Burkina Faso

key figures

• Land area, thousands of km²	274
• Population, thousands (2007)	14 784
• GDP per capita, USD at constant 2000 prices (2007)	268
• Life expectancy (2007)	52.3
• Illiteracy rate (2007)	69.6

Burkina Faso

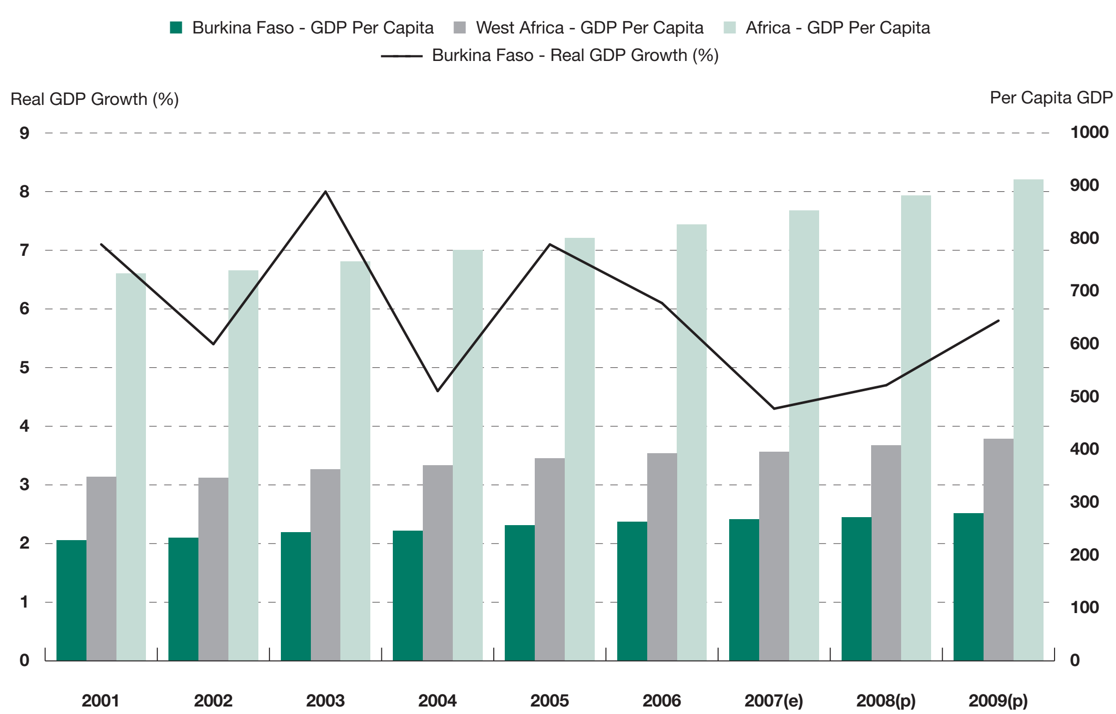
Burkina Faso remains one of the poorest countries in the world, with 44.8 per cent of its population living on less than USD 1 per day. Nevertheless, economic activity has taken a qualitative leap over the past ten years, showing average growth of 5.9 per cent between 1997 and 2006. The growth rate reached 6.1 per cent in 2006, compared to an average of 3.1 per cent in the West African Economic and Monetary Union (WAEMU). These very positive results are due to the pursuit of structural reforms and of steady investment. In 2007 growth nevertheless slowed down to a rate of 4.3 per cent, due to the fall in cotton production. It is expected that there will be a progressive recovery, with projections of 4.7 per cent growth for 2008 and 5.8 per cent for 2009.

Inflation slowed, to 2.4 per cent in 2006 and 2.0 per cent in 2007: these rates are distinctly lower than 2005 (6.4 per cent). Good food-crop production and sufficient supply to the markets slowed the rise in food prices. Projections predict an inflation rate of 2 per cent in 2008 and 2009. It is worth noting that the fall in inflation resulted in a 4.7 per cent increase in per capita income in 2006.

Cotton remains the mainstay of the economy but there are promising developments in the mining sector.

Since 2004 the economy of Burkina Faso has remained resilient to the crisis in Côte d'Ivoire. The conflict in this neighbouring country in fact came to a halt with the signature of the Ouagadougou Political

Figure 1 - **Real GDP Growth and Per Capita GDP**
(USD at constant 2000 prices)



Source: IMF and local authorities' data; estimates (e) and projections (p) based on authors' calculations.

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Agreement on 4 March 2007. Burkina Faso's economic growth remains nevertheless uncertain, for four main reasons: poorly diversified agriculture, an inadequate road network, limited energy resources, and the fact that it is a landlocked country. This geographical situation results in high goods transport costs, so penalising the competitiveness of the economy as a whole.

Public finances are under strain, in spite of substantial support from lenders. The continued rise in public expenditure has led to a worsening of the primary deficit, which increased from 4.7 per cent of GDP in 2006 to 5.7 per cent in 2007. Fighting effectively against poverty implies control of public expenditure, the maintenance of the debt at a supportable level and a more rapid expansion of the tax burden.

Recent Economic Developments

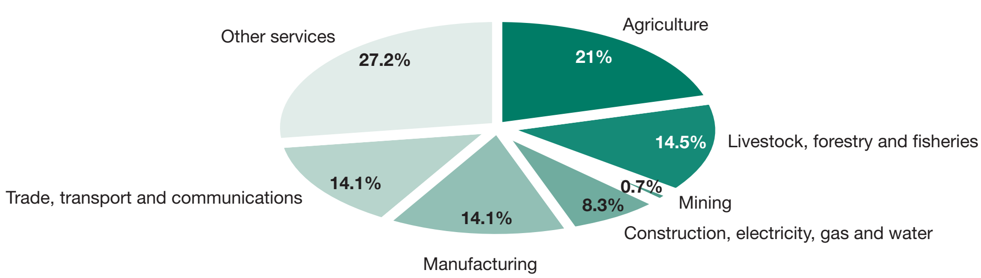
In 2007 economic activity made little progress, with a growth rate of 4.3 per cent. Held back by the fall in cotton production, growth was led only by industry and services, at rates of 1.7 and 1.2 per cent respectively. Agriculture's contribution to growth was only 0.14 per cent in 2007, owing to an unresolved crisis in the cotton sector. Furthermore, the downward trend in cotton prices has led to a review of economic forecasts. Growth is predicted not to exceed 4.7 per cent in 2008, instead of 6 per cent as initially expected. It is expected to reach this target only in 2009, with a rate of 5.8 per cent, due to a general recovery, including agriculture.

In the meantime, the primary sector, which is one of the pillars of the national economy, (35.5 per cent of GDP) has been badly affected. Between 2006 and 2007, cotton production fell from 649 400 to 434 000 tonnes, owing to several factors: bad weather; a fall of 14 per cent in producer prices (XOF 145 CFA franc BCEAO per kg, instead of XOF 165 in 2006); price increases of inputs; delays in payments to farmers for the previous season's crop; and finally, the late announcement of minimum producer prices. Farmers reduced the acreage given over to cotton and expanded planting of subsistence cereal crops, such as maize, millet and sorghum.

Cereal production increased by 1.5 per cent in 2007, also boosted by the development of new low-lying and irrigated areas. Production, which is supposed to cover the needs of the domestic market, went up from 3.68 to 3.73 million tonnes between 2006 and 2007. Nevertheless, 15 out of the country's 45 provinces were in deficit. The surpluses from some regions failed to arrive in the provinces affected by the shortage of cereals, because of the poor state of the roads, weak information circulation and lack of organisation. This situation led to inflationary tensions, and in order to curb these, in November 2007 the government launched a programme for selling cereals at reduced prices.

Exports of livestock products have gradually picked up, thanks to the reopening of the border with Côte d'Ivoire and improvements in the organisation of trade flows with other neighbouring countries, such as Ghana and Togo. Livestock production contributed 0.33 per

Figure 2 - **GDP by Sector in 2006** (percentage)



Source: Authors' estimates based on Ministry of Economy and Finance data.

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cent to GDP growth in 2007, as against 0.46 per cent in 2006.

Industry, which represents 23.1 per cent of GDP, grew by 8.2 per cent in 2007, led by mining and major works projects. The rapid growth in construction is largely due to the Commercial and Administrative Zone (ZACA) plan for redeveloping the centre of the capital Ouagadougou. Various monuments, sports stadiums and infrastructure are under construction, and there are also several private property developments.

The drop in cotton production led to a decline in ginning activities in 2007. This fall affected the performance of the whole manufacturing and mining sub-sector. Nevertheless, mining was strengthened by the active exploitation of the Taparko gold mines and improved organisation of gold panning. The production of gold, the country's largest export product, increased from 7.4 to 9 tonnes between 2006 and 2007. The provisions set out in the new mining regulations adopted in 2003 are expected to bear fruit in 2008/09. Works leading to the exploitation of the Mana and Kalsaka gold mines were started in 2007. Three other gold mines, Essakane, Inata and Bayildiaga are under construction, as is Perkoa zinc mine. In addition, two exploitation licences have been granted to small mines, one a gold mine at Banouassi, and the other a manganese mine at Kiere.

Industry is expected to grow by 2.7 per cent in 2008 and 5.96 per cent in 2009. Manufacturing, along with ginning, should benefit from the expected upturn in cotton production. Mining is predicted to experience new momentum, with growth of 3.89 per cent in 2008 and 6.39 per cent in 2009.

The tertiary sector, representing 41.3 per cent of GDP, grew an estimated 5 per cent in 2007, as against 6.2 per cent in 2006. This slowdown was caused by the weak contribution of non-tradable services and the fall in tradable service activity. Postal services and telecommunications, trade, transport and financial services were more dynamic. Telecommunications, which grew by 6.6 per cent in 2007, are flourishing due to the boom in the mobile phone sector. In 2007, the privatisation of the national telecommunications bureau, ONATEL, went well, with Maroc Telecom buying 51 per cent of the shares. Furthermore, Celtel, a mobile phone company, became a full service provider, following the liberalisation of access to Internet. Trade also improved, thanks to retailing. Transport benefited from the resumption of rail traffic between Ouagadougou and Abidjan. The services sector is expected to grow by 5.8 per cent in 2008 and 7 per cent in 2009, due to trade, telecommunications and financial services. Tourism, which is growing rapidly, shows great potential. The accommodation capacity

Table 1 - **Demand Composition**

	Percentage of GDP (current prices)		Percentage changes, volume			Contribution to real GDP growth		
	1999	2006	2007(e)	2008(p)	2009(p)	2007(e)	2008(p)	2009(p)
Gross capital formation	**18.5**	**17.1**	**38.4**	**10.9**	**13.1**	**6.4**	**2.4**	**3.1**
Public	9.8	8.1	9.0	9.1	9.9	0.7	0.7	0.8
Private	8.7	9.1	64.5	12.0	15.0	5.7	1.7	2.2
Consumption	**96.3**	**96.0**	**2.2**	**3.4**	**4.0**	**2.1**	**3.1**	**3.6**
Public	18.0	21.1	1.0	3.0	3.0	0.2	0.6	0.6
Private	78.3	74.9	2.5	3.5	4.2	1.9	2.5	3.0
External demand	**-14.8**	**-13.1**				**-4.1**	**-0.9**	**-0.9**
Exports	9.6	11.4	-9.8	6.8	7.5	-1.2	0.7	0.8
Imports	-24.4	-24.5	13.1	6.6	6.7	-2.9	-1.6	-1.7
Real GDP growth						**4.3**	**4.7**	**5.8**

Source: National Institute of Statistics and Demography (INSD) data; estimates (e) and projections (p) based on authors' calculations.

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stands at over 10 000 beds. The promotion of Burkina Faso as a destination is beginning to show results: over 400 000 visitor arrivals were registered in 2007, and this expected to reach 447 000 in 2008 and 500 500 in 2009.

Investment increased by 38.4 per cent in 2007, owing to the improvement in the business climate. Mining, telecommunications and real estate boosted private investment, which rose by 64.5 per cent in 2007. Public investment increased by 9 per cent, due to the growth in grants and the expenditure on telecommunications prior to the privatisation of ONATEL. The slowdown in growth in 2007 was partly caused by the downturn in private consumption (2.2 per cent of GDP). There are two main reasons for this phenomenon: the fall in producers' incomes, and inflationary pressures in world food-product markets.

Investment is forecast to grow by 10.9 per cent in 2008 and 13.1 per cent in 2009. Private investment is expected to slow down, while public investment is expected to increase by 9.1 per cent in 2008 and 9.9 per cent in 2009. Estimates predict a consumption rate of 3.1 per cent in 2008 and 3.6 per cent in 2009, linked to weak income growth.

Macroeconomic Policies

Fiscal Policy

In 2003 Burkina Faso concluded agreements on low-interest rate loans with the International Monetary Fund (IMF). The first agreement, as part of the Poverty Reduction Strategy Framework (PRSF), ended in September 2006. A new agreement was reached in February 2007.

Public revenue represented 18 per cent of GDP in 2007; this was similar to the 2006 level (18.1 per cent). The reforms aimed at improving the performance of tax authorities failed to have the hoped-for impact. The tax burden ratio, which was never higher than an average of 12 per cent of GDP during the 2000-06 period, remains lower than the present WAEMU community norm of 17 per cent of GDP. These results reflect the delays that have occurred in the implementation of some parts of the budget reform. Since June 2007 the Syntax software has enabled reminder letters to be sent automatically to late and non-declarant taxpayers. Nevertheless, they have not all been contacted, owing to difficulties with data entry into the Large Enterprise Division databases. The government has moreover been unable to respect its commitment to reduce the time limit for reimbursing value added tax credits. Also, the Sydonia distant data-entry modules for declarations by authorised customs agents have not become operational. Despite the marked rise in international oil prices, protests by trade unions forced a postponement of the application of the automatic adjustment mechanism for petroleum product prices. Grants were slightly lower than in 2006, representing 5.3 per cent of GDP in 2007, compared to 5.6 per cent in 2006.

Expenditure and lending represented 24 per cent of GDP in 2007, as against 23.3 per cent in 2006. Their growth remained moderate, although it was led by the increase in capital expenditure required for implementing the PRSF, a priority programme aiming to achieve the Millennium Development Goals (MDGs). The authorities have continued their efforts of budgetary discipline, but were obliged to incur new expenditure. For example, there was some recruitment in the public service. It was also necessary to repair the damage caused by the flooding in the Centre-Est Region in June 2007. In addition, a substantial subsidy was granted to the national electricity company of Burkina Faso (SONABEL), because of the leap in oil prices. This subsidy did not exceed the ceiling of XOF 22 billion set by the authorities in 2006. Interest due in accordance with the framework of the Multilateral Debt Relief Initiative (MDRI) fell by over 60 per cent. This curbed the rise in current expenditure. Resources released by the Heavily Indebted Poor Countries (HIPC) Initiative increased by 36 per cent, rising from XOF 24.8 billion in 2006 to XOF 33.7 billion in 2007. Their strict use enabled the funding of social development (education, primary health care, social action), in conjunction with the application of a results-based policy.

Table 2 - **Public Finances** (percentage of GDP)	1999	2004	2005	2006	2007(e)	2008(p)	2009(p)
Total revenue and grants[a]	**20.6**	**17.1**	**16.8**	**18.1**	**18.0**	**17.8**	**17.7**
Tax revenue	12.1	11.8	11.4	11.5	11.7	11.9	12.0
Grants	7.7	4.3	4.4	5.6	5.3	4.9	4.8
Total expenditure and net lending[a]	**22.4**	**21.4**	**21.7**	**23.3**	**24.0**	**24.9**	**25.2**
Current expenditure	9.8	10.5	11.2	12.3	11.6	11.7	11.4
Excluding interest	*9.0*	*9.8*	*10.6*	*11.7*	*11.4*	*11.3*	*11.0*
Wages and salaries	4.5	4.4	4.8	5.1	4.8	4.8	4.6
Interest	0.7	0.7	0.6	0.6	0.2	0.4	0.5
Capital expenditure	12.6	11.0	10.9	11.5	12.4	13.2	13.8
Primary balance	**-1.0**	**-3.6**	**-4.3**	**-4.7**	**-5.7**	**-6.6**	**-7.0**
Overall balance	**-1.8**	**-4.3**	**-4.9**	**-5.2**	**-6.0**	**-7.1**	**-7.5**

Source: IMF data; estimates (e) and projections (p) based on authors' calculations.

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As a member of WAEMU, Burkina Faso has an obligation to respect the criteria of the Convergence, Stability, Growth and Solidarity Pact that came into force on 1 January 2000. The objective of this Pact is to maintain stability in the macroeconomic framework of WAEMU member countries; this relates to the fiscal balance as well as the tax burden, inflation, debt stock and outstanding debt. Three criteria were not respected by Burkina Faso in 2007: the average tax burden ratio (which was lower than the Community norm), the fiscal balance (because of continuing public expenditure) and the current account of the balance of payments.

In order to reinforce the fight against poverty, priority will be given in 2008 to increasing own-source resources and to the rationalisation of public expenditure. It is predicted that expenditure will rise by 0.9 per cent of GDP between 2007 and 2008. The end of the recapitalisation of the Burkina Faso textile fibre company SOFITEX, the country's main cotton company, is expected to boost investment. A similar effect is expected from the actual start of Millennium Challenge Account (MCA) activities. Burkina Faso has been eligible since 2005 for this bilateral aid fund, which was created by the United States in 2004. Investments are expected to total 13.2 per cent of GDP in 2008, compared to 10.9 per cent in 2005.

Monetary Policy

Burkina Faso's monetary policy, which is defined by the Central Bank of West African States (BCEAO), has a priority aim of controlling inflation. This policy is strongly influenced by the policy conducted in the euro zone, since the CFA franc (the currency of the BCEAO), is pegged to the euro. Net external assets increased by 21.3 per cent in 2007, as against 8.4 per cent in 2006. On the other hand, domestic assets fell sharply, by 12.2 per cent in 2007, compared to a slight rise of 1.8 per cent in 2006, as a direct consequence of the poor cotton crop. This drop has in fact been caused by the recapitalisation of the SOFITEX cotton company, as well as by the difficulties financial institutions encountered working with operators in the cotton sector. The growth in net external assets was due in part to debt relief in the framework of the MDRI. Government borrowing was -6.4 per cent in 2006 and -20.9 per cent in 2007. The stock of domestic credit has risen mainly due to an increase of net lending to the economy, which increased by 11.2 per cent in 2006 and by 8.7 per cent in 2007. This evolution is the result of ordinary credit granted to cotton companies and to companies in the energy, telecommunications and construction sectors.

The money supply increased by 9.1 per cent in 2007. The harmonised consumer price index (HCPI) was estimated at -0.7 per cent in 2007, owing to a good harvest in 2006/07, which resulted in a fall in the price of food products. An annual average rate of inflation of 2 per cent is expected for 2008/09. This forecast is based on the assumption that there will be a less rapid rise in oil prices and a fall in the price of cereals.

External Position

The balance of payments surplus improved: excluding exceptional funding, it was estimated at XOF 160 billion in 2007, as against XOF 35.4 billion in 2006. This new surplus is mainly due to the privatisation of ONATEL, a transaction amounting to XOF 144.3 billion.

The deficit in the current account was estimated at 13.6 per cent of GDP in 2007. This is expected to deteriorate in 2008 (15.2 per cent) and 2009 (14.9 per cent). Cotton exports, which earned XOF 44 billion in 2007, fell, and this is expected to widen the trade deficit. Imports, which have been increasing, consist of products that are becoming more and more expensive, such as oil and gas, wheat and rice. The current account deficit is not in conformity with the norm of WAEMU's Convergence Pact, which requires that member countries show a surplus of at least 5 per cent of GDP.

Table 3 - **Current Account** (percentage of GDP)

	1999	2004	2005	2006	2007(e)	2008(p)	2009(p)
Trade balance	-11.0	-9.1	-10.1	-8.1	-11.7	-13.0	-13.0
Exports of goods (f.o.b.)	8.5	9.4	8.3	9.8	7.3	7.0	7.1
Imports of goods (f.o.b.)	19.5	18.5	18.5	17.9	19.0	20.1	20.1
Services	-3.9	-4.5	-4.7	-4.5	-5.1	-4.9	-4.8
Factor income	-0.6	-0.6	-0.9	-0.3	-0.4	-0.6	-0.4
Current transfers	4.8	3.7	4.2	4.4	3.5	3.3	3.3
Current account balance	**-10.6**	**-10.4**	**-11.5**	**-8.5**	**-13.6**	**-15.2**	**-14.9**

Source: IMF data; estimates (e) and projections (p) based on authors' calculations.

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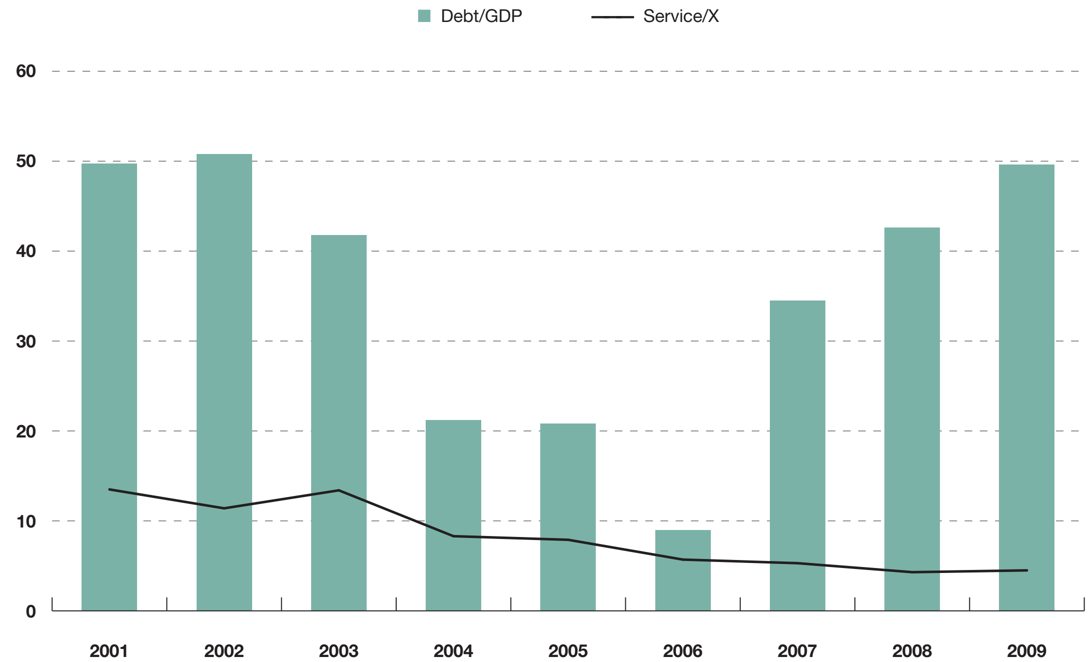
The deficit in the services balance was 5.1 per cent of GDP in 2007, as against an average of 4.3 per cent for the 1996-2006 period. This deficit is expected to fall slightly, to 4.9 per cent in 2008 and 4.8 per cent in 2009. This trend demonstrates the country's strong dependence on external aid. Current transfers have fallen: following an average of 5.2 per cent of GDP for the 1996-2006 period, they reached only 3.5 per cent in 2007. This trend is expected to continue in 2008 and 2009 (3.3 per cent) as a result of reductions in private transfers, which are expected to reach 1.2 per cent of GDP in 2007 and 0.9 per cent in 2009.

The European Union (EU), the country's main trade partner, accounts for 40 per cent of Burkina Faso's imports and 60 per cent of its exports. France, the former colonial power, represents 20 per cent of Burkina Faso's imports and 40 per cent of its exports. The country also depends on its WAEMU neighbours for 25 per cent of its imports and 20 per cent of its exports; Côte d'Ivoire plays a major role, with 15 per cent of Burkina Faso's imports and 10 per cent of its exports. In line with other member countries of the Economic Community of West African States, Burkina Faso advocates the continuation of negotiations on upgrading the economies of West Africa, in order to benefit as much as possible from Economic Partnership Agreements with the EU.

External debt represented 34.5 per cent of GDP in 2007, as against 9 per cent in 2006. In terms of net present value, it corresponded to 104.7 per cent of exports in 2007, as against 88.1 per cent in 2006, due to the depreciation of the US dollar and the fall in exports resulting from the drop in cotton prices and the poor crop in 2007. This trend is expected to continue; reinforced by the increase in expenditure linked to the PRSF and MDGs.

Figure 3 - **Stock of Total External Debt** (percentage of GDP) **and Debt Service** (percentage of exports of goods and services)



Source: IMF.

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According to forecasts, external debt in terms of net present value will equal 124.2 per cent of exports in 2008, and 132.8 per cent in 2009. There is thus an urgent need to reduce the budget deficit; it is planned to strengthen the capacity of the National Public Debt Committee through the adoption of a new policy that conforms to international standards. Debt stock, which is increasing, is expected to equal 23.6 per cent of GDP in 2008, and 27.5 per cent in 2009. In 2006, in the framework of the MDRI, Burkina Faso benefited from the cancellation of its multilateral debt. This constituted a major buttress, in that this debt amounted to XOF 700 billion. The bilateral aid expected from the US Millennium Challenge Account ought to reduce external debt even further.

In March 2005 Burkina Faso approved the Paris Declaration on Aid Effectiveness, and in the same year, concluded an agreement with its major lenders on the organisation of budget support. These partners include the African Development Bank (AfDB), the World Bank and the EU. The Burkinabè authorities have developed an action plan for the 2007-10 period that lays emphasis first on aid appropriation in 2007. Efforts have centred on the development of strategy documents, and on the reinforcement of follow-up capacities and budgetary control systems. It is also planned to integrate into the PRSF measures of performance and disbursements from the PRSF General Framework for Budget Support. These efforts will continue in 2008, the year in which Burkina Faso is to attend the conference to review progress made in implementing the principles of the Paris Declaration. This conference will be held in Ghana under the aegis of the Organisation for Economic Co-operation and Development (OECD). The priority for 2009 will be that of aid harmonisation: this will involve promoting joint financing and defining simplified procedures.

Structural Issues

Recent Developments

In 2007, the reform of public administration led to the gradual decentralisation of services and to a more accessible and effective justice system. Reforms aimed at the transparency, reliability and effectiveness of budgetary management are continuing to be implemented. A strategy for strengthening public finance has been defined, as well as an action plan to improve budgetary execution.

Energy supplies are the subject of special attention. The country depends on oil and gas for 70 per cent of its requirements, on hydraulic resources for 25 per cent, and on imported electricity for about 5 per cent. This gives an indication of how vulnerable Burkina Faso's economy remains. Nevertheless, the country anticipated the rise in oil prices better than was done elsewhere in the sub-region. The shock was absorbed due to a reform that was implemented from 2000 onward with the support of the World Bank. A mechanism to set prices as a function of costs was launched. Within the framework of this programme, subsidies covered 70 per cent of the country's supplies of oil and gas in 2007. Electricity prices have gradually increased, rising by 12.5 per cent between 2004 and 2006. In the longer term, this sector will be deregulated, in order to improve productivity. SONABEL is expected to be privatised by end-2009 at the latest. In the meantime, the public companies require the necessary resources to maintain consumption and the grid interconnection with the Côte d'Ivoire, from where the electricity is imported. The construction of a grid interconnection to link up Burkina Faso with Ghana began in 2007. All of these measures enabled the country to compensate for a break in gas supplies in June and July 2007 caused by the low bottling capacity of the national hydrocarbon company (SONABHY).

Initiatives are presently under way to promote biofuels. An agreement has been signed with a French company for a project that should begin in 2008. Electricity coverage in the country is expected to increase due to two electrification programmes: one is an electrification programme for small urban centres, and the other is the Multifunctional Platform for reducing poverty in rural areas. Moreover, the AfDB has funded a study on rural electrification in the 13 regions of the country, in preparation for a project planned for 2008.

Works on a new road between Yegueresso, Diebougou and the border with Ghana began in 2007. Two roads are under construction, one between Diebougou and Bobo-Dioulasso, and the other between Kongoussi and Ouagadougou. In 2007 the asphalting of streets was under way in the country's two main towns, Ouagadougou and Bobo-Dioulasso. Studies and a search for funding have begun for the construction of a new airport at Ouagadougou and for the development of the present airport.

The privatisation process continues, in spite of delays in the planned schedule. An additional block of 20 per cent of ONATEL's shares is expected to be put up for sale on the regional financial market in 2008. A 6 per cent share of ONATEL's capital is in fact reserved for company staff. Part of the Banque Internationale du Burkina Faso is also being sold. The capital of SONABEL and SONABHY was also to be sold off in 2008, in the framework of the reform of the energy sector. However, delays in auditing these two companies will probably lead to the postponement of the final sale to 2009. Reports on the privatisation of the Bureau of Mines and Geology of Burkina Faso and the Centre for Motor Vehicle Control are under examination. The privatisation of the international airports of Ouagadougou and Bobo-Dioulasso has been suspended.

The business climate has been improving: in the 2007 International Finance Corporation report *Doing Business Better*, Burkina Faso was classed among the five African countries that had implemented the most reforms. Specialised Chambers of Commerce have been set up. The tax for registering legal decisions has been reduced, as have property conveyance and registration costs. The time required to register a business has been brought down to 23 days, thanks to the new business registration centres.

According to the multilateral financial institutions, the difficulty of access of small and medium-sized enterprises (SMEs) to credit remains one of the principal obstacles to development. The difficulties encountered by the banks during the crisis in the cotton sector prompted the authorities to speed up the reform of the financial sector. The government is planning not only to facilitate access to credit for SMEs, but also for farmers and prospective homebuyers. It is therefore expected that a housing bank will be set up, and that there will be improvements in the legal procedures relating to credit.

A centre for arbitration, mediation and conciliation has been set up in Ouagadougou to resolve more commercial disputes out of court. An authorised management centre has also been created to help business entrepreneurs draw up balance sheets in accordance with norms. A support fund for young people's initiatives has also been launched. Also, employees in the mining sector should benefit from measures taken to encourage their employers to draw up fixed-term employment contracts. A new High Authority for State Supervision, the only body for fighting corruption, was set up in October 2007; it will become operational in 2008, with a wide jurisdiction that includes the general supervision of the government and the fight against fraud and corruption at all levels.

As regards natural resources, priority has been given to the participatory management of forests and expanses of water. A National Water Council was set up in 2003 to provide improved resources management. In view of the lack of rainfall, with the support of Morocco, a programme to increase precipitation by cloud seeding has been introduced. The national housing policy has adopted two major objectives: rationalise development planning in areas of habitation, and define construction standards.

In the agricultural sector, the reform of the cotton sub-sector enabled the creation of a price-smoothing fund, with the support of the World Bank. Funding was sought from all of Burkina Faso's partners to enable this fund to stabilise producers' incomes. The state settled its contribution in 2007, at the time of the recapitalisation plan for SOFITEX, a cotton company being restructured prior to privatisation.

Technical and Vocational Skills Development

The provision of technical education is very poor, and is concentrated in Ouagadougou and Bobo-Dioulasso. In 2006/07 there were 30 000 registered students in this stream, representing only 8 per cent of the total number of students. There were almost as many girls (49.4 per cent) as boys (50.6 per cent). The former show a marked preference for service-sector occupations and short-term training courses lasting for between two and four years. With 78 per cent of institutions and 80 per cent of students, the private sector largely dominates technical and vocational education. Vocational training is disparate and poorly organised, and is essentially provided by Vocational Training Centres (CFP), which emphasise agricultural occupations. The CFP constitute 38.7 per cent of Technical and Vocational Education and Training (TVET) institutions, but take only 5 per cent of the students. Technical education, on the other hand, represents 18.2 per cent of TVET institutions and over 60 per cent of TVET students.

According to a survey carried out in 2005 by the national observatory for employment and vocational training (ONEF), a total of 401 specialised institutions are involved in TVET. Unlike the CFP, they provide few agronomic courses (6 per cent of the total) and over-concentrate on services and industry (55 per cent of technical education streams and 35 per cent of vocational training streams). Moreover, high registration fees — between XOF 150 000 and XOF 500 000 per year — mean that these training courses are prohibitively expensive for the majority. These institutions, which have no real links with the business world, have been criticised for having too many teachers, poor methodology and insufficient resources.

In 2006 there were 6 200 students taking courses on services and industry occupations. The integration of these graduates into the economy is difficult due to the lack of contact with companies. When they fail to find their first job, some students try to get into colleges specialising in training for jobs in the public service, or else turn to other courses for which they are ill prepared.

The qualifications of those working in the informal sector constitute a major challenge for vocational training. Improving these qualifications constitutes part of the priority actions of the third strand of the PRSF, because this can open the door to increased employment opportunities and income-generating activities. Between 2005 and 2007, approximately 30 000 workers in the informal sector undertook training sessions organised by the National Employment Agency and the Vocational Training and Apprenticeship Support Fund (FAFPA). The private sector is also vital, with the involvement of non-governmental organisations in the informal sector in rural areas.

The post of Minister for Technical and Vocational Education was created in 2002, within the Ministry of Secondary and Higher Education and Scientific Research. Vocational training comes under the supervision of the Ministry of Labour, Employment and Youth, which was created in January 2006. The Ministry of Trade, Industry and Crafts Promotion is responsible for strengthening the capacities of business entrepreneurs. The Ministry of Agriculture, Hydraulics and Fishery Resources is responsible for farmer training, while the Ministry of Animal Resources is responsible for training livestock producers. The Ministry of Labour, Employment and Youth, and the Ministry of Public Service and Reform of the State are also involved, as well as the Chamber of Commerce and Industry.

The large number of institutions involved constitutes a handicap for TVET, which is nevertheless recognised to be one of the best ways of fighting poverty. The government therefore decided to draw up a national policy, which has been lacking up to now: this should be adopted in the course of 2008. It is also planned to include a section on vocational training in the national employment policy presently being drawn up.

This new national policy for TVET aims to facilitate access to these educational streams. The objective is to reduce registration fees for the most buoyant sectors: civil engineering, electricity and derived activities, mechanical engineering and maintenance, hotel trades, joinery and plumbing. Efforts made in regard to the training of teachers and the provision of teaching materials are expected to lead to an improvement in the quality of courses. The policy also aims at achieving better planning. Finally, it would be easier to mobilise the funding required if there were more co-operation between the State, the private sector, parents of students and development partners.

Two major five-year training projects were launched in 2007. The first of these aims to train 25 000 students as service contractors, at a rate of 5 000 young people per year. The second has as its objective to train 50 000 young people for different trades (electrician, plumber, etc.), at a rate of 10 000 students per year. The ANPE employment agency was restructured in 2005 in order to better promote employment and vocational training. A national observatory for the synthesis and analysis of statistical information on employment and vocational training has also been set up. A TVET support project, financed by Chinese Taipei, has been prepared for 2008. Two other projects are planned for 2008/09, one on the training of students for trades, and the other on the preparation of students for vocational integration at the end of their courses.

Most of public TVET is financed by the state and funding bodies. Due to the diversity of institutions involved, data to enable the calculation of the level of budgetary resources allocated to the sector are not available. Following the creation in 2006 of the Ministry of Labour, Employment and Youth, the government promised to allocate at least 1 per cent of its budget, or about XOF 10 billion per annum, to this sector. Added to this amount in 2007 will be the XOF 5.8 billion expected from the apprenticeship tax paid by private employers. This tax amounts to 4 per cent of the gross wage for national employees, and 8 per cent for foreigners.

The French Development Agency (AFD) was one of the main sources of support for vocational and craft trades training, contributing XOF 1.18 billion over the period 2004-07. Switzerland and Austria funded the support unit for vocational training, providing XOF 92 and XOF 179 million respectively. Germany, the EU, Chinese Taipei, the World Bank, the Islamic Development Bank (IDB) and the United Nations Development Programme (UNDP) are also involved.

These developments are all taking place in a context of globalisation and regional integration that demands a constant pursuit of productivity. The need to set up a coherent system for TVET appears even greater when human resource productivity is seen to be too low. This track must also be integrated into the global education system, to enable the co-ordination of all of those involved. For these reasons, the implementation of a national policy in 2008 represents a major challenge for the state and its partners.

Political Context

The Congress for Democracy and Progress (CDP), the party in power, won the general elections in 2007, with 65.8 per cent of votes. The party of the Head of State, Blaise Compaoré, obtained a majority of 73 out of the 111 parliamentary seats. A new government of 35 members was formed, including 5 women. In 2007 Blaise Compaoré became Chairman of ECOWAS and WAEMU. He offered his services as mediator in Côte d'Ivoire and Togo, and contributed to the conclusion of a political agreement in Lomé on 20 August 2006, and to the Ouagadougou Political Agreement signed on 4 March 2007 by the protagonists in the Côte d'Ivoire conflict. Because of this, Burkina Faso received a degree of international recognition. In September 2007, the country was elected as a non-permanent member of the UN Security Council for 2008/09. Two anniversaries were celebrated at the same time in Burkina Faso in October 2007: 20 years of Blaise Compaoré being in power and the anniversary of the death of his predecessor, Thomas Sankara, a young president with revolutionary ideas. His death was commemorated by civil society in particular and by Thomas Sankara's widow, which created the impression of a struggle with the authorities and summoned up the image of an ideal that is still very much alive, especially among young people.

Despite the existence of several agencies to control and fight against corruption, in 2006 the country went down nine places in the ranking of Transparency International. The new High Authority for State Supervision set up in 2007 is to take over the roles of the State Inspector's Office, the High Authority for the Coordination of the Fight against Corruption and the National Coordination for the Fight against Fraud. This new institution will publish its reports, and will have the power of instituting legal proceedings. Finally, it should also be mentioned that from 24 to 26 October 2007, the country hosted the Seventh African Governance Forum (FAG VII) on building the capacities of the State in Africa.

Social Context and Human Resources Development

The fight against poverty is beginning to show results. The proportion of the population living below the poverty line went down from 46.4 per cent in 2003 to 44.8 per cent in 2006. Nevertheless, average real income fell by 1.1 per cent in 2007, due to the fall in incomes in the cotton sector, flooding, cereal deficits in some provinces and energy price rises. This fall is expected to lead to a rise of 0.3 per cent in the incidence of poverty as compared to 2006, with 45.1 per cent of the population living on less than USD 1 per day in 2007. The UNDP's 2007/08 Human Development Index (HDI) places Burkina Faso in 176th position out of 177 countries. Forecasts nevertheless suggest that there will be a fall in the incidence of poverty, with rates of 43.9 per cent predicted for 2008 and 42.1 per cent for 2009. This fall is expected to occur owing to a rise of 5.5 per cent of incomes from food crop production in 2008/09. The incomes of cash crop farmers are also expected to improve, by 7.7 per cent in 2008 and 9.4 per cent in 2009.

According to a 2007 survey based on the Questionnaire on Basic Indicators of Well-Being (QUIBB), the access of households to basic social services has been improving. In 2007, 79 per cent of the population had physical access to drinking water, as against 74 per cent in 2005. Clean water was used for drinking by 74.3 per cent of households, although only 6.3 per cent possessed their own inside tap. The overall rate of access to drinking water in terms of physical and economic accessibility was 62.3 per cent in 2007, as against 40 per cent in 1990. The country seems therefore to be moving in the right direction in order to attain its objective of reducing the proportion of the population that has no access to drinking water by half.

A new education act setting out a general policy for action was passed in 2007: this aims to introduce free schooling up to the age of 16. The principle of free education was tested at the start of the 2007/08 academic year in 45 of the country's *départments*: one *départment* per province. The free distribution of schoolbooks to primary school pupils was begun in August 2007.

The results of the Ten-Year Basic Education Development Plan for 2001-10 appear satisfactory. In primary education, the gross enrolment ratio went up from 30 to 66.5 per cent between 1990 and 2006. This rate was 67.9 per cent in 2007, according to the QUIBB survey. The enrolment rate in secondary schools is also improving, and went up from 19.1 to 25.9 per cent between 2005 and 2007. These results are due to a proactive policy, through a programme entitled "One *département*, one secondary school". The number of institutions has increased, along with the number of students. In higher education, the University of Koudougou was opened in October 2005. This is the third public university in the country, but it has not resolved the overcrowding problems in Ouagadougou: there are over 1 000 students in some classes at the University of Ouagadougou. The opening of a second university in the capital in 2008 ought to reduce the strain on the existing infrastructure.

Steps have been taken to encourage girls' enrolment. The inequality between girls and boys has decreased: between 2005 and 2007, the enrolment rate for girls increased by 9.8 per cent, as against 7.3 per cent for boys. Overall, 59.9 per cent of girls are enrolled and 67.7 per cent of boys. In spite of this improvement, there is still a wide gap, and the gender parity index is 0.88. If observed trends continue, the gross enrolment ratio will be 85 per cent in 2015: it appears difficult to attain the aim of universal education in 2015.

Improvements in these various indicators have often been at the cost of quality. In some primary schools, there are over 100 pupils in the first-year infants class. The free distribution of schoolbooks has not gone smoothly in some towns and villages: two months after the start of the school year, some pupils still had no books.

Owing to the national policy adopted in 2000, great progress has been made in health. Infant and child mortality went down from 219 to 151 per thousand between 2000 and 2006. Infant mortality went down from 105 to 81 per thousand over the same period. Health services have become more accessible: their average theoretical range fell from 9.4 km to 7.8 km between 2000 and 2006. Construction works for the teaching hospital (CHU) of Ouagadougou were started in 2007, with the support of Chinese Taipei. This new hospital will have 600 beds, and will aim to train future doctors according to criteria of excellence and to offer a high standard of medical care.

A regular follow-up of trends in contagious diseases has led to improvements in the fight against meningitis. A reduction in the mortality rate has been observed for all diseases of this type. For meningitis, the mortality rate went down to 8.5 per cent in 2006, compared to 21 per cent in 2005; also, 0.57 per cent of patients with measles failed to survive in 2006, against 2 per cent in 2005.

A strategic framework for the fight against HIV/AIDS has been developed. The prevalence of HIV/AIDS has gone down over the last ten years, from 7.17 to 2.03 per cent between 1997 and 2006. The country is moving in the right direction to stabilise and invert trends.

In spite of all these advances, forecasts indicate that Burkina Faso will not be able to reach the MDGs without a redoubling of efforts. Poverty reduction remains weak, and the school enrolment rate has not yet gone over the 70 per cent line. Infant and child mortality also remains high. The authorities have decided to develop an acceleration strategy in 2008 for reaching the MDGs: this will include seven priority areas: accountability of stakeholders, education, gender equality, energy, infrastructure, water and HIV/AIDS.

The financial cost of the actions to be undertaken has been evaluated at over XOF 10 000 billion.

A study carried out in 2005 showed that the employment market was characterised by its lack of unity, and that it was broken up into three different pools. On the one hand, agriculture employs 85 per cent of the working population. "Modern" employment is concentrated in the towns, and includes the public service and the formal sector; it employs a total of not more than 200 000 persons. Lastly, the informal sector employs 70 per cent of non-agricultural workers. According to the 2007 QUIBB survey, the unemployment rate is 7.8 per cent of the working population in rural areas and 17.7 per cent in urban areas. The 15-24 year-old age group is the most affected, particularly in urban areas, where the unemployment rate for this age group is 29.4 per cent, as against 21.4 per cent for 25-29 year olds.

