Burkina Faso

According to preliminary estimates, GDP growth in real terms in 2012 will be 8%, driven by a good harvest and a favourable international environment. A similar economic trend of 7-8% is projected for 2013, thanks to strong performances by the primary and tertiary sectors. Nevertheless, the possibility of climatic shocks, volatile commodity prices (oil, gold) and regional insecurity, resulting from the Mali crisis, pose a threat.

The country is slowly recovering from the social crisis of 2011, and the fact that the joint general and local elections held in December 2011 took place without any major incidents is a positive sign of the normalisation of the social and political situation. In terms of social progress, poverty persists despite a decade of sustained growth and programmes for vulnerable groups. Most of the indicators of the Millennium Development Goals (MDGs) will be unachievable by 2015.

The economy still depends heavily on agriculture, forestry and livestock farming as well as the exploitation of mineral resources. In addition to mining, which keeps growing year-on-year, the pressure of the 3.1% population growth (one of the highest in West Africa) on extensive farming creates a major risk of accelerated degradation of the environment in a context of recurring climatic vagaries.

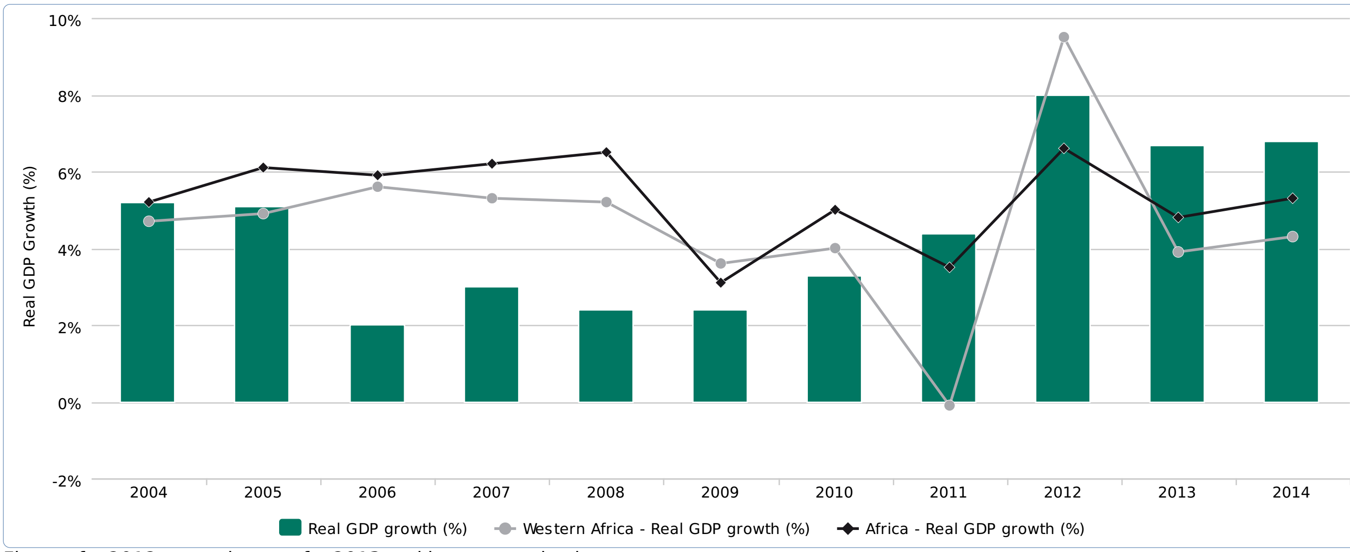
Overview

The economic outlook for 2013 is good, with provisional forecasts predicting growth of 6.7% or higher, compared with 8.0% in 2012. Growth will remain in the 6-8% range thanks to the vitality of the primary and tertiary sectors, which are the driving forces of the economy. The primary sector is the cornerstone of Burkina Faso’s economy, driven by food crops (11.0% of GDP), cash crops (3.5% of GDP) and livestock (11.3% of GDP). These three sub-sectors influence the secondary and tertiary sectors. The primary sector’s strong vulnerability to climatic vagaries makes the pillars of Burkina Faso’s economy fragile. Gold production – the main pillar of the secondary sector – experienced a sharp slowdown in 2012, with negative growth of 0.7% compared with strong growth of 39.4% in 2011. This downturn was caused by delays in opening the Bissa Gold mine. Growth should pick up again in 2013, with production expected to increase by at least 10.4%. Inflationary pressures will be contained at 2.2% in 2013 (down from 3.6% in 2012), and therefore below the convergence of the Economic and Monetary Union of West Africa (UEMOA).

Burkina Faso is involved in an economic-growth acceleration programme. It intends to implement a new growth model based around the growth poles, including the Bagré pole, the first of its kind. The aim is to ensure that natural resources are exploited efficiently, especially in the agricultural sector, by growing the value chain of certain promising sectors (livestock goods, fruit and vegetables, shea butter, sesame) through agribusiness to reduce the country’s dependence on gold and cotton. To enhance its competitiveness and promote intra-regional trade, Burkina Faso is also developing infrastructure to integrate roads, energy and information and communication technologies (ICTs).

The political sphere in 2012 was marked by simultaneous municipal and general elections in December. The general election brought about a new distribution of roles between the opposition and coalition led by the President, which took a majority of seats (70 out of 127). However, it is a slim majority, which prevents the coalition from unilaterally removing the constitutional restriction (particularly Article 37) limiting the president to two terms of office. Political observers believe this constitutional matter will remain a major concern for the country’s short- and medium-term stability. In the midst of this, government measures taken in 2011 to tackle the social crisis have had mixed results. The Mali crisis presents a new threat that could damage social stability. The government is faced with three main political and economic challenges: rapidly resolving the Mali crisis, which could affect budgetary decisions, resulting in greater spending on security and defence (and consequently lower spending on other items); improving the functioning of institutions, especially the judicial system; and implementing good governance.

Figure 1: Real GDP growth 2013 (West)



Figures for 2012 are estimates; for 2013 and later are projections.

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Table 1: Macroeconomic indicators

	2011	2012	2013	2014
Real GDP growth	4.4	8	6.7	6.8
Real GDP per capita growth	1.3	4.9	3.6	3.7
CPI inflation	2.8	3.6	2.2	2.1
Budget balance % GDP	-1.4	-0.5	-1.5	-2.3
Current account % GDP	-1.2	-3.5	-5	-4.4

Figures for 2012 are estimates; for 2013 and later are projections.

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Recent Developments & Prospects

Table 2: GDP by Sector (percentage of GDP)

	2007	2011
Agriculture, forestry & fishing	-	-
Agriculture, hunting, forestry, fishing	32.7	33.7
Construction	6	4
Electricity, gas and water	1.2	0.9
Electricity, water and sanitation	-	-
Extractions	-	-
Finance, insurance and social solidarity	-	-
Finance, real estate and business services	6.2	5.5
General government services	-	-
Gross domestic product at basic prices / factor cost	100	100
Manufacturing	11.1	7.5
Mining	0.5	12.9
Other services	2.4	2.1
Public Administration & Personal Services	-	-
Public Administration, Education, Health & Social Work, Community, Social & Personal Services	-	-
Public administration, education, health & social work, community, social & personal services	22	17
Social services	-	-
Transport, storage and communication	12.1	12.6
Transportation, communication & information	-	-
Wholesale and retail trade, hotels and restaurants	5.8	3.7
Wholesale, retail trade and real estate ownership	-	-

StatLink http://dx.doi.org/10.1787/888932808975

Burkina Faso’s economy is slowly recovering from the social crisis that occurred in the first six months of 2011. The authorities believe the crisis affected the economy throughout 2012, making growth 0.5 percentage points lower than it should have been. However, thanks to good rainfall real GDP growth in 2012 is estimated to have almost doubled from 4.4% to 8.0%.

The economy is dominated by the tertiary sector (43.2% of GDP). However, the vitality of the primary sector, which employs most of the workforce and contributed 31.3% to GDP in 2012, determines the rate of growth of the secondary and tertiary sectors. Cereal and cotton production still influence the economic activity of the cotton ginning, transport, trade and financial services. The fastest-growing sectors are agriculture (14.5% of GDP), the extractive industries (30.6% of GDP), livestock (11.3% of GDP) and trade (11.0% of GDP). These four sectors account for almost half of GDP.

Thanks to better rainfall in 2012, agriculture performed well, growing by 23.7% (compared to the previous year's crops). These results have been achieved thanks to ongoing efforts by the government to support small farmers (distribution of higher quality seeds, provision of compost pits, farming equipment). Thanks to these efforts and adequate rainfall, cereal production grew by 8% in 2013. The cotton sector is also recovering from the internal crisis of 2011 thanks to government incentives for producers, including continued subsidies for agricultural inputs, a rise in prices paid to cotton producers to XOF 245 (CFA Franc BCEAO) per kg over the last two seasons, and the settlement of arrears owed to them. As a result of these incentives the area of planted land rose by an estimated 38%. Cottonseed production was estimated at 572 000 tonnes in 2012, a 38% rise on the 2011 figure. The upward trend in production should continue in 2013 and 2014, with annual growth of at least 5%. The main threats to this sub-sector will remain climatic shocks, a decline in international cotton prices and a big rise in the cost of inputs.

The livestock sector should continue growing at an average rate of 3.8% a year in 2013, thanks especially to the ongoing vaccination initiatives, insemination and spread of a high-performance cattle breed and incoming animals belonging to Malian refugees.

Mining (25.3% of GDP) forms the backbone of the secondary sector, and its strong growth is boosting all other sectors. Gold production was estimated at 32.4 tonnes in 2012, with seven of the country's eight operational mines extracting gold. However, growth in the sector slowed considerably in 2012 to just 0.7% from 39.4% the previous year. This slump probably occurred because the reserves of some mines depleted and the Bissa Gold mine did not begin operations.

The tertiary sector's vitality was boosted by market services, especially trade, which recorded 9.2% growth in 2012. Market services will continue to grow strongly in 2013, benefiting from the knock-on effects of reforms to improve the business climate and events such as the Pan-African Film and Television Festival of Ouagadougou.

But the security risk, marked by the crisis in Mali, will be the main risk to market services.

On the demand side, growth in GDP in 2012 was mainly attributable to final consumption (81.3% of GDP) and investments. According to estimates, they respectively contributed 5.4 and 1.7 percentage points to growth. Foreign trade contributed very little to growth (0.1 percentage points) because the country relies so heavily on imports (petroleum products, food products and equipment linked to public investment).

Final consumption grew by an estimated 11.1% in 2012, driven mainly by the private sector (63% of the total). Public consumption also grew by 14.8%, thanks to government aid to disadvantaged groups (social measures and support for Malian refugees), election costs and the cost of managing the 2012 food crisis.

Investment growth of 6.7% in 2012 was helped by a 10.1% increase in private gross fixed-capital formation (GFCF).

The outlook for 2013 and 2014 is positive. Growth should remain strong thanks to investment in infrastructure envisaged as part of the Strategy for Accelerated Growth and Sustainable Development (SCADD) and private consumption. Several major investment projects will continue: Donsin Airport, the Bagré Growth Pole, new roads under the Millennium Challenge Account and the electrification programme.

Consequently, real GDP growth should remain strong, at 6.7% in 2013 and 6.8% in 2014. Burkina Faso's economy has always been vulnerable to adverse climatic conditions (lack of rainfall), a drop in gold prices and a sharp rise in international oil prices. But now it is faced with a new threat in the shape of the Mali crisis.

Macroeconomic Policy

Fiscal Policy

The government continued with an expansionary fiscal policy in 2012 as it tried to manage the effects of the 2011 social crisis while taking care of Malian refugees and vulnerable people affected by the 2012 food crisis. To ensure enough ressources are available to tackle these issues, staff costs rose by 13.7% in 2012. Social spending also increased sharply, from XOF 298.2 billion in 2011 to XOF 391.2 billion in 2012, as the government intensified its efforts to support the most vulnerable groups following the food crisis and the influx of refugees. This represents an increase of just over one percentage point over the previous year (from 6.2% to 7.3% of GDP). Subsidies for petroleum products are relatively low, amounting to less than 1% of GDP. The subsidies primarily focus on the price of hydrocarbons from the state electricity firm, the *Société nationale de production et de commercialisation de l'électricité*. To help contain subsidies for hydrocarbons the government raised the price at the pump by XOF 50 in 2012. Overall, current expenditure is estimated to have increased from 12.4% of GDP in 2011 to 13.2% in 2012. There was also a slight increase in total public expenditure in 2012, which rose to an estimated 23.6% of GDP from 22% in 2011.

Government revenue, including donations, showed strong growth of 19% in 2012. Total revenue and donations, meanwhile, stood at an estimated 23.1% of GDP, up from 20.6% the previous year. Tax revenue surged by 22.7%, reaching 14.2% of GDP in 2012, up from 13.7% in 2011. This strong growth was fuelled by taxes on trade and international transactions, the tax on goods and services and income taxes. Non-tax revenue, meanwhile, could be up by 24.8% thanks to increased dividends and taxes on mining licences. Burkina Faso's good overall performance for generating revenue stems from government measures to simplify and modernise the tax and customs system, combat fraud and forgery, strengthen the performance of tax-collection agencies, etc. However, the tax burden (14.2%) is still below the regional WAEMU criterion (17%). The low tax burden is largely explained by the size of the still-untaxed primary sector and the prevalence of the informal economy in the tertiary sector.

The government's cautious management policy helped reduce the overall budget deficit (commitment basis, including grants), which was reduced from 1.4% of GDP in 2011 to 0.5% in 2012. The deficit was financed by disbursements from the International Monetary Fund (IMF) under the Extended Credit Facility and the issue of bond loans on the WAEMU market. In the coming years, the budget deficit is likely to grow to 1.5% in 2013 and 2.3% in 2014.

Table 3: Public Finances (percentage of GDP)

	2009	2010	2011	2012	2013	2014
Total revenue and grants	19.6	19.8	20.6	23.1	22.5	22.3
Tax revenue	12.5	12.7	13.7	14.2	14.3	14.1
Oil revenue	-	-	-	-	-	-
Grants	5.9	4.5	5	7	6.3	6.3
Total expenditure and net lending (a)	24.3	22.7	22	23.6	24.1	24.6
Current expenditure	12.7	11.9	12.4	13.2	13.4	13.8
Excluding interest	12.2	11.4	11.8	12.7	12.9	13.3
Wages and salaries	5.8	5.5	5.5	6	5.8	6
Interest	0.4	0.5	0.6	0.5	0.5	0.5
Primary balance	-4.3	-2.4	-0.9	0	-1	-1.8
Overall balance	-4.8	-2.9	-1.4	-0.5	-1.5	-2.3

Figures for 2012 are estimates; for 2013 and later are projections.

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Monetary Policy

In the context of the fixed exchange rate of the CFA Zone, the region's monetary policy in 2012 supported economic growth and price control. However, given the volatility of food prices and the direct and indirect impact of the XOF 50 rise in fuel prices at the pump, inflation rose to 3.6% in 2012, which is above the WAEMU target. In the event of a good harvest, inflationary pressures should subside in 2013 and 2014. From 2013 onward, inflation is expected to average at less than 2% a year, and therefore below the WAEMU threshold of 3%.

The money supply grew by 11.3% in 2012, thanks to the 17.3% increase in credit to the economy. This trend is expected to continue in 2013 and 2014, growing by an average of 11.3% a year.

Economic Cooperation, Regional Integration & Trade

Burkina Faso is a member of nearly all West African institutions and is home to the WAEMU headquarters. For trade, WAEMU – of which Burkina Faso is a member – implemented a common external tariff to simplify trade and reduce tariff protection among member countries. There are four tariff bands: 0%, 5%, 10% and 20%. The average for Burkina Faso is less than 16%. The WAEMU tariff also includes a statistical fee (1%) and a community solidarity levy (1%). Cases of discriminatory domestic taxation are rare and temporary and there is no export tax. Nevertheless, prior authorisations are needed for certain imports (sugar, cement, etc.) and are not issued systematically.

Burkina Faso is not very open to international and regional trade. Although it is a member of WAEMU and the Economic Community of West African States (ECOWAS) and is strategically located at the geographical centre of both organisations, Burkina Faso trades mainly with Asia and Europe rather than with its neighbours. Trade with other WAEMU and ECOWAS countries is limited to raw materials. Overall exports grew by 10.4% in 2012 thanks to growth in cotton and gold production. However, this growth was much lower than the 43.9% recorded in 2011. Exports fell slightly to 21.9% of GDP in 2012, down from 22.2% in 2011. Similarly, the current-account balance deteriorated in 2012, with the deficit having expanded from 1.2% of GDP in 2011 to an estimated 3.5%. There is a mixed outlook for 2013 and 2014, with the external deficit expected to widen in 2013 to 5.0% of GDP before contracting in 2014 to 4.4%.

To improve foreign trade, the country will have to remove constraints on trading across borders and implement WAEMU community directives on the free circulation of goods and people. For cross border trade, the number of documents required for export and import transactions remains high at ten, compared to a sub-Saharan average of eight for exports and nine for imports. Costs per container are higher than the sub-Saharan African average, at USD 2 412 for export containers (compared to the average of USD 1 990) and USD 4 030 for import containers (compared to the average of USD 2 567). To facilitate trade within WAEMU, adjacent border posts have been set up at the borders with Ghana, Togo and Niger.

The country should become more open over the next few years through exports in mining and agriculture (gold, manganese, cotton, sesame, etc.). The export share of GDP should thus remain at around 21.7% in 2013.

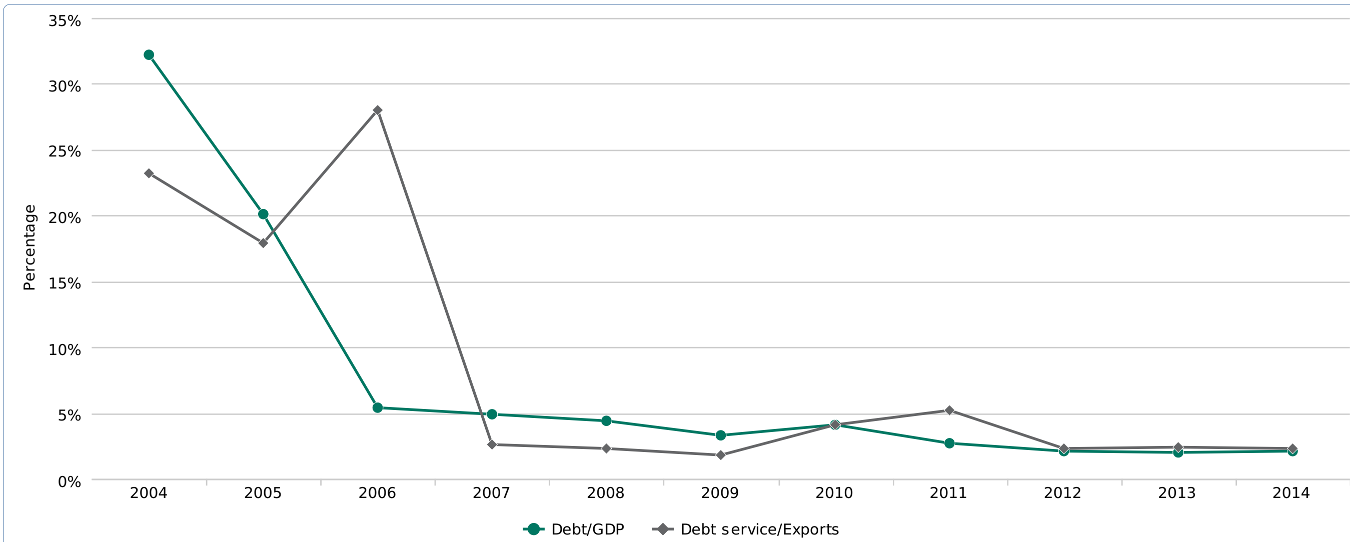
Debt Policy

The World Bank-IMF debt sustainability analysis of 2012 downgraded Burkina Faso's long-term risk of debt distress from "high" to "moderate". This improvement was mainly driven by strong growth in gold exports. Thus in 2012 all the indicators were below their respective critical thresholds. The ratio of net present value of debt to exports should continue to fall due to the positive effect of gold exports. In 2012 this ratio fell to an estimated 55.6%, from 56.1% in 2011. However, the debt distress rating could be upgraded if there is a reversal in the trend of commodity prices. It is also worth noting that in 2012 the country had no arrears in external-debt payments.

The country's government has appointed a team responsible for debt management and macroeconomic policy. The debt data is readily available and the legal framework of public borrowing is clearly defined. In the past, government policy was to limit borrowing to concessional loans in which the grant share was higher than 35%.

Since the country's debt distress ranking was changed, the government is exploring new financing options to fund infrastructure projects with a high economic return. It is also currently drafting a bill on public–private partnership. Debt analysis and management skills still need improving. This could be achieved through technical assistance used to draw up a medium-term debt strategy and through training technicians responsible for analysing debt sustainability.

Figure 2: Stock of total external debt and debt service 2013



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Economic & Political Governance

Private Sector

The private sector is dominated by the informal sector. Most businesses are very small or medium sized, and operate in retail or construction. Improving the business climate to attract investment remains a major challenge with much at stake.

The current investment code helps streamline and control licensing requirements for most activities. This code provides accredited firms with various benefits, depending on the accreditation scheme, both in the investment phase and in the operational phase. Despite these benefits, small- and medium-sized companies struggle to take advantage of the opportunities available to them in a wide range of sectors, including agriculture, agribusiness, mining and tourism.

Concerning the protection of shareholders' rights, Burkina Faso's legislation complies with the relevant legislation of the African Business Law Harmonisation Organisation (OHADA). However, this legislation has certain weaknesses, which are currently being examined. Thus, in the strength of investor protection index (where countries score between 0 and 10 according to how much protection investors receive), Burkina Faso has a relatively low score of 3.7 out of 10, which is below the sub-Saharan African average of 4.5 and the OECD average of 6.0.

All in all, the business environment deteriorated slightly in 2012 according to the World Bank report *Doing Business 2013*. Burkina Faso slipped three places in the rankings from 150th to 153rd. For business start-up it also lost two places.

The regulatory framework on competition in Burkina Faso is determined by national legislation. All public-sector bodies are free to make their purchases from any company. The private sector does not always respect the legislation, so in 2012 the authorities began to supervise market prices, especially for consumer goods.

Over the next few years the government plans to focus on public–private partnerships (PPPs) to accompany the private sector in taking advantage of the opportunities the country has to offer. Legislation on PPPs is currently being drafted.

Financial Sector

The Central Bank of West African States (BCEAO) operates a strict monitoring policy. Banks generally complied with regional prudential ratios. Overall, Burkina Faso's financial system is healthy, but five of the twenty financial institutions struggle to comply with the new minimum capital requirements (XOF 5 billion). In response, the government's economic and social development fund has acquired a stake in each of the five banks to accompany them through until private partners are found.

Despite a higher level of bank capitalisation, interest rates remain high, making the banks less competitive. The government thus continued implementing its development strategy for the financial sector in 2012. It also focused its efforts on micro-credit development to ensure wider access to financial services, setting up structures responsible for strategy and the action plan to promote microfinance and a better-regulated sector. The share of credit to the economy is improving, having risen from 19.8% of GDP in 2011 to 20.6% in 2012. This upward trend is set to continue in 2013, with the share reaching 21.7% of GDP.

Public Sector Management, Institutions & Reform

In 2012, Burkina Faso did not improve in the protection of property rights. The cost of recovering debts remains high, at 81.7% of the debt versus an average of 50% for sub-Saharan Africa. However, the time needed to recover debts (446 days) is shorter than the sub-Saharan African average (649 days).

Government is fairly well structured, despite some overlaps of services. In 2012, parliament also created two commissions of enquiry: one on government procurement and one on subsidies to the health sector. Both commissions' reports were made public. The state auditing authority (*Autorité supérieure de contrôle de l'État*) and the auditor-general's office (*Cour des comptes*) also published their annual report. All these reports highlighted many areas of improvement inside the administration and cases of mismanagement. However, those found to have been involved in embezzlement are not always punished.

Transparency International's 2012 report ranks Burkina Faso 83rd, a marked improvement on its 2011 rank of 100th. But there remains a perception of corruption as a result of cases of embezzlement revealed by a report by the chief auditor's office commissioned by the prime minister.

Governance is expected to improve in 2013 and 2014 and perceived corruption to diminish as a result of government determination to prosecute embezzlers. The prime minister announced that from 2013 anti-corruption measures will centre around four areas: creating laws and regulations; strengthening the independence of control bodies; making the judicial system competent; effective and independent; as well as educating the public and raising their awareness.

No major changes were made in the area of decentralisation in 2012. Nevertheless, the local elections held in December 2012 should give new impetus to the decentralisation process. In 2012, only 2% of the national budget was transferred to local authorities.

Natural Resource Management & Environment

Environmental affairs in Burkina Faso are governed by the environment code, the forestry code, the mining code, the framework law on water management, the law on pastoral herding and the national policy on security of tenure in rural areas. The national environmental policy framework covers all the relevant fields. The policies and programmes currently being implemented are the national anti-desertification plan, which aims to ensure the sustainable management of natural resources, and the environmental plan for sustainable development.

Given the need to adapt to climate change and strengthen the population's resilience to climatic threats, the government has committed to formulating a national investment plan for the environment and sustainable development. The plan is currently in the process of being approved and will become the frame of reference for all actors involved in the environment and sustainable development sector. The investment plan is complemented by a national action plan and a sustainable land-management strategy adopted in June 2012. Thanks to the newly created Ministry of the Environment and Sustainable Development, the minimum human, institutional and financial capacities are now in place. Burkina Faso has ratified most international conventions on environmental issues.

Legislation on environmental impact requires any development project to produce an environmental- and social-impact study. The government has also made the environment a factor that is taken into account in all sectoral strategies. However, the use of a number of dangerous products (cyanide, mercury) in the extractive industries and poor management of their environmental impact have given rise to much criticism from politicians and civilians alike. The public authorities therefore began a review of the mining code in 2011, which should make the mining industry improve its management of social and environmental issues.

Political Context

The wounds opened up by civil unrest in 2011 were treated in 2012. The joint general and local elections of December 2012 ran relatively smoothly, helping to restore social and political normality. The peaceful elections were deemed satisfactory by all political parties and the international community, despite a few minor disputes leading to cancelled votes at some polling stations. The results strengthened the ruling party, which claimed the majority of seats both in the National Assembly and in local councils. Apart from increasing its majority, the ruling party was hoping to achieve the two-thirds majority it would need to push constitutional changes through parliament. In the end the ruling party won 70 of the 127 seats available, and therefore will not be able to change the constitution unilaterally. The election also saw a redistribution of roles among the opposition parties.

The main risks to the country's stability are essentially political and security-related. Trouble could break out as a result of any changes to Article 37 of the Constitution, and insecurity could worsen in the Sahel as a result of the Malian crisis.

Social Context & Human Development

Building Human Resources

The 2011-15 SCADD passed in 2010 has been the frame of reference for government policy on human-resources development. The development priorities of the social sectors (health and education) are included in this strategy, which has been made operational through sector plans.

In the health sector, the authorities have continued implementing the 2011-20 national health-development programme, the healthcare system development-support programme and the national nutrition programme. Overall, progress in the sector in 2012 was satisfactory. The immunisation coverage rate is estimated to have exceeded 100% in 2012, and the percentage of healthcare and social-promotion centres that comply with the minimum staffing standards (nurses and midwives) increased from 77.35% in 2010 to 79.35% in 2012. Thanks to free antiretroviral therapy (ART) and ongoing awareness campaigns, major steps forward have been made in combating HIV/AIDS. The HIV-infection prevalence rate was thus reduced by 1.2% in 2012, and 83% of those with HIV received ART, compared to 79% in 2010. The weak link in the health system remains the fight against malnutrition. Although progress was made in 2012, underweight prevalence amongst children under five is still high (24.0% in 2012 compared with about 25.7% in 2010).

In education, the authorities have continued to implement policies, action plans and initiatives geared towards reaching the goals of universal basic education, literacy and fair access to early-childhood development programmes. The authorities have also implemented policies to improve the level of technical and vocational education, which has had positive effects, increasing the gross enrolment rate (GER) from 79.6% in 2011 to 87.8% in 2012.

Satisfactory progress made in these priority social sectors is the result of substantial government funding. In 2012, the share of the national budget allocated to these sectors is estimated at 12.0% for health (up from 11.4% in 2011) and 15.6% for education (up from 15.2% in 2011). However, the results show that Burkina Faso has still not made enough progress to achieve the MDGs by 2015.

Poverty Reduction, Social Protection & Labour

The government adopted a comprehensive strategy to promote protection and social awareness in 2012. It took measures to strengthen social safety nets, especially in the context of the food crisis. The government has just set up a sectoral framework to monitor this strategy, but the framework is not yet fully operational. To help those affected by the crisis, the government carried out a XOF 112 billion strategy involving the subsidised sale of cereals in areas affected by the food crisis. Despite a decade of efforts to help vulnerable groups, poverty persists. The latest survey on living conditions, conducted in 2009, revealed that poverty declined slowly between 2003 and 2009. Nationwide, poverty declined by 2.5 percentage points from 46.4% to 43.9%. In rural areas it declined by 1.6 percentage points from 52.3% to 50.7%.

Gender Equality

The authorities are committed to fighting inequalities between men and women. The government thus adopted a national gender policy in 2009. Also, a sector-level gender framework was introduced to ensure that the implementation of the gender policy is monitored.

As part of the efforts to reduce gender inequalities in education, incentives were put in place for girls to enroll (free tuition and free school supplies). These efforts have already improved the percentage of girls enrolling in primary schools, bringing the GER for girls in 2012 to an estimated 86.1%, compared to an overall GER (girls and boys) of 87.8%. Measures have also been taken to improve healthcare. The rate of births assisted by qualified staff reached an estimated 79.35% in 2012, up from 77.35% in 2011, while the immunisation coverage rate for each antigen (BCG, DTP-Hep-Hb3, measles, yellow fever) is about 100%.

Through its action plan, the government pays particular attention to violence against women. Such acts of violence are considered a serious crime and are heavily punished by the judicial system (such as cases of female circumcision or rape). More specifically, a fund is in the process of being set up to support action aimed at redressing gender inequalities.

Thematic analysis: Structural transformation and natural resources

Burkina Faso has significant natural resources. Eight industrial mines are currently operational. In addition to gold, the country has many other minerals it can exploit, such as nearly 20 million tonnes of manganese at Tambao. There is also bauxite at Kaya and Kongoursi, with a 1.5 million tonne capacity. The phosphate capacity is estimated at more than 63 million tonnes at Kodjari. The country also has copper, zinc, lead, iron, nickel and other minerals.

The first private industrial mines emerged over the last decade. Gold exports totalled 31.7 tonnes in 2012, contributing the equivalent of XOF 862.2 billion in foreign currency in 2012. Gold helped increase the amount of foreign direct investment (FDI) in the country, from an average of XOF 3.8 billion between 1985 and 2002 to 37.8 billion between 2003 and 2012 (about ten times the amount). More than sixty international firms (Australian, Canadian, South African, etc.) are involved in exploration activities. In the coming years, gold exports are expected to rise substantially with the opening of new gold, zinc and manganese mines.

Although its contribution is still relatively weak, the exploitation of natural resources is gradually helping transform the economy. In 2012, the exploitation of mining resources represented 12.5% of GDP, compared to less than 1% in 2005.

The exploitation of natural resources still has a very limited impact on the economy as a whole, and even less of an impact on the local areas of the sites and the people living in those areas. Taxes and royalties must be paid for mining, and in 2012 the government collected XOF 188.69 billion,[1] less than 20% of total government revenue. This mining revenue is injected straight into the national or municipal resources, and can be used for any budget stream. There is no specific mechanism to allocate resources obtained from gold.

Production is exported without any local processing. Some local inputs are used in the production of gold. These include water, fuel, land, labour and technical services (geophysics, geochemistry and sampling). The technical services are often insufficient in terms of quality, quantity or both. In total, mining contributes to creating only 5,000 jobs, most of which are low skilled.

The structural transformation of the economy remains slow. Gold and cotton are the main export products, accounting respectively for 69% and 18% of total exports in 2012. Other products with a strong potential include livestock products, fruits and vegetables, shea butter, peanuts and sesame. Very little processing of these products is done locally before export, although there are investment opportunities and possibilities to subcontract to local or foreign companies. Gold, for instance, is refined to 18 carats before export; all further refinement taking place outside Africa. Cotton is exported immediately after ginning. About 1% is used locally by the local spinning company. By-products (cottonseed cakes, oil, etc.) are used by other companies to produce animal feed and soap. Although exported raw, cotton has helped structure local economies. It has boosted trade and enabled a series of industries to develop, including oil mills and soap factories. Cottonseed cakes are an important food supplement for livestock and play an essential role in intensive livestock farming in Burkina Faso. Cotton farming has created more than 250 000 jobs, and almost 3 million people in Burkina Faso live directly or indirectly from the cotton industry. As a result of the cotton-sector crisis of the past five years, production has diversified somewhat towards cereals (maize), sesame and cowpeas.

The government has recognised the need to strengthen policies to diversify and transform the economy by improving the value chains of agricultural, forestry and livestock products with a high potential. For this reason, as part of its SCADD adopted in late 2010 for the period 2011-2015, the government is focusing on creating growth poles. The Bagré pole is currently in the experimental phase.

Gold production has reduced the country’s heavy dependence on a single export commodity (cotton). It has not resulted in “Dutch disease”, and therefore has not damaged agricultural production. Gold mining sites are supposed to be closed during the rainy season, so in theory mining complements agriculture. Nevertheless, sometimes fields are spoilt by gold prospecting. Schools are also deserted in certain areas where gold has been discovered.

The main challenges for Burkina Faso in the area of natural resources are:

Developing value adding services for natural resources: the country loses revenue because of the lack of skilled labour;

Safeguarding production: the economy loses about 1.5 tonnes through fraud in artisanal mining;

Improving information on mineral resources and the sector’s legal and regulatory framework.

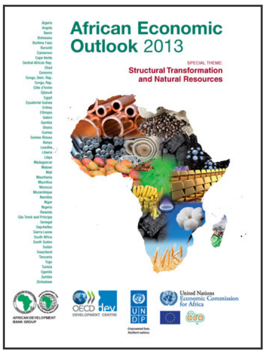
Gold is not a renewable resource, and revenue from this activity could be used to help local development by building infrastructure to improve road access and connections, and by fostering the enhancement of the value of agricultural, forestry and livestock products with a high potential.

A special infrastructure fund that will collect contributions from the extractive industries could be set up to make the management of revenue from natural resources more transparent. This fund would serve to finance basic infrastructure for Burkina Faso’s future (paved roads, electrification, ICTs, railways).

Burkina Faso’s development prospects depend on the creation of adequate infrastructure, better youth training and competent monitoring and control systems. Burkina Faso also needs to intensify its research to grow its exploitable deposits and diversify its production of minerals (zinc, silver, lead, copper, manganese and limestone cement).

Notes

1. However, in terms of quantities already produced, there is growing criticism of how little goes to the central and local authorities. The environmental impact and health and safety of some sites is also criticised. To help restore the environment, an environmental restoration fund was created in 2011, to which seven companies contributed around XOF 3 billion.



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