as well as increased water scarcity due to rapid population growth.
National and Regional Responses to Security Risk:

In response to this growing terrorist threat, Burkina Faso authorities have strengthened security, which has also resulted in the neutralization of a lieutenant of the leader of the Ansarul Islam Group, and the arrest of several other suspects. The government has also strengthened the intelligence and security apparatus, primarily through deployment of solders from the Anti-Terrorist Forces Group (GFAT) and the supply of equipment to the various forces (police, gendarmerie and army) operating in the Sahel region. Several military operations were also carried out in key areas across the country. Similarly, joint operations involving Malian and Burkina Faso forces and supported by French forces from Operation barkhane, are being conducted. It should also be noted that the recent decision by Burkina Faso, Mali and Niger to cooperate within a joint response security initiative by creating the Liptako-Gourma Force could help contain the threat. However, this cooperation cannot replace the appropriate security measures that each country should take.

What Implications for the Bank?

Although there are significant risks for Burkina Faso, the situation also provides a moment of great opportunity for the Bank to support the country in a number of areas that are critical to the future development of Burkina Faso and the Sahel region and where there currently exists a momentum to effect change. It is important to anticipate the expansion of terrorism in Burkina Faso, particularly in the north and the Sahel region in order not to maintain a permanently reactionary position. For some of these operations, strategic and political benefits will outweigh the economic benefit, especially in the regions covered by Islamist movements. To that end, it is necessary to initiate operations with clearly defined objectives and including:

- the reduction of poverty through inclusive growth and especially development of the North and the Sahel regions;
- the promotion of an enabling environment for private sector development (which is a source of job creation) by scaling up energy production by tapping existing potential;
- the consolidation of public sector management by clearly focusing on strengthening the principles of human rights, good democratic, political and economic governance, and the continuous combat against corruption and fraud;
- diversification of growth factors and increased production of stable food products;
- the development of strong and green strategies for the sustainable management of land and water resources;
- the promotion of initiatives targeting youth issues (including unemployment) and gender inequality; and
- a regional vision of the Bank through a commitment to a dual strategy of creating both development and stability in the West African region.
Annex 7: Burkina Faso - Demographic Constraints on Development Policies

I. The High-5s, the PNDES and the Demographic Situation in Burkina Faso

1.1 The Bank’s High-5s are consistent with the medium-term objectives of the country’s development reference framework, namely, the National Economic Development Plan (2016-2020 PNDES). Indeed, one of the sub-pillars of PNDES Pillar III (Boost promising sectors that ensure economic growth and create jobs) is to increase the supply of electricity, transport and telecommunications infrastructure. The structural transformation pattern of the economy envisaged in the Plan, also refers to the establishment of agropoles, industrial poles, corporate clusters and the development of agriculture and agro-industry. Furthermore, in dealing with private sector development and the facilitation of regional trade under the Pillar 3, the PNDES provides the guidelines for implementing the first four of the Bank’s High-5 priorities, namely: (i) light up and power Africa; (ii) feed Africa, (iii) industrialize Africa, and (iv) integrate Africa. PNDES guidelines for improving the living conditions of Burkina Faso’s population are distributed between Pillars 2 and 3 of the PNDES Plan. Pillar 2, (Developing human capital) focuses on guidelines for improving human capital, while Pillar 3 focuses on guidelines for employment and increased income.

1.2 The implementation of PNDES and of the sector policies and strategies supported through the actions of the Bank and other partners contribute to the supply of goods and services necessary for the development of Burkina Faso. However, uncontrolled growth in the demand for goods and social services, or social demand would lead to ineffectiveness in actions implemented for development. Increased social demand stems directly from accelerated population growth. Hence, progress towards achievement of the High-5s which also contribute to the development goals of Burkina Faso can be seriously undermined by rapid population growth. Indeed, according to the results of the general population census, the average annual population growth rate of 1.5% in the 1960s grew steadily to 2.4% in the 1986-1996 decade. Between 1996 and 2006, the population growth rate increased again to 3.1% on average. The result is an extremely young population: (i) two-thirds of the population is under the age of 25 years; and (ii) 46.6% of the population was under the age of 15 years in 2006.

1.3 The immediate causes of the acceleration in the natural population growth rate in Burkina Faso lie in the combination of two demographic factors, namely: the sharp fall in mortality and the extremely slow decline or even stagnation of the total fertility rate (TFR). Indeed, the crude death rate which was 32 ‰ in 1960, declined by almost two-thirds in 2006 (11.8 ‰). During the same period, the total fertility rate stagnated, inching down from 6.3 ‰ in 1960 to 6.2 ‰ in 2010.

1.4 Stagnation of the fertility rates stems from women’s limited access to education. Indeed, in 2014, the gross enrolment ratio for girls was only 38.4% in first-cycle secondary education (post-primary) and 9.8% in the second cycle. In higher education, there were only 277 students out of every 100,000 inhabitants in 2013. Lastly, in technical and vocational education and training (TVET), the proportion of trained women aged 16 to 64 years was 3.1% in 2010 for a national average of 4.5%. One of the direct consequences of this disparity in education is women’s limited access to economic resources and their exposure to the ensuing poverty.

1.5 The immediate causes of the persistently high birth rates include the weight of tradition and the influence of religion which slow down progress towards the reversal of demographic trends. The underlying causes of the persistently high birth rate in Burkina Faso relate to the limited commitment of stakeholders to the implementation of the national population policy and the failure of all initiatives started in this area. Indeed, it was only in 1983 that the government attempted to address the population issue as a whole by creating the National Population Council (CONAPO). After this major institutional milestone, the country had to wait until 1991 to develop its first national population policy that was implemented under the Priority Action Programme 1991-1995.
This policy was revised in 2000 to give rise to the second National Population Policy, implemented under the Priority Action Programme 2001-2005. Assessment of the implementation of the first two population policies conducted during the formulation of the national population policy 2010-2030 revealed that both recorded a low implementation rate. For the first policy, the low rate stemmed from the public spending choices made under the Structural Adjustment Programmes (SAPs).

1.6 The low implementation rate of the second policy stemmed from the lack of consideration given to it under the Poverty Reduction Strategy Framework (PRSF 2001-2010) which had served as the reference framework for the operations of development stakeholders at the time. In short, the relevant policies implemented in Burkina Faso in the areas of population control, health and reproductive health, have not yet achieved their intended objectives. Consequently, population growth seems to be accelerating rather than slowing down.

II. Challenge of the Relationship between Population Growth and Economic Development in Burkina Faso

2.1 Theoretical Considerations

2.1 The best known negative impacts of population growth on national development stem primarily from the constraining effects of an increasingly young population that requires the community to bear a certain volume of expenditure without any immediate short-term returns. Such expenditure covers food, health, education, hygiene and sanitation, etc. and generates a crowding out effect that slows down economic growth. In the longer term, high population growth creates a structural imbalance between labour supply and demand which may lead to the adoption of low wages thereby preventing the development of the domestic market and even the improvement of living standards. The stagnation of GDP growth per capita at approximately 3% for more than two decades is illustrative of the negative impact of an uncontrolled population on economic development (see paragraph 2.5). Population growth can also lead to regressive economic growth, including the depletion of agricultural land, water, etc.

2.2 However, population growth can also accelerate development. A fertility reduction policy that leads to an increase in people of working age at a certain point in time, will constitute a window of opportunity for boosting the economy. If this opportunity is characterized by a larger well-trained workforce that exceeds the number of unemployed, then such a situation is referred to as a demographic dividend. Indeed, the demographic dividend is accelerated economic growth that can be generated by a decrease in the mortality and fertility rates of a country followed by a gradual change in the age structure of the population: the dependent younger population becomes increasingly smaller relative to the working-age population. Having fewer dependents to support, the country would then have a window of opportunity for rapid economic growth, if this is accompanied by appropriate policies to promote human capital, employment and investments in health, education and governance, among others. However, such a transformation requires the adoption of appropriate policies, strategies, programmes and projects to take advantage of the demographic dividend resulting from a large population of young people.

2.3 A high population growth rate can therefore guarantee a large domestic market, thus enabling companies to prosper quickly. However, in the current context of Burkina Faso which is beset by an accumulation of multifarious challenges and continued population growth, it is important to explore ways and means of benefitting from the “demographic dividend”.

2.2 Population Growth Challenges and the Situation in Burkina Faso

2.4 The ambivalent relationship between demographics and economic development is evident in the context of Burkina Faso through the contrasting trends of some development indicators.
2.5 Concerning the relationship between population growth and the living standards of the population, the high population growth observed between 1990 and 2014 was accompanied by a relatively small improvement in living standards. Indeed, although the population of Burkina Faso doubled during the reporting period from 8.8 million to 17.6 million inhabitants, real GDP per capita increased by only 88%, from USD 332 to only USD 624 (Table 1). In 2014, this standard of living represented only 61% of the standard of living of an average inhabitant in Sub-Saharan African developing countries (USD 1,028). At this rate, Burkina Faso would take 26 years to raise the average income of its inhabitants to match that of the average African.

2.6 Similarly, the data in Table 1 shows that the high population growth rate in Burkina Faso is associated with only a slight increase in its Human Development Index (HDI) which rose from 0.38 in 2010 to only 0.40 in 2014, representing an increase of 6% in five years. Yet, at the same time, the population grew at double that rate (13%) between 2010 and 2014. It should be recalled that, the Human Development Index (HDI) is a summative measure of average achievement in key dimensions of human development, namely, living a long life in good health, acquiring knowledge and enjoying a decent standard of living.

2.7 With regard to food and access to food, Table 1 shows that the proportion of forested land is steadily dwindling as a result of the population increase. Indeed, despite the annual reforestation programmes, the forest surface area has been declining as the cultivated farmland surface area increases in the country. Between 1990 and 2013, the percentage of agricultural land increased from 35% to 45%, thereby putting pressure on forests which shrank from 25% in 1990 to 20% in 2013.

2.8 As regards electrification, a positive correlated variation seems to emerge between population growth and the electrification rate. Indeed, between 1990 and 2014, household access to electricity rose sharply from 6.9% to 17.7% while the national population jumped from 11.6 million to 17.6 million inhabitants (Table 1). However, although population growth does not seem to have negatively affected the improvement of household access to electricity, the country is still very far from achieving the goal of universal electrification, since over 80% of Burkina Faso households still have no access to this energy source.

2.9 Finally, regarding the relationship between accelerated population growth and quality of life, the profile of quality of life indicators in Table 1 below also reveals positive co-variations between population growth and indicators of access to drinking water and household sanitation. As in the case of population, the drinking water access rate which was 43.6% in 1990 almost doubled to 82.1% in 2014. The same applies to the household sanitation indicator, which rose from 11.6% in 2000 to 19.4% in 2014. However, in 2014, the access rate to drinking water or household sanitation was below the relevant MDG target - i.e. 87% for drinking water in 2015 and 56.4% for household sanitation.
### Table 1: Population, Electrification and Food

<table>
<thead>
<tr>
<th>Indicator by field</th>
<th>1990</th>
<th>2000</th>
<th>2010</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Development level trends</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HDI</td>
<td>-</td>
<td>-</td>
<td>0.4</td>
<td>0.4</td>
</tr>
<tr>
<td>Gross domestic product per capita</td>
<td>332</td>
<td>422</td>
<td>574</td>
<td>624</td>
</tr>
<tr>
<td><strong>Light up and power Africa</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total energy generated in GWH</td>
<td>-</td>
<td>-</td>
<td>565.2</td>
<td>870</td>
</tr>
<tr>
<td>Electrification rate</td>
<td>6.1</td>
<td>6.9</td>
<td>13.6</td>
<td>17.7</td>
</tr>
<tr>
<td>including the rate in urban areas</td>
<td>-</td>
<td>-</td>
<td>46.2</td>
<td>51.8</td>
</tr>
<tr>
<td>including the rate in rural areas</td>
<td>-</td>
<td>-</td>
<td>1.2</td>
<td>2.9</td>
</tr>
<tr>
<td><strong>Feed Africa</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proportion of farmland</td>
<td>35.0</td>
<td>35.7</td>
<td>44.2</td>
<td>45.0</td>
</tr>
<tr>
<td>Forest surface area relative to surface area of available land</td>
<td>25.0</td>
<td>22.8</td>
<td>20.6</td>
<td>20.0</td>
</tr>
<tr>
<td>Surface area of permanently cultivated land relative to available land</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Improve quality of life for the people of Africa</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drinking water access rate</td>
<td>43.6</td>
<td>59.9</td>
<td>78.2</td>
<td>82.1</td>
</tr>
<tr>
<td>including the access rate in urban areas</td>
<td>75.0</td>
<td>84.6</td>
<td>95.3</td>
<td>97.5</td>
</tr>
<tr>
<td>including the access rate in rural areas</td>
<td>38.6</td>
<td>54.5</td>
<td>72.3</td>
<td>75.8</td>
</tr>
<tr>
<td>Sanitation access rate</td>
<td>7.7</td>
<td>11.6</td>
<td>17.4</td>
<td>19.4</td>
</tr>
<tr>
<td>including the sanitation access rate in urban areas</td>
<td>1.9</td>
<td>3.9</td>
<td>6.2</td>
<td>6.7</td>
</tr>
<tr>
<td>including the sanitation access rate in rural areas</td>
<td>44.1</td>
<td>46.8</td>
<td>49.8</td>
<td>50.4</td>
</tr>
<tr>
<td>Number of physicians (per 100,000 inhabitants)</td>
<td>29.0</td>
<td>40.0</td>
<td>47.0</td>
<td>-</td>
</tr>
<tr>
<td>Number of nurses and midwives (per 100,000 inhabitants)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>565.0</td>
</tr>
<tr>
<td>Literacy rate for persons aged 15 and above</td>
<td>13.6</td>
<td>21.8</td>
<td>28.2</td>
<td>34.5</td>
</tr>
<tr>
<td><strong>Demographic variables</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total population (in millions)</td>
<td>8.8</td>
<td>11.6</td>
<td>15.6</td>
<td>17.6</td>
</tr>
<tr>
<td>Fertility rate (number of children per woman aged 15-49 years)</td>
<td>7.0</td>
<td>6.6</td>
<td>5.9</td>
<td>5.6</td>
</tr>
<tr>
<td><strong>Access to family planning services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contraceptive prevalence rate</td>
<td>-</td>
<td>-</td>
<td>15</td>
<td>22</td>
</tr>
</tbody>
</table>

Source: Authors from the World Development Indicators - Databank of the World Bank
Annex 8: Burkina Faso- Note on the Energy Sector

I. Sector Context and Prospects

1.1 The energy sector is characterized by the dominance of biomass as a source of energy and thermal energy supply which remains insufficient to satisfy growing demand estimated at 13% per year. Energy supply does not match demand. The available output is 325 MW, distributed as follows: (i) 62.80% from thermal energy; (ii) 30.72% for energy imported from Côte d'Ivoire; and (iii) 6.48% from hydroelectricity. Access to electricity also remains low with a disparity between urban and rural areas. The national, urban and rural electrification rates are 18.83%, 59.88% and 3.06% respectively.

1.2 Accordingly, the Government's development goal is to make energy accessible and available by democratizing it through an energy mix that increases the share of renewable energy, promotes energy efficiency, and strengthens conventional energy production facilities. By 2020, the government intends to raise the household electrification rate by 45% on the entire national territory, thereby doubling the number of subscribers to the grid from 500 000 to 1 million; ensure the permanent availability of hydrocarbon products countrywide and promote the use of energy from solar and bioenergy sources.

1.3 To achieve these objectives, the Government plans to implement the following solar energy projects: (i) construction of a 33 MWp Zagtouli I solar photovoltaic plant to be commissioned in September 2017; (ii) construction under a public-private partnership (PPP) of four solar photovoltaic power plants of 50 MWp each, for a total output of 200 MWp and which should be operational at the end of 2018; (iii) construction under a public-private partnership (PPP) of the 22 MWp photovoltaic solar plant in Mana, Mouhoun Region, by Zina Solar which should be commissioned by the end of 2018; (iv) commencement of a solar installations programme on public buildings, schools and hospitals in 2017; (v) street lighting project over 200 km with photovoltaic solar street lamps.

1.4 The achievement of these objectives depends on exogenous factors, including oil price trends as well as supply and demand trends in Côte d'Ivoire. The decline in oil prices since 2015 has led to a steady supply of petroleum products and stable stocks for power plants that provide 65% of the electricity consumed in the country. These stocks had been reconstituted through budget support provided by the Bank in 2015. Higher prices could reduce these stocks and affect electricity generation by reducing the effective operational capacity, thus causing the return of unexpected power cuts. Meanwhile, the country imports 35% of its energy from Côte d’Ivoire which is experiencing a sustained recovery of its economic activity since the end of the post-election crisis of April 2011. If investments in production do not satisfy its demand trends, Côte d’Ivoire may be forced to reduce its electricity supply to Burkina Faso.

1.5 In addition to these exogenous factors that may negatively affect the development of the sector, it should be noted that the continued decline in the per kWh cost of solar energy over the past decade should lead to the development of this sector in which the country has enormous potential, boost domestic production and ensure the country's energy independence vis-à-vis the outside world. Furthermore, diversification of electricity import countries, in the short and medium terms, following the ongoing power grid interconnection of West African countries, especially the Ghana-Burkina Faso lines under construction, the Ghana-Burkina Faso-Mali, and the Nigeria-Niger-Benin-Burkina Faso lines, will give the country access to the hydroelectricity resources of Ghana, Nigeria and Guinea through Mali.

1.6 Apart from heavy dependence on the outside world, the other major challenges faced by the country are the imbalance between supply and demand, the high predominance of thermal-generated electricity, limited access to modern energy services, the disparity between urban and rural areas and the mismatch between the rates charged and the actual cost of energy.
1.7 In households, the use of electricity is limited to lighting and electrical appliances such as TV sets and radios. Consequently, it does not relieve women of some of their traditionally exclusive chores such as fuelwood collection, millet or maize flour production, etc. Despite the availability of electricity, women continue to suffer the harmful effects of traditional cooking methods. In the energy projects of the 2017-2020 CSP, special attention will be given to the quest for appropriate solutions relating to clean cooking using improved stoves developed by national research centres, including the International Water and Environment Institute (2iE).

1.8 The financial balance of the sector remains a major challenge in the industry. Indeed, the rates are administered by the Government which holds them at a level that enables it to maintain the sector's financial equilibrium. Accordingly, the Government has to grant subsidies for the purchase of fuel. This situation constitutes a constraint to private sector involvement in the sector.

1.9 Several bilateral and multilateral donors are involved in the energy sector in Burkina Faso. Apart from the Bank, the key players are the AFD, World Bank, EIB, IsDB, WADB, the European Union and India. Over the 2011-2016 period, the operations of the main donors involved in the sector amounted to UA 253.29 million broken down as follows: 15% for the AfDB; 23% for the World Bank; 19% for the AFD; 12% for EIB; and the remaining 14% for Eximbank, India, BIS and the European Union.

1.10 For the period covered by the current CSP, the AfDB, World Bank and AFD have agreed to fund the Nigeria-Niger-Benin/Togo-Burkina Faso grid interconnection project; the Bank and AFD are currently preparing a joint programme of support to the Government to develop the solar voltaic sub-sector.

1.11 In the energy sector, the problems of inclusiveness are manifest at two levels: (i) at the national level, it is necessary to ensure national coverage for investments of the sector; and (ii) at the family level, there is a need for access and equitable use of modern energy services within households while paying attention to the gender dimension. Bank projects retained under the 2017-2021 CSP will, to the extent possible, take account of the need to ensure national coverage in order to reduce the feeling of marginalization felt by communities in certain regions, including the North.

II. Sector Strategic Framework.

2.1 The reference framework for the national energy strategy is the Energy Sector Policy Letter (ESPL) adopted by the Government on 14 November 2016. The ESPL has three objectives, namely to: (i) increase the share of renewable energy in the national energy mix; (ii) promote energy efficiency; and (iii) strengthen the facilities for generating conventional energy. According to the LPSE, by 2020 the national electrification rate should reach 45%; the available electricity output should be raised from 325 to 1000 MW, 50% of which will be renewable energy and the number of customers is expected to be increased from 500,000 to 1,000,000.

2.2 The ESPL focuses on the following seven strategic pillars: (i) developing energy production from renewable sources; (ii) enhancing thermal generation of electricity; (iii) increasing the population's access to modern energy; (iv) promoting energy efficiency; (v) promoting regional cooperation on energy; (vi) ensuring the availability of hydrocarbons in quality and quantity, and (vii) ensuring the financial stability of the sector.

2.3 After the Energy Sector Policy Letter, the country enacted a Law on the General Regulations Governing the Energy Sector in April 2017. This law is aimed at ensuring the effective, efficient, reliable, durable, sufficient and constant supply of energy in order to promote sustainable economic development in Burkina Faso. It sets the principles governing the production, transmission, storage, distribution and marketing of energy products. The law is accompanied by: (i) the creation of the Burkina Faso Rural Electrification Agency (ABER); (ii)
reinforcement of the role of the Regulatory Authority whose mission is expanded to the entire energy sector; (iii) reform of the electricity generation, transmission and distribution segments as well as consideration of the greater role of the private sector through independent power producers.

2.4 This law introduces significant innovations. Its adoption will, therefore, ensure:
- regulation of the entire energy sector, except the hydrocarbons subsector;
- consideration of WAEMU provisions adopted for the establishment of the sub-regional electricity market;
- the elimination of segmentation which allows for the installation of independent power producers throughout the territory;
- removal of the single buyer;
- the freedom of certain customers to buy from suppliers of their choice who may be operating on the national territory or outside the territory (eligible customers);
- the introduction of specific provisions governing the promotion of renewable energy and energy efficiency;
- expansion of the power of the regulator to the entire sector in accordance with the provisions of the Regulatory Authority and its funding arrangements; and
- the definition of offences and penalties specific to the energy sector.

2.5 Moreover, in a bid to adapt to sector trends, the competent ministry embarked on a reorganization that resulted in the creation of three general directorates [General Directorate for Renewable Energy (DGER); General Directorate for Energy Efficiency (DGEE); and the General Directorate for Conventional Energies (DGEC)] by Decree No. 2016-384/PRES/PM/MEMC of 20 May 2016. It has also established the National Renewable Energy and Energy Efficiency Agency (ANEREE). This reform makes it possible to focus on increasing renewable energy sources in the energy mix and promoting energy efficiency. Other reforms of the institutional framework of the Ministry of Energy are envisaged in the short term. These are: (i) upgrading of the EDF into an Agency; (ii) creation of a technopole; and (iii) construction of two vocational high schools specializing in energy technology and renewable energy.
Annex 9: Burkina Faso - Note on the Agricultural/Rural Sector

I. Context and Prospects

1.1 The rural sector plays a dominant role in the economy of Burkina Faso. It employs approximately 86% of the labour force (GPHC 2006) and its contribution to GDP formation is estimated at approximately 35% (IAP, 2013). It produces nearly 80% of exports. In addition to its major contribution to economic growth and food security, the rural sector generates 61.5% of the cash income of farming households. This income is earned from crop production (67%), stockbreeding (30.9%) and environmental products (2.1%) (DGPER, 2010). The country’s economic growth is, therefore, predicted on the performance of the agricultural sector, which is itself highly dependent on the variability of agricultural and climate conditions.

1.2 Cereal production increased by 2% annually over the 2011-2015 period with an average agricultural GDP growth rate of 1.8% per year. A general increase in animal population was also recorded in cattle (8.24%) and in small ruminants and poultry (12.55%) over the 2011-2015 period. Fish production reached approximately 21,000 tons with an increase of 38% over the last five years.

1.3 Several factors, interventions and policies may affect the development of the sector, including:

- increased productivity in the sector by ensuring resilience to the effects of climate change;
- more effective water management to address climate risks and boost output and productivity;
- development of processing while developing a proper linkage between production and the market;
- regionalization of actions and development of growth poles;
- job creation for the youth and women in agriculture with the development of targeted agricultural entrepreneurship;
- access to productive resources as well as increased and adequate supply of goods, infrastructure and public facilities (reservoirs, tracks, rural electrification, ICT, etc.) to improve the efficiency of production systems and market access;
- secure access to land, with plots that have a large surface area;
- sustainable financing of the sector;
- improvement of sector governance, as well as an increase in agricultural sector budget execution;
- participatory process, greater involvement of women, empowerment of grassroots stakeholders, partnership and synergy in the implementation of actions;
- management of agricultural risks; and
- environmental governance and sustainable natural resource management;

1.4 In the absence of a national mapping of women's land tenure situation, available data shows that women have access to small plots of land (the average farm size for female household heads is 0.25ha compared to 2.5ha for men). This is generally land of lower quality or land that has been left to fallow. To assist the Government in the implementation of its gender policy, the Bank will include in its sector operations, a set of integrated services for women focusing on the development of alternative livelihoods and the development of value chains for agricultural produce processing, assistance to women's groups, adapted professional and social skill-building (especially
in reproductive health); access to factors of production and technologies that reduce work time for women, increase their productivity and expand their access to extension services and multipurpose centres. During infrastructure construction and maintenance, employment opportunities will be created. Women, including household heads will be recruited and will therefore have the opportunity to increase their income.

II. Sector Strategic Framework

2.1 In 2012, Burkina Faso adopted its National Rural Sector Programme (PNSR), which served as the operational framework of SDR and SCADD in the rural sector for the 2011-2015 period and is consistent with the logic of sub-regional policies (WAEMU, NEPAD, ECOWAS) and the country's commitments (country declaration, Maputo declaration, MDGs, ...). Its general objective is “to contribute in strengthening the foundations for sustainable rural development that generates robust and sustained rural sector growth to combat poverty and food insecurity”. While incorporating the guiding principles of SCADD, PNSR is based on other principles namely: (i) good governance, (ii) human capital development, (iii) gender mainstreaming, (iv) reduction of regional disparities, (v) mutual responsibility and (vi) strengthening of partnership. It is structured into five strategic pillars comprising 13 in operational sub-programmes that link any action executed by the projects and programmes to either of these. Its implementation is aimed at increasing the rural sector's contribution to overall growth by ensuring robust rural sector growth (10.7%). An in-depth assessment of the programme was conducted in 2016 which yielded results deemed satisfactory in the areas of food security and improvement of the agricultural trade balance, but unsatisfactory in terms of the average growth of agricultural GDP and the rural poverty reduction rate. The lessons learned from the implementation of PNSR will be factored into the formulation of PNSR2. The new PNSR2 will be finalized and adopted in the course of 2017.

2.2 The main challenges to rural sector development including: funding difficulties (difficult access to credit and limited public financing), weak capacity of stakeholders and their organizations as well as poor coordination and harmonization of multiple operations. The main constraints to production are low and unevenly distributed rainfall, poor knowledge of and limited information on water resources, unsatisfactory water management, high cost of inputs and equipment and persistent land tenure insecurity. Regarding processing and marketing, the main constraints are the high cost of energy and equipment, inaccessibility of farming areas, price volatility of raw materials and finished products and difficult access to quality packaging and regional markets.

2.3 The agro-ecological potential of Burkina Faso can be leveraged to ensure sustainable accelerated rural sector growth that guarantees food security for the population as well as economic and social development. This is reflected in the existence of high potential in terms of arable land estimated at 9 million hectares, of which approximately 46% was farmed in 2008. The surface area of irrigable land is almost 233,500 ha, of which approximately 12 to 14% is currently farmed. Furthermore, the country has 500,000 ha of bottomlands that can be easily developed. There is enormous potential for developing irrigation, fishing and aquaculture. With approximately 1200 water bodies (dams, lakes, ponds), the country can harness up to five billion cubic metres of water per year. It also has a varied regulatory framework (framework law on agro-silvo-pastoral, wildlife and fishery activities, law on rural land tenure, etc.) and offers many opportunities for developing agricultural entrepreneurship as well as an abundant and accessible agricultural labour force. The high potential in terms of irrigable lands and bottomlands, opportunities to diversify crops and increase yields, and the existence of a local and subregional market represent opportunities for stimulating the agricultural sector.
According to the latest rural sector review in Burkina Faso, the rural sector budget is approximately 136.5 billion a year or about 14% of the overall general government budget. Most of the funding is allocated to capital expenditure (88%) and the wage bill (7%). Operating expenditure and current transfers stand at 3% and 2% respectively. As can be noted, capital expenditure is largely predominant.

Investment financing comes mainly from official development assistance. The contribution of the technical and financial partners (TFPs) represents approximately 80% of the overall sector investment budget of 120 billion per year, or 25% of State investments. Capital expenditure on rural development is largely dependent on external funding received through projects and programmes. Central government provides around 30 billion per year to the sector, including counterpart funds determined within the framework of financing agreements with donors.

Projects implemented with external funding were financed by a broad spectrum of TFPs including USAID, AfDB, World Bank, European Union, France, Germany, Switzerland, etc. According to the last mapping of TFP operations, the United States ranked first with 41.06% of sector disbursements in 2015. The World Bank is the second largest contributor (16.02%) followed by Germany (11.67%) and Switzerland (4.99%). The areas of intervention are resilience, food security, water management and value chain development.
Annex 10: Burkina Faso - Note on the Water and Sanitation Sector

I- SECTOR CONTEXT AND PROSPECTS

1.1 Brief Presentation of Recent Sector Trends and Prospects

The country has updated its national water policy paper (PNE) and prepared five national programmes for 2016-2030. As at December 2016, the national drinking water access rate was 72.4%, while access to sanitation was 19.8%. The drinking water access rate in rural areas was 65.3% compared to 91% in urban areas and the sanitation access rate was 13.7% and 13.7% in rural and urban areas respectively.

The country aims to achieve a national drinking water access rate of 81% and a sanitation rate of 35% by 2021 through the implementation of national drinking water supply and wastewater and sewage management programmes. This is expected to result in a drinking water access rate of 78% in rural areas compared to 98% in urban areas and a sanitation access rate of 30% and 60% in rural and urban areas respectively.

1.2 National Development Goals for the Sector

The overall objective of the PNE is to contribute to the country’s sustainable development by providing appropriate solutions to water problems in an environment that is particularly affected by climate change and through the integrated management of water resources.

Its specific objectives are to:

1) sustainably meet the water needs (in quantity and quality) of a growing population, a developing economy and natural ecosystems, in a physical environment that is particularly affected by climate change, and not conducive to the reconstitution and mobilization of resources;

2) contribute to the achievement of food security and the development of rural employment in order to participate actively in poverty reduction;

3) engage in sustainable wastewater and sewage management;

4) protect people and property against water hazards in an environment that is particularly affected by climate change;

5) improve water sector governance mainly through: (i) financial sustainability of the water sector; (ii) promotion of research and stakeholder capacity-building; and (iii) promotion of regional cooperation on shared water resources.

1.3 Progress Made by the Government in Improving and/or Organizing the Sector and Results Achieved

The sub-sector is under the oversight of the Ministry of Water and Sanitation (MEA). Its actors are: the National Water and Sanitation Authority (ONEA) for urban areas, the General Directorate for Drinking Water (DGEP) and the General Directorate for Sanitation (DGA) in rural areas. The water and sanitation sub-sector comprises four areas of action, namely: integrated water resource management (IWRM), drinking water supply (DWS), wastewater and sewage treatment (WST) and water resource development (WRD). A PNE was updated and four of the five operational programmes for 2016-2030 have each been developed and validated in national workshops. Only the National Water Resource Development Programme (PNAH) is being formulated; the other four operational programmes planned have been finalized and validated. These are:

- the National Integrated Water Resource Management Programme (PN-GIRE);
- the National Drinking Water Supply Programme (PN-AEP);
- the Wastewater and Sewage Management Programme (PN-AEUE); and
- the Water and Sanitation Sector Governance Programme (PGEA).

1.3.1 Important Factors that Could Affect the Sector Development

The main factors for which appropriate solutions should be found are:

- institutional instability and weak leadership of the sector;
- poor mobilization of domestic and external resources;
weak human resources of sector actors (central and decenconcentrated government services, municipalities, etc.);
water resource pollution by mining and agricultural activities;
the impact of climate change on water resources and user conflicts;
the failure to adopt and enforce statutory instruments (including those relating to financial contributions to water development);
realities and socio-cultural factors of rural areas (especially); and
the low living standards of the communities.

1.4 Impact of Climate Change on the Sector

Water resources are still severely affected by climate change which could take the form of reduced rainfall, flooding, and a declining water table. The negative impact of such climate change is likely to jeopardize the attainment of policy objectives. The measures envisaged are the implementation of projects/programmes to adapt to and mitigate the effects of climate change.

II. SECTOR STRATEGIC FRAMEWORK

The National Water Policy (PNE) was updated and validated and four of the five operational programmes have been formulated for 2016-2030 and validated through national workshops. The four national programmes are being harmonized and their operational plans are being formulated for 2016-2020. Only the National Water Resource Development Programme (PNAH) is still under preparation:

Their development objectives are as follows:

2.1.1 National Programme for Integrated Water Resource Management (NP-IWRM):

The strategic objective of NP-IWRM is to make a sustainable contribution to the satisfaction of the drinking water needs of users and aquatic ecosystems.

The programme helps to operationalize objectives 1, 4 and 5 of the PNE.

To achieve the strategic objective, the following 10 operational objectives have been defined, namely to:

- reduce water regulation offences;
- increase financial resources for water resources protection;
- improve steering and management capacity in IWRM;
- improve the skills and efficiency of the management structures, water authorities and the relevant partners;
- have reliable decision-making tools;
- improve knowledge on water resources and related fields;
- sustain the quality of water resources for various uses;
- reduce losses for harnessed water;
- improve the consideration of human rights in water resource management; and
- change stakeholder behaviour on the protection and use of water.

2.1.2 National Programme for Drinking Water Supply (NP-DWS):

The overall objective of NP-DWS is to contribute to the achievement of specific objectives 1 and 5 of the PNE.

Its specific objectives are to:

- meet the drinking water needs of the population, in terms of quantity and quality, on a sustainable basis, while applying the human rights-based approach (HRBA);
- contribute to the sustainable management of DWS infrastructure, while ensuring universal access to drinking water; and
- improve the steering and management capacity of the subsector.
2.1.3 National Programme for Wastewater and Sewage Management (NP-WEM)

The general objective of NP-WEM is to help ensure sustainable wastewater and sewage management and to improve water sector governance in particular through sustainable financing of wastewater and sewage management as well as the promotion of research and stakeholder capacity-building.

Its specific objectives are to:

- end defecation in the open air;
- ensure sustainable access to sanitation services for the population in line with the human rights-based approach (HRBA);
- engage in the sustainable management of sanitation infrastructure while ensuring the continuity of sanitation services;
- promote behaviour change through sustainable and adequate hygiene and sanitation practices;
- develop research in the field of wastewater and sewage management;
- improve the conditions for collection, disposal, storage / treatment and recovery of wastewater and discharge of sludge; and
- improve the steering and management capacity of the subsector;

2.1.4 Water and Sanitation Sector Governance Programme (PGEA):

The Water and Sanitation Sector Governance Programme (PGEA) seeks to contribute to the achievement of the 5th specific objective of the National Water Policy, namely: “Improve water sector governance mainly through: (i) financial sustainability of the water sector; (ii) promotion of research and building of stakeholder capacity; and (iii) promotion of regional cooperation on shared water resources.”

Specifically, the PGEA seeks to:

- improve the efficiency of sector control and coordination;
- improve the efficiency of the operations of all sector stakeholders;
- improve the efficiency of sector monitoring/evaluation and communication; and
- ensure the effective mainstreaming of gender and human rights into the water and sanitation sector.

2.2 Main Challenges and Weaknesses of the Sector

The issues and challenges of water resource management in the country are quite significant and evident in:

(i) satisfaction of the basic needs of the people in terms of food security, water safety and sanitation;
(ii) water resource development through the creation of wealth and water sector financing; (iii) protection of existing ecosystems and/or preservation of the local environment; and (iv) regional planning, and international cooperation on water.

The main weaknesses of the sector are: (i) weakness of the human resources of all stakeholders; (ii) weak technical and financial capacity of many service providers; (iii) the low absorptive capacity of mobilized resources; and (iv) procurement bottlenecks.

2.3 Main Strengths and Development Opportunities Offered by the Sector

The main strengths are: (i) the development and adoption of the National Economic and Social Development Plan (PNDES); (ii) the availability of TFPs to support the government, including in capacity-building, while ensuring synergy through sectoral dialogue frameworks; and (iii) the existence of the procurements law which eases the relevant procedures.

The development opportunities offered by the sector could be of:

- economic interest because water can be considered as an economic good especially given the possibility of developing a public-private partnership for the construction and operation of water management structures; furthermore, there is (a) introduction of the water contribution fee used to raise funds for water projects; and (b) application of the “polluter pays” and “user-pays” principles;
- social interest because water is perceived as a social good and consequently, measures should be taken to ensure effective access to affordable drinking water for the poor;
- political interest, considering that the water rate policy instituted in rural and semi-urban areas is expected to set affordable prices for all segments of society including the poor; and that political will is necessary and essential to that end;
- environmental interest given the need to preserve and protect water resources mainly by implementing integrated water resource management.

2.4 Main Donors Involved in the Sector and their Priority Areas.

The main donors involved in the sector apart from the Bank are: the French Development Agency, the Arab Bank for Economic Development in Africa, the European Investment Bank, the Islamic Development Bank, the World Bank, the West African Development Bank, German Cooperation (GIZ and KfW), Belgian cooperation, Canadian cooperation, Danish cooperation, Japanese cooperation, Swedish cooperation, the Delegation of the European Commission, the OPEC Fund for International Development (OFID) and the Bill and Melinda Gates Foundation.
A. General Overview

1. Burkina Faso has made significant progress in governance over the past two years. From the political standpoint, there is the establishment and strengthening of republican institutions, consolidation of the rule of law and strengthening of human rights. The transitional authorities were able to organize free and fair presidential and legislative elections after the popular uprising of October 2014 that led to the resignation of President Compaoré. According to the 2016 edition of the Mo Ibrahim Index of African Governance, Burkina Faso is above the average for the whole of Africa, with a score of 51.8/100 and a ranking of 23rd out of 54 countries assessed. It has made significant progress in terms of rule of law and accountability.

2. On corruption, it ranked among the top 10 least-corrupt African countries in 2016, according to the Corruption Perceptions Index of Transparency International. Globally, it ranks 72nd out of 172 countries. The new authorities have initiated legislative reforms to step up the fight against corruption, mainly through the adoption in March 2015, of the law on prevention and prosecution of corruption. Civil society organizations (CSOs), including the National Anti-Corruption Network (RENLAC) are heavily involved in combating corruption.

3. In public finance management, Burkina Faso has, over the past ten years, satisfactorily implemented public finance reform in the global context of poverty reduction through various sectoral strategies. The Economy and Finance Sectoral Policy (POSEF) 2011-2020 adopted by the Government in June 2011 is the reference framework for economic and financial reforms, including public finance reform. POSEF is implemented through rolling Priority Action Plans (PAPs), the most recent of which (2013 to 2015) was updated for the 2016-2018 period.

4. Based on the 2013 PEFA assessment which identified shortcomings in the public finance management system, measures were taken by the authorities to improve the reliability and credibility of the budget, further streamline the application of simplified public spending procedures, improve internal and external audits and controls and enhance public debt management.

5. On tax revenue collection, the Government has implemented actions aimed at strengthening stakeholder capacity, improving business applications (SINTAX 2, ASYCUDA WORLD), and improving communication with taxpayers and importers. Specifically, the following measures were implemented:

   - new segmentation of businesses with raising of VAT thresholds to ensure better fiscal management of companies;
   - broadening of the tax base through identification and data comparison;
   - increased responsiveness of revenue collection units (RCUs) to tackle defaults in tax declaration and payment and enhance revenue collection by sending systematic reminders to defaulters through SINTAX 2;
   - automated management of the most recent outstanding amounts (OA) using the SINTAX 2 software as well as the establishment of OA management groups in each decentralized structure;
   - continuation of capacity-building for revenue collection units (RCUs);
   - strengthening of communication to improve tax compliance and increase awareness-raising campaigns for taxpayers;
   - monitoring of tax and customs provisions in public contracts financed with State resources;

XXVII
• continued operationalization of ASYCUDA WORLD that has been operational since July 2015;
• control of warehouses and the final destination of goods;
• continued installation of scanners and deployment of the satellite tracking system for goods in transit.

6. As regards expenditure, measures to streamline public procurement procedures have been adopted and implemented in accordance with the new public procurement law. Furthermore, measures to cut central government were continued.

7. All these measures helped to improve the performance of tax and customs services and to enhance public spending control. Indeed, tax revenues increased by CFA.F 146.1 billion (15.7%) compared to end-December 2015 to stand at CFA.F 1 075.4 billion at end-December 2016.

8. However, the tax ratio, estimated at 15% of GDP in 2016 remains well below the WAEMU minimum convergence criterion of 20% of GDP. On the expenditure side, the payroll represents 51.6% of revenue compared to the WAEMU maximum threshold of 35%. Consequently, the budget deficit criterion is not complied with. It represented 3.1% of GDP in 2016 compared to the authorized maximum deficit of 3% of GDP. Public investment management also has shortcomings identified in the PIMA assessment conducted in 2016 by the IMF and the World Bank. However, the country has made efforts in public debt management. It remains consistent with other criteria, including the one relating to public debt estimated at 34.8% in 2016 compared to the maximum WAEMU threshold of 70%. The debt service/budget revenue ratio also stood at 15.1% in 2016 compared to the maximum threshold of 22.0%.

9. The major shortcomings identified in public investment management are as follows:

- There is poor coordination between central government and local authorities. The decentralization laws transferred power to the local authorities but the provisions in terms of resources and coordination with the national strategy are insufficient. The investments of local authorities are limited and this affects the efficiency of decentralization.
- The regulatory and institutional framework for public-private partnerships have significant flaws that can heighten fiscal risks, particularly if the PPP concept is not clarified.
- Coordination mechanisms between central government’s development strategy and the investment plans of State-owned companies are insufficient.
- There are shortcomings in multi-year programming. The Burkina Faso government prepares multi-year investment expenditure projections and ceilings covering all project costs. However, there are significant projection and ceiling gaps between the finance laws and the MTBF.
- There is no formal procedure in an official text governing the preparation and ex ante assessment of public investment project proposals including risk analysis.
- Project selection criteria are provided but are not published.
- The study of projects does not always include an independent technical review of the quality of studies and does not assess the feasibility of projects.

10. As part of the implementation of the new harmonized public finance framework, Burkina Faso adopted Organic Law No. 073-2015 / CNT, on budget laws (OLFL) and its implementing instruments. This new legal framework whose provisions came into effect on 1 January 2017, made the country compliant with the new harmonized public finance framework of WAEMU.
Consequently, pursuant to the OLFL, the 2017 Budget Law was prepared according to a programme-based approach. A practical guide to public spending execution was developed with the support of several TFPs, including the UNDP hub in Dakar and German Cooperation to support various public expenditure stakeholders in implementing the programme budget.

11. A new assessment of the public finance management system using the PEFA methodology is expected in 2017 in order to take stock of the progress made by the country in improving public finance management and identify the weaknesses to be corrected.

12. In terms of the business environment, the country has implemented many institutional and regulatory reforms that have ensured its classification among the 10 best reformers in the world, according to the World Bank's 2009 Doing Business report. In the same year, the country was also ranked as the best reformer of the business climate within the West African Economic and Monetary Union (WAEMU) and a world champion in labour-market deregulation. These reforms have focused on the establishment of Business Formalities Centres (CEFORE); reform of the labour code; establishment of the Arbitration, Mediation and Conciliation Centre of Ouagadougou (CAMCO) and the establishment of approved management centres (CGAs) as well as tax and customs reforms.

13. However, the private sector in Burkina Faso remains constrained by several factors. According to DB 2017 rankings, the country maintains excellent scores in the Starting a business and Dealing with construction permits categories under which it is ranked 72nd and 61st respectively, out of 172 countries. However, the private sector remains constrained by access to funding and economic infrastructure, including electricity, roads and water.

14. The private sector in Burkina Faso, which is essentially dominated by poorly structured micro and small enterprises (MSEs), remains undeveloped. The informal sector represents almost 60% of the national economy, excluding mining activities. The reforms conducted so far have not led to a structural transformation of the informal sector. Indeed, while much progress has been made in simplifying the formalities for operating within the private sector, these reforms have not transformed informal production units into more productive, dynamic and successful companies. Fiscal reforms have helped to streamline procedures and ease the tax burden for medium-sized and large companies but have had little impact on the transformation of the informal sector. Few reforms have been initiated to facilitate access to credit for MSEs, especially to support the transformation of the informal sector. The CGAs, which have a dual mission of assistance in corporate management and tax returns do not sufficiently cover informal MSEs, despite the tax benefits granted to members. On account of their limited means of action, the CGAs have hitherto not tapped their full potential in supporting the structural transformation of MSEs. The necessary synergies that should exist between the CGAs on the one hand, and CEFORCE, financial institutions, national funds of the Ministry of Employment, etc., on the other hand, are still sorely lacking. Moreover, the CGAs are not sufficiently decentralized in areas with a high concentration of MSEs. There are only two centres: one based in Ouagadougou, and the other in Bobo-Dioulasso.

15. The Bank supports promotion of the private sector through the Economic Transformation and Job Creation Support Project (PATECE) approved in October 2014. This project, which seeks to, inter alia, move approximately 7000 informal sector businesses into the formal sector, is building the capacity of private sector promotion institutions.

B. AfDB Intervention Strategy in the Field of Governance

1. The proposed strategy is consistent with the priorities of the CSP whose pillars are: (i) promotion of access to energy; and (ii) support to agricultural development to ensure inclusive growth. It is also consistent with the Bank Group's Strategic Framework and Action Plan for Governance during the 2014-2018 period (GAP II) which is based on the following three pillars: (i) public sector management and steering of the economy; (ii) sector governance; and (iii) the
investment and business climate. The strategy is also based on cross-cutting issues, namely: combating corruption and gender mainstreaming in public policies.

2. **Pillar I - Public Sector Management and Steering of the Economy**: The Bank's operations will be conducted mainly through PATECE, by building the capacity to design and pilot projects under a PPP arrangement, as well as the monitoring/evaluation capacity for investment projects. The Bank will also engage in consultative dialogue with the other TFPs on public finance reform taking the PEFA 2017 assessment into account, especially public investment management, the procurement system and the improvement of the internal and external audits and controls of public finance.

3. **Pillar II - Sector Governance**: The Bank's operations aim to improve governance in the CSP focus areas, namely the energy and agricultural sectors. Such operations will take the form of sector budget support to back measures implemented in the above sectors. In 2015 and 2016, the Bank supported energy sector reforms aimed at ensuring the regular supply of electricity, and improving the performance of the petroleum products supply system. Since the results obtained have been partial, the Bank will continue dialogue with the authorities to ensure the achievement and sustainability of results. In agriculture, the measures supported by the Bank will contribute to the promotion of agricultural processing infrastructure, the facilitation of access to water, the development of human capital to ensure employability in agribusiness and mitigation of the effects of climate change.

4. **Pillar III - Investment and Business Climate**: The Bank’s interventions will be carried out through the implementation of PATECE to consolidate private sector promotion institutions and promote the structural transformation of the economy. The Bank will, therefore, primarily support the reforms of the Export Promotion Agency (APEX), the Burkina Faso Agency for Standardization, Metrology and Quality (ABNORM) and the Approved Management Centre (CGA) to ensure and guarantee the quality of national products in domestic and international markets in order to strengthen the foundation for the emergence of a buoyant job-creating private sector. It will also support business incubators in the agribusiness sector.

5. The Bank will also attach importance to other cross-cutting issues such as gender mainstreaming. Through PATECE, the Bank supports the development of a gender strategy within MICA, the promotion of female entrepreneurship through technical assistance for the establishment of a support window for female entrepreneurship and economic projects and provisioning of the female entrepreneurship fund.
Annex 12: Burkina Faso - Procurement System Assessment, April 2017

Introduction

This summary note was prepared as part of the implementation of the new procurement policy, approved by the Bank Group's Board of Directors in October 2015, for projects funded in regional member countries (RMCs). The purpose of this note is to provide a general overview of the procurement system in Burkina Faso for use in Bank-funded operations.

The procurement system (PS) was assessed using the 21 sub-indicators of the MAPS method of OECD/DAC selected as critical to ensure that the obligations and fiduciary standards of the Bank are not compromised when using the system for Bank-funded operations. The note indicates the extent to which use of the system could be permitted for Bank-funded operations considering the differences noted, especially relating to the principle of equity (which includes impartiality, transparency, integrity, etc.) described in the procurement policy for Bank-funded operations.

Although this note presents a general overview of the procurement system in Burkina Faso, the identified differences and levels of determined risks must be updated during the preparation/appraisal of a specific project in order to confirm the extent to which the PS can be used depending on the sector, as well as the type, nature and complexity of the project concerned.

Main Assessment Results

1. **Procurement Legislative and Regulatory Framework**: Public procurement in Burkina Faso is governed by Act 039-2016/AN of 2 December 2016 defining the general public procurement regulations as well as its implementing decrees, namely Decree No. 2017-049/PRES/PM/MINEFID of 1 February 2017 on procedures for the award, execution and conclusion of State contracts and delegations of public service; Decree No. 2017-0050/PRES/PM/MNFID of 1 February 2017 on the responsibilities, organization and functioning of the Public Procurement Regulatory Authority and Decree No. 2017-0051/PRES/PM/MINEFID of 1 February 2017 on regulations governing delegated public project management. Other implementing instruments of the new law and its implementing decrees such as orders and circulars are being developed. The law and its abovementioned three implementing decrees were reviewed and the risk of using the public procurement system for Bank-funded operations is deemed “moderate” given that the legislative and regulatory framework has three differences. Indeed, it is worth noting that, since 2005, the Government of Burkina Faso has initiated significant reforms of the national public procurement system, relying on the provisions of WAEMU Directives 04/2005 and 05/2005 governing public procurement as well as OECD performance indicators to make it compliant with international standards and to address the weaknesses identified during the analytical reviews of the procurement system. These revisions have resulted in the adoption of the following texts: (i) Act 004-2015/CNT on the prevention and punishment of corruption in Burkina Faso; (ii) Decree No. 2008-173/PRES/PM/MEF of 16 April 2008 on the general regulations governing public procurement and public service delegations, together with its amendments; (iii) Decree No. 2008-374/PRES/PM/MEF of 2 July 2008 defining the regulations governing the delegated public project management; (iv) Decree No. 2014-554/PRES/PM of 27 June 2014 on the establishment, responsibilities, organization and functioning of the Public Procurement Regulatory Authority; (v) Act 020-2013/AN of 23 May 2013 on the legal regime of public-private partnerships in Burkina Faso; (vi) Decree No. 2014-024/PRES/PM/MEF of 3 February 2014 on the implementing modalities of Act 020-2013/AN of 23 May 2013 on the legal regime of the public-private partnership and (vii) Decree No. 2015-1260/PRES/TRANS/PM/MEF establishing the code of ethics and professional conduct for public procurement. The government of Burkina Faso initiated a process to transform Decree No. 2008-173/PRES/PM/MEF of 16 April 2008 on general...
regulations governing public procurement and public service delegations into Act 039-2016 /AN of 2 December 2016 establishing General Public Procurement Regulations. The reasons for such a change in the hierarchy of norms, from a decree to a law, stem from the desire of the authorities to give more legal force to public procurement management, to give more powers to the Public Procurements Regulatory Authority and thereby resolve the issue of the regulatory fee, solve the problem of non-submission to Parliament of the public procurement code, and lastly provide for public procurement offences omitted in the penal code. However, despite these advances, the public procurement legislative and regulatory framework has remained silent on international competitive bidding, a situation which risks limiting open competitive bidding, as defined in the new Decree No. 2017- 049, to national competitive bidding alone, especially as there is no clarification on the issue. Furthermore, the new Act and its implementing decree do not apply to works, supply and public service contracts relating to national defence and security or in situations where protection of the essential interests of the State does not allow for any publicity. The Act states that a decree issued by the Council of Ministers shall specify the nature and terms of procurement for the goods and services covered by this exclusion. In the absence of such a decree which has not yet been issued, there could arise the risk of non-transparent procurement practices. Furthermore, the Act and its implementing decree do not specify the terms under which State-owned companies may participate in public procurement.

**Standard National Competitive Bidding Documents** The standard national competitive bidding documents for goods, works and services, including the general conditions of contract (GCC) for public sector contracts as well as dispute resolution mechanisms and procedures for implementing the decisions resulting from such disputes were examined and the risk of using them for Bank-funded operations was considered to be “low”. Indeed, the content of bidding documents is defined in section 4 "Contents of the competitive bidding documents” (paragraph 1) and in Articles 77 to 82 of Decree No. 2017-049. Moreover, all the standard documents were revised in December 2015 and have been posted on the website of ARCOP at the following link: http://arcop.bf/index.php/125-flashinfos/2221-dossiers-standards-en-vigueur. However, with the entry into force of the new law and its implementing decree, the authorities decided to seize this opportunity to ensure the transposition of WAEMU Regional Standard Procurement Documents (DSRA) which should be available during 2017.

2. **Regulatory Function**: The responsibilities of the Public Procurement Regulatory Authority (ARCOP) were assessed and the risk of using it for Bank-funded projects was considered to be “low”. Indeed, public procurement in Burkina Faso is regulated by the Public Procurement Regulatory Authority (ARCOP). ARCOP is an independent administrative body attached to the immediate office of the Prime Minister. It has a legal personality and is endowed with financial and managerial autonomy. The resources of ARCOP comprise the regulatory fee whose rate is set by decree of the Council of Ministers; the levy on sales of competitive bidding documents; administrative fees and file opening fees for initiating proceedings before the non-judicial dispute settlement body, fines decreed by RADO (Amicable Dispute Settlement Organ), income from its estate; subsidies; grants, legacies and contributions; and any other resources allocated by the laws or regulations. The mission of ARCOP is to regulate public procurements. Through its regulatory function, ARCOP: (i) defines policies governing public procurement and public service delegations, and also implements and monitors reform action plans; (ii) trains and sensitizes public procurement stakeholders on public procurement and delegations of public service; (iii) maintains the information system on public procurement and delegations of public service; (iv) conducts audits and surveys; and (v) engages in non-judicial settlement of disputes. The new law enshrines the regulator role of ARCOP, giving it some authority and financial independence through the regulatory fee whose principle is clearly explained in the law.
3. **Internal and External Controls** The legal framework, organization, policy and procedures for internal and external controls as well as the audit of public procurement were reviewed and the risk of using them for Bank-funded operations was deemed “substantial”. Of course, ex ante and ex post control of public procurements and delegations of public service are conducted by the General Delegation for Public Procurement Control and Financial Commitments (DG-CMEF). However, although Decree No. 2017-0050/PRES/PM/MNFID to define the duties, organization and functioning of ARCOP provides for periodic audits of public procurement and periodic assessment of the compliance and performance of the national public procurement system and public service delegations, procurement is not audited on a regular basis and the only audit that ARCOP has conducted since its establishment in 2008 was for contracts awarded in 2010, 2011 and 2012. Financial resources are still awaited for the 2013, 2014 and 2015 audit periods, although the terms of reference have been finalized. Such a situation does not make it possible to assess the risk for the entire public procurement system. Furthermore, to better consolidate the powers of ARCOP, its role and authority have been enshrined in the new law as well as the principle of the regulatory fee to give it more operational autonomy. However, the rate of the fee has not been set by the implementing decree which is likely to slow down the action of ARCOP and lead it to postpone the conduct of audits, including the audits for 2013, 2014 and 2015 which await funding. It should also be noted that Burkina Faso authorities consider that the regulation fee should be paid by bidders during execution of the contract and not during its registration as is the case in other WAEMU countries. This could pose a risk if the contract is not executed by the successful bidder or if it were terminated by the Contracting Authority. The decree on the regulatory fee should clarify this aspect. Unlike the old public procurement code, the new law, in its section 4, defines the maximum deadlines for processing of documents by stakeholders. These deadlines will be clearly indicated in the reference framework that will be prepared by ministerial order.

4. **Complaints Mechanism** Decree No. 2014-554/PRES/PM of 27 June 2014 on the establishment, responsibilities, organization and functioning of the Public Procurement Regulatory Authority (ARCOP) was reviewed and the risk of using it for Bank-funded projects was considered to be “low”. Indeed, differences and disputes are settled before the Amicable Dispute Resolution Organ (ORAD). ORAD is a non-judicial body tasked with resolving disputes that may occur at various stages of the public procurement process. ORAD members perform their duties independently and impartially. They are bound to maintain professional secrecy regarding any facts, acts or information to which they may be privy due to their office, save where disclosure is necessary for decision-making purposes. When performing their duties, they receive no instructions from any authority.

5. **Prohibited Practices:** The provisions governing fraud and corruption provided for in the regulations in force (Law No. 004-2015 NTC on the prevention and prosecution of corruption in Burkina Faso and the public procurement code of ethics and professional conduct was adopted by Decree No. 2015-1260/PRES/TRANS/PM/MEF) were examined and the risk of using them for Bank-funded operations was deemed “moderate”. Indeed, the SNCBD published by ARCOP in December 2015 on its website contain only a few very basic provisions on fraud and corruption despite the adoption of a law against corruption and a public procurement code of ethics and professional conduct. However, Chapter 1 of the new law defines prohibited practices especially those relating to fraudulent, collusive, coercive and obstructive manoeuvres, which should be clearly stated in the new standard documents which transpose the Regional Standard Procurement Documents (DSRAs) of WAEMU. The Bank also notes that some local businesses continue to submit bids with misleading or falsified information and that some government purchasers do not prosecute these practices even when detected and although the law requires all contracting authorities to refer all cases of fraud detected in the public procurement process to ORAD.
Conclusion and Recommendations

6. Considering the differences identified in the Burkina Faso public procurement system, the overall risk of using it for Bank-funded operations is considered to be “moderate”. In a bid to lower this risk, the Bank will take decisions at the preparation/appraisal stage of each project, based on: (i) the updated status of the various differences identified (see table, paragraph 8); (ii) the results of the market analysis with the project sector; (iii) the amount and complexity of transactions; (iv) procurement methods to be used; (v) the control provisions (ex ante and ex post) envisaged by the Bank; and (vi) any other specific recommendations to be taken at the level of the executing agency to ensure it has the capacity and performance required for the implementation of procurement activities under the project in accordance with the Bank’s procurement policy.

7. The table below contains a list of actions on the differences identified among the 21 critical sub-indicators that will be discussed with the Government as part of the ongoing dialogue with the Bank.

<table>
<thead>
<tr>
<th>No</th>
<th>Differences Identified</th>
<th>Proposed Reform Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>The Act and its implementing decree do not apply to works, supply and public service contracts relating to national defence and security OR in situations where protection of the essential interests of the State does not allow for any publicity.</td>
<td>As mentioned in Chapter 2 Article 6 of the Act, issue a decree specifying the nature and procurement terms of goods and services excluded in the law on public procurement. Individuals are not subject to the public procurement code (PPC).</td>
</tr>
<tr>
<td>02</td>
<td>With open competitive bidding being the only definition given by the Act and its implementing decree and in the absence of a clear definition of international competitive bidding, the act and its implementing code risk limiting open competitive bidding to NCBs.</td>
<td>Review of the implementing decree of the public procurement act to include ICB</td>
</tr>
<tr>
<td>03</td>
<td>Non-definition within the PPC of the terms under which State-owned companies participate in public procurement</td>
<td>Revise the PPC, clearly including the terms under which State-owned companies participate in competitive bidding (legal and financial autonomy, managed according to commercial law rules and not be subject to the procuring entity).</td>
</tr>
<tr>
<td>04</td>
<td>Procurement audits are not conducted on a regular basis.</td>
<td>ARCOP is required to conduct an external audit of contracts on a regular basis</td>
</tr>
<tr>
<td>06</td>
<td>The Act and its implementing instruments do not provide for specific periodic risk assessment and controls tailored to risk management.</td>
<td>Revise the implementing decree to introduce a risk-based periodic assessment of the public procurement control mechanism.</td>
</tr>
<tr>
<td>07</td>
<td>The standard documents published by ARCOP in December 2015 on its website contain only a few very basic provisions on fraud and corruption despite the adoption of a law on corruption control and a public procurement code of ethics and professional conduct.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Revise the standard documents during transposition of the DSRAs in order to introduce adequate provisions on fraud and corruption.</td>
<td></td>
</tr>
<tr>
<td>08</td>
<td>The Bank notes that some local businesses continue to submit bids with misleading or falsified information and that government purchasers take no action against these practices even when detected.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Apply the sanctions provided for by Act. 004-2015/CNT on prevention and punishment.</td>
<td></td>
</tr>
</tbody>
</table>

A. Background

Following the adoption of the Accelerated Growth and Sustainable Development Strategy (SCADD) for 2011-2015 Burkina Faso reaffirmed its interest in developing the PPP to address development challenges. These challenges arise within an international context marked by the beginnings of an emergence from the financial, food and economic crises that have undermined the economies of developed and poor countries. It should also be noted that the decline in the volume of official development assistance (ODA) on account of economic difficulties faced by donor countries has compromised the funding of investments in Burkina Faso.

Internally, Burkina Faso is faced with significant investment needs created by its commitment to develop growth poles and support the decentralization process by developing its regions. These growing investment needs relate to roads, water, health and educational infrastructure, agricultural facilities, etc.

The development challenges include the need for accelerated growth while ensuring the security and sustainability of the significant investments targeted under SCADD, with a view to ensuring the uninterrupted delivery of public services to the population.

Faced with these challenges, Burkina Faso must obtain the tools needed to promote economic growth and the welfare of its people. This is where the PPP comes in as an alternative source of funding and optimal mobilization of international and national expertise for development. Furthermore, the success of some PPP projects in the sub-region justifies the adoption of this approach in Burkina Faso.

B. Institutional Framework of PPPs in Burkina Faso

1. Entities that Constitute the Institutional Framework of Burkina Faso

In Burkina Faso, public procurement stakeholders and officials from public bodies involved in the process, from project identification to implementation, participate in the implementation and monitoring of PPP projects. This process includes the initiation formulation, funding and implementation of the project.

The formulation of any PPP project is the responsibility of the central public authority supervising the project (ministry, local authorities or other subdivisions of the State). It comprises identification, preparation, technical and financial assessments and any other step necessary for the project's feasibility study and for the decision to execute the project under a PPP arrangement.

Once the PPP programme has been adopted by the Council of Ministers, approval is given to the public authority in charge of the project to begin looking for funding in accordance with current regulations governing PPPs.

A national or international competition is then launched, in one or two stages, all preceded by prequalification during which the public authority provides each pre-qualified bidder with a set of bidding documents containing the selection criteria and the bid submission deadline.

With regard to direct purchase, subject to the approval of the Council of Ministers or the deliberative body of the competent organ of State, the public authority in charge of the project is authorized to negotiate a PPP contract, in accordance with the regulatory provisions (Article 27 of the Decree No. 2014-024 PRES/PM/MEF of 3 February 2014). These provisions allow direct purchase when: (i) there is a reasoned and urgent need to ensure the continuity of the public service; (ii) there is only one company able to provide the requested service, and (iii) invitations to the prequalification or tender procedure are unsuccessful.

The public authority is authorized to examine unsolicited proposals in accordance with the provisions of Decree No. 2014-024 (Articles 30 to 34), provided that the proposal does not relate to a project for which a selection procedure has been announced or begun. The selection of private partners leads to the conclusion of a PPP contract which will form the basis of project execution.
PPP projects are implemented in accordance with the provisions of the signed contract. Monitoring of contract or project execution shall be the primary responsibility of the public authority in charge of the project. PPP projects in Burkina Faso are subject to the types of control applied in government structures and shall be the subject of a periodic report to the Minister in charge of finance.

2. Institutional Framework

The Government of Burkina Faso has established a legal and institutional framework to promote public-private partnership. This was done through the adoption in September 2011 of the PPP development strategy and the law of 23 May 2013 to establish a legal regime for public-private partnerships (concessive PPPs and public payment PPPs). This Law complements the delegation of public service system provided for in the decree of 2008 (modified in 2012 and 2013) to regulate public procurements.

C. Analysis and Recommendations on the Legal and Institutional Framework for PPPs in Burkina Faso

In the case of Burkina Faso, the analysis led to the identification of some shortcomings of the PPP institutional and legal framework based once more on best practices observed in comparable and reference countries.

Subsequently, recommendations will be formulated for strengthening the institutional and legal framework. These remarks can only be preliminary since they have to be discussed with the competent authorities in order to formulate recommendations that meet the standards and the expectations of stakeholders.

1. Legal Framework

The main comment from the legal standpoint is the absence of provisions on PPPs in the Public Procurement Code and the existence of definitions which are sometimes conflicting depending on whether they are viewed from the standpoint of the strategy paper or from the standpoint of the law.

Other issues related to the legislative and regulatory framework of PPPs in Burkina Faso include:

- The complexity (ambivalence) of the provisions applicable to CSPs: The current framework does not clearly indicate the provisions applicable to public service delegations as opposed to typical public contracts. Although certain provisions in sectoral terms specify the terms of the CSP, they do not seem to differ from non-PPP public procurements. This may adversely affect the implementation of PPP projects.

- The absence of a framework for PPP formats other than the delegation of public service: Although the majority of PPP projects are public service delegations, there are other forms of PPPs such as the partnership contract which is not mentioned with absolute clarity in the current legal framework.

- The absence of certain provisions adapted to PPP projects, especially in terms of identification and contracting of a private partner: The current framework is not well suited to the realities of PPP projects, including many public service delegation projects.

a) Recommendations

Analysis of the legal framework for PPPs in Burkina Faso underscores the need to:

- initiate discussions on the possibility of strengthening the current public procurement Code to include provisions adapted to PPPs;

- clarify to the extent possible certain provisions relating to better anchoring of PPPs; and
- change a number of laws and existing decrees to take account of the specific characteristics of PPPs

2. **On the Legal Framework**

Sector institutions face limitations in the implementation of PPP projects.

All or some of them face challenges at each stage of the PPP project cycle, ranging from understanding of the PPP concept to maximizing public investment under PPP projects, through adapted contracting.

**a) Limitations**

The main limitations relate to existing institutions’ knowledge on PPPs. Indeed, institutions that can play a role in procurement and contracting lack teaching materials (tools, training, model contracts, etc.) for strengthening their capacity in the PPP process.

The second characteristic shortcoming identified in our analysis is the absence of staff responsible for operating institutions focused on PPPs (for example, only 10 people work for DP-PPP), especially regarding their:

- Development: institutional entity in charge of the identification and analysis of PPP projects;
- Establishment: institutional monitoring entity and sectoral regulatory authorities with a PPP mandate; and
- Funding: institutional entity to structure the financing of the public partner within the PPP.

**b) Recommendations**

Based on the limitations identified, the institutional framework of PPPs in Burkina Faso could be strengthened simultaneously on two pillars, namely:

- The creation of a veritable PPP unit to facilitate the development and implementation of PPPs. The unit could execute two types of actions: (i) the generic actions of a PPP programme (training, promotion of PPPs, dissemination of best practices by acting as a centre of expertise in the country); and (ii) PPP project support actions (support for project identification and analysis, support for the procurement and contracting of the private partner and assistance during the implementation phase).
- The identification of resources within the Ministry of the Economy, Finance and Development allocated for the specific analysis of the financial impact of PPP projects and the optimal structuring of the government share of PPP financing.

3. **Capacity-building**

The capacity-building needs are immense and cover the following areas:

- expression of users;
- exercise of delegated authority by local councils.
- The performance of regulatory tasks by the competent officials, as well as the development of efficient information tools services to: (i) accelerate the adoption of best practices; (ii) participate in the reduction of operational costs; and (iii) contribute to the sustainability of monitoring-evaluation.
Annex 14: Burkina Faso - Note on Gender

The population of Burkina Faso is estimated at 19.6 million inhabitants in 2017, approximately 51% of whom are women. The country is ranked 146th out of 149 in terms of gender inequality in the 2016 Human Development Report. This low ranking stems from a number of adverse socioeconomic indicators showing that poverty incidence is higher for women (52%) than for men (48%). Moreover, the country has low female representation in decision-making circles, despite the law of 16 April 2009 fixing the quotas for legislative and municipal elections. In 2016, the female representation was only 9.44% in the General Assembly and 24.13% in the Government.

In education, the gaps remain persistent in favour of boys at the post-primary, secondary and higher education levels. In 2013-2014, the rate was 9.8% for girls compared to 15.9% for boys at the secondary level. Illiteracy in Burkina Faso significantly affects women because only 1 out of every adult woman is educated compared to over 2 out of every 5 men.

The health indicators show that the total fertility rate (5.6 children per woman in 2014) and the growth rate (3%) are among the highest in the world. Moreover, the country has high rates of maternal mortality (122.3 deaths per 100,000 live births) and child mortality. Excision is particularly widespread (approximately 76%). The HIV/AIDS prevalence rate among women is estimated at 1.2% compared to 0.8% for men in 2013.

In the area of employment, women accounted for 24.2% of the staff in the public service and the formal private sector in 2015. However, they play a major role in the informal sector which contributes approximately 70% to GDP formation in Burkina Faso. The transition from the informal to the formal sector is difficult and the balance in the business environment remains heavily biased against women. Rural women participate significantly in agro-silvo-pastoral production (60% of farming activities). However, the deterioration of natural resources due to climate change, political instability which affects the sub-region and recurrent food crises have widened the gap between men and women. Moreover, their marketing of processed agricultural products is generally considered to be an integral part of their domestic chores and is not included in the accounting of the national economy.

On access to the factors of production: (i), men get more loans (15%) than women (8%). The main obstacles blocking access to credit, especially for women are high interest rates, lack of collateral and ignorance of the loan application procedures. Moreover, the proportion of males aged 15 years and above who have a bank account is double that of women (14.6% compared to 6.0%). (ii) Regarding access to land, only men decide on its use while women have only a temporary usufruct right over the plots of land assigned to them; (iii) female-headed households use traditional implements (hoes, dadas [short-handled hoes]...), in 96% of cases, while 21.5% of male-headed households farm the same crops using ploughs; and (iv) moreover, women's access to agricultural extension services remains limited.

Fetching drinking water for domestic use requires over 30 minutes per day for 26.8% of households and this chore is essentially performed by women. On access to energy, the statistics show that male-headed households had greater access (85.2%) than female-headed households (82.4%) in 2013. The time and physical strength expended by women to look for this commodity is enormous and they are the most affected by poverty and inaccessibility to energy sources. With regard to information and communication technologies, more men than women own mobile phones (79% of men compared to 52% of women).
At the institutional level, since the establishment of the Ministry for the Promotion of Women's Affairs, initiatives taken to mainstream gender into all sectors have not produced the expected results. There are weaknesses in the mechanisms for consultation and coordination of stakeholders in the national, regional and municipal gender promotion councils; gender units set up in each government institution; the consultative framework for TFPs (including the Swiss Cooperation, World Bank, UNDP, UNFPA, etc.) and the Common Gender Fund of TFPs. The main reasons are the low level of ownership of the gender concept by policymakers, the lack of necessary institutional and technical capacity as well as insufficient allocations to drive the implementation process. Women's civil society organizations suffer from weak structuring and the absence of a unifying national coordination structure.

Government action revolves around the implementation of the National Gender Policy and Operational Action Plan 2017-2019. Moreover, the National Economic and Social Development Plan (PNDES) 2016-20 seeks to reduce gender inequalities by increasing the number of female business owners from 21% in 2015 to 50% in 2019; promoting opportunities for decent work for women and expanding their access to technical and vocational training, etc. Regarding access to land, Act 034-2009 on rural land tenure law advocates that developed land be allocated to women. The Government has instituted reforms to combat violence against women. Hence, penalties for rape, explicitly introduced into the penal code in 2015, have been applied since 2016. However, the gender dimension is not sufficiently integrated into sector policies and this affects the planning of activities, implementation outcomes and the impact assessment. There is a scarcity of updated, gender-disaggregated statistics for the various areas of development.

In conclusion, the Bank will ensure that the gender dimension is mainstreamed into its investments. In this regard, it will ensure that sector budget support on energy efficiency targets the specific needs of women and promotes decent work for them, including through the dissemination of income- and job-generating technologies that lighten their workload. In the field of agriculture, projects focused on value chains dominated by women and which offer comparative advantages (agri-food, etc.) will be implemented. Hence, a study is planned for 2017 to identify a promising value chain development project for women.

The Bank will also seek to increase financial flows and non-financial instruments for women by investing in the establishment of an agricultural bank. Moreover, the Bank will promote equitable access to land for women, by promoting the rural land tenure law and the presidential initiative to grant new irrigated areas to women under the national irrigation development campaign. Furthermore, specific mechanisms and actions will be implemented in its future programmes and projects to reduce gender inequality especially in functional literacy, vocational training, family planning, nutrition and health in partnership with governmental and civil society organizations operating in the area of gender as well as with the private sector.
Annex 15: Burkina Faso - Note on the Environment and Climate Change

1. How does climate change affect the economy of Burkina Faso; what are the points of vulnerability to climate change?

Climate change in Burkina Faso is evident through a steady decline in the volume and quality of rainfall, rising temperatures, floods, droughts and violent winds. These extreme weather events undermine crop and livestock performance as well as the conventional farming techniques and methods. They regularly displace many communities in the affected areas, thus generating humanitarian problems. They also cause significant economic losses. For instance, the floods experienced by the country in 2009 resulted in the loss of 268,005 tons of cereal, valued at CFA.F 35,266 billion.

As regards points of vulnerability, studies on vulnerability assessment and the capacity to adapt to variability and climate change (ANP, 2015) have highlighted four of the most vulnerable key sectors, namely: agriculture, water resources, animal resources, biodiversity and forestry. The table below analyses the vulnerability of these sectors in Burkina Faso.

<table>
<thead>
<tr>
<th>Resource/sector</th>
<th>Degree of impact</th>
<th>Duration of impact</th>
<th>Severity of impact</th>
<th>Importance of the resource/sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>WATER</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>Very high</td>
</tr>
<tr>
<td>AGRICULTURE</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>Very high</td>
</tr>
<tr>
<td>STOCKBREEDING</td>
<td>High to medium</td>
<td>High to medium</td>
<td>High to medium</td>
<td>High</td>
</tr>
<tr>
<td>FORESTRY</td>
<td>High to medium</td>
<td>High to medium</td>
<td>High to medium</td>
<td>High</td>
</tr>
</tbody>
</table>

Source: Ministry of Environment, Green Economy and Climate Change

Hence, the vulnerability situation can be described as follows:

- Agriculture: The geographical position of Burkina Faso at the centre of the Sudano-Sahelian region of West Africa, particularly exposes it to the harmful effects of climate change and variability. The reduced rainfall coupled with rising temperatures causes a decline in yields.
- Stockbreeding: Vulnerability varies from one species to another, from one production system to another, from one zone to another, and even depending on gender.
- Environment and natural resources: Climate change has an impact on biodiversity and ecosystems. It causes floods, degradation of the vegetation cover and rising temperatures;
- Energy: Climate variations have an impact on energy especially in terms of a decline in timber resources (since biomass constitutes 85% of the energy consumption at the national level (MEDD, 2012)), a reduction in hydroelectricity output and heat production, and an increase in the consumption of hydrocarbons and electricity.
- Health: health problems stemming from climate change are caused by vulnerability due to rainfall (floods, for example), rising temperatures and many other factors;
- Infrastructure and habitat: vulnerability of road and related structures, habitats, etc.
Moreover, the most vulnerable groups are poor rural dwellers (women, youth and smallholders).

2. **How are climate change and green growth issues factored into development policies?**

Certain actions are being envisaged within the policy of the Department in charge of environmental issues to address climate change and green growth. This involves the following actions of the **green economy and climate change programme**:

1. Reduction of greenhouse gas emissions: support for actions to reduce GHG emissions through projects and programmes;
2. Adaptation to the adverse effects of climate change: implementation of the PNA;
3. Promotion of the green economy: The main activities to be implemented will entail strengthening the legal and political framework and the technical capacity of national development stakeholders, encouraging consumers to make responsible choices, promoting green and sustainable agriculture, industry, handicraft and green services; and developing integrated environmental accounting. It will also entail creating eco-villages as a model of sustainable development and grassroots democracy;
4. Innovation and transfer of climate technology: Get stakeholders to adopt clean production and consumption technologies adapted to the economic and physical conditions of Burkina Faso;
5. Capacity-building on resilience to climate change: This will entail conducting training, information and awareness-raising activities on best practices; and
6. Promotion of sustainable production and consumption patterns: promote clean technologies and best practices in the various sectors of production

Furthermore, note should be taken of the ongoing formulation of the **national green economy promotion strategy**. It is also worth mentioning the creation of a **General Directorate for the Green Economy and Climate Change** in charge of climate change issues.

3. **What are the strategies developed to address environmental challenges?**

The environment is taken into account in the reference frameworks for planning and development. These include:

- PNDES through **Pillar 2: develop human capital** (SOS25: improve quality of life, access to water, sanitation and good quality energy services) and **Pillar 3: boost sectors that promote economic growth and employment** (SO 3.1: ensure the sustainable development of productive and resilient agro-silvo-pastoral, wildlife and fisheries sectors that are more market-oriented and based on the principles of sustainable development; and SO35: reverse the environmental degradation trend and ensure the sustainable management of natural and environmental resources);

- sector policy on the environment, green economy and climate change whose vision is: “Burkina Faso reverses trends in the degradation of environmental and natural resources and promotes their contribution to the national economy and the socioeconomic well-being of its people.”

- the National Climate Change Adaptation Plan of Burkina Faso (ANP) whose vision is: “**Burkina Faso manages its economic and social development more efficiently by instituting planning mechanisms and measures that focus on resilience and adaptation to climate change by 2050**”. The long-term adaptation objectives are to:
  - protect accelerated growth pillars;
  - ensure sustainable food and nutrition security;
• preserve water resources and improve access to sanitation;
• protect people and property against extreme climate events and natural disasters;
• protect and improve the functioning of natural ecosystems; and
• protect and improve the health of the population.

- the Intended Nationally Determined Contributions (INDC) in Burkina Faso which became the Nationally Determined Contribution (NDC) after COP 21 held in Paris in December 2015. This contribution covers 2 types of objectives:
  • Mitigation measures, aimed at reducing GHG emissions, with quantifiable elements, indicating the base year, commitment period, implementation schedule and the methods used to estimate GHG emissions;
  • adaptation objectives aimed at reducing the vulnerability of natural and human systems to the real or expected effects of climate change.

- the National Environmental Investment Plan for Sustainable Development (PNIEDD, 2017-2021), whose objective is to help reverse the trends in environmental and natural resource degradation and boost productivity through massive, predictable and profitable investments.
Annex 16: Burkina Faso - Note on Youth Employment and Skill-Building in Rural Areas

Burkina Faso stands out for the youthfulness of its population estimated at 19.6 million inhabitants in 2017. This population is characterized by its extreme youthfulness. Indeed, 47% of the population is below the age of 15 years, 67% is below 25 years and 33.2% of the youth are aged between 15 and 35 years. The country’s population is a major asset for its development and transformation in the medium and long terms provided this population is provided with appropriate training, better health, and effective integration into the national production system. In the short term, this situation fuels high social demand for infrastructure (education, health, drinking water, education) and skills (vocational training).

In general, employment remains dominated by the informal sector, since only 6.4% of jobs are provided by the formal sector. By 2015, the number of formal sector jobs was estimated at only 685,625, including 24.2% for women, comprising 154,846 civil servants (22.6%) and 530,679 private sector workers (77.4%) registered with the National Social Security Fund (CNSS).

Notwithstanding the organizational and management efforts and the magnitude of the funds to promote employment and improve labour-market governance, there are still challenges, including: (i) the improvement of youth employability; (ii) reduction of rural underemployment; (iii) expansion of access to technical and vocational training; (iv) promotion of youth and women’s entrepreneurship; (v) improvement of labour-market governance as well as the extension and expansion of social protection.

Economic and social governance in Burkina Faso over the past three decades resulted in the implementation of policies that yielded mixed results as regards reduction of unemployment, underemployment and poverty. The failure to meet high expectations and severe unemployment plunged the country into a deep crisis marked by a popular uprising on 30 and 31 October 2014.

In 2008, Burkina Faso adopted a National Employment Policy (PNE) whose main objective is to increase opportunities for decent work in order to help reduce poverty. Since the PNE was adopted, several studies, projects and programmes have been conducted to address unemployment in general and youth unemployment in particular. However, these achievements did not have the desired effect because unemployment and underemployment rates virtually stagnated between 2005 and 2010. According to EICVM 2009/2010 data, the unemployment rate is 8.5% in urban areas, up from 8.6% in 2005. The PNE is under review for adoption by the Government at the end of 2017. Indeed, unemployment and underemployment particularly affect young people (15-35 years old) with 82% of young unemployed, of which 43% are under the age of 25 years. It is more pronounced in urban areas and particularly affects young higher education graduates (34.5%). In rural areas, the youth rather experience underemployment and low productivity of labour.

In 2015, Phase 2 of the Special Programme on the Creation of Jobs for Youth and Women (PSCE/JF) was adopted. Furthermore, the Vocational Training Generalization Strategy (SGFP) was formulated, adopted by the Council of Ministers and disseminated throughout Burkina Faso. More recently, the Government launched the “Youth Employment for National Education” (PJEN) programmes aimed at recruiting 4200 young people.

Despite promises of economic and social improvement, responses to the expectations of the population and of the youth, in particular, are slow to emerge. This is compounded by the imbalance between rural and urban areas, as well as inequalities between the various social segments of the population. The Continuous Multisector Survey (EMC 2014) found that the proportion of the unemployed labour force was 14.5% in rural areas and 13% in urban areas in the first quarter of 2014. The unemployment rate is lower in urban areas than in rural areas purportedly because of the seasonal nature of employment in rural areas. In rural areas, unemployment is erratic and heavily dependent on the season during which the survey is conducted. Urban unemployment is a structural phenomenon: the proportion of the unemployed labour force in rural areas was 18.3% in 2005,
17.7% in 2007. 18.4% in 2009 and 13% in the first quarter of 2014. In rural areas, the employment period for the majority of the labour force is limited to the rainy season, which lasts for more than 5 months of the year, thus placing workers in a situation of time-related underemployment.

**National Development Goals and Key Factors in the Sector**

Pillar 2 of the PNDES highlights the options and conditions for the full development of human capital. To achieve this goal, the PNDES seeks to: (i) accelerate the demographic transition to capture the demographic dividend; (ii) improve the quality and quantity of supply of health services; (iii) ensure that there is adequate matching of training and employment and orient research and innovation towards the structural transformation of the economy; and (iv) reduce gender inequalities to promote women and the youth as active development stakeholders.

The main factors limiting youth access to employment can be classified in two major categories, namely: factors related to the economic and demographic environment and those related to low employability.

**Factors related to the economic and demographic environment**

Most Burkina Faso youth face problems of unemployment, underemployment and poverty which essentially stem from the country’s economic structure and from population pressure.

Burkina Faso is a largely agricultural country, with a small industrial sector. Yet the industrial sector holds the greatest potential in terms of jobs, especially high-skill and well-paid jobs.

The secondary sector, with the exception of a few large chemical, textile, agri-food and manufacturing units, is dominated by small and medium-sized businesses and industries. The opportunities for expansion of these units are very limited because of the high cost of production factors and a sluggish market. The few large companies in the country also face this market reality.

In the tertiary sector, activities that can be developed by investors do exist but have been neglected: such activities range from traditional trade to modern international trade with the contribution of information and communication technologies (ICT) for new commercial stakeholders.

**Factors related to low employability**

These are essentially:

- The low supply of TVET: Barely 5% of young people aged 16 to 35 years in general and 3.6% of young women in particular have benefitted from technical education and/or vocational training. Approximately 74% of the young beneficiaries are trained in the tertiary sector;

- Lack of professional experience due to an educational system structure that fails to combine theoretical teaching with internship training (for the acquisition of professional experience);

- The mismatch between training and labour-market needs which remain unknown to stakeholders, for want of recent and prospective studies, and limited public-private partnership in training; and

- Limited entrepreneurial culture among the youth and difficult access to funding for the implementation of self-employment projects.
Persons living with a disability represent 1.2% of the total population. Approximately 81% of disabled persons live in rural areas, compared to 19% in urban areas (RGPH 2006, INSD 2009b). The main employment characteristics of persons living with disabilities are:

- more difficult access to education;
- a greater tendency to be unemployed; and lastly
- discrimination in the Burkina Faso labour market.

As regards women in particular, the main employment characteristics are:

- Women have relatively less access to education and training.
- Women have a greater tendency to be unemployed in urban areas as they are most disadvantaged in terms of education and training.
- Approximately 70% of employed women are unpaid family workers (house help and similar categories).
- Although there has been some progress in terms of women’s empowerment, a lot remains to be done to achieve gender parity.
- The gender gap is particularly wide in agricultural employment mainly because of the greater difficulty experienced by women in gaining access to the factors of agricultural production.
- With regard to non-agricultural employment, women have relatively more difficult access to formal employment than men.
- Few women reap adequate gains from employment.

The obstacles to employment for women and persons living with disabilities are the same as those faced by the entire labour force, although they are greater for these target groups. To tackle them, the Government is striving to: (i) build human capacity; (ii) facilitate access to credit, (iii) ensure access to factors of production, and (iv) eliminate sociocultural constraints. The Bank could contribute through specific actions to meet the challenges of persons living with disabilities.

II. SECTOR STRATEGIC FRAMEWORK

Pending revision of the national employment policy (2008), which is under way with ILO assistance, the policy remains in force to provide guidelines. Diagnostic studies are being finalized. The formulation of a National Employment Policy (PNE) is among a series of Government measures to combat poverty, promote shared economic development and ensure continuous social progress. The policy choices of the PNE intervention strategy are based on three observations:

- The supply of jobs is not enough to satisfy the entire population of jobseekers and absorb newcomers into the job market;
- Jobseekers are ill-prepared to find jobs and join the active labour force.
- The job market operates with difficulty and the measures needed to correct the situation are multiple. Such measures relate to job information, market organization, efficiency in terms of institutional capacity and consideration of the objectives of decent work.
The national employment policy sets four strategic objectives, namely to:

- create a link between employment policy and other national policies in order to clarify their interdependence and show the potential contribution of macroeconomic and sectoral policies to job creation and quality improvement;
- boost job creation through specific actions that stimulate employment and improve quality;
- improve employability, i.e. improve access to employment through vocational training, and ensure that vocational training fully matches the realities of the labour market; and
- improve the organization and the functioning of the labour market in order to more closely control it and ensure it plays a more concrete role in access to employment.

Most of the labour force is active in agriculture and in the rural sector in general. Most of the poor are also found in rural areas. This is why priority is given to rural development.

With regard to the promotion of employment, possible objectives relate to the improvement of productivity, lengthening of the time spent on agriculture and stockbreeding, and creation of a larger number of non-agricultural rural jobs.

**Main Challenges and Weaknesses of the Sector**

The diagnosis shows that urban unemployment and low labour productivity are the main problems faced by the Burkina Faso workforce, especially women and young people. Accordingly, the diagnosis has highlighted several concerns which can be grouped into five major challenges, namely:

- Increase and improve the supply of technical and vocational training to match labour-market needs. To-date, over 90% of national education system graduates have general training without any qualifications.
- Improve the employability of young and female job seekers. The job market has a large population of jobseekers, most of whom are not employable.
- Boost the creation of productive employment in the secondary and tertiary sectors: The diagnosis showed that economic growth did not improve the quality of employment because it is driven by economic sectors that are not labour-intensive while more labour-intensive sectors are not very buoyant.
- Increase labour productivity in the primary sector: Increased primary sector productivity; implementation of actions to ensure a sustainable increase in sustainable farming productivity; and also intensify and boost cash crop farming in order to increase their impact in terms of productive job creation in rural areas.
- Build the institutional and technical capacity of labour market actors.

**Main Donors Involved in the Sector and their Priority Areas.**

- The World Bank plays the role of lead donor in the area of employment through its Youth Employment and Skills Development Project, funded to the tune of USD 50 million. The implementation strategy relies on private sector companies to receive and guide the youth, and on Helvetas on account of its confirmed expertise in Burkina Faso in the implementation of the labour-intensive approach.
- The AFD initiated the identification of a project aimed at satisfying the capacity-building needs of young people in vulnerability regions in order to enhance their chances of getting a decent job.
✓ PAPS-EFTP (Technical and Vocational Education and Training Sector Policy Support Programme) involves six TFPs (Austria, France/AFD, Luxembourg, Monaco, Switzerland, and Taiwan).

✓ Italian Cooperation essentially funds: (i) a rural development project in the Sahel region (EUR 5.2 million in 5 municipalities), with a focus on water projects (EUR 2 million) around Dori, the regional capital; (ii) a land project in the Centre North and Sahel regions (EUR 3.8 million) aimed at promoting employment opportunities for the youth (development of irrigated farmland, land tenure security, information systems).

✓ UNICEF supports projects for refugees in the Sahel region (implemented by NGOs - Red Cross, Terre des Hommes). In conjunction with ANPE, training courses are organized for young people (bakery, mechanics, weaving, etc.) in Dori and Djibo. A project with a cross-border dimension is envisaged (Mali, Niger, Burkina Faso).

✓ Under its 2017-2021 ICP, Lux-Development provides for youth training and integration projects for the entire territory.

✓ Swiss Cooperation has greater experience in labour-intensive operations (rural roads in the Eastern region), working in partnership with the World Bank to develop framework documents for labour-intensive operations in Burkina Faso. A support programme for family farms (Centre North, East and Centre South) is being defined under the new 2017-2020 strategy.

✓ Expertise France received funding from the European Union (EUR 7 million) to implement a project for the creation of economic activities and jobs in the Sahel, North and Boucle du Mouhoun regions. The project will issue requests for proposals from civil society organizations (CSOs).
Annex 17: Distribution of TFPs According to their Areas of Intervention in Burkina Faso

<table>
<thead>
<tr>
<th>Areas of intervention</th>
<th>Education</th>
<th>Agriculture (including farms-to-market roads)</th>
<th>Health and nutrition, food aid</th>
<th>Transport</th>
<th>Drinking water and sanitation</th>
<th>Energy, mines, quarries</th>
<th>Private sector development, youth and employment, trade</th>
<th>Social Protection</th>
<th>ICT</th>
<th>Justice and human rights</th>
<th>Environment</th>
<th>Town planning and housing</th>
<th>Administrative and political governance, multisectoral aid</th>
<th>Economic governance, multisectoral aid</th>
<th>Financial Sector</th>
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</table>

*** → sector that receives over 50% of TFP funding; ** → sector receiving between 10% and 50% of TFP funds; ** → sector receiving less than 10% of TFP funding.

Source: Data from the 2015 Cooperation Development Report. Ministry of the Economy and Finance, Burkina Faso 2015; updated by the CSP team.
Annex 18: Burkina Faso - Key Macroeconomic Indicators

Burkina Faso

Selected Macroeconomic Indicators

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Unit</th>
<th>2000</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016 (e)</th>
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<tr>
<td>GNI at Current Prices</td>
<td>Million US $</td>
<td>2,902</td>
<td>9,825</td>
<td>10,618</td>
<td>11,788</td>
<td>12,137</td>
<td>11,950</td>
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<tr>
<td>GNI per Capita</td>
<td>US$</td>
<td>250</td>
<td>610</td>
<td>640</td>
<td>690</td>
<td>690</td>
<td>660</td>
<td>...</td>
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<tr>
<td>GDP at Current Prices</td>
<td>Million US $</td>
<td>2,618</td>
<td>10,756</td>
<td>11,639</td>
<td>12,720</td>
<td>12,257</td>
<td>10,886</td>
<td>13,374</td>
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<tr>
<td>GDP at 2000 Constant prices</td>
<td>Million US $</td>
<td>2,618</td>
<td>4,962</td>
<td>5,409</td>
<td>5,768</td>
<td>6,057</td>
<td>6,301</td>
<td>6,642</td>
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<tr>
<td>Real GDP Growth Rate</td>
<td>%</td>
<td>2.9</td>
<td>6.6</td>
<td>9.0</td>
<td>6.6</td>
<td>5.0</td>
<td>4.0</td>
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<tr>
<td>Real per Capita GDP Growth Rate</td>
<td>%</td>
<td>0.1</td>
<td>3.5</td>
<td>5.8</td>
<td>3.6</td>
<td>2.0</td>
<td>1.1</td>
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<tr>
<td>Gross Domestic Investment</td>
<td>% GDP</td>
<td>17.9</td>
<td>26.9</td>
<td>31.1</td>
<td>30.4</td>
<td>31.2</td>
<td>31.8</td>
<td>33.3</td>
</tr>
<tr>
<td>Public Investment</td>
<td>% GDP</td>
<td>10.9</td>
<td>10.6</td>
<td>12.1</td>
<td>15.5</td>
<td>12.4</td>
<td>13.0</td>
<td>14.1</td>
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<tr>
<td>Private Investment</td>
<td>% GDP</td>
<td>6.9</td>
<td>16.3</td>
<td>19.1</td>
<td>14.9</td>
<td>18.8</td>
<td>18.8</td>
<td>19.2</td>
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<tr>
<td>Gross National Savings</td>
<td>% GDP</td>
<td>3.5</td>
<td>13.9</td>
<td>7.7</td>
<td>9.8</td>
<td>11.7</td>
<td>7.7</td>
<td>8.2</td>
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<td>Prices and Money</td>
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<tr>
<td>Inflation (CPI)</td>
<td>%</td>
<td>-0.3</td>
<td>2.8</td>
<td>3.8</td>
<td>0.5</td>
<td>-0.3</td>
<td>0.9</td>
<td>1.8</td>
</tr>
<tr>
<td>Exchange Rate (Annual Average)</td>
<td>local currency/US$</td>
<td>712.0</td>
<td>471.9</td>
<td>510.5</td>
<td>494.0</td>
<td>494.4</td>
<td>591.4</td>
<td>588.3</td>
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<td>Monetary Growth (M2)</td>
<td>%</td>
<td>47.2</td>
<td>11.6</td>
<td>16.6</td>
<td>11.6</td>
<td>12.2</td>
<td>16.6</td>
<td>12.8</td>
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<tr>
<td>Money and Quasi Money as % of GDP</td>
<td>%</td>
<td>28.9</td>
<td>42.0</td>
<td>41.8</td>
<td>44.1</td>
<td>51.4</td>
<td>57.4</td>
<td>52.0</td>
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<tr>
<td>Total Revenue and Grants</td>
<td>% GDP</td>
<td>19.5</td>
<td>19.5</td>
<td>19.5</td>
<td>19.8</td>
<td>21.9</td>
<td>21.2</td>
<td>20.1</td>
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<tr>
<td>Total Expenditure and Net Lending</td>
<td>% GDP</td>
<td>23.3</td>
<td>23.0</td>
<td>24.4</td>
<td>26.3</td>
<td>23.7</td>
<td>22.3</td>
<td>23.7</td>
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<tr>
<td>Overall Deficit (-) / Surplus (+)</td>
<td>% GDP</td>
<td>-3.8</td>
<td>-3.5</td>
<td>-4.7</td>
<td>-4.4</td>
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<td>Exports Volume Growth (Goods)</td>
<td>%</td>
<td>-29.7</td>
<td>87.4</td>
<td>-22.5</td>
<td>55.6</td>
<td>16.7</td>
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<td>Imports Volume Growth (Goods)</td>
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<td>25.7</td>
<td>45.3</td>
<td>-15.4</td>
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<td>Terms of Trade Growth</td>
<td>%</td>
<td>-4.8</td>
<td>-10.9</td>
<td>34.2</td>
<td>-9.7</td>
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<td>3.8</td>
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<tr>
<td>Current Account Balance</td>
<td>Million US $</td>
<td>-346</td>
<td>-143</td>
<td>47</td>
<td>-1,345</td>
<td>-728</td>
<td>-750</td>
<td>-580</td>
</tr>
<tr>
<td>Current Account Balance</td>
<td>% GDP</td>
<td>-13.2</td>
<td>-1.3</td>
<td>0.4</td>
<td>-10.6</td>
<td>-5.9</td>
<td>-7.0</td>
<td>-4.3</td>
</tr>
<tr>
<td>External Reserves</td>
<td>months of imports</td>
<td>4.4</td>
<td>3.2</td>
<td>3.2</td>
<td>1.6</td>
<td>0.8</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Debt and Financial Flows</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Service</td>
<td>% exports</td>
<td>22.8</td>
<td>2.2</td>
<td>3.0</td>
<td>2.8</td>
<td>3.1</td>
<td>4.0</td>
<td>3.9</td>
</tr>
<tr>
<td>External Debt</td>
<td>% GDP</td>
<td>63.0</td>
<td>22.7</td>
<td>22.2</td>
<td>21.2</td>
<td>20.6</td>
<td>24.2</td>
<td>21.4</td>
</tr>
<tr>
<td>Net Total Financial Flows</td>
<td>Million US $</td>
<td>187</td>
<td>1,032</td>
<td>1,189</td>
<td>1,028</td>
<td>1,028</td>
<td>1,028</td>
<td>...</td>
</tr>
<tr>
<td>Net Official Development Assistance</td>
<td>Million US $</td>
<td>180</td>
<td>982</td>
<td>1,152</td>
<td>1,045</td>
<td>1,124</td>
<td>997</td>
<td>...</td>
</tr>
<tr>
<td>Net Foreign Direct Investment</td>
<td>Million US $</td>
<td>23</td>
<td>144</td>
<td>329</td>
<td>490</td>
<td>357</td>
<td>167</td>
<td>...</td>
</tr>
</tbody>
</table>


Notes: ... Data Not Available  (e) Estimations  (p) Projections  Last Update June 2017
Annex 19: Burkina Faso - Comparative Socioeconomic Indicators

Burkina Faso

COMPARATIVE SOCIO-ECONOMIC INDICATORS

<table>
<thead>
<tr>
<th>Basic Indicators</th>
<th>Year</th>
<th>Burkina Faso</th>
<th>Africa</th>
<th>Developing Countries</th>
<th>Developed Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area (000 Km²)</td>
<td>2016</td>
<td>274</td>
<td>30,067</td>
<td>97,418</td>
<td>36,907</td>
</tr>
<tr>
<td>Total Population</td>
<td>2016</td>
<td>18.6</td>
<td>1,214.4</td>
<td>6,159.6</td>
<td>1,167.1</td>
</tr>
<tr>
<td>Urban Population</td>
<td>2016</td>
<td>30.3</td>
<td>40.1</td>
<td>48.7</td>
<td>51.1</td>
</tr>
<tr>
<td>Population Density (per Km²)</td>
<td>2016</td>
<td>68.1</td>
<td>41.3</td>
<td>65.1</td>
<td>33.8</td>
</tr>
<tr>
<td>GNI per Capita (US$)</td>
<td>2015</td>
<td>660</td>
<td>2,153</td>
<td>4,509</td>
<td>41,932</td>
</tr>
<tr>
<td>Labor Force Participation - Total (%)</td>
<td>2016</td>
<td>83.4</td>
<td>65.7</td>
<td>63.5</td>
<td>60.0</td>
</tr>
<tr>
<td>Labor Force Participation - Female (%)</td>
<td>2016</td>
<td>76.6</td>
<td>55.7</td>
<td>48.9</td>
<td>52.1</td>
</tr>
<tr>
<td>Sex Ratio (per 100 female)</td>
<td>2016</td>
<td>98.6</td>
<td>100.1</td>
<td>106.0</td>
<td>105.0</td>
</tr>
<tr>
<td>Human Develop. Index (Rank among 187 countries)</td>
<td>2015</td>
<td>185</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Pop. Living Below $1.90 a Day (% of Population)</td>
<td>2014</td>
<td>43.7</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
</tbody>
</table>

Demographic Indicators

| Population Growth Rate - Total (%) | 2016 | 2.9         | 2.5   | 1.3                  | 0.6                |
| Population Growth Rate - Urban (%) | 2016 | 6.7         | 3.6   | 2.4                  | 0.8                |
| Population < 15 years (%) | 2016 | 45.4        | 40.9  | 27.9                 | 16.8               |
| Population 15-24 years (%) | 2016 | 20.0        | 19.3  | 16.9                 | 12.1               |
| Population >= 65 years (%) | 2016 | 2.4         | 3.5   | 6.6                  | 17.2               |
| Dependency Ratio (%) | 2016 | 91.4        | 79.9  | 54.3                 | 52.0               |
| Female Population 15-49 years (% of total population) | 2016 | 23.1        | 24.0  | 25.7                 | 22.8               |
| Life Expectancy at Birth - Total years | 2016 | 59.3        | 61.5  | 69.9                 | 80.8               |
| Life Expectancy at Birth - Female (years) | 2016 | 60.6        | 63.0  | 72.0                 | 83.6               |
| Crude Birth Rate (per 1,000) | 2016 | 39.1        | 34.4  | 20.7                 | 10.9               |
| Crude Death Rate (per 1,000) | 2016 | 9.1         | 9.1   | 7.6                  | 8.8                |
| Infant Mortality Rate (per 1,000) | 2015 | 60.9        | 52.2  | 34.6                 | 4.6                |
| Child Mortality Rate (per 1,000) | 2015 | 88.6        | 75.5  | 46.4                 | 5.5                |
| Total Fertility Rate (per woman) | 2016 | 5.4         | 4.5   | 2.6                  | 1.7                |
| Maternal Mortality Rate (per 100,000) | 2015 | 371.0       | 476.0 | 237.0                | 10.0               |
| Women Using Contraception (%) | 2016 | 21.4        | 31.0  | 62.2                 | 52.2               |

Health & Nutrition Indicators

| Physicians (per 100,000 people) | 2005-2015 | 4.7         | 41.6  | 125.7                | 292.2              |
| Nurses and midwives (per 100,000 people) | 2005-2015 | 63.0        | 120.9 | 220.0                | 859.4              |
| Births attended by Trained Health Personnel (%) | 2010-2015 | 23.0        | 53.2  | 69.1                 |                  |
| Access to Safe Water (% of Population) | 2015 | 82.3        | 71.6  | 89.4                 | 99.5               |
| Access to Sanitation (% of Population) | 2015 | 19.7        | 39.4  | 61.5                 | 99.4               |
| Percent of Adults (aged 15-49) Living with HIV/AIDS | 2015 | 0.8         | 3.4   | ...                  | ...               |
| Incidence of Tuberculosis (per 100,000) | 2015 | 52.0        | 240.6 | 166.0                | 12.0               |
| Child Immunization Against Tuberculosis (%) | 2015 | 96.0        | 81.8  | ...                  | ...               |
| Child Immunization Against Measles (%) | 2015 | 88.0        | 75.7  | 83.9                 | 93.9               |
| Underweight children (% of children under 5 years) | 2010-2015 | 26.2        | 18.1  | 15.3                 | 0.9                |
| Prevalence of standing | 2010-2015 | 35.1        | 33.3  | 25.0                 | 2.1                |
| Prevalence of undernourishment (% of pop.) | 2010-2015 | 20.7        | 16.2  | 12.7                 | ...               |
| Public Expenditure on Health (as % of GDP) | 2014 | 2.6         | 2.6   | 3.0                  | 7.7                |

Education Indicators

| Gross Enrolment Rate (%) | Primary School - Total | 2010-2016 | 88.0 | 101.2 | 104.9 | 102.4 |
|                         | Primary School - Female | 2010-2016 | 86.1 | 96.4  | 104.4 | 102.2 |
|                         | Secondary School - Total | 2010-2016 | 33.7 | 52.6  | 71.1  | 106.3 |
|                         | Secondary School - Female | 2010-2016 | 32.2 | 50.2  | 70.5  | 106.1 |
| Primary School Female Teaching Staff (% of Total) | 2010-2016 | 44.6        | 47.1  | 59.8     | 81.0               |
| Adult Illiteracy Rate - Total (%) | 2010-2015 | 37.7        | 66.8  | 82.3                 | ...               |
| Adult Illiteracy Rate - Male (%) | 2010-2015 | 47.6        | 74.3  | 87.1                 | ...               |
| Adult Illiteracy Rate - Female (%) | 2010-2015 | 28.3        | 59.4  | 77.6                 | ...               |
| Percentage of GDP spent on Education | 2010-2016 | 3.9         | 5.0   | 4.0                  | 5.0                |

Environmental Indicators

| Land Use (Arable Land as % of Total Land Area) | 2014 | 21.9        | 8.7    | 11.2                 | 10.3               |
| Agricultural Land (as % of land area) | 2014 | 44.2        | 41.7   | 37.9                 | 36.4               |
| Forest (As % of Land Area) | 2014 | 19.8        | 23.2   | 31.4                 | 28.8               |
| Per Capita CO2 Emissions (metric tons) | 2014 | 0.2         | 1.1    | 3.5                  | 11.0               |

Sources: ADB Statistics Department Databases; World Bank: World Development Indicators; Latest update: June 2017

Note: *a.a.: Not Applicable; ...: Data Not Available. * Labor force participation rate, total (% of total population ages 15+)
** Labor force participation rate, female (% of female population ages 15+)