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# INFORMATION NOTE



**BURKINA  
FASO**

Presentation of sovereign issuers of  
**West Africa Monetary Union (WAMU)**

September 2020

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## Attestation de l'émetteur

Je soussigné, Célestin Santéré SANON, Directeur Général du Trésor et de la Comptabilité Publique, agissant au nom et pour le compte de l'État du Burkina, atteste que les données et informations contenues dans la présente Note d'Information sont conformes à la réalité et n'ai connaissance d'aucune information de nature à en altérer la portée.

L'objectif visé à travers cette Note d'Information est de porter à l'attention des investisseurs sur les titres publics émis par l'État du Burkina, toutes les informations utiles à la prise de décisions d'investissement.

Toutefois, je rappelle que les informations et analyses prospectives présentées dans ce document, sont basées sur des projections établies à partir d'hypothèses qui sont entachées d'incertitudes pouvant entraîner des différences entre les réalisations effectives et les performances économiques attendues.

Cette note d'information publiée sera mise à jour chaque fois que nécessaire, afin de rendre compte :

- de l'évolution de la situation économique du Burkina ;
- de la disponibilité ou de la mise à jour des données économiques ;
- de quelques changements intervenus.

**Le Directeur Général du Trésor  
et de la Comptabilité Publique**

**Célestin Santéré SANON**  
Chevalier de l'Ordre National





## ACRONYMS

<b>AGOA</b>	: African Growth and Development Opportunity Act
<b>AFD</b>	: French Development Agency
<b>NEA</b>	: National Employment Agency
<b>AQIM</b>	: Al Qaeda in the Islamic Maghreb
<b>DSA</b>	: Debt Sustainability Analysis
<b>BADEA</b>	: Arab Bank for Economic Development in Africa
<b>BCEAO</b>	: Central Bank of West African States
<b>EIB</b>	: European Investment Bank
<b>IDB</b>	: Islamic Development Bank
<b>ILO</b>	: International Labour Office
<b>BOABF</b>	: Bank of Africa Burkina Faso
<b>BOAD</b>	: West African Development Bank
<b>BRVM</b>	: Regional Stock Exchange
<b>TB</b>	: Treasury bond
<b>BTW</b>	: Buildings and Public Works
<b>CBI</b>	: Coris Bank International
<b>RHC</b>	: Regional Hospitals
<b>UHC</b>	: University Hospitals Centers
<b>CIA</b>	: Central Intelligence Agency
<b>MC</b>	: Medical Centers
<b>MCSA</b>	: Medical Center with Surgical Antenna
<b>NPDC</b>	: National Public Debt Committee
<b>NACC-STI</b>	: National AIDS Control Council and Sexually Transmitted Infections
<b>CNY</b>	: Chinese Yuan
<b>CPIA</b>	: Country Policy and Institutional Assessment
<b>HSPC</b>	: Health and Social Promotion Center
<b>DSF/LIC</b>	: Debt Sustainability Framework for Low-Income Countries (DSF for LICs)
<b>SDR</b>	: Special Drawing Rights
<b>EAD</b>	: United Arab Emirates Dirham
<b>TVET</b>	: Technical and Vocational Education and Training
<b>IRS/EIS</b>	: Integrated Regional Survey on Employment and the Informal Sector
<b>EUR</b>	: Euro
<b>SFWIGA</b>	: Support Fund for Women's Income Generating Activities
<b>ADF</b>	: African Development Fund
<b>VTASP</b>	: Vocational Training and Apprenticeship Support Programme
<b>SFYI</b>	: Support Fund for Youth Initiatives
<b>SFPE</b>	: Support Fund for the Promotion of Employment
<b>SFIS</b>	: Support Fund for the Informal Sector
<b>CFA F</b>	: Franc of the Financial Community Africa
<b>NCSC/BF</b>	: Network of Credit and Savings Cooperatives of Burkina Faso
<b>NDF</b>	: Nordic Development Fund

## ACRONYMS

<b>ECF</b>	: Extended Credit Facility
<b>IFAD</b>	: International Fund for Agricultural Development
<b>IMF</b>	: International Monetary Fund
<b>ERDF</b>	: ECOWAS Regional Development Fund
<b>GATT</b>	: General Agreement on Tariffs and Trade (GATT)
<b>GBP</b>	: Great Britain Pound
<b>CI</b>	: Composite Index
<b>IDA</b>	: International Development Association
<b>FDI</b>	: Foreign Direct Investment
<b>HDI</b>	: Human Development Index
<b>INSD</b>	: National Statistical Office and Demography
<b>IRHS</b>	: Institute for Research in Health Sciences
<b>STI</b>	: Sexually Transmitted Infections
<b>KWD</b>	: Kuwaiti Dinar
<b>ALF</b>	: Anti-Larval Fighting
<b>OLFL</b>	: Organic Law relating to the Finance Laws
<b>LLIN</b>	: Long Lasting Insecticide Impregnated Mosquito Nets
<b>MINEFID</b>	: Ministry of Economy, Finance and Development
<b>FTB (OAT)</b>	: Fungible Treasury Bonds
<b>OFID</b>	: OPEC Fund for International Development
<b>ILO</b>	: International Labour Organization
<b>WTO</b>	: World Trade Organization
<b>WHO</b>	: World Health Organization
<b>NTO</b>	: National Telecommunications Office
<b>NOET</b>	: National Observatory for Employment and Training
<b>SPCD-SME/SMI</b>	: Support Project for the Creation and Development of Small and Medium-sized Enterprises and Small and Medium-sized Industries
<b>SPSP/TVET</b>	: Support Programme for Sectoral Policy for Technical and Vocational Education and Training
<b>CAP</b>	: Complementary Activity Package
<b>CSGSP</b>	: Convergence, Stability, Growth and Solidarity Pact
<b>YESDP</b>	: Youth Employment and Skills Development Project
<b>YEPNE</b>	: Youth Employment Programme for National Education
<b>IPEW/BF</b>	: Integrated Programme for the Empowerment of Women in Burkina Faso
<b>GDP</b>	: Gross Domestic Product
<b>HIS</b>	: Intra Home Spraying
<b>PINBH-AS</b>	: Place of incubator, nursery and business hotel in the agro-food sector
<b>MAP</b>	: Minimum Activity Package
<b>LDC</b>	: Least Developed Countries

## ACRONYMS

<b>SMEs</b>	: Small and Medium Enterprises
<b>NP/TVET</b>	: National Policy for Technical and Vocational Education and Training
<b>NAPDHE</b>	: National Action Plan for the Development of Higher Education
<b>NESDP</b>	: National Economic and Social Development Plan
<b>NEP</b>	: National Employment Policies
<b>NYP</b>	: National Youth Policies
<b>NMCP</b>	: National Malaria Control Programme
<b>PPP</b>	: Public-Private Partnerships
<b>SJCP/YW</b>	: Special Job Creation Programme for Youth and Women
<b>SPR/NAF</b>	: Strategic Plan for the Reform of the National Armed Forces
<b>VAO</b>	: Village Administrative Officers
<b>S&amp;P</b>	: Standard & Poor
<b>SAR</b>	: Saudi Arabia Rial
<b>MTDMS</b>	: Medium Term Debt Management Strategy
<b>DFS</b>	: Decentralised Financial Systems
<b>BNHC(SONABHY)</b>	: Burkina Faso National Hydrocarbon Company
<b>ACS (SYDONIA)</b>	: Automated Customs System
<b>VLSIEO (SYLVIE)</b>	: Virtual Link System for Import and Export operations
<b>EAT</b>	: Employer's apprenticeship tax
<b>IPT</b>	: Intermittent Preventive Treatment
<b>VAT</b>	: Value Added Tax
<b>UCC</b>	: United Community Coin
<b>WAEMU</b>	: West African Economic and Monetary Union
<b>WAMU</b>	: West African Monetary Union
<b>US</b>	: United States
<b>USA</b>	: United States of America
<b>USD</b>	: United States Dollar
<b>CV</b>	: Current Value
<b>HIV/AIDS</b>	: Human Immunodeficiency Virus-Acquired Immunodeficiency Syndrome



## EXECUTIVE SUMMARY

Burkina Faso is located in the heart of West Africa and covers an area of 274.200 km<sup>2</sup>. It is a continental country with no maritime outlet. It is bordered to the north and west by Mali, to the east by Niger and to the south by Ghana, Togo, Benin and Côte d'Ivoire. The nearest coast is about 500 km away. Burkina Faso uses the ports of the neighbouring countries of Côte d'Ivoire, Togo, Benin and Ghana for its import and export needs.

The population of Burkina Faso has been estimated at 20.870.060 inhabitants in 2019 according to projections by the National Statistical Office and Demography (INSD). The 2019 human development ranking places Burkina Faso 182nd out of 189 countries with a low HDI estimated at 0.434. At the African level, Burkina Faso is ranked 46th out of 53 countries. Between 2015 and 2019, Burkina Faso's gross domestic product increased from 6,162.5 to 8,487.8 billion CFA francs, representing approximately 2,788.2 billion CFA francs of additional wealth created over the period. This economic dynamic is expected to continue until 2020, when GDP is expected to reach CFAF 9,213.1 billion.

Burkina Faso experienced steady economic growth between 2015 and 2019. Indeed, after a deceleration in its growth rate in 2015 (3.9% after 4.3% in 2014), the real GDP growth rate was sustained, rising from 5.9% in 2016 to 6.3% in 2017 and 6.8% in 2018. In 2019, GDP growth averages 5.7%.

However, for the year 2020, Burkina Faso's economic growth rate is expected to decline sharply as a result of the COVID pandemic 19. According to the ministry in charge of the economy (April 2020), the impact of COVID19 on economic activity would result in an underperformance of economic growth, which would be 2.0% compared to 6.3% in the trend scenario, a difference of about 4.3 points. This outperformance of economic activity in 2020 would be attributable to the slowdown in the primary (1.9% compared with 5.1%), secondary (1.7% compared with 6.7%) and tertiary sectors (2.4% compared with 6.2%). The nominal GDP would thus be situated at 8,836.2 billion CFAF in 2020 against 9,115 billion CFAF in the trend scenario for the same period.

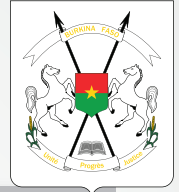
The Doing business 2020 report ranks Burkina Faso 151st out of 190 countries with a score of 51.4. The country occupied the same rank in the Doing business 2019 ranking. This result is a counter-performance for the country compared to the years 2018 and 2017 when it was ranked 148th and 146th worldwide respectively. In three consecutive years, a total of 5 places were lost.

The rating agency Standard & Poor (S&P) has been regularly rating Burkina Faso since 2004. In 2019, Burkina Faso's rating was B for long-term and short-term foreign currency sovereign issues, with a stable outlook. This rating implies that the country will maintain its macroeconomic performance for another year, despite the prevailing insecurity. Standard & Poor's points out that the country's rating remains unchanged despite the advent of the corona virus pandemic. According to the institution's analysis, Burkina Faso should return to growth by 2021. Its anchorage in the WAEMU, its diversification and its gold production should compensate for the security risk.

The public debt/GDP ratio has been rising since 2009. It has risen from 27.5% to 42.9% of GDP over the 2009-2018 period. According to the latest sustainability analysis, carried out in August 2019, the debt level is projected to be around 44.3% in 2019. Although the country's debt ratio is increasing, it remains below the EU norm of 70% of GDP. Over the period 2020-2023, taking into account the impact of COVID-19, the ratio would rise slightly to 48.5 % before falling to 46.1 %.



# Burkina Faso



Surface

**274 200 km<sup>2</sup>**



Population

**20 870 060 Hbts**



Capital

**Ouagadougou**



Political System

**Presidential**



Currency

**CFAF**



Official Language

**French**



**Nominal GDP in 2019**

**8 487,8**  
**billions of CFAF**

(Source : BCEAO and  
National services)

- Economy based on **agriculture, extractive industries** and **commercial** activities
- **45,2%** of the population is under 15 years old
- Real GDP growth rate in 2019 : **5,7%**
- fiscal deficit in 2019 : **3.0% of GDP**
- Debt ratio in 2019 : **47.0% of GDP**



## 1.1 Political system

Burkina Faso, literally "country of honest men", is a democratic and secular republic in West Africa with French as its official language. The country gained independence on August 5, 1960 under the name of Upper Volta before being renamed Burkina Faso on August 4, 1984 under the Sankarist revolution. After a period of 7 years of emergency rule, Burkina Faso adopted a constitution on 2 June 1991, consecrating the advent of the fourth republic. The political regime of Burkina Faso is a multi-party presidential type. The country plans to move to a fifth republic through the option of a new constitution by referendum in 2020. The main changes foreseen in the draft constitution are as follows :

- **The limitation of the exercise of the presidency of Faso to two five-year terms, whether successive or not.** A provision locked by article 192, according to which "no draft or proposal for the revision of the Constitution is admissible when it calls into question the number and duration of presidential terms of office";
- **A better separation and rebalancing of powers.** Thus, the Head of State may be subject to impeachment proceedings by the Constitutional Court. For example, he or she will be able to appoint only four of the 23 members of the High Council of the Judiciary;
- **Abolition of the death penalty;**
- **The inclusion of certain essential human rights, such as access to drinking water, health or housing, in the Constitution.**

### 1.1.1 The Executif power

According to article 37 of the current constitution (4th republic), the President of Faso is elected by universal suffrage for a five-year term renewable only once. In no case may a person serve more than two terms as President of Faso consecutively or intermittently. The President of Faso is both Head of State and President of the Council of Ministers. The Prime Minister, the Head of Government, is appointed by the Head of

State. He is chosen from among the members of the majority party in the National Assembly. The Government is the holder of executive power. As such, it proposes laws and ensures the application of laws passed.

According to article 43 of the Constitution, in the event of a vacancy in the Presidency of Faso for any reason whatsoever, or an absolute or definitive impediment noted by the Constitutional Council, referred to it by the government, the functions of the President of Faso are exercised by the President of the National Assembly. A new President shall be elected for a further period of five years. The election of the new President shall take place not less than sixty (60) days and not more than ninety (90) days after the vacancy has been officially established or the impediment has become definitive.

Since its independence, Burkina Faso has had the following Presidents: Maurice Yaméogo from 1960 to 1966; Aboubacar Sangoulé Lamizana from 1966 to 1980; Saye Zerbo from 1980 to 1982; Jean Baptiste Ouedraogo from 1982 to 1983; Thomas Sankara from 1983 to 1987; Blaise Compaoré from 1987 to 2014; Yacouba Isaac Zida from 1 to 21 November 2014; Michel Kafando from 21 November 2014 to 29 December 2015; Roch Marc Christian Kaboré since 29 November 2015.

### 1.1.2 The Legislative power

The Burkinabe parliament consists of a single chamber called the National Assembly. There are 127 members of the National Assembly for the current legislature from 15 political parties (Table 1).



The National Assembly has six (06) parliamentary groups which are:

- The "MPP Parliamentary Group" composed of deputies elected under the banner of the People's Movement for Progress (MPP);
- The "UPC Parliamentary Group", composed of deputies from the Union for Progress and Change (UPC);
- The "Burkindlim Parliamentary Group" composed of seven political parties, namely the Movement for Democracy in Africa (MDA), the New Time for Democracy (NTD), the Organisation for Democracy and Labour (ODL) and the National Renaissance Party (NRP), the Party for Democracy and Socialism/ Parti des Bâisseurs (PDS/METBA), the Rally for Democracy and Socialism (RDS), the Union for a New Burkina (UBN) and the Union for the Renaissance/ Sankarist Party (UNIR/SP);
- The "CDP Parliamentary Group" composed of the elected representatives of the Congress for Democracy and Progress (CDP);
- The "Parliamentary Group for Peace, Freedom and National Reconciliation" composed of members of the Alliance for Democracy and the African Democratic Federation/Rallying (ADF/ADR), the New Alliance of Faso (NAFA), the CDP and the UPC
- The "Renewal for Democracy parliamentary group" composed of UPC deputies.

According to Article 80 of the Constitution, deputies are elected by direct, equal and secret universal suffrage. They exercise legislative power. The National Assembly passes laws governing the political, economic, social and cultural organisation of the country. It thus lays down the rules governing Burkinabe society. It also controls government action.

Proposals and draft laws are deliberated in the Council of Ministers before they are submitted to the office of the National Assembly. The draft law is initiated by the government, whereas the bill comes either from a deputy or a group of deputies, or from a petition made up of at least 15,000 signatories. Bills and/or legislative proposals are then transmitted by the Presidency of the National Assembly to the General Secretariat (Directorate General of Legislative Services) for registration and the preparation of the preliminary draft agenda to be submitted to the Conference of Committee Chairmen. The report is then discussed in plenary session before being adopted by a vote of

the Members.

### 1.1.3 The judicial power

The judicial power is entrusted to the judges; it is exercised throughout the territory of Burkina Faso by the courts of the judicial order and the administrative order determined by law. The courts of law in Burkina Faso are as follows:

- The Court of Cassation ;
- The Courts of Appeal;
- The High Courts;
- The courts of first instance;
- The Departmental Courts ;
- District courts;
- Labour courts;
- Juvenile courts; Les tribunaux pour enfants ;
- Labour courts ;
- The military court;
- The commercial courts.

The administrative courts are:

- The Council of State ;
- The Administrative Court of Appeal ;
- The Administrative Court.

The Administrative Court of Appeal was recently established by law but is not yet operational. In addition to these courts, there are special courts such as the Constitutional Council and the Court of Audit. The Court of Cassation is the highest court of the judiciary. The Council of State is the superior court of the administrative order. The Court of Audit is the superior court of public finance control. The Court of Conflicts is the jurisdiction for settling conflicts of jurisdiction between courts.

<sup>2</sup> Le corps électoral désigne directement son représentant. Le vote s'effectue selon le principe une personne = une voix et le secret du vote implique matériellement le bulletin anonyme.

*Table 1 : Distribution of deputies for the 2016-2020 legislature by political party*

Political party	Number of MPs
People's Movement for Progress (MPP)	55
Union for Progress and Change (UPC)	33
Movement for Democracy in Africa (MDA)	1
New Time for Democracy (NTD)	3
The Organisation for Democracy and Labour (ODT)	1
National Renaissance Party (NRP/PAREN)	2
Faso Otherwise	1
Party for Democracy and Socialism/Party of Builders (PDS/METBA)	1
Rally for Democracy and Socialism (RDS)	1
The Union for a New Burkina Faso (UNB)	1
The Union for the Renaissance/Sankarist Party (UNIR/SP)	5
Congress for Democracy and Progress (CDP)	18
The Alliance for Democracy and Federation/African Democratic Rally (ADF/GDR)	3
New Alliance of Faso (NAFA)	2

Source : National Assembly

## 1.2 Administrative Organisation

Burkina Faso is organised into administrative districts, which are as follows:

- The region ;
- The province ;
- The department.

There are a total of 13 regions, each headed by a regional governor. Each region is made up of a set of provinces headed by high commissioners. The 45 provinces are subdivided into departments, each headed by a prefect. The department is made up of a set of villages headed by village chiefs assisted today

by village administrative officers (VAOs) who are the respondents of the administration in the villages.

In the context of decentralisation, Burkina Faso has created local authorities that are regions and communes. There are three communal statuses: the rural commune, the urban commune and the commune with special status. There are 302 rural communes, 47 urban communes and 2 communes with special status, of which Ouagadougou is the political capital and Bobo-Dioulasso the economic capital.

## 1.3 Geographical location

Burkina Faso is located in the heart of West Africa and covers an area of 274,200 km<sup>2</sup>. It is a continental country with no maritime outlet. It is bordered to the north and west by Mali, to the east by Niger and to the south by Ghana, Togo, Benin and Côte d'Ivoire. The nearest coast is about 500 km away. Burkina Faso uses the ports of the neighbouring countries of Côte d'Ivoire, Togo, Benin and Ghana for its import and export needs. There is a railway line linking the city of Ouagadougou to that of Abidjan (Côte d'Ivoire) via Bobo - Dioulasso.

The country has a fairly extensive hydrographic network. The majority of the rivers are located in the south of the country. Burkina Faso is located on three (03) international basins: the Niger, Comoé and Volta basins.

Two main types of landscapes exist in Burkina Faso:

- Most of the country is covered by a peneplain. It forms a very slightly hilly relief with some isolated hills in places, the last vestiges of a Precambrian massif. It is a rather monotonous landscape, with a ground most often coloured in ochre by laterite. It has a flat

relief which does not retain a large quantity of water, hence the lack of water in some areas;

- The south-western part of the country forms a sandstone massif. The south-western part of the country forms a sandstone massif. The highest point of the country is the Tenakourou (749 m). The massif is limited.

The average altitude is 400 m and the difference between the two extreme points does not exceed 600 m.

Burkina Faso has a tropical climate of the Sudano-Sahelian type (characterised by considerable rainfall variations ranging from an average of 350 mm in the north to more than 1,000 mm in the south-west) with two very contrasting seasons: the rainy season with rainfall between 300 mm and 1,200 mm and the dry season during which the harmattan, a hot, dry wind originating in the Sahara, blows.

We can therefore distinguish three main climatic zones:

- The Sahelian zone in the north of the country: less than 600 mm of rainfall per year and high thermal amplitudes (15 to 45°C);

- The Sudano-Sahelian zone between 11° 3' and 13° 5' North latitude. It is an intermediate zone for temperatures and rainfall;

- The Sudano-Guinean zone in the south of the country: more than 900 mm of rain per year and relatively low average temperatures.

There are two unequal seasons: a very short wintering season of 3 to 4 months (June to September) and a dry season of 8 to 9 months (October to June). The temperature varies from 16 to 45°C. Average annual evaporation is estimated at 3.000 mm and annual groundwater recharge at 40 mm.

In the Sahelian climatic zone, the driest, the vegetation belongs to the shrubby steppe type with thorny trees and annual grasses. The Sudano-Sahelian zone is home to a flora known as tiger bush. The south of this region is characterised by savannah, composed of trees and shrubs. The Sudano-Guinean zone has a more varied vegetation thanks to the more abundant rainfall, consisting of savannah, forest galleries and dry tropical forests.

## 1.4 Population

The population of Burkina Faso has been estimated at 20.870.060 in 2019 (Table 2) according to projections by the National Institute of Statistics and Demography (INSD) based on the 2006 general population census. Men represented 48.3% of the population and women 51.7%. The average annual population growth rate was 3.2% from 2009 to 2019. Between 2018 and 2019, the population of Burkina Faso increased by 3.1%. Burkina Faso has a very young population, with the 0-14 age group representing 46.5% of the total population.

The United Nations estimates Burkina Faso's average population growth rate over the period 2018-2023 at around 3%. According to World Bank data, the proportion of Burkina Faso's urban population increased by 6.36% over the period 2007-2018, from 23% to 29.36%. According to CIA estimates, in 2010 Burkina Faso was 61.5% Muslim, 23.3% Catholic, 6.5% Protestant and about 8.7% animist.



**Table 2 : Statistics on the population of Burkina Faso**

Heading	Indicator
Population in 2019	20 870 060 inhabitants
Man	48.3%
Woman	51.7%
Average annual population growth rate from 2009-2019	3.2%
Population growth rates in 2019	3.1%
Projection of average annual population growth rates from 2018-2023	3%
Population by age group in 2019	
0-14	46.5%
15-64	50.7%
65 and over	2.8%
Ratio between urban and rural population 2009-2019	
2009	33.0%
2010	34.5%
2011	36.1%
2012	37.6%
2013	39.2%
2014	40.9%
2015	42.6%
2016	44.3%
2017	46.0%
2018	41.55%
2019	
Religion	
Muslim	61.5%
Catholic	23.3%
Protestant	6.5%
Animist	8.7%

Source : INSD

## 1.5 Education

### 1.5.1 Organisation of school cycles

The education system in Burkina Faso is organised into two sub-systems with few bridges between them. These are the formal system and the non-formal system. Formal education comprises: basic education, post-primary and secondary education, and higher education. Basic education includes pre-school and primary education. Pre-school education is for children aged 3 to 6 at least. It consists of a single cycle lasting three (3) years. Primary education is for children aged 6 or older, and the normal length of schooling is 6 years. Primary education has a single cycle consisting of three courses of two years each: the preparatory course (CP1, CP2), the First grade (elementary course) (CE1, CE2) and the intermediate course (CM1, CM2).

Post-primary and secondary education includes general education and technical and vocational education. General education is organised in two (02) cycles: the first cycle, which lasts 4 years and ends with the Brevet d'études du premier cycle, and the second cycle, which lasts three (3) years and ends with the baccalaureate (BAC).

Technical and vocational education comprises three (03) cycles: the short cycle which lasts three to four years after the CEP following the training courses and is sanctioned at the end of the cycle by the Certificate of Professional Aptitude CPA (CAP); the middle cycle which lasts two years after the BEPC and leads to the Vocational training certificate (BEP) and the long cycle which lasts three years after the BEPC and leads to the Baccalaureate.

Higher education is the last link in the formal education system. It is provided by universities, grandes écoles and public and private institutes. Higher education consists of three cycles (03) according to education and training courses, each of which leads to a diploma, a degree or a certificate.

### 1.5.2 Education development plan

The Burkinabe education system is generalist in nature, not very professional and does not meet the needs of the labour market. In spite of the various reforms undertaken, basic education is losing quality. Technical and vocational education and training (TVET) remains qualitatively and quantitatively weak and disorganised, with accentuated regional and gender disparities. The major challenges for the education system are as follow:

- Improving the quality of basic education;
- Increasing and improving the quality and supply of VET and reducing disparities;
- Improving access to and quality of secondary and higher education;
- Reforming primary, post-primary, secondary and tertiary education to adapt them to the needs of the structural transformation of the economy;
- Strengthening human and material capacity;
- Improving access to and quality of vocational training and apprenticeships.

To meet these challenges, the National Programme for Economic and Social Development (NESDP) 2016-2020 aims to increase the supply and improve the quality of education, higher education and training in line with the needs of the economy. The national action plan for the development of higher education (NAPDHE) is also part of this dynamic.

### 1.5.3 Statistics by cycle

According to the INSD, the gross primary school enrolment rate has increased from 83% in 2013 (of which 82.8% for boys and 83.2% for girls) to 90.7% in 2018 (90.6% for boys and 90.9% for girls).

The number of pupils per teacher was about 49 in 2019 compared to 51.3 in 2013. The number of pupils per class increased from 51.4 in 2013 to 48 in 2019.

The number of public and private primary schools in Burkina Faso in 2018 was estimated at 15 345 with a total of 67 238 classes. The primary completion rate was 61.7% for the 2018/2019 school year (of which 57.4% for boys and 66.3% for girls).

The post-primary and secondary gross enrolment ratio increased from 29.5% in 2013 (of which 31.9% for boys and 27% for girls) to 38.4% in 2018 (of which 38.3% for boys and 38.6% for girls). The pupil/teacher ratio was 67.7 in 2013 in post-primary and general secondary education compared to 59.2 in 2018. At the technical education level, this ratio increased from 11.1 to 5.2 over the same period.

These improvements are the result of the extensive teacher recruitment programme launched by the state in recent years. The number of students per class in post-primary and general secondary education increased from 71 in 2013 to 57 in 2018. In technical education, the ratio increased from 31 to 29 over the same period. The number of post-primary and general secondary schools in Burkina Faso was estimated at 3,660 with 21,992 classes. In technical education, the figure was 990 in 2018.

The transition rate from secondary to tertiary education was estimated at 91.8% in 2018, with 85.1% for girls and 96.2% for boys. The number of students is estimated at 117,725 (36.1% female) in 2018 with 6,797 teachers, or 1 teacher for every 17 students. In 2018, Burkina Faso had 157 higher education institutions, including 111 private institutions.

Government spending on education increased from CFAF 175 billion to CFAF 582.1 billion from 2010 to 2019. These amounts represented 3.9% and 6.8% of GDP in 2010 and 2019 respectively.

### 1.6.1 health system architecture

In Burkina Faso, the health system is in the form of a pyramid organised into three levels that provide primary, secondary and tertiary health care :

- The first level of the pyramid is made up of the health districts and comprises two levels. The first level of care is the Center de Santé et de Promotion Sociale (HSPC) and the second level of care in the health district is the Medical Center with Surgical Antenna (MCSA). The HSPCs are the basic structures of the health system within which the Minimum Activity Package (MAP) defined by the Ministry of Health is provided. The MCSA serves as a reference for the district health facilities because it is at this level of the system that the Complementary Activity Package (CAP) is delivered. In 2018, Burkina Faso had 1,896 HSPCs, 45 MCSA s and 63 medical centers;
- The second level is represented by the Regional Hospital Centers (RHC). They serve as reference and recourse to the MCSAs. In 2018, there were 8 RHC s in Burkina Faso;
- The third level is made up of the University Hospital Centers (UHC). The UHC represent the highest level of reference for specialised care. There are 6 of them and they also serve as a framework for training different categories of personnel and for research.

In addition to this public health infrastructure, there were 533 private health facilities and 629 private pharmacies and depots in 2017. Traditional medicine also plays an important role in Burkina Faso's health system. The distribution of health personnel in the public sector on 31 December 2018 reveals that the country had 732 specialist doctors (i.e. 1 specialist doctor for every 27.656 inhabitants), 955 general practitioners (i.e. 1 general practitioner for every 21.198 inhabitants), 239 pharmacists (i.e. 1 pharmacist per 84.703 inhabitants) and 11.065 nurses (health attaché, state-qualified nurse and registered nurse), i.e. 1 nurse per 1.830 inhabitants and 3.674 midwives/state midwives ( 1 midwife/state midwife per 5.510 inhabitants).

### 1.6.2 general statistics indicating the state of health of the population

Life expectancy at birth improved by 10 years in Burkina Faso between 2000 and 2018, from 50 to 60 years (Table 3). Mother and child are the most vulnerable groups. According to the WHO, between 2010 and 2018, the infant mortality rate at birth fell from 66 to 54.7 per 1000 live births and the infant mortality rate before the age of five fell from 116.1 to 76 per 1000 live births. Maternal mortality was estimated at 211 per 100.000 births in 2017.

**Table 3 : General statistics on the state of health of the population in Burkina Faso**

Heading	Indicator		
	2000	2010	2018
Life expectancy at birth (Man/Woman)	50 (49 /52)	57 (56/58)	60 (60/61)
Infant mortality in 2018 (per 1000 births)			
At birth	108.53	66	54.7
Before 5 years		116.1	76
Maternal mortality in 2017 (per 100.000 births)	-	-	211

Source : World Bank, 2020 ; WHO, 2020.



### 1.6.3 Prevalence of diseases

The epidemiological profile of the country is marked by the persistence of a high burden of disease due to endemic epidemics and the progressive increase in non-communicable diseases. The main diseases of public health importance are malaria, acute respiratory infections, HIV-AIDS, STIs, tuberculosis, leprosy, etc.

The main diseases of public health importance are malaria, acute respiratory infections, HIV-AIDS, STIs, tuberculosis, leprosy, etc. In addition, Burkina Faso is regularly confronted with meningitis epidemics. According to the World Bank, the incidence of malaria (per 1000 inhabitants at risk) has increased from 589.326 in 2000 to 552.029 in 2010 to 398,734 in 2018.

The National Malaria Control Programme (NMCP) has estimated the number of malaria-related deaths in 2016 in Burkina Faso at 4000. In 2018, malaria accounted for 16.4% of the main causes of death in district health facilities, i.e. 3.646 deaths. According to World Bank data, the HIV-AIDS prevalence rate (population aged 15-49) has decreased from 2.7% in 1990 to 0.7% in 2018. In 2017, 4.300 people were newly infected with HIV and there were 2.900 AIDS deaths, a 46% decline since 2010. It is estimated that 65% of people living with HIV have access to antiretroviral drugs. In contrast, only 28% of children aged 0-14 have access to antiretroviral drugs. Among pregnant women living with HIV, 92% have access to treatment to prevent transmission of the virus to their children. All health districts are covered by programmes for the prevention of mother-to-child transmission of HIV.

According to the results of the 2010 Demographic Survey IV (DHS IV), there are gender disparities in the prevalence of the general population. In fact, women have a prevalence of 1.2% compared to 0.8% among men, resulting in a male/female ratio of 1.5.

The decline in the incidence of malaria in Burkina Faso is due to the control strategies advocated by the NMCP :

- The correct and early management of malaria cases in health facilities and at community level;
- Prevention of malaria in pregnant women through intermittent preventive treatment (IPT);
- Vector control: promotion of the use of long-lasting

insecticidal nets (LLINs), indoor residual spraying (IRS), larval control (LLINs) and environmental sanitation;

- Fighting malaria epidemics as part of integrated disease surveillance and response; Les stratégies de soutien : communication pour le changement de comportement, recherche opérationnelle, suivi-évaluation et renforcement institutionnel / partenariat.

With regard to the decline in HIV/AIDS, the National AIDS Control Council and Sexually Transmitted Infections (NACC-STI) has spearheaded the strategy. The NACC-STI meets once a year and whenever necessary at the call of its President.

The first cases of coronavirus 2019 (Covid-19) in Burkina Faso were confirmed on 9 March 2020, making Burkina Faso the fourth country in West Africa after Nigeria, Senegal and Togo to be affected.

As of 12 June 2020, the pandemic had resulted in 892 confirmed cases, 790 cured and 53 deaths.

Coordination of the response to the pandemic has been put in place and the Burkinabe authorities announced the development of a preparedness and response plan at the start of the pandemic. Measures undertaken include :

- The prohibition of all national and international events on the territory;
- The closure of all educational institutions from 16 March 2020;
- The suspension of all mass cults and prayers by the religious authorities;
- The introduction of a curfew from 7 p.m. to 5 a.m. throughout the territory, starting on 21 March, as well as measures to restrict the use of public places such as markets, restaurants, bars, cinemas, games and entertainment venues. The curfew has been extended from 21:00 to 4:00 in the morning from 20 April 2020;
- Closure of air, land and rail borders, except for freight and military flights ;
- The closure of major markets and yaars in the city of Ouagadougou from 26 March 2020;
- The quarantining of all stocks of chloroquine in pharmaceutical depots and the revival of paracetamol and chloroquine production in the Pharmaceutical Unit (U-PHARMA) at the Institute for Research in Health Sciences (IRHS) in Ouagadougou;
- The quarantine of all cities that have registered at least one case of Covid-19 ;

- The launch of two clinical trials against Covid-19; the first is called Chloraz, a study of the effectiveness of the Chloroquine-Azythromycin combination against the treatment of Covid-19. The second clinical trial concerns an antiretroviral phytomedication, Apivirine, initially developed against HIV by the Beninese pharmaceutical company API-Benin International ;

- CFAF 394 billion is needed to address the crisis in the country. This sum covers the response plan against Covid-19 which is 178 billion and the rest for measures to support the population and economic and social activities, over the period April to June 2020;

- The wearing of the mask is compulsory throughout the country, from 27 April 2020.

The gradual easing of barrier measures began on 20 April 2020 with the reopening of the large market in Ouagadougou, followed by the lifting of the quarantine of cities with confirmed cases on 5 May 2020. The curfew was lifted on 3 June 2020 and the reopening of higher education institutions was effective on 16 May 2020. For primary, post-primary and secondary schools, only the examination classes (CM2, 3<sup>ème</sup> and Terminale) were allowed to reopen and the start of the school year for these classes was effective on 1 June 2020.

## 1.7 Employment

### 1.7.1 labour force

The World Bank estimates Burkina Faso's potential working population at 7.468.061 in 2019. Men make up more than half of the workforce (55.4%). The participation rate of women in economic activity is 44.6%. Between 2006 and 2014, the proportion of women increased slightly from 43.2% to 44.7%, before starting to decline slightly from 2015 to 2019. Between 2015 and 2019, Burkina Faso's labour force grew by 895,776 people, or 13.6%. The share of the active population is higher in rural areas. Indeed, according to ILO estimates, 72.7 % of the labour force lived in rural areas and 27.3 % in urban areas in 2019.

According to the 2018 Integrated Regional Survey on Employment and the Informal Sector (IRS/EIS), employed workers (aged 15 years or older) accounted for 76.0 % at the national level. Employed workers in the 35-64 age group represented 47.7%, those in the 25-34 age group 32.5% and 16.3% in the 15-24 age group. In urban areas, employed persons aged 35-64 years accounted for the largest proportion (49.2%). In Ouagadougou, people aged 35-64 represented 49.3% of the employed workforce in 2018.

### 1.7.2 Unemployment rate

According to the ILO, the unemployment rate in Burkina Faso rose from 6.7 % to 6.1 % between 2015 and 2019. The unemployment rate for women was estimated at 9.2 % in 2019 compared to 3.9 % for men. In 2019, the ILO estimated the unemployment

rate in urban areas at 6.9 % compared to 6 % in rural areas. According to the 2018 IRS/EIS, the unemployment rate was estimated at 4.7 % in Burkina Faso, with 4.8 % for men and 4.6 % for women. The average duration of unemployment is 4.5 years. It is higher among the uneducated. According to the National Observatory for Employment and Training (NOET), the number of jobseekers registered with the national employment agency (NEP) fell between 2016 and 2018 from 20,459 to 16,619. In 2018, the IRS/EIS estimated that 37.6% of the unemployed were between 25 and 34 years of age and 34.3% in the 35 and 64 age group.

### 1.7.3 Underemployment rate

Underemployment includes employed persons in employment within the meaning of the ILO who meet one of the following conditions: (i) they work part-time, wish to work more and are available to do so, whether or not they are actively seeking employment; (ii) they work part-time or full-time, but have worked less than usual during a reference week due to partial unemployment (technical unemployment) or bad weather.

According to ILO estimates (2019), the rate of visible<sup>1</sup> (linked to working hours) underemployment in Burkina Faso is 16.4 %. This rate was 19.2 % in 2018 according to the ERI-ES. This means that nearly one in six employed workers works less than 40 hours and wants to work more.

<sup>1</sup> Underemployment related to working hours, characterizes a person in employment who meets the following three criteria: (i) Involuntarily works less than the legal number of working hours per week (40 hours); (ii) Available to work more and/or (iii) Looking for additional work

Among young people aged 15 to 24, this rate was estimated at 19.2 % in 2019 according to the ILO. The distribution of the underemployment rate by area shows that the visible underemployment rate in urban areas was 15.1 % compared to 16.8 % in rural areas in 2019.

The rate of visible underemployment is higher among women. Among working women, 19.8% are in visible underemployment compared to 13.6% for men. These rates were 19.2% in 2018 according to the IRS/EIS, of which 16.9% and 22% for men. The IRS/EIS results also show that the rate of labour underutilisation was 35.6% in 2018 at the national level, with 29.6% for men and 41.9% for women.

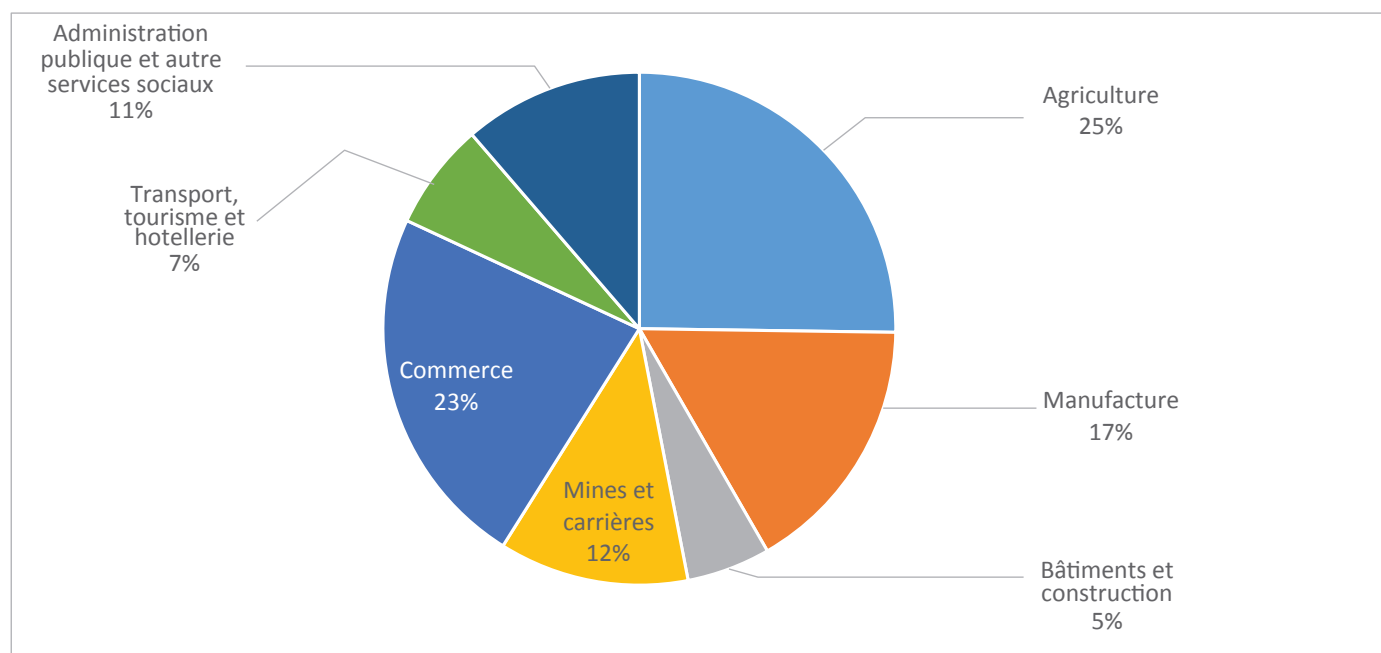
#### 1.7.4 Formal and informal employment

According to the IRS/EIS in 2018, the employment rate was estimated at 76% at the national level. Considering the working population aged 15-64, the employment rate is 96.6% at the national level accor-

ding to the same survey. The employment rate also covers gender disparities. It is higher among women (97.1%) than among men (96.6%). According to ILO estimates, the proportion of informal employment in 2018 was 95.4%. The proportion of employment outside the formal sector was estimated at 87.5% in the same year.

In 2019, the proportion of employment in agriculture according to the ILO was 25.2 %, compared with 33.7 % in the industrial sector and 41.1 % in the service sector. Specifically, figure 1 shows that in 2019 the agricultural sector accounted for 25 % of employment, followed by trade (23 %), manufacturing (17 %), mining and quarrying (12 %) and public administration (11 %). Transportation, hotels and restaurants accounted for about 7% of employment, and the building and construction industry accounted for about 5%.

**Figure1 : Distribution of employment in Burkina Faso in 2019**



Source : ILO 2019.



### 1.7.5 Employment policy

In order to tackle the problem of youth unemployment, the government of Burkina Faso has adopted a main development reference point, the National Economic and Social Development Plan (NESDP). The overall objective of the NESDP is to structurally transform the Burkinabe economy for strong, sustainable, resilient, inclusive growth that creates decent jobs for all and leads to improved social welfare. This plan aims to create at least 50.000 decent jobs per year over the period 2016-2020. Prior to the NESDP, sectoral policies were adopted in 2008. These were the National Youth Policy (NYP), the National Policy for Technical and Vocational Education and Training (NP/TVET) and the National Employment Policy (NEP).

With regard to the issue of employment, the NNP is the reference framework. Its main objective is "to increase opportunities for decent employment in order to contribute to the fight against poverty in Burkina Faso". The NEP aims to strengthen the coherence and coordination of actions to promote employment in Burkina Faso. It has four strategic objectives:

- Strengthening the link between the NEP and other national policies;
- Strengthening job creation ;
- Improving employability ;
- Improving the organisation and functioning of the labour market.

For the operationalisation of the NEP, an action plan was adopted, national funds, and later a Special Job Creation Programme for Youth and Women (SJCP/YW) and a Support Programme for the Sectoral Policy for Technical and Vocational Education and

Training (SPSP/TVET) were set up to promote youth employment. In addition to these programmes, four national funds (FASI, SFPE, FAIJ and VTASP) have been set up to support youth micro-projects.

### 1.7.6 Employment dynamics

The SJCP/YW was designed in 2011 and implemented over three years covering the period 2012-2014. According to the ministry in charge of employment promotion, the programme has led to the creation of 100.401 jobs<sup>2</sup> for the 2012-2013 period and 49.465 jobs in 2014, i.e. almost 150.000 direct and indirect jobs for the three years of the programme. %. In 2018, 1,370 of the 1.400 jobs registered with the ANPE were filled, benefiting 959 men and 411 women. Similarly, 8,859 employees were recruited in 2018 for the public administration through direct competitions with and without training.

The Youth Employment and Skills Development Project (YESDP) launched in 2014 with the support of the World Bank and with a budget of 25 billion CFA francs over five years covering the period 2014-2018 has created thousands of direct jobs. As of 10 April 2019, satisfactory results have been recorded under the project according to the World Bank's supervision team. 2.917 young people, including 1.350 girls benefiting from apprenticeship training in the fields of cutting and sewing, hairdressing, mechanics, electrical engineering, construction, welding, carpentry, etc., are now fit for the world of work, either by setting up their own workshops or by being employed in craft enterprises. It emerged that 97% of the learners said they were satisfied with the training they received under the project.

## 1.8 Reminder of the main aggregates

### 1.8.1 Level of development

The 2019 Human Development Ranking places Burkina Faso 182nd out of 189 countries with a low HDI estimated at 0.434. At the African level, Burkina Faso is ranked 46th out of 53 countries. Between 2016 and 2018, Burkina Faso's HDI rose from 0.412 to 0.434 and the country was ranked 185th and 182nd in the world ranking respectively. Burkina Faso's low HDI is due to the low level of education

provision and the low incomes of the population. With a Gini index of 35.3% in 2014, Burkina Faso has seen a decline in inequality compared to 2009, when the rate was 39.8%. Burkina Faso's GDP per capita rose from \$1,549 in 2012 to \$2,077 in 2019 (Table 4). According to BCEAO data, Burkina Faso's per capita GDP was CFAF 597.695.2 in 2019.

<sup>2</sup> Employment related to associated activities due to the existence of the project

**Table 4 : Evolution of GDP per capita in PPP**

Year	GDP per capita (PPP) in USD	GDP/ per capita (constant CFAF)
2012	1 549.5	344 004.8
2013	1 616.8	345 720.1
2014	1 666.9	347 979.9
2015	1 699.9	340 269.4
2016	1 771.2	346 216.1
2017	1 869.7	373 726.1
2018	1 984.9	397 406.5
2019	2 077*	597 695.2**

Source : World Bank, \*Knoema, \*\* Calculation based on BCEAO data

### 1.8.2 Summary table

The table below summarizes Burkina Faso's main macroeconomic indicators for the period 2014-2019. Burkina Faso's GDP stood at CFAF 8,487.8 billion in 2019 against CFAF 7,849.1 billion in 2018, representing a growth rate of 6.0 % of real GDP. The inflation rate is estimated at 1.3% in 2019.

The country's current account remains structurally in deficit and the deficit is estimated at CFAF 708

billion in 2019. The budget deficit has been reduced in 2019 to CFAF 201.31 billion against CFAF 423 billion in 2018. The budget balance/GDP ratio in 2019 was 1.2%. This ratio is below the community norm which is 3%. The public debt rose from CFAF 3 365.95 billion to CFAF 3 787.51 billion between 2018 and 2019. The domestic debt/GDP ratio increased from 16.4% to 19.86% between 2018 and 2019.

Table 5 : Evolution of the main macroeconomic indicators between 2014 and 2019 in Burkina Faso

Billion of CFAF	2014	2015	2016	2017	2018	2019(Estimation)
<b>National economy</b>						
Nominal GDP	6 200	6 526.1	6 965.7	7 593.5	7 849.8	8 487.8
Real GDP growth (%)	4.3	3.9	5.9	6.3	6.6	6.0
Investment rate (in %)	16.835	14.568	16.699	17.322	18.282	16.571
Inflation rate (in %)	-0.3	1.0	0.8	0.4	2	1.3
<b>Balance of payments</b>						
CIF Exports	1 362	1 400	1 571	1 758	1 752	1 963
CIF Imports	1 491	1 540	1 662	1 985	2 009	2 198
Balance	-129	-141	-91	-227	-257	-235
Current account balance	<b>-493</b>	<b>-525</b>	<b>-486</b>	<b>-614</b>	<b>-632</b>	<b>-708</b>
<b>Government finances</b>						
Revenues and grants	1 321.2	1 286.2	1 409.9	1 583.6	1 795.92	1 940.27
Expenditures	1 456.5	1 371.7	1 629.8	2 146.5	2 074.26	2 141.58
Balance	-135.3	-85.5	-220.0	-562.9	-423	-201.31
Public debt	<b>1860.5</b>	<b>2206.4</b>	<b>2567.6</b>	<b>2796.7</b>	<b>3 365.95</b>	<b>3 787.51</b>
Domestic debt	422.3	573.2	730.7	1 029.6	1 456.39	1 686.39
External debt	1438.2	1633.2	1836.9	1767.1	1 909.56	2 101.12
Domestic debt as % of nominal GDP	6.9	9.3	10.9	14.1	16.4	19.86
<b>Budget deficit (basic primary balance)</b>						
In value	131.1	127.7	161.2	430.3	336.1	103.8
In percentage of nominal GDP (%)	2.1	2.1	2.4	5.8	4.2	1.2

Source : BCEAO, INSD, IMF

### 2.1 Evaluation of gross domestic product

#### 2.1.1 Level of GDP

Between 2015 and 2019, Burkina Faso's gross domestic product increased from 6,162.5 to 8,487.8 billion CFA francs, representing approximately 2,788.2 billion CFA francs of additional wealth

created over the period. This economic dynamic is expected to continue until 2020, when GDP is expected to reach CFAF 9,213.1 billion.

*Table 6 : Evolution of the level of GDP between 2013 and 2020*

Year	2013	2014	2015	2016	2017	2018	2019	2020* (Projection)
Nominal GDP (Billions of CFAF)	5 700.6	5 902.4	6 119.6	6 443.8	7 177.3	7 841.1	8 487.8	8 690.2

Source : INSD, IMF, \*DGEP/MINEFID projection with the impact of COVID - 19

#### 2.1.2 Real GDP growth

Burkina Faso experienced steady economic growth between 2015 and 2019. Indeed, after a deceleration in its growth rate in 2015 (3.9 % after 4.3 % in 2014), the real GDP growth rate was sustained from 5.9 % in 2016 to 6.3 % in 2017 and 6.8 % in 2018. In 2019, GDP growth averages 5.7%. These performances observed over the period are due to the return to normal constitutional life in 2016, favourable rainfall and the return of investor confidence. The deceleration recorded in 2015 is mainly attributable to the effects of the popular uprising of 2014, the bird flu epizootic, the failed coup d'état of 16 September 2015 and a difficult agricultural campaign.

However, for the year 2020, Burkina Faso's economic growth rate is expected to decline sharply as a result of the COVID pandemic<sup>19</sup>. According to the ministry in charge of the economy (April 2020), the impact of COVID19 on economic activity would result in a counter-performance of economic growth which would be 2.0% against 6.3% in the trend scenario, a difference of about 4.3 points. This outperformance of economic activity in 2020 would be attributable to the slowdown in the primary (1.9% compared with 5.1%), secondary (1.7% compared with 6.7%) and tertiary sectors (2.4% compared with 6.2%). The nominal GDP

would thus be situated at 8,836.2 billion of CFAF in 2020 against 9,115 billion of CFAF in the trend scenario for the same period.

According to the latest estimate (August 2019), the primary sector grew 3.8% in 2019, after 9.9% in 2018 (a year of exceptional rainfall). This development is mainly linked to the dynamism of the agriculture sub-sector (+4.4%), particularly that of cash crops (+8.4%) thanks to the 14.0% rebound in cotton production, corresponding to an expected quantity of 554,651 tonnes. The livestock and forestry, fishing and hunting branches also recorded an increase in their added value of 3.5% and 3%, respectively.

The contribution of the primary sector to economic growth was 0.8 points in 2019 compared with 1.9 points in 2018. According to projections by the ministry in charge of the economy, the impact of COVID 19 on the primary sector would result in a decrease in the growth of the sector's value added to 1.9% in 2020. The deceleration in added value would be mainly attributable to cash agriculture (+2.5% against +16.0%), in this case cotton and sesame, whose production would be influenced by the non-availability of imported fertilisers. Food-producing agriculture would record a counter-performance (1.2% against 4%).



The value added of the secondary sector increased by 5.6% in 2019 after an increase of 3.6% in 2018. This rate of growth is mainly driven by the dynamism of the building and public works sector (5.6% in 2019 after 4.0% in 2018) in connection with the intensification of major transport infrastructure works. The activity of the extractive industries strengthened with the entry into production in 2019 of the WAHGNION GOLD OPERATIONS SA gold mine. Total gold production is expected to reach 52,988.0 kg in 2019, up 0.7% compared with 2018.

As regards manufacturing industry, the value added of the cotton ginning sub-sector declined in 2019 (7.6% in 2019 against 12.0% in 2018), due to the poor 2017-2018 and 2018-2019 cotton campaigns. However, the value added of other manufacturing industries increased by 6.7% in 2019 after 3.3% in 2018. Overall, the contribution of the secondary sector to growth increased from 0.8 points in 2018 to 1.2 points in 2019.

According to projections by the Ministry in charge of the economy, the impact of COVID 19 on the secondary sector would result in a drop in value added to 1.7% in 2020. The growth in value added in 2020 would be mainly influenced by the decline in dynamism in the extractive industry (-1.3% against 3%) and the construction sub-sector (-2.1% against 13.6% in trend), linked respectively to the decline in gold production and private and public investment.

As for the tertiary sector, its value added increased by 6.9% in 2019 after a 6.7% rise in 2018. This performance is the result of an increase in activity in non-market services (+7.4%) and an increase in market services (+6.4%). The increase in the value added of market services is mainly the result of strong momentum in commercial activities (+6.8%), telecommunications services (+6.8%) and transport (+6.3%). The increase in the value added of non-market services is due to the good dynamics of activities in public administration. The tertiary sector maintains its role as the main driver of growth in 2019 with a contribution of 3.3 points.

According to the projections of the ministry in charge of the economy, the impact of COVID 19 on the tertiary sector would result in a drop in the growth of the sector's added value to 2.4% in 2020, mainly affected by the poor trend in market services (-0.1% compared with 7.3%). Market services such as trade (-5.5% against 8.7%), transport (-5.6% against 5.3%) and other market services (-4.0% against 6.2%) would be the most affected by the effects of this pandemic. As for non-market services, they would remain constant at 5%, in line with the expected increase in state transfer expenditure to contain the effects of the pandemic.

**Table 7: Evolution of the growth rate of GDP and its components between 2013 and 2019 (constant prices)**

Burkina Faso	2013	2014	2015	2016	2017	2018	2019	2020* (Projection)
<b>Total GDP</b>	5.8	4.3	3.9	5.9	6.3	6.8	6.0	2.0
<b>Primary sector</b>	1.9	2.5	-3.5	3.4	-4.0	9.9	3.8	1.9
<b>Secondary sector</b>	0.9	15.3	9.6	2.9	9.9	3.6	5.6	1.7
<b>Tertiary sector</b>	9.1	3.0	4.4	7.3	7.2	6.7	6.9	2.4
<b>Including non-market GDP</b>	5.0	9.2	11.0	9.5	11.9	9.4	7.4	-
<b>Duties and taxes</b>	5.8	4.3	3.9	5.9	6.3	8.1	7.6	-

Source : INSD, 2018, DGEF (for 2019 data), \*DGEF projection with COVID impact- 19

### 2.1.3 Decomposition of GDP in structure

The structural breakdown of Burkina Faso's GDP shows that the tertiary sector is the country's primary source of wealth creation. This sector alone accounts for more than 40% of GDP. Between 2015 and 2019, the share of the tertiary sector in the formation of Burkina Faso's GDP increased slightly, from 40.4% to 45.1%. The primary sector is the second source of wealth creation, with a contribution

to GDP formation of 27.4% in 2019 compared with 30.3% in 2015. The share of the primary sector in Burkina Faso's GDP has been in continuous decline since 2015. The secondary sector is the country's third source of wealth creation, with a contribution of 18.9% to GDP formation in 2019. The contribution of the secondary sector to GDP formation is relatively stable since 2013 and is around 18%.

*Table 8 : Structural decomposition of GDP between 2013 and 2019 (nominal GDP at current prices)*

Burkina Faso	2013	2014	2015	2016	2017	2018	2019
<b>Total GDP</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Primary sector</b>	31.7	31.4	30.3	28.7	28.2	28.2	27.4
<b>Secondary sector</b>	18.8	19.8	19.0	18.7	18.2	17.4	18.9
<b>Tertiary sector</b>	38.6	38.8	40.4	41.5	41.9	42.4	45.1
<b>Including non-market GDP</b>	18.3	19.8	20.6	21.9	23.0	23.9	25.6
<b>Duties and taxes</b>	11.0	10.0	10.3	11.1	11.6	11.5	10.3

Source : INSD

## 2.2 Detail of the gross domestic product

### 2.2.1 GDP by value, sector detail

A detailed analysis of the different sectors of the Burkinabe economy shows that the added value of the primary sector was CFAF 2.341.6 billion in 2019 against CFAF 1.866 billion in 2015. Agriculture is the first source of wealth creation in the primary sector with more than half of the wealth created (CFAF 1.235.9 billion in 2019). Livestock farming occupies second place in terms of wealth creation with CFAF 844.16 billion in 2019. The forestry, fishing and hunting branch closes the gap with a wealth creation in the primary sector estimated at 261.5 billion of CFAF in 2019.

Wealth creation in the secondary sector is estimated at CFAF 1.618.0 billion in 2019 against CFAF 1.170.6 billion in 2015. This sector is dominated by mining with 1042.3 billion of CFAF of wealth created in 2019 against 659.8 billion of CFAF in 2018.

Manufacturing industry and construction occupy the second and third positions respectively with respectively 298.0 and 201.5 billion of CFAF in 2019.

The added value of the tertiary sector increased from CFAF 2.491.9 billion in 2015 to CFAF 3,851.3 billion in 2019. This sector is driven by non-market services whose added value was estimated at CFAF 2,184.8 billion in 2019 against CFAF 1.271.1 billion in 2015. Trade occupies the second place in this sector with an added value of 875.7 billion of CFAF in 2019 against 690.6 billion CFAF in 2015. The added value in the telecommunications branch is estimated at 208.0 billion of CFAF in 2019 against 189.8 billion of CFAF in 2015.

*Table 9 : Evolution of GDP by value and sector detail, 2013-2019*

Billion of CFAF	2013	2014	2015	2016	2017	2018	2019
<b>Primary sector</b>	<b>1 869</b>	<b>1 919</b>	<b>1 866</b>	<b>1 847</b>	<b>2 027</b>	<b>2 248.8</b>	<b>2 341.6</b>
Agriculture	989.4	1 002.1	946.7	970.9	1 102.7	1 271.4	1 235.9
Breeding	665.3	673.5	690.9	662.7	724.6	791.0	844.1
Forestry, fishing and hunting	214.3	243.8	227.9	213.1	199.2	186.3	261.5
<b>Secondary sector</b>	<b>1 107.4</b>	<b>211.9</b>	<b>1 170.6</b>	<b>1 204.3</b>	<b>1 308.2</b>	<b>1 368.9</b>	<b>1 618.0</b>
Mines	463.3	492.4	455.8	513.1	608.9	659.8	1 042.3
Agri-food*	190.9	205.6	234.9	244.6	248.5	255.6	266.0
Petroleum products	nd	nd	Nd	nd	n.d	n.d	n.d
Energy	42.9	57.8	78.9	71.4	83.8	87.9	76.2
Construction	285.6	278.0	228.0	198.6	193.1	199.5	201.5
Petroleum products	315.6	383.8	408.1	421.1	422.4	421.7	298.0
<b>Tertiary sector</b>	<b>2 277.9</b>	<b>376.8</b>	<b>2 491.9</b>	<b>2 676.1</b>	<b>3 010.1</b>	<b>3 325.2</b>	<b>3 851.3</b>
Transport	96.2	98.5	78.4	78.4	82.3	87.7	79.2
Telecommunications	160.4	172.5	189.8	198.3	199.6	192.9	208.0
Trade	687.8	639.8	690.6	696.5	740.7	799.9	875.7
Other services	339	345.3	357.9	400.8	459.7	306.2	503.7
<b>Duties and taxes</b>	<b>648</b>	<b>611.5</b>	<b>634.5</b>	<b>716.7</b>	<b>832.5</b>	<b>906.2</b>	<b>880.1</b>
<b>Duties and taxes</b>	<b>648</b>	<b>611.5</b>	<b>634.5</b>	<b>716.7</b>	<b>832.5</b>	<b>906.2</b>	<b>880.1</b>
<b>Marchand/Non marchand</b>							
<b>Non-market GDP</b>	<b>1081.1</b>	<b>1211.8</b>	<b>1271.1</b>	<b>1 410</b>	<b>1 649.6</b>	<b>1 877.1</b>	<b>2 184.8</b>
<b>Market GDP</b>	<b>4619.15</b>	<b>4690.6</b>	<b>4848.5</b>	<b>5033.8</b>	<b>5527.7</b>	<b>5 972.0</b>	<b>6 362.4</b>
<b>Public administration</b>	<b>986.4</b>	<b>1 115.0</b>	<b>1 172.2</b>	<b>1 308.9</b>	<b>1 546.3</b>	<b>1 771.5</b>	<b>2064.1*</b>
<b>Total GDP</b>	<b>5902.3</b>	<b>6119.2</b>	<b>6163</b>	<b>6444.1</b>	<b>7177.8</b>	<b>7849.1</b>	<b>8547.2</b>

Source : INSD, DGEP (for 2019 data)

\*National accounts for 2019 (First estimates from NHA)

## 2.2.2 GDP in composition

Burkina Faso's GDP is made up of 74.4% market GDP and 24.6% non-market GDP. Analysis of the share of the components of the different sectors of the economy in the market GDP shows that agriculture comes first with a contribution of 14.5% to the formation of GDP in 2019. Trade ranks second with a contribution of

10.2% to GDP in 2019. Livestock comes in third place with a contribution of 9.9% to GDP formation in 2019. Non-market GDP represented 25.6% of GDP in 2019 against 20.6% in 2015.

**Table 10 : Evolution of the components of the different sectors from 2013 to 2019**

In % of GDP	2013	2014	2015	2016	2017	2018	2019
<b>Primary sector</b>	<b>31.7</b>	<b>31.4</b>	<b>30.3</b>	<b>28.7</b>	<b>28.2</b>	<b>28.7</b>	<b>27.4</b>
Agriculture	16.8	16.4	15.4	15.1	15.4	16.2	14.5
Breeding	11.3	11.0	11.2	10.3	10.1	10.1	9.9
Forestry, fishing and hunting	3.6	4.0	3.7	3.3	2.8	2.4	3.1
<b>Secondary sector</b>	<b>18.8</b>	<b>19.8</b>	<b>19.0</b>	<b>18.7</b>	<b>18.2</b>	<b>17.4</b>	<b>18.9</b>
Mines	7.8	8.0	7.4	8.0	8.5	8.4	12.2
Agri-food*	3.2	3.4	3.8	3.8	3.5	3.3	3.1
Petroleum products	n.d	n.d	n.d	n.d	n.d	n.d	n.d
Energy	0.7	0.9	1.3	1.1	1.2	1.1	0.9
Construction	4.8	4.5	3.7	3.1	2.7	2.5	2.4
Manufacturing industry	5.3	6.3	6.6	6.5	5.9	5.4	3.5
<b>Tertiary sector</b>	<b>38.6</b>	<b>38.8</b>	<b>40.4</b>	<b>41.5</b>	<b>41.9</b>	<b>42.4</b>	<b>45.1</b>
Including Transport	1.6	1.6	1.3	1.2	1.1	1.1	0.9
Including Telecommunications	2.7	2.8	3.1	3.1	2.8	2.5	2.4
Including trade	11.7	10.5	11.2	10.8	10.3	10.2	10.2
Including other services	5.7	5.6	5.8	6.2	6.4	3.9	5.9
<b>Duties and taxes</b>	<b>11.0</b>	<b>10.0</b>	<b>10.3</b>	<b>11.1</b>	<b>11.6</b>	<b>11.5</b>	<b>10.3</b>
<b>Non-market GDP</b>	<b>18.3</b>	<b>19.8</b>	<b>20.6</b>	<b>21.9</b>	<b>23.0</b>	<b>23.9</b>	<b>25.6</b>
<b>Market GDP</b>	<b>78.3</b>	<b>76.7</b>	<b>78.7</b>	<b>78.1</b>	<b>77.0</b>	<b>76.1</b>	<b>74.4</b>
<b>Government administration</b>	<b>16.7</b>	<b>18.2</b>	<b>19.0</b>	<b>20.3</b>	<b>21.5</b>	<b>22.6</b>	<b>24.1</b>
<b>Total GDP</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source : INSD



## 2.2.3 GDP by component

On the demand side, economic growth is sustained mainly by internal demand which was estimated at 8,478.4 billion CFA francs in 2018 against 6,614.3 billion CFA francs in 2014. Net external demand was estimated at 470.9 billion CFA F in 2018 against -551.1 billion in 2014. An analysis of the components of internal demand shows that it is essentially driven by final

consumption, the amount of which was estimated in 2018 at 6 647.4 billion CFA F, against 1 831 billion CFA F for investment. Between 2017 and 2018, although investment recorded a very slight fall (-0.6%), domestic demand increased by 7.7% thanks to the dynamism of consumption (10.3%).

**Table 11 : Decomposition of GDP by component from 2014 to 2018**

In billions of CFAF	2014	2015	2016*	2017*	2018*
<b>1. Internal demand</b>	<b>6 614.3</b>	<b>6 815.8</b>	<b>7 233.2</b>	<b>7 870.6</b>	<b>8 478.4</b>
<b>Final consumption</b>	<b>5 088.6</b>	<b>5 294.3</b>	<b>5 552.4</b>	<b>6 028.3</b>	<b>6 647.4</b>
Private	3 708.4	3 865.1	3 954.2	4 233.2	4 638.4
Public	1 380.2	1 429.2	1 598.2	1 795.2	2 009.0
<b>Total investments</b>	<b>1 525.7</b>	<b>1 521.5</b>	<b>1 680.8</b>	<b>1 842.3</b>	<b>1 831.0</b>
Private	850.2	804.3	910.0	958.9	1 011.5
Public	675.5	717.2	770.7	883.4	819.5
<b>2. Total external demand</b>	<b>-551.1</b>	<b>-631.1</b>	<b>-334.6</b>	<b>-445.4</b>	<b>-470.9</b>
<b>3. Variation in stocks</b>	<b>56.3</b>	<b>-22.2</b>	<b>-108.3</b>	<b>72.3</b>	<b>18.1</b>

Source : BCEAO

\*Estimate

The national development reference framework in force in Burkina Faso is the National Economic and Social Development Plan (NESDP). It is the single

framework for interventions by the State and its partners over the period 2016-2020.

## 3.1 recent achievements and ACCOMPLISHMENTS

### 3.1.1 presentation of the nesdp

The NESDP is part of a development framework, based on a new dynamic of transformation of economic, demographic and social structures, generating cumulative and sustainable multiplier effects on the improvement of the growth of average per capita income, thereby enabling the satisfaction of basic needs, poverty reduction, human capacity building, environmental sustainability and social equity.

The overall objective of the NESDP is to structurally transform the Burkinabe economy for strong, sustainable, resilient, inclusive growth that creates decent jobs for all and leads to improved social well-being. The NESDP is divided into three strategic axes, which are (i) Axis 1: reforming institutions and modernising the administration, (ii) Axis 2: developing human capital and (iii) Axis 3: boosting sectors that are promising for the economy and jobs.

On the basis of the overall objective, the expected impacts of the NESDP are as follows:

- (i) Improving the effectiveness of political, administrative, economic, local and environmental governance;
- (ii) The emergence of a modern economy based on an evolving and more competitive primary sector and increasingly dynamic processing and service industries, enabling an average annual economic growth rate of 7.7% and the creation of at least 50,000 decent jobs per year;
- (iii) A reduction in the incidence of poverty to below 35% in 2020;
- (iv) The control of annual population growth so that it is reduced to 2.7% in 2020;
- (v) Accelerating the level of human capital development; and
- (vi) Changing production and consumption patterns in a sustainable development perspective.

The overall cost of implementing the NESDP amounts to 15,395.4 billion CFA francs, i.e. an average annual cost of 3,079.1 billion CFA francs. The share devoted to capital expenditure (including capital transfers) is 54.6%, corresponding to an overall envelope of 8,408.2 billion CFA francs over the period, i.e. 1,681.6 billion CFA francs per year. It will be financed up to 63.8% of the total cost by own resources (9,825.2 billion CFA francs).

The NESDP monitoring and evaluation mechanism comprises a technical monitoring component and a technical evaluation component. The technical monitoring component aims to collect and analyse data in order to provide evidence on : (i) the use of resources, (ii) the progress made in the implementation of actions and (iii) the objectives achieved, through the monitoring of expenditure, the monitoring of the financial execution of programmes, the monitoring of the technical execution of programmes and the monitoring of the effects of the NESDP. The technical component of the evaluation includes in particular : (i) a strategic environmental assessment, (ii) a mid-term evaluation (2018) and (iii) a final evaluation.

### 3.1.2 Recent structural reforms linked to the development plan

The assessment of the implementation in 2017 of the strategic reforms and structural investments of the NESDP highlights important achievements. In total, some 183,635 formal jobs were created during the two years of NESDP implementation, including 87,515 decent jobs per year. The share of formal private employment in total employment increased between 2016 and 2017, rising from 5.81% to 6.43%. The implementation of the Youth Employment Programme for National Education (YEPNE) has enabled 1 659 young university graduates to be recruited in 2018. In addition, a number of achievements have been recorded in terms of improving the employability of young people and women in 2018. These include :

(i) the ongoing training of 110 young beneficiaries in mining professions (blasting and ore processing); (ii) entrepreneurship training for thousands of young people and women; (iii) the placement of more than 3.000 job seekers in work experience placements; (iv) the placement of 507 young graduates or qualified young people (264 women and 243 men) in pre-employment placements; (v) the recruitment of several cohorts of national volunteers; (vi) the placement of young people and women in apprenticeships with master craftsmen.

In terms of institutional reform and modernisation of the administration (Axis 1), the main results achieved relate to increasing the country's resilience to the terrorist threat by increasing the operational capacities of the defence and security forces through the adoption of the military programming law with a view to optimising the implementation of the Strategic Plan for the Reform of the National Armed Forces (SPR/NAF 2018-2022), the continuation of public finance reforms with the transition to the programme budget and improved performance in the collection of own revenue.

In the area of human capital development (Axis 2), the continuation of the policy of free care for pregnant women and children under 5 years of age has made it possible to carry out 16,920,917 free interventions for the target group. In addition to the free care measure, the effort to improve the supply and quality of care has led to the equipping of Regional Hospital Centers (RHC) and University Hospital Centers (UHC) with autonomous oxygen production systems, the transformation of 14 Health and Social Promotion Centers (HSPC) into Medical Centers (MC), the standardisation of health centers and the construction of new health centers, whether HSPC or MC. In 2018, on behalf of the project to transform the HSPCs of the capitals of rural communes into MCs, 23 MCs have been received, 23 others are awaiting completion and 10 HSPCs have begun their first phase. In total, 93 HSPC were built in 2018. The reform of the family planning service, to make access free of charge, was implemented in 2018 with, in particular, the adoption of a decree in the Council of Ministers on 26/12/2018 making family planning completely free of charge.

At the level of education, efforts to improve the supply of education have continued with the construction of infrastructure, the recruitment of staff in all levels of education, particularly at post-

primary level, and the opening of two science high schools in Ouagadougou and Bobo-Dioulasso. The post-primary completion rate has been increased from 24.2% in 2016 to 32.95% in 2017, with a target of 30.2% in 2017. Around 55 lycées and 409 collèges were built in 2017. At 31 December 2018, 86 classrooms had been built using only transferred resources, i.e. 54 rooms for primary and 32 rooms for secondary schools. Construction work on 9 out of 10 high schools began in November 2018. The efforts of the state and other players have made it possible to increase the number of primary schools to 15,756, including 3,985 for the private sector in 2017-2018 against 14,655, including 3,363 for the private sector in 2015-2016, i.e. an increase of 7.5%, thus encouraging an increase in primary school enrolment from 2,873,049 in 2015-2016 to 3,206,060 in 2017-2018, i.e. an increase of 11.6%.

In the field of boosting sectors that are promising for the economy and jobs (Axis 3), the major achievements recorded in 2017 notably concerned the opening up of the country internally and externally with a significant increase in the proportion of developed rural roads, urban road improvements, the asphaltting of new roads and the continuation and start of construction of other new roads. The proportion of developed rural roads was increased from 27.5% in 2015 to 30.43% in 2017.

Within the framework of the Integrated Programme for the Empowerment of Women in Burkina Faso (IPEW-BF) in 2018 : (i) 675 informal businesses were registered out of a forecast of 8.550, making it possible to increase the number of women's formal businesses from 200 to 875 out of a forecast target of 25.000 businesses to be registered by 2020; (ii) 1,770 out of a target of 1.960 women were trained in entrepreneurship; (iii) 300 women's associations and groups have been equipped with technology and (iv) 150,300 women out of a forecast 150.000 women have benefited from credit for their income-generating activities (IGAs), through the Support Fund for Women's Income Generating Activities (SFWIGA), either for small loans ranging from 500.000 CFAF to 1.500.000 CFAF or for microcredits ranging from 1.500.000 CFAF to 15.000.000 CFAF.

The installed electrical power has increased, several localities in the country have been connected to the national electricity grid and several villages and socio-economic infrastructures are supplied with photovoltaic solar energy. With regard to improving

Internet access, bandwidth capacity has been significantly increased with an estimated 16 Gbps in 2017 (NESDP Implementation Monitoring Report), thanks to the completion of the deployment of 347 km of optical fibre from Ouagadougou to Po

to the Ghana border and the deployment of 341 km of optical fibre as part of the effectiveness of the G-CLOUD project. In 2019, the country also launched 4G to catch up with its counterparts on the continent in terms of connectivity.

## 3.2 Future projects

For the medium-term outlook (2018-2020), the continuation of the actions begun since the implementation of the NESDP should make it possible to establish a real evolution of the agro-sylvo-pastoral production sector at the service of the structural transformation of the economy. These efforts should make it possible to focus, among other things, on :

- (i) The share of irrigated production in total production to 20% in 2018 and 25% in 2020;
- (ii) The rate of coverage of cereal needs from 120% in 2018 to 140% in 2020;
- (iii) The productivity of employment in the primary sector from 415.000 CFA francs in 2018 to 535.000 CFA francs in 2020;
- (iv) The rate of marketing of agricultural products at 30% in 2018 and 37.5% in 2020;
- (v) The rate of increase in the supply of agro-industry from 20% in 2018 to 50% by 2020;
- (vi) The quantity of fish produced from 26.000 tonnes in 2018 to 30.000 tonnes in 2020;
- (vii) The rate of coverage of livestock feed requirements to 75% in 2018 and 80% two years later;
- (viii) The rate of vaccination coverage against Newcastle disease from 60% in 2018 to 70% in 2020;
- (ix) The number of jobs created in the primary sector to 65.000 in 2018 and 110.000 in 2020.

Over the period 2018-2020, the aim will be to bring:

- (i) The national electricity coverage rate from 52.3% in 2018 to 80% in 2020;

- (ii) The national electrification rate from 30% in 2018 to 45% in 2020;
- (iii) the urban electrification rate from 69% in 2018 to 75% in 2020; (iv) the rural electrification rate from 12.6% in 2018 to 19% in 2020; and
- (v) the share of renewable energies in total production from 19% in 2018 to 30% in 2020.

At the level of industry, the actions will be oriented towards improving the competitiveness of industrial enterprises, the implementation of the orientation law for the promotion of SMEs, the implementation of the Project for the creation and setting up of the incubator, nursery and business hotel in the agro-food sector (PINBH-AS), the implementation of the Support Project for the Creation and Development of small and medium-sized enterprises and small and medium-sized industries (SPCD- SME/SMI).

As regards the technical implementation of development planning, this will involve : (i) adopting the draft law on development steering and management; (ii) adapting existing software to the organic law on finance laws (OLFL) and acquiring a production infrastructure and migrating the integrated public finance management system to the JAVA platform; (iii) rereading Law 020-2013 of 23 May 2013 and the implementing texts, preparing tender documents and model contracts as well as good practice guides for public-private partnerships.





## 4- MONETARY SYSTEM AND FINANCIAL MARKETS

### 4.1 Structural elements

#### 4.1.1. Description of the Franc zone

The Franc zone is characterised by four (4) founding principles. These principles were set out in the monetary cooperation agreement between the Member States of the Bank of Central African States' issuing zone and France of 23 November 1972, as well as in the cooperation agreement between the Member States of the West African Monetary Union and France of 4 December 1973.

The 4 main principles of the Franc zone are :

- **A guarantee from the French Treasury for the unlimited convertibility of the Central Bank currency** : currencies issued by issuing institutions in the Franc zone have unlimited convertibility guaranteed by the French Treasury. To ensure the free convertibility of each of the sub-areas, an operations account is opened with the French Treasury by each Central Bank of the zone and on which the Central Banks have an unlimited drawing right in case of exhaustion of their foreign currency reserves ;

- **A fixed parity with the Euro of 1 Euro for 655.957 CFAF** : the parity of the zone's currency with the Euro is fixed and defined for each subzone. The currencies of the zone are convertible between them, at fixed parities, without limitation of amounts. The changeover to the euro resulted in a simple substitution of the peg to the French franc by the peg to the euro, at an equivalent parity, i.e.  $655.957 \text{ CFAF} = 1 \text{ euro}$  (the parity being identical for the West and Central African sub-areas)

- **Free and unlimited transfer of reserves** : transfers are, in principle, free within the Zone.

- **Centralisation of reserves** : the States centralise their foreign exchange reserves in their Central Banks, while in return for the unlimited convertibility guaranteed by France, the Central Banks of the franc zone are required to deposit a share of their net foreign assets (foreign exchange reserves) with the French Treasury in the operations account opened in the name of each of them. Since the reform of September 2005, BCEAO has been required to deposit 50% of its foreign assets on its operations account.

A new monetary agreement was signed in December 2019 by WAEMU member states and France to reform the CFAF. It lays the foundations for the accession of member countries to the ECO, the single currency project of ECOWAS. In order to enable WAEMU economies to prepare for the ECO, the monetary cooperation agreements linking member states of the zone to France have been profoundly revised. Three decisions were taken :

- The change of the name of the currency from CFA Franc to ECO, when the WAEMU countries join the new ECOWAS ECO zone ;
- The end of the centralisation of foreign exchange reserves at the French Treasury, the closure of the operations account and the transfer to BCEAO of the resources available in the account ;
- The withdrawal of all French representatives in the decision-making and management organs of WAMU (BCEAO Board of Directors, Banking Commission and Monetary Policy Committee).

Two key elements of monetary stability have been retained :

- Maintaining the fixed exchange rate against the euro (which ensures the current parity).
- The guarantee of unlimited convertibility of the currency by France.

In May 2020, the bill ratifying the end of the CFA franc was adopted by France in the Council of Ministers. It validates the transformation of the CFA franc, which will become the ECO, by maintaining a fixed parity with the Euro and the end of the centralisation of foreign exchange reserves of West African states with the French Treasury.

#### 4.1.2. Description of BCEAO

WAEMU Treaty Article 41 designates the Central Bank of West African States (BCEAO) as an autonomous specialised institution of the Union. In complete independence, the BCEAO contributes to the achievement of the objectives of the Treaty.



## MEMBERS

The eight (8) Member States of WAEMU are members of BCEAO. They are Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo.

## ORGANS

The organs of the Central Bank are : the Governor, the Monetary Policy Committee, the Board of Directors, the Audit Committee, the National Credit Councils, with one Council in each of the WAMU Member States

## FUNCTIONING

The Central Bank, its organs, any member of its organs or its staff may not seek or receive instructions or directives from Community institutions or organs, from the governments of WAEMU Member States, from any other body or from any other person. Community institutions and bodies and the governments of WAEMU member states undertake to respect this principle.

The main objective of the Central Bank's monetary policy is to ensure price stability. Without prejudice to this objective, the Central Bank supports the economic policies of the West African Economic and Monetary Union (WAEMU) with a view to achieving sound and sustainable growth.

## ROLES

The Central Bank is entrusted with the following fundamental tasks :

- Defining and implementing monetary policy within WAEMU ;
- Ensure the stability of the WAEMU banking and financial system ;
- Promote the smooth functioning and ensure the supervision and security of payment systems in WAMU ;
- Implement WAEMU's exchange rate policy in accordance with the conditions laid down by the Council of Ministers ;
- Manage the official foreign exchange reserves of WAEMU member states.

The Central Bank may carry out, while respecting the monetary balance, specific missions or projects that contribute to improving the monetary policy

environment, diversifying and strengthening the WAEMU financial system and technical and professional capacities in the banking and financial sector.

The main objective of the Central Bank's monetary policy is to ensure price stability. To this end, it defines the monetary policy that makes it possible to maintain the external coverage rate of the currency at a satisfactory level and to support the economic activity of the member countries without inflationary pressure<sup>3</sup>.

BCEAO oversees the monetary policy of each member country through the elaboration of money supply and credit targets set on an annual basis. Statutory advances to the national treasuries of member states were suspended in 2001 and abolished as from 2010.

For the management of the common monetary policy, BCEAO relies on market mechanisms and indirect instruments for regulating liquidity, in particular the steering of interest rates and the system of compulsory reserves.

### 4.1.3. Monetary policy

BCEAO benefits from the exclusive privilege to issue money in all member states of the West African Monetary Union. It issues monetary signs, banknotes and coins, which are legal tender and have the power of discharge in all member states of the Union. The creation, issue and cancellation of monetary signs are decided by the Council of Ministers.

The management of the monetary policy of the Member States of the Union by the Central Bank consists of adjusting the overall liquidity of the economy in accordance with the evolution of the economic situation in order to ensure price stability on the one hand and to promote economic growth on the other.

The current money and credit management system relies on market mechanisms and indirect instruments to regulate liquidity, including interest rates and the reserve requirement system.

<sup>3</sup> The Monetary Policy Committee of the BCEAO, at its first meeting held on 14 September 2010 in Dakar, defined the operational objective of price stability as an annual inflation rate in the Union within a margin of  $\pm$  one percentage point (1%) around 2%, with a horizon of twenty-four (24) months.

The functioning of BCEAO is based on :

Open market operations : seven-day and twenty-eight-day refinancing (respectively every week and every month for banks subject to compulsory reserves) allocated at variable rates ; the minimum bid rate considered by BCEAO as its key rate (currently 2.0%). Planned auctions are generally calibrated according to BCEAO's forecasts of liquidity needs over the maturity of the operations ;

Permanent lending windows : refinancing for 1 to 7 days or 90 to 360 days against government securities and credit applications with maturities ranging from 5 to 20 years, at the request of banks (marginal lending window). The rates of these windows are above the key rate of 200 basis points. As of June 2017, recourse to the lending window has been capped at twice the counterparty's own funds.

The minimum interest rate for bidding in open market operations (tenders) and the interest rate applicable on the marginal lending window (repo rate), the levels of which are set by the Monetary Policy Committee, are 2.00% and 4.00% respectively, and constitute the two main key rates of BCEAO.

## MONEY SUPPLY

The monetary mass consolidated between 2014 and 2019 in Burkina Faso, increasing from 2.093.1 to 4.034.3 billion CFA francs (Table 12). In 2019, Burkina Faso's money supply consisted of CFA F 1.508.5 billion in net foreign assets and CFA F 3.064.7 billion in domestic assets.

**Table 12 : Evolution of Burkina Faso's monetary situation**

	2014	2015	2016	2017	2018	2019
<b>Foreign reserves</b>	<b>97.3</b>	<b>163.2</b>	<b>402.1</b>	<b>454.9</b>	<b>1 280.4</b>	<b>1 508.5</b>
Central Bank	-425.5	-653.4	-724.6	-876.2	310.5	76.7
In banks	522.8	816.6	1 126.8	1 331.1	969.9	1 431.8
<b>Domestic assets</b>	<b>1 821.3</b>	<b>1 975.1</b>	<b>1 989.7</b>	<b>2 436.3</b>	<b>2 891.7</b>	<b>3 064.7</b>
<b>To the credit of the State</b>	<b>44.3</b>	<b>17.8</b>	<b>-88.4</b>	<b>66.1</b>	<b>225.6</b>	<b>148.5</b>
Central Bank	-17.2	-14.2	-146.1	-55.7	-64.6	-45.01
In banks	61.6	32.0	61.3	121.8	290.2	193.5
<b>To the credit of the economy</b>	<b>1 776.9</b>	<b>1 957.4</b>	<b>2 074.5</b>	<b>2 370.2</b>	<b>2 666.1</b>	<b>2 916.1</b>
<b>Money supply (M2)</b>	<b>2 093.1</b>	<b>2 497.2</b>	<b>2 788.4</b>	<b>3 366.7</b>	<b>3 715.6</b>	<b>4 034.3</b>
Currency in circulation	227.9	299.1	284.3	447.9	579.9	652.6
Deposit	940.2	1 132.0	1 331.2	1 577.7	1 706.0	1 809.8
% increase observed at 31						
Net foreign assets	19.8%	72.9%	146.0%	-5.5%	-3.7%	4.5%
Net domestic assets	10.0%	8.5%	0.7%	19.1%	18.7%	12.6%
Credit to the State	-18.3%	2.5%	-5183.5%	-164.9%	241.5%	159.6%
Central Bank	130.3%	-23.3%	929.7%	-63.5%	16%	-32.6%
Banks	1.8%	10.2%	131.5%	82.7%	138.3%	56.2%
Credit to the economy	6.0%	9.2%	6.3%	11.3%	9.9%	9.4%
Money supply (M2)	17.7%	19.7	11.9%	19.8%	10.4%	8.5%

Source : BCEAO

<sup>4</sup> The BCEAO cut its main key rates by 50 basis points. Thus, the minimum interest rate for bidding in liquidity injection tender operations was reduced from 2.50% to 2.00% and the interest rate for the marginal lending window was reduced from 4.50% to 4.00%. This decision came into force on 24 June 2020.

### 4.2.1 The banking environment

The banking environment in Burkina Faso is made up of traditional banks and credit institutions and microfinance institutions.

According to the WAMU banking commission, the country had 19 licensed credit institutions in 2018 (15 banks and 4 licensed financial institutions of a banking nature) against 17 in 2016. Table 13 shows the balance sheet of licensed banks and bank-like financial institutions for the period 2014-2018.

In 2014 and 2018, the assets of banks increased from CFA 3 216 to 5 300 billion CFA francs. An increase in the assets of approved banks and financial institutions of a banking nature of 29.1% in 2017-2018 can be noted. According to the banking commission, in 2018, the Burkinabe banking landscape consisted of 7 large banks (balance sheet > CFA F 200 billion), 4 medium-sized banks (balance sheet between CFA F 100 and 200 billion) and 6 small banks (balance sheet < CFA F 100 billion).

*Table 13 : Evolution of the balance sheet of approved credit institutions*

SUMMARY (Millions of CFAF for 18 establishments)	2014	2015	2016	2017	2018
Treasury and interbank transactions	321 276	464 915	592 438	726 459	721 984
Operation with customers	1 940 472	2 071 315	2 235 682	2 633 821	2 878 779
Transactions on securities and miscellaneous	781 915	987 976	1 360 117	1 623 64	1 512 920
Property value	168 358	242 490	271 494	167 096	186 677
Shareholder or Associates	1 500	0	0	0	542
<b>TOTAL ASSETS</b>	<b>3 216 521</b>	<b>3 766 696</b>	<b>4 459 731</b>	<b>5 151 024</b>	<b>5 300 902</b>
Treasury and interbank transactions	791 145	947 519	1 202 761	1 291 110	1 145 409
Operation with customers	2 054 593	2 416 133	2 758 622	3 284 863	3 520 800
Transactions on securities and miscellaneous	80 508	83 465	106 246	150 408	154 353
Payments still to be made on long-term investments	3	3	3	3	3
Provisions, shareholders' equity and similar	290 272	319 576	392 099	424 639	480 337
<b>TOTAL LIABILITIES</b>	<b>3 216 521</b>	<b>3 766 696</b>	<b>4 459 731</b>	<b>5 151 024</b>	<b>5 300 902</b>

Source : BCEAO

The WAMU banking commission indicates that jobs in the Burkinabe banking system grew in 2018 by 3.5% to reach 4,578.4 billion at the end of December 2018. Their structure remains dominated by customer loans for 62.9% and investment securities for 26.4%, while the shares of financial and other fixed assets stood at 3.4% and 2.7% respectively. Customer loans increased by 9.3% in 2018 to CFAF 2.878.77 billion.

They are mainly made up of short-term loans (43.9%), medium-term loans (50.9%), long-term loans (2.6%) and overdue loans (2.4%).

Short-term credits amounted to CFAF 1.264.57 billion in 2018. They recorded an increase of 4.6% between 2017 and 2018. As for medium-term credits, amounting to CFAF 1.465.6 billion, they showed an



increase of 20.1% over the same period. 76.4 billion in 2018, an increase of 15.7% over the previous year. 70.6 billion, representing a net decrease of 48.8% between 2017 and 2018. 70.6 billion, a net decrease of 48.8% between 2017 and 2018. Leasing commitments increased by 94.1% over the same period, reaching a total of 1.210.29 billion at the end of 2018, down 7.8%. 31.55 billion and other fixed assets were down 12.2% and up 18.3% respectively between 2017 and 2018.

At 31 December 2018, the gross rate of deterioration in the customer portfolio was 7.5%. Taking into account provisions, the net rate of deterioration in the customer portfolio was 2.5% in 2018. This ratio was down 2.8% compared with 2017. In 2018, the interest rate on loans varied between 8 and 15% from one bank to another, compared with 2 to 3.75% for the interest on savings. The average lending rate was 7.44% in 2018 compared with 7.21% in 2017, an increase of 0.23 points. According to BCEAO, the average borrowing rate was 7.27% in 2019.

**Table 14: Debtor and creditor rates (short, medium and long term)**

Borrowing interest rate according to the term of the loan	2013	2014	2015	2016	2017	2018
less than or equal to 1 month	8.58	8.28	8.36	7.87	7.22	7.51
more than 1 month and less than or equal to 3 months	8.56	7.20	6.94	6.87	6.46	6.40
more than 3 months and less than or equal to 6 months	8.93	8.67	8.40	7.49	7.58	7.39
more than 6 months and less than or equal to 1 year	8.76	9.37	8.83	8.04	7.61	8.32
more than 1 year and less than or equal to 2 years	7.62	8.29	7.49	7.94	6.71	7.57
more than 2 years and less than or equal to 5 years	8.37	7.87	8.10	7.84	7.95	7.70
more than 5 years and less than or equal to 10 years	7.81	7.55	7.44	7.24	7.10	7.12
More than 10 years old	4.93	6.95	5.22	4.35	5.13	6.21
<b>Total</b>	<b>8.44</b>	<b>8.17</b>	<b>7.97</b>	<b>7.54</b>	<b>7.21</b>	<b>7.44</b>
<b>Credit interest rate by type of deposit</b>						
less than or equal to 1 month	3.49	3.57	2.92	4.02	5.25	5.02
more than 1 month and less than or equal to 3 months	5.59	5.34	5.68	5.81	5.64	5.64
more than 3 months and less than or equal to 6 months	5.48	6.08	6.04	5.88	5.77	5.98
more than 6 months and less than or equal to 1 year	4.60	5.55	5.36	5.66	5.58	5.21
more than 1 year and less than or equal to 2 years	6.64	5.82	5.72	5.76	5.55	5.68
more than 2 years and less than or equal to 5 years	6.41	8.82	5.77	5.94	5.98	6.13
more than 5 years and less than or equal to 10 years	5.02	3.09	5.26	5.32	5.97	6.02
More than 10 years old	6.05	0.20	5.75	3.93	2.85	3.85
<b>Total</b>	<b>4.82</b>	<b>5.17</b>	<b>4.70</b>	<b>5.40</b>	<b>5.67</b>	<b>5.71</b>

Source : BCEAO

The microfinance sector occupies an important place in Burkina Faso's economy. According to the Ministry in charge of the economy, as of December 31, 2018, Burkina Faso has 129 decentralized financial systems (DFS). As of December 31, 2016, there were 133 DFSs in Burkina Faso compared to 153 in 2015. This decrease is mainly due to the withdrawal of approval from DFSs in difficulty and suspension of payments. The number of people benefiting from DFS services in 2016 was 1.858.806 compared to 1.746.160 in 2015, an increase of 6.45%.

Individual male and female clients represented 56.9% and 30.65% of beneficiaries respectively. Legal entities accounted for 12.45%. At 31 December 2016, outstanding loans amounted to CFAF 142.9 billion compared with CFAF 195.1 billion for deposits. The Network of Credit and Savings Cooperatives of Burkina Faso (NCSC/BF) alone accounted for 68% and 64% respectively of total deposits and loans granted in 2016 by the microfinance sector in Burkina Faso.

The microfinance sector in Burkina Faso is governed by a set of legislative and regulatory texts, particularly those stemming from the legal provisions adopted at WAEMU level. In addition to texts specific to microfinance, the sector is also governed by regulatory provisions governing all financial activity. The institutional framework for supervising the activities of the microfinance sector is made up of the Ministry in charge of finance, the BCEAO and the WAMU banking commission.

## 4.2.2 Financial markets

The WAEMU financial market is structured around the debt securities market (public and private bonds) and the equity market. The regional public securities market has two (2) components: the auction market and the syndication market.

The public securities auction market is organised and regulated by the BCEAO through Agence UMOA-Titres; while the public securities syndication market, private bonds and shares are regulated by the Regional Council for Public Savings and Financial Markets (CREPMF) and organised by the Regional Stock Exchange (BRVM) and the Central Custodian/Settlement Bank (CC/BS).

### 4.2.2.1 BRVM : Presentation and roles

The Regional Stock Exchange (BRVM) is a specialised financial institution created on 18 December 1996, in accordance with a decision of the Council of Ministers of the West African Economic and Monetary Union (WAEMU) taken in December 1993.

BRVM is a public limited company with a community public service mission. It is common to the 8 countries of West Africa. BRVM/CC/SB started its activities on 16 September 1998 in Abidjan. Its main missions are the following :

- The organisation of the stock market ;
- The publication of stock exchange transactions ;
- Dissemination of information on the stock exchange ;
- The promotion and development of the market.

### Evolution of BRVM bond and equity market

Since 2016, the WAEMU stock market (BRVM) has been experiencing successive declines that accelerate until 2018 and then slow down in 2019. It fell from -3.8% in 2016 to -16.81% in 2017 and -29.14% in 2018. However, the decline slows to -3.4% in 2019.

This underperformance shows that the WAEMU market did not fully withstand the general downward trend that gripped the world's financial markets. The BRVM's decline in 2018 is particularly marked. The stocks preferred in 2015, oriented towards the food and beverage as well as agribusiness, consumer, automobile and equipment and banking sectors, have experienced a decline.

The fall in BRVM prices could be explained, on the one hand, by the profit-taking of several large investors who had made significant capital gains on their investment. The drop also comes from the readjustment (rectification) after four (4) years of intensive market increases (2012 to 2015) and, on the other hand, from the misunderstanding of the different splits made on the market. New investors are speculating and most listed companies have not reacted to the fall in their capitalization.

During the 2019 financial year, the BRVM Composite Index rose from 172.2 on 31/12/2018 to 159.2 on 31/12/2019. The market capitalisation of the stock

market fell from CFAF 4.845 billion at the end of 2018 to CFAF 4.741 billion at the end of 2019, a drop of 2%. BRVM also reached the CFAF 236 billion mark in transactions in 2018 and 117.303.543 shares were exchanged for a value of CFAF 174.449.217.023.

Concerning the bond compartment, 6.359.442 bonds were traded for a value of CFAF 61.767.647.783 in

2018. The market capitalisation of bonds amounted to CFAF 4.233 billion as at 31 December 2019 against CFAF 3.444 billion the previous year, an increase of 23%. This improvement was driven by the appetite of WAEMU member states to use the regional financial market to support their respective economies.

**Table 15 : Evolution of BRVM financial market**

	2013	2014	2015	2016	2017	2018	2019
<b>BRVM 10 index</b>	246	268	290	262	220	154	149
<b>BRVM composite index</b>	232	258	304	292	243	172	159
<b>Composite market capitalisation (shares and bonds) in billions of CFA francs</b>	6 706	7 459	9 079	10 216	9 806	8 289	8 973
<b>Equity Market</b>	5 634	6 320	7 500	7 706	6 836	4 845	4 741
<b>Bond Market</b>	1 073	1 139	1 579	2 509	2 970	3 444	4 233
<b>Number of listed companies</b>	37	38	39	43	45	45	46

Source : BRVM

#### 4.2.2.2 The equity market

In 2019, there were three companies listed on the Burkina Faso stock exchange. They are Coris Bank International (CBI), Bank of Africa Burkina Faso (BOABF) and the Office National des Télécommunications du Burkina Faso (NTO). On 2 January 2019, CBI had a total capitalisation of CFA F 281.28 billion with a volume of 32 million shares. BOBF had a total capitalisation of CFA F 113.52 billion with a volume of 22 million shares and NTO had a total capitalisation of CFA F 289 billion with a volume of 68 million shares. NTO is the only Burkinabe company to be in BRVM 10 index for the year 2020.

#### 4.2.2.3. Bonds market

According to the WAMU Security, the government of Burkina Faso, through the Public Treasury, has organised fourteen (14) treasury bill issues and eight (8) treasury bond issues in 2019. In total, an amount

of CFAF 530 billion was mobilised in 2019 on the sub-regional financial market against CFAF 790 billion in 2018, a decrease of 32.9%. This level of resource mobilization is below the programme of emissions which was expected to reach CFAF 675 billion in 2019. During the year 2019, a total amount of CFAF 335 billion was mobilised through the issuance of treasury bills against CFAF 415 billion in 2018, i.e. a decrease of 23.88%. As for bonds, a total amount of CFAF 195 billion was mobilised in 2019 through issues on the sub-regional market against CFAF 375 billion in 2018. Interest rates in 2019 varied between 5.7% and 7.28% depending on the maturity of the securities, i.e. 6 months or 6 years.

Between January and May 2020, the Burkina Faso Treasury organised twelve (12) treasury bill issues and five (5) treasury bond issues. A total of CFAF 396 billion was mobilised over the period, including CFAF 256 billion via treasury bills.

**Table 16 : Burkina Faso's issuings since 2019**

Instrument	Issuings date	Value date	Deadline	Amount (million CFA francs)
BAT	20/05/2020	22/05/2020	20/05/2021	35 000
OAT	20/05/2020	22/05/2020	22/05/2023	35 000
BAT	30/04/2020	04/05/2020	02/08/2020	76 000
BAT	16/04/2020	17/04/2020	15/04/2021	35 000
OAT	16/04/2020	17/04/2020	17/04/2025	35 000
BAT	08/04/2020	09/04/2020	08/07/2020	30 000
OAT	08/04/2020	09/04/2020	09/04/2025	30 000
BAT	25/03/2020	26/03/2020	24/03/2021	25 000
BAT	26/02/2020	27/02/2020	26/08/2020	30 000
OAT	12/02/2020	13/02/2020	13/02/2023	20 000
OAT	22/01/2020	23/01/2020	23/01/2023	20 000
BAT	08/01/2020	09/01/2020	06/01/2021	25 000
BAT	04/12/2019	05/12/2019	02/12/2020	20 000
BAT	06/11/2019	07/11/2019	04/11/2020	10 000
BAT	01/10/2019	02/10/2019	29/09/2020	25 000
OAT	04/09/2019	05/09/2019	05/09/2024	20 000
BAT	21/08/2019	22/08/2019	19/08/2020	20 000
OAT	06/08/2019	07/08/2019	07/08/2022	20 000
BAT	24/07/2019	25/07/2019	22/07/2020	20 000
OAT	10/07/2019	11/07/2019	11/07/2022	25 000
BAT	26/06/2019	27/06/2019	25/09/2019	25 000
OAT	07/06/2019	11/06/2019	09/05/2022	20 000
BAT	22/05/2019	23/05/2019	20/05/2020	20 000
OAT ES	08/05/2019	09/05/2019	09/05/2022	25 000
OAT ES	08/05/2019	09/05/2019	09/05/2024	25 000
BAT	17/04/2019	18/04/2019	15/04/2020	25 000
BAT	03/04/2019	04/04/2019	03/07/2019	25 000
BAT	06/03/2019	07/03/2019	04/03/2020	30 000

Source : Agence UMOA-Titres



### 4.2.3. Debt subscription mechanisms

Any investor based in or outside the WAEMU may invest in public securities issued by auction or syndication. Orders are placed through authorised market participants : an underwriting syndicate or any MIC operating in the Union in the case of issues by syndication, and credit institutions based in the Union or MICs having an account in the books of the Central Bank in the case of issues by auction. Transactions on the BRVM share market are carried out through stock exchange intermediaries, in particular MIC.

#### Organisation of market by auction and amount of subscriptions

The auction market is a segment of the public securities market, on which WAEMU member states issue Treasury bills and bonds following an auction procedure in order to finance their budgets.

Unlike the syndication market, the auction market is led by the following players :

- The Central Bank of West African States (BCEAO), which is the regulator of this market. As such, it enacts the applicable provisions, intervenes in the organization of auctions of public securities, acts as Central Custodian / Settlement Bank, clearing, settlement and delivery of transactions between participants with an account in its books, through its electronic platform SAGETIL-UMOA<sup>5</sup> ;
- States which are the issuers of public debt securities on the Union's money market, under the responsibility of the Minister of Finance ;
- Agence UMOA-Titres, a regional structure in charge of issuing and managing public debt securities, materially organises issues and, in this capacity, provides assistance to Member States in mobilising resources on the capital markets and managing their debt ;
- Investors which are credit institutions, IMS and regional financial bodies with a settlement account in the books of the Central Bank<sup>6</sup> ;
- Specialists in Treasury Securities (STs) which are credit institutions and IMSs that have obtained the approval of the Ministers in charge of Finance of WAEMU Member States to act in this capacity and thus benefit from the status of privileged partners

of one or more Treasuries of Member States on transactions on public debt securities issued on the regional market<sup>7</sup>.

Securities issued by auction are traded on the secondary market, following an over-the-counter procedure.

#### Organisation of the markets by syndication and amount of subscriptions

WAEMU regional financial market is characterised by a mixed organisation. Indeed, it is composed of a public sector consisting of the Regional Council for Public Savings and Financial Markets (CREPMF) and a private sector which includes the central structures of the Regional Stock Exchange (BRVM) and the Central Custodian/Bank of Settlement (CC/BS) on the one hand, and the commercial players on the other.

CREPMF is the WAEMU's regional financial market regulator (FMR). Its missions are, among others, to :

- To ensure the authorisation and control of public offering procedures ;
- Authorise market management structures and approve commercial operators ;
- Approve the tariffs of commercial operators ;
- Regulating the operation of the market ;
- Ensure the supervision of the regularity of stock exchange operations.

BRVM is organised at a central site based in Abidjan (Côte d'Ivoire) and represented in each member state by a National Stock Exchange Antenna (NSEA). The main responsibilities of BRVM are :

- Authorisation of the scholarship holders to carry out their activity ;
- The management of the market, in particular ensuring the centralization of buy or sell orders, the management of the coast, the dissemination of market information, as well as the promotion and popularization of financial culture within the WAEMU ;
- The management of unsettled transactions.

The Central Custodian/Settlement Bank (CC/BS) is a financial institution whose role is to :

- To clear applicants for the position of account keeper ;

<sup>5</sup> Automated Securities and Liquidity Management System of the West African Monetary Union. <sup>11</sup>Tous les autres investisseurs désirant participer devront passer par les intervenants agréés.

<sup>6</sup> All other investors wishing to participate will have to go through the approved participants.

<sup>7</sup> The operationalisation of primary dealers in the WAEMU started on 1 March 2016.

- Ensuring the settlement of negotiations and the management of the financial service of securities ;
- Ensure the maintenance of current accounts for securities opened by Management and Intermediation Companies (MIC) in its books ;
- To ensure the safekeeping and the scriptural circulation of securities ;
- Proceed to the payment in cash, in its capacity as settlement bank, of the balances of stock exchange transactions.

When organising issues by syndication, the States entrust the process of placing the securities to an underwriting syndicate, whose members are

MICs approved by CREPMF. In addition, the issuer chooses a lead manager from among the syndicate's members to carry out specific tasks in the issuance process.

Since its creation, the main products present on the regional financial market have been equities and bonds. In recent years, several new products such as mortgage refinancing and securitisation (Sukuk Debt Securitisation Fund) have been introduced. Securities issued by syndication are traded on the secondary market on BRVM's electronic trading platform.

### 4.3 Inflation rate

The inflation rate is estimated at 1.3% in 2019 in Burkina Faso compared to 2% in 2018. Over the 2014-2019 period, the inflation rate has met the EU norm ( $\leq 3\%$ ), ranging between -0.3% and 2.0%. The good performance of the 2018/2019 agricultural season and the continuation of government measures to combat high prices (sale of cereals at

social prices in deficit areas, control of the prices of consumer goods, opening of cereal sales outlets at subsidised prices, etc.) would explain the control of inflation. The expected inflation rate in 2020 is estimated at 3.9% taking into account the impact of COVID 19.

*Table 17 : Evolution of the inflation rate (%)*

Year	2014	2015	2016	2017	2018	2019	2020
Inflation rate (in %)	-0.3	0.9	-0.2	0.4	2	1.3	3.9

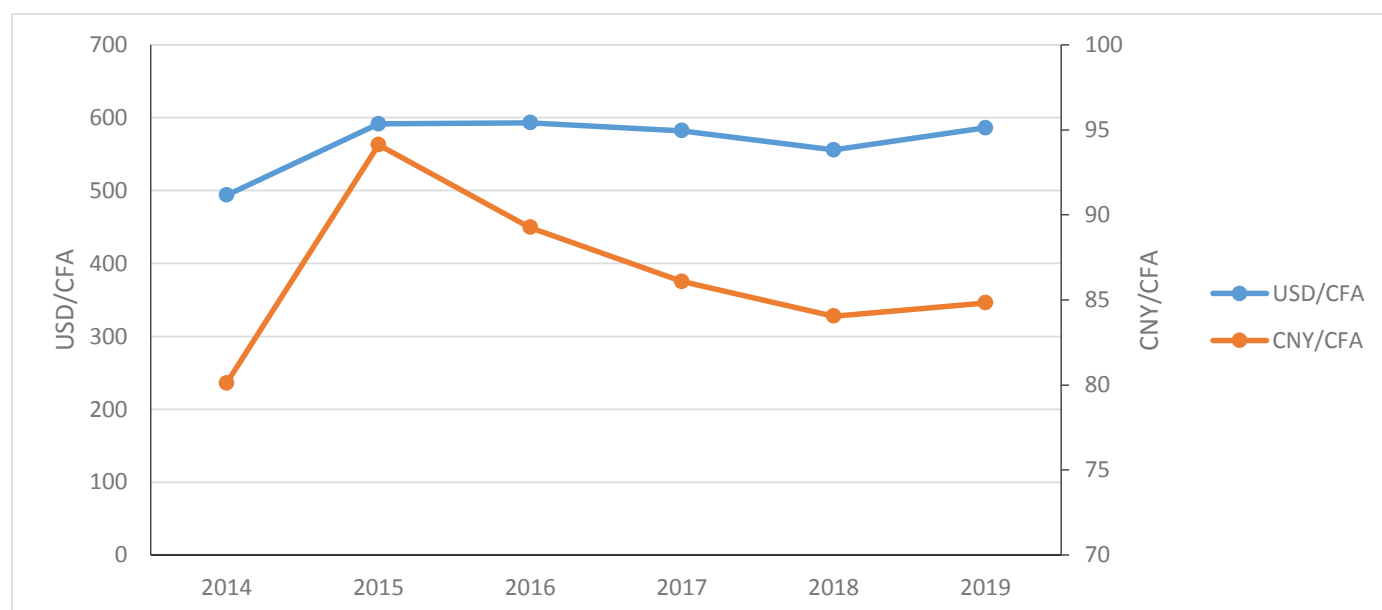
Source : BCEAO

### 4.4 Exchange rate

The exchange rate between the US Dollar and the CFA Franc increased slightly between 2014 and 2019, from 1 USD for 494 CFAF to 1 USD for 586 CFAF (Graphic 2). As for the exchange rate between the Chinese Yuan and the CFA Franc, it increased from

1 CNY for 80.11 CFA F in 2014 to 1 CNY for 84.82 CFA F in 2019. The CFA franc depreciated slightly against these two currencies which are particularly important for the financing of the country's economy during the 2014-2019 period.

Graphic 2 : Evolution of the USD/CFAF and CNY/CFAF exchange rate



Source : BCEAO

## 4.5 Foreign reserves

The main assets recorded at the Central Bank level are reserve assets, i.e. external assets placed at the disposal or under the control of the monetary authorities. Burkina Faso's reserves are centralised at the level of the BCEAO in accordance with the principles

of the Franc zone. Table 18 shows that Burkina Faso's reserves increased from CFA 349.9 to 929.5 billion CFA francs from 2014 to 2018, and amounted to CFA 1031.9 billion in 2019.

Table 18 : Evolution of foreign reserves

Foreign assets	2013	2014	2015	2016	2017	2018	2019
	<i>Billions of CFA francs</i>						
<b>Official reserve assets</b>	<b>40.4</b>	<b>47.0</b>	<b>40.6</b>	<b>33.3</b>	<b>22.0</b>	<b>24.1</b>	<b>31.3</b>
Monetary gold	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign currency	0.8	0.8	2.6	2.0	1.0	1.7	1.8
Deposits and securities included in official reserves	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reserve position in the IMF	4.3	8.5	7.1	21.2	13.5	19.8	17.07
Assets in Special Drawing Rights (SDRs)	35.3	37.7	31.0	10.1	7.5	2.6	12.4
<b>Other foreign assets</b>	<b>251.3</b>	<b>302.8</b>	<b>517.9</b>	<b>588.5</b>	<b>875.7</b>	<b>905.4</b>	<b>1000.6</b>
<b>Total</b>	<b>291.6</b>	<b>349.9</b>	<b>558.5</b>	<b>621.8</b>	<b>897.8</b>	<b>929.5</b>	<b>1031.9</b>

Source : BCEAO



### 5.1 Balance of payments

According to BCEAO, the current account balance showed a deficit of 369 billion in 2018 against -412 billion in 2017, an improvement of 43 billion (+10.4%). This change in the current balance reflects the decline in the deficit in the balance of goods and services and the increase in the surplus in the secondary income account. The deficit in the primary income account, on the other hand, widened. The deficit in trade in goods and services declines by 11.9% in 2018 compared with 2017 in line with the improvement in the trade balance (exports increase 10.1% faster than imports +7.7%), despite the widening deficit in trade in services (+1.3%). This deficit is linked in particular to the increase in the freight bill on imports of goods. The balance of goods showed a surplus for the second consecutive year (105.2 billion in 2017 and 161.1 billion in 2018), linked to the dynamism of activity in the mining sector. On the other hand, the balance of services, which is structurally in deficit, deteriorated by 1.3% from -518 billion in 2017 to -525 billion in 2018, driven by the increase in imports of transport services (+5.4%) dictated by the growth in imports of goods. According to IMF projections, the current account balance is expected to increase from a deficit of CFAF 402 billion to CFAF 754 billion by 2025.

The structurally loss-making balance of the primary income account deteriorated by 15.9% in 2018 to -267 billion. This deterioration is explained in particular by the increase in the remuneration of foreign investments. The surplus balance of the secondary income account increased from \$234 billion to \$262 billion between 2017 and 2018, an increase of 13.1%. This performance is attributable to the increase in transfers to public administration. According to IMF projections, the deficit of the primary income account should increase from 246 billion CFA francs in 2019 to 295 billion CFA francs by 2025.

At the end of 2018, the capital account showed a surplus balance of \$176 billion, up \$3 billion from 2017, or +1.7%. This increase is linked in particular to the rise in capital transfers in the form of project grants to the public administration. The financial account balance (net flow of financial assets and liabilities) recorded net inflows of 313 billion in 2018 compared with 491 billion in 2017, a decrease of 178 billion (-36.2%). According to IMF projections for the period 2019-2020, the balance of the capital account should increase from CFA F 100 billion to CFA F 258 billion over the period. The balance of the financial account should, for its part, increase from 407 to 619 billion CFA francs over the period 2019-2025.



Table 19: Evolution of Burkina Faso's balance of payments between 2014 and 2025

In billion of CFAF	2014	2015	2016	2017	2018	2019 (projections)	2020 (projections)	2021 (projections)	2022 (projections)	2023 (projections)	2024 (projections)	2025 (projections)
<b>Current account balance</b>	<b>-493</b>	<b>-529</b>	<b>-462</b>	<b>-412</b>	<b>-369</b>	<b>-402</b>	<b>-412</b>	<b>-465</b>	<b>-513</b>	<b>-587</b>	<b>-656</b>	<b>-754</b>
<b>Balance of trade in goods and services</b>	<b>-552</b>	<b>-601</b>	<b>-472</b>	<b>-413</b>	<b>-364</b>	<b>-436</b>	<b>-421</b>	<b>-481</b>	<b>-545</b>	<b>-623</b>	<b>-705</b>	<b>-814</b>
<b>CIF exports</b>	<b>1 586</b>	<b>1 629</b>	<b>1 939</b>	<b>2 275</b>	<b>2 506</b>	<b>2 242</b>	<b>2 201</b>	<b>2 316</b>	<b>2 437</b>	<b>2 553</b>	<b>2 679</b>	<b>2 787</b>
Including cotton	237	213	198	253	250	184	151	162	170	178	187	196
Including Gold	800	876	1 092	1 387	1 492	1 660	1 680	1 777	1 879	1 973	2 073	2 155
<b>CIF imports</b>	<b>-2 138</b>	<b>-2 230</b>	<b>-2 411</b>	<b>-2 688</b>	<b>-2 870</b>	<b>-2 136</b>	<b>-2 040</b>	<b>-2 160</b>	<b>-2 316</b>	<b>-2 480</b>	<b>-2 658</b>	<b>-2 843</b>
Including oil	-451	-323	-426	-479	-380	-423	-276	-298	-343	-384	-421	-456
Including food products	-135	-150	-176	-178	-183	-185	-196	n.d	n.d	n.d	n.d	n.d
<b>Services (net)</b>	<b>-423</b>	<b>-459</b>	<b>-471</b>	<b>-518</b>	<b>-525</b>	<b>-542</b>	<b>-581</b>	<b>-637</b>	<b>-666</b>	<b>-696</b>	<b>-726</b>	<b>-758</b>
<b>Primary income balance</b>	<b>-178</b>	<b>-199</b>	<b>-232</b>	<b>-230</b>	<b>-267</b>	<b>-246</b>	<b>-266</b>	<b>-272</b>	<b>-272</b>	<b>-285</b>	<b>-288</b>	<b>-295</b>
<b>Secondary income balance (transfer)</b>	<b>236</b>	<b>272</b>	<b>241</b>	<b>232</b>	<b>262</b>	<b>280</b>	<b>274</b>	<b>289</b>	<b>305</b>	<b>322</b>	<b>338</b>	<b>355</b>
<b>Capital account</b>	<b>200</b>	<b>154</b>	<b>150</b>	<b>173</b>	<b>176</b>	<b>100</b>	<b>181</b>	<b>221</b>	<b>229</b>	<b>238</b>	<b>248</b>	<b>258</b>
<b>Acquisition and sale of non-financial assets</b>	<b>0.035</b>	<b>0.147</b>	<b>0.172</b>	<b>0.196</b>	<b>0.211</b>	<b>n.d</b>	<b>n.d</b>	<b>n.d</b>	<b>n.d</b>	<b>n.d</b>	<b>n.d</b>	<b>n.d</b>
<b>Capital transfer</b>	<b>200</b>	<b>154</b>	<b>150</b>	<b>173</b>	<b>176</b>	<b>n.d</b>	<b>n.d</b>	<b>n.d</b>	<b>n.d</b>	<b>n.d</b>	<b>n.d</b>	<b>n.d</b>
<b>Financial account</b>	<b>-163</b>	<b>-655</b>	<b>-555</b>	<b>-491</b>	<b>-313</b>	<b>407</b>	<b>83</b>	<b>288</b>	<b>355</b>	<b>425</b>	<b>502</b>	<b>619</b>
<b>Including direct investments</b>	<b>-142</b>	<b>-129</b>	<b>-202</b>	<b>4</b>	<b>-111</b>	<b>112</b>	<b>88</b>	<b>95</b>	<b>75</b>	<b>96</b>	<b>93</b>	<b>90</b>
<b>Including Others</b>	<b>-108</b>	<b>-523</b>	<b>-345</b>	<b>-383</b>	<b>-52</b>	<b>93</b>	<b>-62</b>	<b>79</b>	<b>175</b>	<b>224</b>	<b>301</b>	<b>425</b>
<b>Statistical errors and omissions</b>	<b>-3.4</b>	<b>4.3</b>	<b>-3.3</b>	<b>-4.5</b>	<b>-3.5</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Source : BCEAO (2014 – 2018), IMF (2019 – 2025)

## 5.2 Regional trade

### 5.2.1. Regional trade policies

West African countries are engaged in numerous trade negotiations at the regional (integration process), bilateral (Interim Economic Partnership Agreement - IEPAi) and multilateral (World Trade Organisation - WTO and regional EPAs) levels.

Good articulation between the various negotiations at regional and international level (CET; EPAs; WTO, AGOA, etc.) is essential to achieve the trade performance objectives of WAEMU member states. National and regional trade policies in West Africa depend on different spaces. Indeed, the regional negotiating space is articulated around the following elements :

- The finalisation of the Common External Tariff (CET) at ECOWAS level, and thus the constitution of a Customs Union ;

- A space for bilateral negotiations, particularly between the West African region and the union, on the EPA ;

- A multilateral negotiating space, which refers to the rules of the WTO, of which all West African states are members (with the exception of Liberia, which has observer status). It should be noted that each country negotiates individually and that WAEMU and ECOWAS have only ad hoc observer status in the WTO Trade and Development Commission.

With regard specifically to the WAEMU, it has a common commercial policy based in particular on :

- A common market was established on 1 July 1996 for local and unprocessed products (animal, mineral and plant products of the Union) and traditional crafts, and until 1 January 2000 for approved industrial products. This common market was extended to all ECOWAS countries in 2004 ;

- A customs union set up on 1 January 2000, based on a CET applicable to all WAEMU member countries, comprising four categories of products, taxed from 0 to 20%, in force until 1 January 2015, the date on which the WAEMU CET was replaced by the ECOWAS CET, which enshrines the enlargement of the customs union to the 15 ECOWAS countries.

- Common rules of origin and competition, harmonisation of VAT and excise duties, harmonisation and mutual recognition of standards, common safeguards and protection measures (degressive protection tax (DPT), cyclical export tax (CET), reference values and anti-dumping duty)

WAEMU also has a regional trade promotion programme, a "Regional Strategy for the Implementation of the WAEMU Aid for Trade Programme" and a "Logical Framework for the Implementation of the WAEMU Aid for Trade Programme".

The overall objective of the Aid for Trade strategy is to help Member States increase their exports of goods. The logical framework provides the basis for a programme that involves international donors, as well as national and regional financial institutions. It identifies five specific objectives corresponding to the categories of Aid for Trade :

- Ensuring ownership and control of trade policies and regulations by experts from Member States and the Commission ;
- To develop intra-regional and international trade of the Member States ;
- Strengthen trade-related infrastructure in the sub-region ;
- Diversify and increase the production capacities of Member States ;
- Make necessary adjustments and take into account other trade-related needs.

The needs and priorities were identified on the basis of the Regional Economic Programme (REP) which

constitutes the reference framework for the WAEMU integration process, as well as existing capacity building programmes in the States.

### **The Common External Tariff**

The rules in force at ECOWAS borders in terms of customs policy are those laid down in the ECOWAS Common External Tariff (CET). The applicable rules of origin are defined by the Trade Liberalisation Scheme (TLS).

The CET aims to harmonise customs duties and taxes with a view to deepening economic integration through the establishment of a Customs Union, providing a platform for building the common trade policy and regional trade negotiations such as the EPA ; boosting regional production and investment capacity, and consolidating the regional market.

The CET is organised around an architecture including :

- (i) A Tariff and Statistical Nomenclature (TNS), i.e. a common customs nomenclature based on the Harmonised System for the Description and Coding of Goods (HS) of the World Customs Organisation (WCO) adopted by the Community ;
- (ii) A schedule of duties and taxes applicable to imported products and which includes : customs duty (CD), statistical fee (SF) and the ECOWAS Community Levy (ECOWAS CL) ;
- (iii) Trade defence measures or additional protective measures, where appropriate, which may generate duties which may affect the final price of products imported into the Community from third countries ;
- (iv) The statistical royalty rate set at 1% applicable equally to all imported products, whether exempt or not ;
- (v) The tax base for the application of the Common External Tariff is ad valorem.

The tariff structure of the CET is presented in the following table:

Category	Description	Rate
0	Essential social goods	0 %
1	Basic raw materials and capital goods	5 %
2	Intermediate products	10 %
3	Final consumer goods	20 %
4	Specific goods for economic development	35 %

The CET has been established in accordance with the requirements of the World Customs Organisation's (WCO) Harmonised System and those of the World Trade Organisation (WTO) relating to Regional Trade Agreements (Article 24 of the GATT).

### Specific rules applicable to external trade in goods of ECOWAS countries

Several trade regimes are in force within ECOWAS. The following table presents the existing regimes according to trading partners.

PARTNERS	SPECIFIC REGIMES
European Union (EU)	IEPA, GSP, GSP +, TSA
ECOWAS	CET, TLS
Rest of AFRICA	Bilateral agreements
USA	AGOA
ASIA	Bilateral Agreements
Other industrialised countries	Generalised System of Preferences (GSP)
Rest of the world	Bilateral agreements, GSP

Pending the implementation of the EPA, different tariff regimes apply depending on the status of the countries in the framework of trade between ECOWAS and the union :

- **Côte d'Ivoire and Ghana** ratified interim EPAs in 2016. Côte d'Ivoire's EPA has been in provisional application since 4 September 2016 and Ghana's EPA applies since 15 December 2016.

These IEPAs guarantee both countries full access to the European market and provide for the eventual liberalisation of 80% of tariff lines by Côte d'Ivoire and Ghana over a period of 15 years<sup>8</sup> ;

- Under the GSP, **Nigeria** benefits from a reduction of the union customs duties on about 1/3 of tariff lines and total exemption from customs duties on an additional 1/3 of tariff lines.

<sup>8</sup> Over 11 years (2019-2029) currently for Côte d'Ivoire.

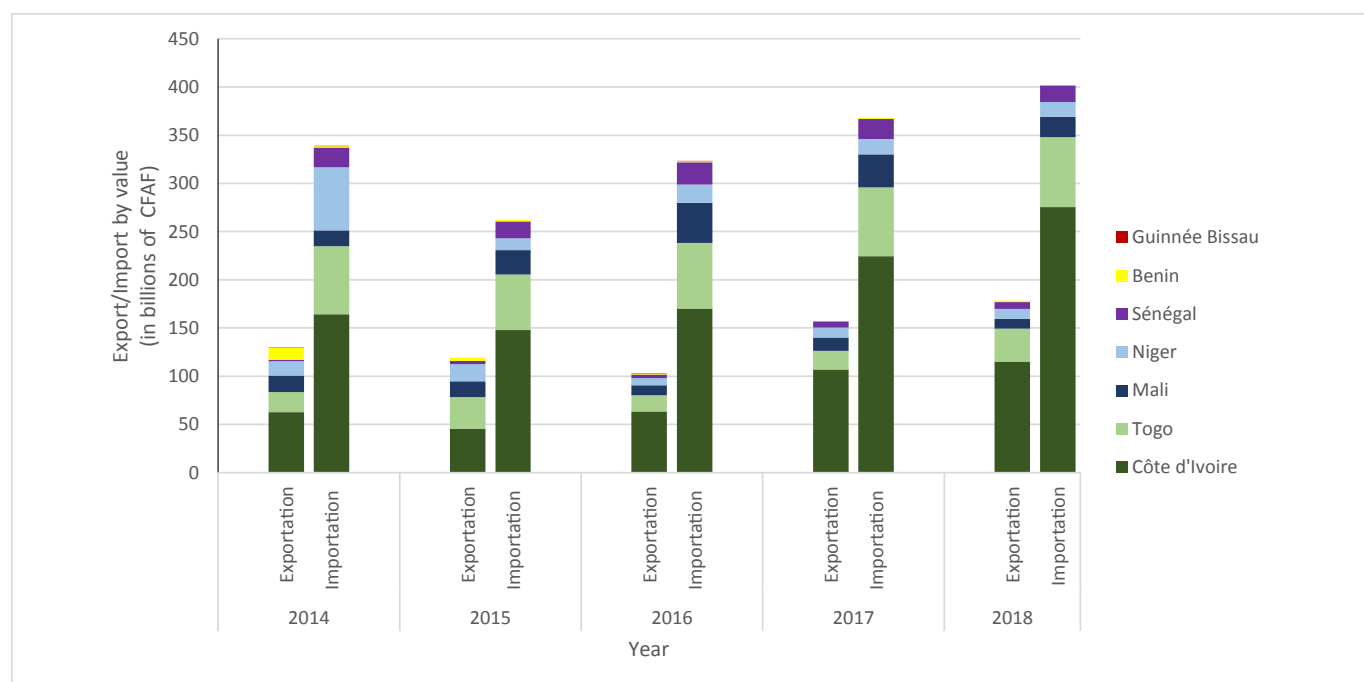
- **Cabo Verde** benefits from the GSP+ which grants exemption from European customs duties on about 2/3 of the tariff lines ;
- **The other 12** countries (including the seven WAEMU countries outside Côte d'Ivoire), because of their LDC status, benefit from the Everything But Arms GSP, which gives them access to the European market for all their exports to the union without duties or quotas.

The evolution of Burkina Faso's regional trade with the rest of the seven (7) WAEMU countries between 2014 and 2018 shows that the country has an intra-zone trade deficit over the entire period (Graphic 3). Burkina Faso's exports in 2018 to other WAEMU countries reached CFAF 177.5 billion, distributed in order of increasing importance as follows: Ivory Coast with CFAF 115.2 billion (64.9%), Togo with CFAF 34.1 billion (19.2%), Mali with CFAF 10 billion (5.7%), Niger with CFAF 10.3 billion (5.8%), Senegal with CFAF 7.3 billion (4.1%) and Benin with CFAF 1.3 billion (0.8%). There were almost no exports to Guinea Bissau.

With regard to imports, Burkina Faso's suppliers in 2018 in the WAEMU space, in order of importance, were Ivory Coast with CFAF 275.4 billion (68.6 %), Togo with CFAF 72.6 billion (18.1 %), Mali with CFAF 21.4 billion (5.3 %), Senegal with CFAF 17.3 billion (4.3 %) and Niger with CFAF 15 billion (3.7 %). Ivory Coast thus remains Burkina Faso's main customer and supplier in the WAEMU area with more than 60% of the country's exports and imports.

In 2018, Burkina Faso's intra-WAEMU imports represented about 2.26 times its exports in the zone. In 2017, this ratio was 2.3 compared to 2.6 in 2014. In general, there is a decline in the import-to-export ratio over the 2014-2018 period, indicating an improvement in Burkina Faso's ability to export to the rest of the region. However, the degree of openness of the Burkinabe economy to other WAEMU countries remains low. In 2018, it stood at around 34.2 % compared to 34.6 % in 2017. On average, over the 2014-2018 period, this indicator stood at 32.9%.

**Graphic 3 : Evolution of exports and imports between Burkina Faso and other WAEMU countries from 2014 to 2018**



Source : Trade Ministry, INSD, BCEAO

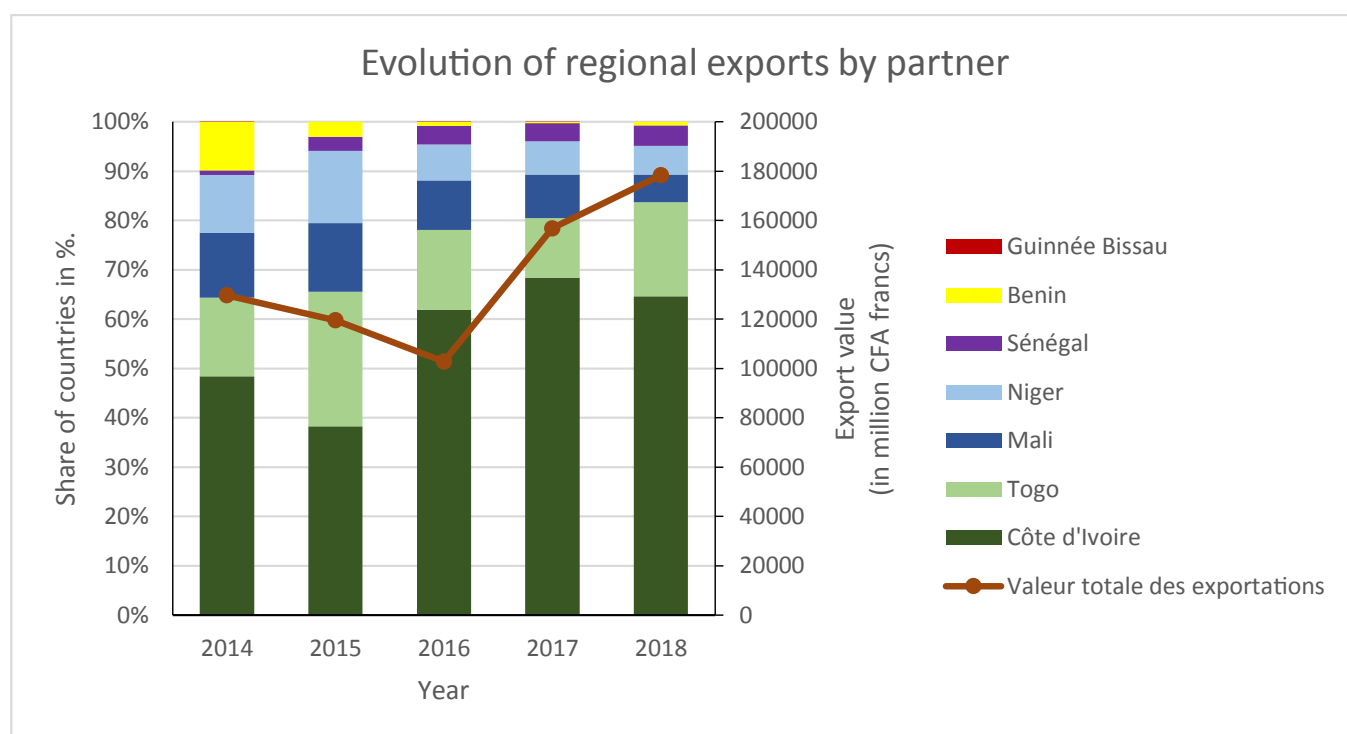


## 5.2.2 Regional exchanges by partner

Burkina Faso's regional trade shows a certain stability in the structure of trade with the seven (07) other countries of the WAEMU zone. Ivory Coast is thus the leading export partner. Its weight in exports increased from 48.5% to 64.6% between 2014 and 2018 (Graphic 4). Togo, Niger, Mali and Benin come second, third, fourth and fifth respectively as key export partners in 2018 and this order is the same since 2014.

These three partners represented shares of 19.1%, 5.8% and 5.6% respectively in 2018 with variations of a few points in previous years. Finally, Senegal, Benin and Guinea Bissau are respectively 5th, 6th and 7th in the order of export partner countries in 2018, representing respectively 4.1%, 0.7% and less than 0.1% of the value of exports in 2018.

**Graphic 4: Structure of exports by destination for exports to the seven other countries of the WAEMU zone between 2014 and 2018**

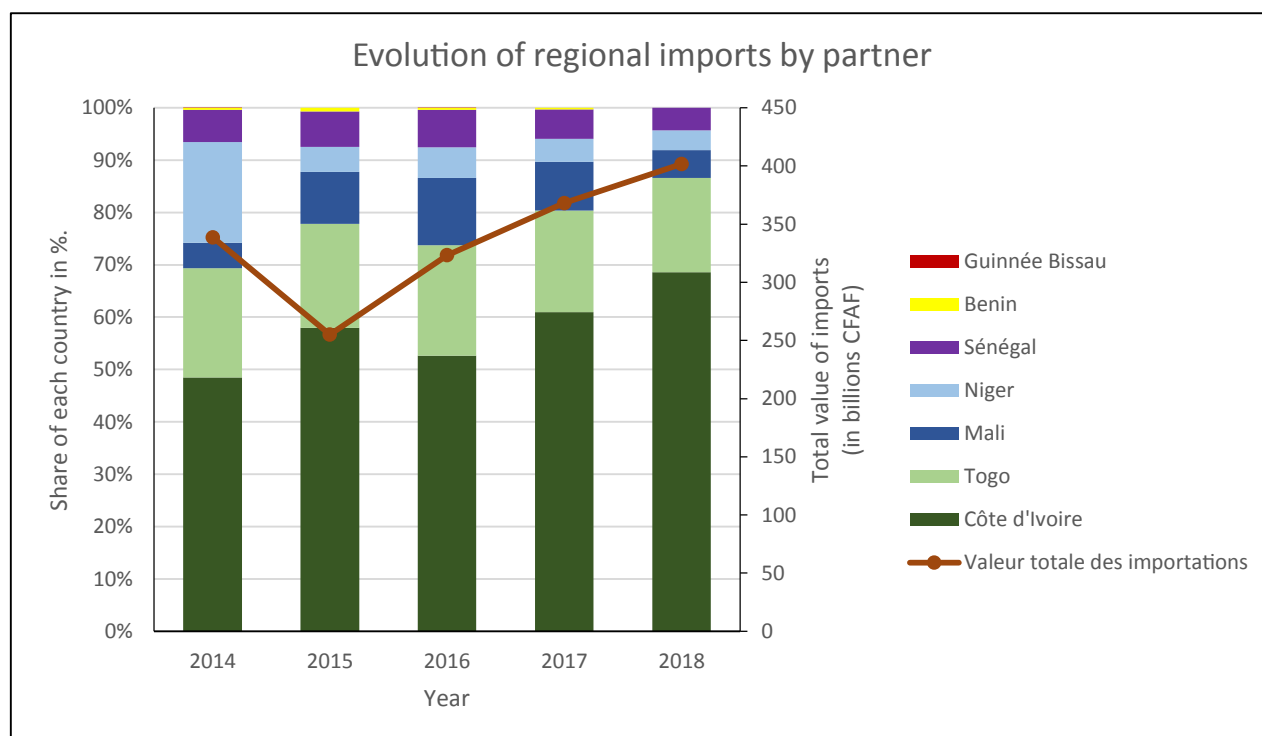


Source : Ministry of commerce, INSD, BCEAO

In terms of imports from the WAEMU zone, Ivory Coast remains Burkina Faso's leading supplier. Its weight in Burkina Faso's total imports increased from 48.5% to 68.6% between 2014 and 2018 (Graphics 5). Togo is the country's second largest supplier with 18.1 % of imports in 2018 against 20.9 % in 2014.

Mali, Senegal and Niger occupy third, fourth and fifth place respectively with 5.3%, 4.3% and 3.7% of total imports in 2018 with variations of a few points in previous years. Benin and Guinea Bissau come sixth and seventh with each less than 0.1 % of Burkina Faso's intra-WAEMU imports in 2018.

**Graphic 5 : Structure of imports by supplier for imports from the other seven countries of the WAEMU zone between 2014 and 2018**



Source : Ministry of commerce, INSD, BCEAO

### 5.2.3. Regional trade by type of product

Burkina Faso's exports in the WAEMU space are mainly oriented towards Ivory Coast and Togo. The products exported to these two countries are dominated by primary sector products composed essentially of raw zinc, sesame seeds, cashew nuts, oil seeds and fruits, and market garden products. The total amount of primary sector products exported to these two countries was around CFAF 115.3 billion in 2017 against CFAF 20 billion in 2013 (Graphic 6).

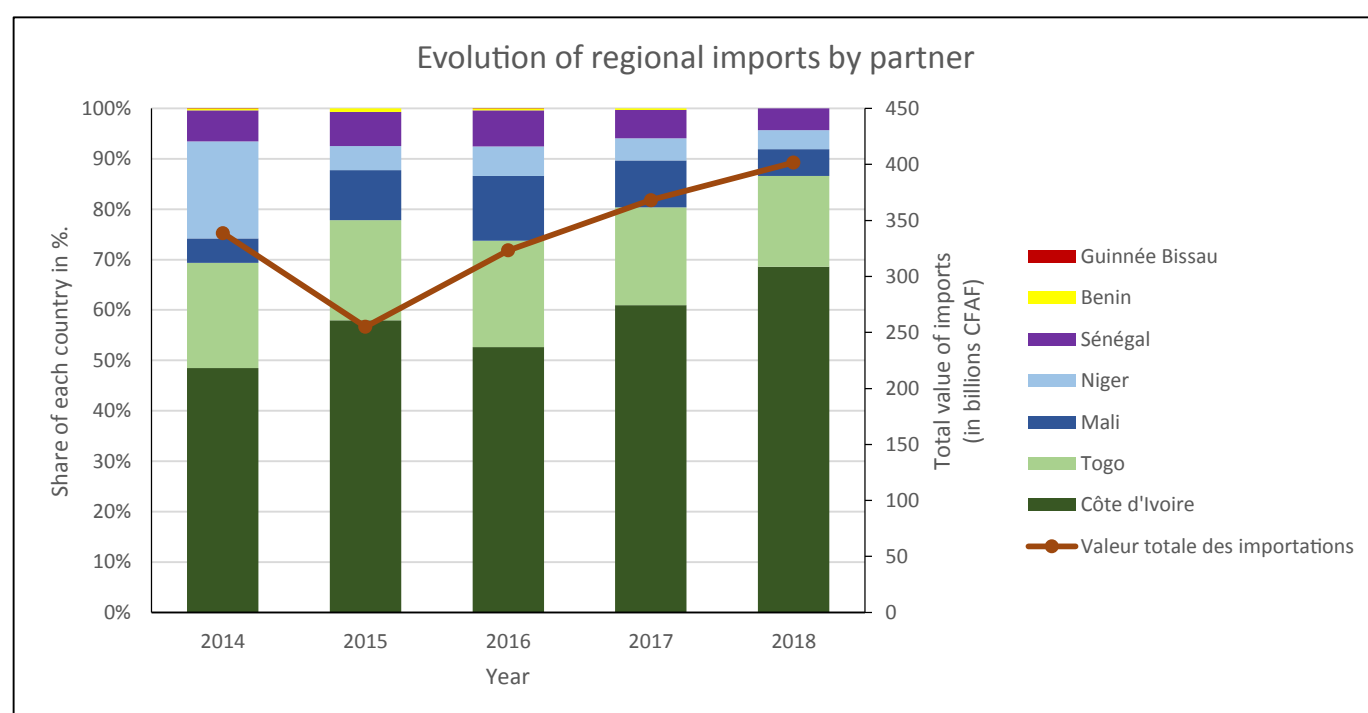
The total amount of exports of secondary sector products to these two countries was 5.2 billion CFAF in 2017 against 1.2 billion CFAF in 2013. These products are mainly made up of cotton twisted thread or cable, self-propelled dumpers and automobile derricks for the survey. Burkina Faso hardly exchanges services with these two countries. Zinc in bute form accounted

for about 79.5% of the country's total exports to Ivory Coast and Togo.

Burkina Faso's imports from these two countries in 2017 were dominated by secondary sector products, followed by tertiary and primary sector products. The total amount of imports from these two countries in 2017 was about 162 billion CFA F against 117.6 billion CFA F in 2013. The products of the secondary sector imported from Ivory Coast and Togo mainly include petroleum oils, hydraulic cement and rolled products.

The products of the primary sector are mainly composed of palm oil and its fractions, milk and cream. As for the products of the tertiary sector, we note essentially electrical energy and clothing.

Graphic 6 : Main products by category exchanged with the main WAEMU partners



Source : DGC, Ministry of commerce

## 5.3 international trade

### 5.3.1 Commercial policy

Le cadre de formulation et de mise en œuvre des Burkina Faso's trade policy formulation and implementation framework is made up of trade laws and regulations. Burkina Faso's trade-related laws and regulations are perceived mainly through the constitution, laws and regulations, the mining code and the investment code. The general objectives of Burkina Faso's trade policy can be summarised as follows :

- Establish favourable conditions for trade liberalisation ;
- To improve the regulatory conditions for the creation and operation of private enterprise, both for nationals and foreign investments through the creation of Business Formality Centers;
- Promote the development of business in a framework of legal security in accordance with international standards;
- Pursue measures to adapt national regulations to those in force in WAEMU, ECOWAS and the WTO.

Burkina Faso's policy on trade in goods consists essentially of the implementation of WAEMU acts. These provisions are inspired by those of Article 18 of the WAEMU Customs Code. The import and export regime is regulated by Ordinance No. 91-069 of 25 November 1991 and its implementing Decree No. 91-034 of 27 November 1991 as well as Law No. 15/94 of 5 May 1994 on the organisation of competition and consumption which was amended by Law No. 33-2001/AN of 4 December 2001. Burkina Faso's foreign trade measures do not derogate from Community principles.

The agreements and arrangements concluded by Burkina Faso include multilateral agreements, regional agreements, bilateral agreements and preferential agreements. Under the multilateral agreements, the country has been a member of the GATT since 1963 and ratified the Agreement Establishing the WTO, becoming a founding member of that organisation on 3 June 1995. With regard to regional agreements, Burkina Faso is a founding member of WAEMU created on 10 January 1994. It is also a member of the Economic Community of West African States (ECOWAS).

Burkina Faso has instituted bilateral consultations with some of its partners. This partnership dynamic has enabled the country to initiate negotiations with a view to signing several protocols of trade promotion and investment protection agreements with bilateral partners. The country resumed diplomatic relations with the People's Republic of China on 28 May 2018 with the signing of several Memoranda of Understanding on trade cooperation and investment protection.

At the level of preferential agreements, the US African Growth and Opportunity Act (AGOA) is an integral part of the Trade and Development Act of 2000. Declared eligible for AGOA on December 10, 2004, Burkina Faso has made every effort to comply

with the requirements of this law and to obtain the textile visa to enable its economic operators to take advantage of AGOA. As part of the WTO's special and differential treatment, the European Union has committed to grant market access for 97 % of least developed country tariff lines. The Generalised System of Preferences (GSP) "Everything But Arms and Ammunition", which came into force in 2001, grants duty-free and quota-free market access to 97% of products from beneficiary LDCs including Burkina Faso.

The trade agreements between Burkina Faso and its main partners are summarised in Table 20.



*Table 20 : Trade agreements between Burkina Faso and its main partners*

Agreement governing the exchange of goods and services	Countries concerned
WAEMU Treaty	Côte d'Ivoire, Mali, Niger, Senegal, Togo, Benin, Guinea-Bissau
ECOWAS Treaty	Ghana, Nigeria, Côte d'Ivoire, Mali, Niger, Senegal, Togo, Benin, Guinea-Bissau, Liberia, Sierra Leone, Cape Verde, Guinea
Marrakech Agreement establishing the WTO	AFRICA: Ghana, Nigeria, Côte d'Ivoire, Mali, Niger, Senegal, Togo, Benin, Guinea-Bissau, Liberia, Sierra Leone, Cape Verde, Guinea, Morocco, Egypt, Tunisia, South Africa
	ASIA: India, Singapore, Vietnam, Japan, China, Dubai, Thailand, Indonesia, Lebanon, Burma, South Korea.
	AMERICA: USA, Canada, Brazil, Haiti, Guadeloupe (France), Paraguay, Guatemala, Peru
	EUROPE: Turkey, Russia, France, Switzerland, Netherlands, Denmark, United Kingdom, Turkey, Germany, Spain, Belgium, Luxembourg, Italy, Sweden, Finland
Treaty of the Economic Commission for Africa (African Union)	Treaty of the Economic Commission for Africa (African Union)
Agreement between Burkina Faso and the Republic of Guinea (agreement ratified on 26 August 2004)	Guinea
Agreement on the Reciprocal Encouragement and Protection of Investments between the Government of Burkina Faso and the Government of the Kingdom of Morocco, ratified on 22 April 2008.	Marocco
Investment Protection and Non-Double Taxation Agreement between Burkina Faso and Tunisia (Agreement ratified by Tunisia on 07-01-1993, law 93-56 of 15-06-1993)	Tunisia
Agreement concerning the Promotion and Reciprocal Protection of Investments between the Government of Burkina Faso and the Government of the Republic of Korea (Agreement ratified on 22 April 2008)	South Korea
Agreement between Burkina Faso and the People's Republic of China (agreement ratified on 28 May 2018)	Popular Republic of China
AGOA	USA
Cotonou Agreement between the ACP countries and the European Union	France, Switzerland, Netherlands, Denmark, United Kingdom, Germany, Russia, Spain, Belgium, Luxembourg, Italy, Sweden, Finland
Tax treaty between Burkina Faso and France.	France
Federal Republic of Germany (agreement ratified on 26 August 2004).	Germany
Convention between Burkina Faso and Belgium (agreement ratified on 18 August 2003)	Belgium
Investment Promotion and Protection Agreement (APPI) between Burkina Faso and Luxembourg.	Luxembourg

Source : APEX Burkina

### 5.3.2. . International trade by value and by destination

Burkina Faso exported about CFAF 1,815.8 billion in 2018 with its main partners (Table 21). There are essentially three groups of importance in terms of export value. Europe is the first partner, accounting for more than 60.5% of exports in 2018. Asia and Africa are respectively second and third and constitute the second group with respectively 25.3% and 13.5%.

Finally America is a fairly negligible partner, representing less than 7.3% of exports in value in 2018. Burkina Faso's exports are mainly oriented towards Europe. In 2018, the total value of Burkina Faso's exports to this destination was about CFAF 1,098.3 billion, compared with CFAF 816 billion in 2014.

*Table 21: Burkina Faso's main export destinations between 2014 and 2018*

Million of CFAF	2014	2015	2016	2017	2018
<b>Africa</b>	<b>289 209.9</b>	<b>225 395.3</b>	<b>205 936.7</b>	<b>218 780.4</b>	<b>245 084.1</b>
<b>WAEMU</b>	207 096.8	135 620.3	108 572.7	166 155.0	177 489.0
Ghana	29 739.8	31 687.8	36 255.1	26 346.9	55 817.9
Nigeria	1 636.1	286.3	123.3	35.7	26.3
Others Africa	50 737.2	57 801.0	60 985.5	26 242.8	11 750.8
<b>Europe</b>	<b>815 965.4</b>	<b>742 931.3</b>	<b>1 007 346.4</b>	<b>1 099 296.3</b>	<b>1 098 353.3</b>
France	46 760.1	38 705.5	37 188.0	45 151.1	76 039.7
Danemark	7 879.5	8 972.7	15 364.5	10 575.6	12 064.4
<b>America</b>	<b>4 550.6</b>	<b>8 338.0</b>	<b>11 955.2</b>	<b>2 828.4</b>	<b>13 206.0</b>
USA	3 162.7	1 022.3	1 273.1	1 938.1	4 340.1
<b>Asia</b>	<b>192 919.6</b>	<b>335 962.9</b>	<b>274 666.5</b>	<b>368 228.4</b>	<b>459 076.8</b>
Singapour	95 646.6	128 969.8	136 984.9	153 188.3	139 714.3
<b>Total</b>	<b>1 302 646</b>	<b>1 312 628</b>	<b>1 499 905</b>	<b>1 689 134</b>	<b>1 815 795.9</b>

Source : BCEAO, Ministry of commerce

In terms of imports, Europe remains Burkina Faso's largest supplier with CFAF 813.3 billion in 2018, or 33.4% of the country's total imports (Table 22). Asia and Africa come second and third with respectively CFAF 740.1 billion and CFAF 607.4 billion in 2018,

representing respectively 30.4% and 24.9% of Burkina Faso's total imports. America remains the country's fourth supplier with a total value of imports of CFAF 204.4 billion in 2018, or about 8.4 %.

*Table 22: Direction of imports from Burkina Faso between 2014 and 2018*

Origin of imports (Million of CFAF)	2014	2015	2016	2017	2018
<b>Africa</b>	<b>951 534.5</b>	<b>449 268.5</b>	<b>533 095.5</b>	<b>586 157.0</b>	<b>607 392.0</b>
<b>WAEMU</b>	<b>717 177.0</b>	<b>264 143.3</b>	<b>329 823.3</b>	<b>380 754.6</b>	<b>397 788.2</b>
Ghana	102 171.0	67 643.0	99 063.2	108 664.2	116 494.8
Nigeria	4 802.2	7 278.9	7 452.3	6 508.1	7 126.5
Other Africa	127 384.3	110 203.4	96 756.7	90 230.0	85 982.5
<b>Europe</b>	<b>420 625.5</b>	<b>671 678.1</b>	<b>553 580.7</b>	<b>735 430.3</b>	<b>813 307.6</b>
France	386 308.2	608 186.8	514 380.5	666 357.0	628 422.1
The Netherlands	23 004.0	141 760.7	88 654.0	153 152.5	76 105.3
<b>America</b>	<b>66 326.9</b>	<b>188 773.2</b>	<b>224 820.5</b>	<b>215 527.8</b>	<b>204 415.8</b>
USA	40 983.1	120 661.2	159 702.3	157 151.1	142 044.0
<b>Asia</b>	<b>321 766.2</b>	<b>489 267.9</b>	<b>616 402.0</b>	<b>639 495.8</b>	<b>740 110.1</b>
China	159 419.6	220 479.4	291 066.6	327 638.8	308 643.6
<b>Total</b>	<b>1 760 253</b>	<b>1 798 988</b>	<b>1 927 899</b>	<b>2 176 611</b>	<b>2 435 974.9</b>

Source : BCEAO, Ministry of commerce

Between 2017 and 2018, imports from the different continents increased overall by 11.9%, except those from America, which fell by 15.1%.

### 5.3.3. International trade by value and by product

Mining and agricultural products remain the major export commodities in 2018 (Table 23). Non-monetary

gold is the leading export product, accounting for 64.3% of the total value of exports in 2018, followed by cotton products (9.7%).

*Table 23 : Main products exported by Burkina Faso (in billions of CFAF)*

	2013	2014	2015	2016	2017	2018	Part 2018
EXPORT FOB	1282.7	1370.8	1332.6	1538	1725.6	1855.7	100%
Cocoa products	0	0	0	0	0	0	0.0%
Coffee products	0.1	0	0.1	0.1	0.3	0.1	0.0%
Cotton products	222	248.4	179.1	254.6	216.2	179.7	9.7%
Peanut products	0.3	0	0.1	1.7	3.9	0	0.0%
Cashew nut products	21.3	51.6	67.1	99.7	117.4		0.0%
Gold and precious metals	732.8	722.4	795.5	922.2	1088.3	1192.4	64.3%
Phosphate	0	0	0	0	0	0	0.0%
Uranium	0	0	0	0	0	0	0.0%
Petroleum products	57.2	68.1	20	6.4	7.9	15	0.8%
Fishery products	0.3	0.3	0.5	0.2	0.1	0	0.0%
Chemical products	2.8	4.3	9	14	4.4	12.5	0.7%
Palm oil	0	0	2.4	0	0.3	0	0.0%
Tobacco and cigarettes	0.4	0	0	0	0	0	0.0%
Live animals	2.4	5.8	3.8	1.4	1	1.1	0.1%
Shea Almond and other oilseeds	102.3	96	128.1	90.3	77.2	94.2	5.1%
Rubber	0	0	0	0	0	0	0.0%
Wood and wooden articles	0.2	0	0	0.2	0.1	0.1	0.0%
Banana	0	0	0	0	0	0	0.0%
Pineapple	3	4.2	6.3	8.4	8.9	13.3	0.7%
Onions	0.3	0.3	0.3	0.4	0.3	0.3	0.0%
Cement and Clinker	0	0	2.8	1.6	0.1	0	0.0%
Re-exports	57	68.1	20	39.4	36.4	39.9	2.2%

Source : BCEAO

In 2017, Burkina Faso's imports were dominated by hydrocarbons and electrical energy, which totalled CFAF 518.7 billion, or 24.3% of total imports. They were followed mainly by medicines, hydraulic cements (clinkers) and rice, which accounted for 4.2%, 3.9% and 2.7% of imports respectively.

These products are followed by parts of products no. 84.25 to 84.30, cars for the transport of persons, vehicles for the transport of goods and mineral fertilizers accounted for 2.4%, 2.4%, 2.3% and 1.9% of the total amount of imports from Burkina Faso.



**Table 24: Evolution of the top 20 import products, in millions of CFAF**

Products/Year	2013	2014	2015	2016	2017	Share 2017
Petroleum oils	464 186.6	451 809.5	423 642.7	373 091.1	452 069.7	21.2%
Medicines	87 409.7	76 794.7	80 214.7	98 928.4	89 397.7	4.2%
Hydraulic cements known as clinkers	53 760.7	46 917.7	58 567.0	63 551.4	82 883.3	3.9%
Rice	61 591.7	49 557.1	52 163.5	63 504.7	58 580.6	2.7%
Parts of products from n° 84.25 to 84.30	37 942.4	11 674.8	29 043.4	32 760.0	51 932.4	2.4%
Vehicles for the transport of persons	49 067.0	43 246.1	42 378.0	40 830.7	51 094.4	2.4%
Vehicles for the transport of goods	48 700.3	20 498.0	26 923.6	38 351.3	48 600.6	2.3%
Mineral or chemical fertilizers	50 684.8	28 612.8	35 183.4	54 403.5	40 216.1	1.9%
Motorbikes (including mopeds)	34 819.8	27 611.6	30 530.6	34 280.7	39 945.1	1.9%
Electrical lighting fixtures	325.2	319.4	154.2	646.7	35 292.5	1.7%
Petroleum gases and other gaseous hydrocarbons	27 147.5	26 222.0	23 517.2	24 615.4	34 979.7	1.6%
Diodes, transistors and similar devices	4 524.4	12 824.3	11 786.6	21 760.9	33 183.6	1.6%
Bulldozers, bias bulldozers	42 913.9	14 889.4	21 961.0	52 625.3	33 002.6	1.5%
Electrical energy	0.0	0.0	0.0	0.0	31 663.6	1.5%
Other tobacco and tobacco substitutes	25 534.8	27 050.1	29 440.9	27 744.9	31 649.5	1.5%
Machines and devices for sorting, screening, washing...	32 116.4	15 958.0	19 945.7	23 630.2	28 140.2	1.3%
Wheat and meslin	16 662.2	16 921.5	23 357.1	23 996.8	26 101.8	1.2%
Cyanides, oxycyanides and complex cyanides	27 867.1	14 882.0	18 500.6	19 987.1	25 008.6	1.2%
Flat-rolled products of iron or steel	15 545.2	13 337.4	14 567.0	17 966.9	22 961.2	1.1%
Cane or beet sugar	23 468.9	17 373.7	22 021.1	18 045.4	22 486.2	1.1%

Source : DGC, from the INSD database

## 5.4 Foreign direct investments

Burkina Faso's foreign investments in 2018 resulted in net inflows of CFAF 111 billion against net outflows of CFAF 4.4 billion in 2017, an increase of CFAF 116 billion. In 2014, net capital inflows were estimated at CFAF 142 billion before falling to CFAF 129 billion in 2015 and rising to CFAF 202 billion in 2016.

This slowdown in net capital inflows of direct investment could be explained mainly by the deceleration of foreign direct investment in Burkina Faso, due to a business climate altered by the socio-political unrest in 2014 and 2015.

**Table 25 : Evolution of foreign direct investment between 2014 and 2018**

Year	2014	2015	2016	2017	2018
Foreign Direct Investment (In billion of CFAF)	142	129	202	-4.4	111

Source : BCEAO

According to BCEAO, the balance of FDI transactions is explained by transactions on equity securities by net capital inflows of 99 billion, and transactions on debt instruments (which resulted in a net capital inflow of CFAF 12.4 billion). The progression of transactions on equity securities is marked by the acquisition by non-residents of new securities in the

amount of CFAF 2.8 billion and the reinvestment of profits in resident enterprises for CFAF 51.9 billion. At the same time, resident players acquired new equity securities in non-resident companies for an amount of CFAF 17.2 billion and reinvested profits for CFAF 18.3 billion.

## 5.5 Regional integration

### 5.5.1. WAEMU convergence criteria

Multilateral surveillance of macroeconomic policies established within the WAEMU is based on five criteria. The three (3) primary criteria are:

- Ratio of the overall budget balance, including grants, to nominal GDP: it should be greater than or equal to -3% ;
- Average annual inflation rate: should be maintained at a maximum of 3% per year;

- Ratio of outstanding domestic and external debt to nominal GDP: should not exceed 70%.

There are two (2) second rank criteria:

- Ratio of the wage bill to tax revenue: it should not exceed 35% ;
- Tax burden rate: should be equal to or higher than 20% by the convergence horizon.

**Table 26: Evolution of the convergence criteria between 2014 and 2019**

Year	2014	2015	2016	2017	2018	2019*
<b>First rank</b>						
Basic budget balance/nominal GDP (%)	-6.0	-5.7	-6.4	-7.8	-4.9	-3.0
Average inflation rate (%)	-0.3	0.9	-0.2	0.4	2.0	-3.2
Total public debt outstanding as a percentage of nominal GDP (%)	30.4	35.8	38.3	38.1	42.9	44.0
<b>Second rank</b>						
Payroll/Revenues Taxes (%)	46.49	49.96	51.60	49.9	52.1	57.3
Tax pressure (%)	15.4	15.2	15.8	16.6	17.3	17.5

Source : BCEAO, IMF, \* WAEMU, Commission December 2019, NEPC Burkina, (april 2019)

Between 2014 and 2018, Burkina Faso met only two (02) convergence criteria (Table 26). These are the criteria relating to the inflation rate and the stock of public debt. In contrast, the fiscal balance relative to GDP improved significantly between 2017 and 2018. In 2019, the country further improved its performance by reducing the budget balance-to-GDP ratio to 2.9 %, thereby meeting all three (03) of the top three (03) criteria.

However, no second-tier criteria were met between 2014 and 2019. The criterion of fiscal pressure has not been met by any any of the 8 countries in the

zone. This non-compliance is structural, due to the fact that tax collection is still low. Substantial improvements are underway and the WAEMU Commission plans to meet this criterion from 2020 onwards.

From the estimated economic and financial situation for the year 2019, it appears that Burkina Faso has met all three (03) first-tier criteria and none of the two (2) second-tier criteria.

The profile of the convergence criteria is as follows :

### FIRST-RANK CRITERIA

- Ratio of the overall budget balance, including grants, in relation to nominal GDP (standard  $\geq -3\%$ ): it stood at  $-3.0\%$  in 2019 against  $-4.9\%$  in 2018. This key criterion is therefore in line with the Community standard;
- the average annual inflation rate (standard  $\leq 3\%$ ): this criterion came out at  $-3.2\%$  in 2019 against  $+2.0\%$  in 2018, in accordance with the Community standard;
- the ratio of outstanding domestic and external debt to nominal GDP (standard  $\leq 70\%$ ):  $46.1\%$  in 2019 compared to  $42.9\%$  in 2018, in line with the Community standard.

### SECOND RANK CRITERIA

- the ratio of the wage bill to tax revenues (standard  $\leq 35\%$ ): it was  $57.3\%$  in 2019 against  $52.1\%$  in 2018, which is not in line with the Community standard;
- the tax burden ratio ( $\geq$  standard  $20\%$ ): it stood at  $17.5\%$  in 2019 against  $17.3\%$  in 2018, not complying with the community standard.

#### 5.5.2. Assessment of regional integration

The WAEMU was created by the Treaty of Dakar signed on 10 January 1994. The Treaty entered into force on 1 August 1994, after its ratification by member states. The Union was enlarged to eight Member States on 02 May 1997 with the accession of Guinea-Bissau. On 8 December 1999, an Additional Act to the WAEMU Treaty establishing a Convergence, Stability, Growth and Solidarity Pact (CSGSP) between WAEMU Member States and a Community Regulation dated 21 December 1999 implementing the Convergence Pact were adopted.

The new approach to the integration of economies within WAEMU includes a Multilateral Surveillance Mechanism whose aim is, essentially, to ensure the convergence of economies. With the adoption in 2015 of the Additional Act No. 01/2015/CCEG/WAEMU establishing new convergence criteria, the convergence horizon is set at 31 December 2019.

The objectives of the WAEMU are to :

- To strengthen the competitiveness of the economic and financial activities of the Member States within the framework of an open and competitive market and a streamlined and harmonised legal environment;
- To ensure convergence of Member States' economic performance and policies through the establishment of a multilateral surveillance procedure;
- To create a common market between Member States based on the free movement of persons, goods, services, capital and the right of establishment for self-employed and employed persons, as well as on a common external tariff and trade policy ;
- Establish coordination of national sectoral policies through the implementation of joint actions and, where appropriate, common policies, in particular in the following areas: human resources, regional planning, agriculture, energy, industry, mining, transport, infrastructure and telecommunications;
- Harmonising, to the extent necessary for the proper functioning of the common market, the laws of the Member States and particularly the tax system.

The WAEMU Common External Tariff was introduced in 2000.

## 6- SIGNATURE QUALITY

### 6.1 Business Climate

The Doing business 2020 report ranks Burkina Faso 151st out of 190 countries with a score of 51.4. The country occupied the same rank in the Doing business 2019 ranking. This result is a counter-performance for the country compared to the years 2018 and 2017 when it was ranked 148th and 146th worldwide respectively. In three consecutive years, a total of 5 places were lost. The factors explaining the underperformance observed between 2017 and 2019 are to be found in the fact that the procedures related to "setting up a business", "obtaining a building permit", "connecting to electricity", and "obtaining loans" remain less flexible, and even complicated, for entrepreneurs. Similarly, on criteria such as "protection of minority investors", "contract enforcement", "insolvency settlement", "cross-border trade", "payment of taxes", and "transfer of ownership", the country has not worked to improve its performance in recent years (Table 127). In these areas, there has been no real action to remove burdens and other inconveniences with a view to moving towards international best practice.

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Table 27 : Burkina Faso's performance indicators in the Doing business 2020 ranking.

Starting a business					
Starting a business	Regulation	Average number of procedures	Procedure time (days)	Cost spent (% of per capita income)	Minimum capital required (% of per capita income)
	Decree No. 2005-332/PRES/PM/MCPEA/MFB/MTEJ of 21 July 2005	3	13	42.8	6.3
Building permits					
Building permits	Regulation	Number of procedures on average	Procedure times (days)	Cost (% of construction value)	Construction Quality Control Index (0-15)
	joint order N 2008-066/MHU/MATD/MEF/MID et la circulaire N 10-01195/MID/SG/LNBTP	15	121	7,6	12
Access to electricity					
Access to electricity _		Number of procedures on average	Procedure times (days)	Cost (% of income per capita)	Indicator of reliability of supply and tariff transparency (0-8)
		4	169	8 977,4	0
Property registration					
	Regulation	Number of procedures on average	Procedure time (days)	Cost (% of property value) Land	Land administration quality indicator (0-30)
Property registration	Decree N: 2008-164	4	67	11,9	12,8
Access to credit					
		Collateral Reliability Index (0- 12) Credit	Credit Extent of Information Index (0-8)	Credit register coverage (% adults)	Credit bureau coverage (% adults)
Access to credit		6	0	0.0	2.0
Average time to be paid					

Protection of minority investors							
Protection of minority investors	Index of disclosure of information (0-10)	Index measuring managerial responsibility (0-10)	Index of ease of prosecution by shareholders (0-10) shareholders (0-10)	Shareholder Rights Index (0-6)	Ownership and control index (0-7)	Corporate Transparency Index (0-7)	
	7	1	5	4	2	2	
Level of taxes and facility							
Level of taxes			Paiments (number per year)	Delay (hours per year)	Total payable (% of gross profit)	Index after tax declaration (0 - 100)	
			45	270	41,3	49.31	
Ease of paying taxes							
Export facility							
Export lead time: Compliance with cross-border trade procedures (in hours)	Export cost: Compliance with cross-border trade procedures (USD)	Export lead time: Compliance with documentation requirements (in hours)	Export cost: Complian ce with documen tation requirem ents (USD)	Import deadline: Complian ce with document ation requireme nts (in hours)	Import cost: Compliance with cross-border trade procedures (USD)	Import lead time: Compliance with documentation requirements (in hours)	Import cost: Compliance with documentation requirements (USD)
75	261	84	86	102	265	96	197
Enforcing contract law							
			Time (days)		Cost (% of debt)	Quality of legal proceedings (0-18)	
Enforcing contract law			446		81.7	7.5	
Insolvency resolution							
			Recovery rate (US cents)		Time (years)	Cost (% of assets)	Index on the relevance of the legal framework of Insolvency (0-16)
<sup>2</sup> Insolvency resolution			23.6		4	21	9
Bankruptcy resolution							

Source : World Bank



## 6.2 Financial governance

In 2019, revenue collection was broadly in line with target. According to the ministry in charge of the economy, the revenue forecasts, under the amended finance law for the execution of the state budget, fiscal year 2019, amount to CFAF 2,107.94 billion. In total, the mobilisation of budget revenue amounts to CFAF 1,940.27 billion, i.e. a collection rate of 92.05%.

Despite an increase in revenue, the budget deficit stood at 1.2% of GDP on the basis of commitments, an improvement of 3 points compared to the year 2018. This marked improvement is linked to the good performance recorded in terms of revenue mobilisation (+10.7%).

Since March 2018, the IMF has approved a new three-year arrangement for Burkina Faso under the Extended Credit Facility (ECF) in the amount of SDR 108.36 million (about \$157.6 million, or 90% of the country's quota) in support of the country's economic and financial reform programme.

The new programme aims to maintain macroeconomic stability while creating fiscal space; increasing domestic revenue and improving public expenditure. It aims to reduce the budget deficit to a sustainable level in line with the country's WAEMU commitments, while protecting essential spending on social services and priority public investments.

Strengthened debt and public finance management, customs and tax administration reforms, as well as improved selection and analysis of major infrastructure projects, including PPPs, should reinforce the authorities' efforts to maximise the benefits of public spending while preserving macroeconomic and debt stability. As part of the third review of the Extended Fund Facility arrangement for Burkina Faso, the IMF approved in December 2019 a disbursement of SDR 18.6 million (about \$24.9 million), bringing total disbursements under the arrangement to SDR 72.24 million (about \$99.5 million).

## 6.3 Financial ratings

The rating agency Standard & Poor (S&P) has been regularly rating Burkina Faso since 2004. In 2019, Burkina Faso's rating was B for long-term and short-term foreign currency sovereign issues, with a stable outlook. This rating implies that the country will maintain its macroeconomic performance for another year, despite the prevailing insecurity. Standard & Poor's points out that the country's rating remains unchanged despite the advent of the corona virus pandemic. According to the institution's analysis, Burkina Faso should return to growth by 2021. Its anchorage in the WAEMU, its diversification and its gold production should compensate for the security risk.

The stable outlook reflects political stability, progressive fiscal consolidation and continued sustained economic growth over the next 12 months. The rating also takes into account the risks of a weaker economic and fiscal performance than the agency's current forecasts, which expect more investment in infrastructure. The agricultural and mining sectors, the main drivers of Burkina Faso's economic growth, will support exports. The good performance of these two sectors, together with public investment, will drive economic activity, partly under the impetus of the National Economic and Social Development Plan (NESDP). The history of Burkina Faso's ratings by the rating agency S&P is presented in Table 28.

**Table 28 : History of ratings of Burkina Faso by the rating agency S&P**

Agency	Ratings	Outlook	Date
Standards and Poor's	B	Stable	May 2020
Standards and Poor's	B	Stable	November 2019
Standards and Poor's	B	Positive	26 May 2017
Standards and Poor's	B-	Positive	May 2016
Standards and Poor's	B	Stable	December 2014
Standards and Poor's	B	Negative	03 November 2014
Standards and Poor's	B	Stable	August 2008

Source : Standards and Poor's

## 7.1 Budget

### 7.1.1 Expenditures and revenues

According to the Ministry in charge of the economy, total revenue, including grants, increased by 10.23% in 2019, or 180.12 billion CFA francs compared to 2018. This increase is largely attributable to the rise in total revenue. Total revenue amounted to CFA F 1 940.27 billion for a forecast of CFA F 2 107.94 billion in 2019, a collection rate of 92.05%. Compared to 2018, total revenue, excluding grants, is up by 16.89%, representing CFA 260.93 billion francs. Over the 2014-2019 period, total revenue rose from 1,321.2 billion CFA francs to 1,940.27 billion CFA francs, with an average annual growth rate of about 8%.

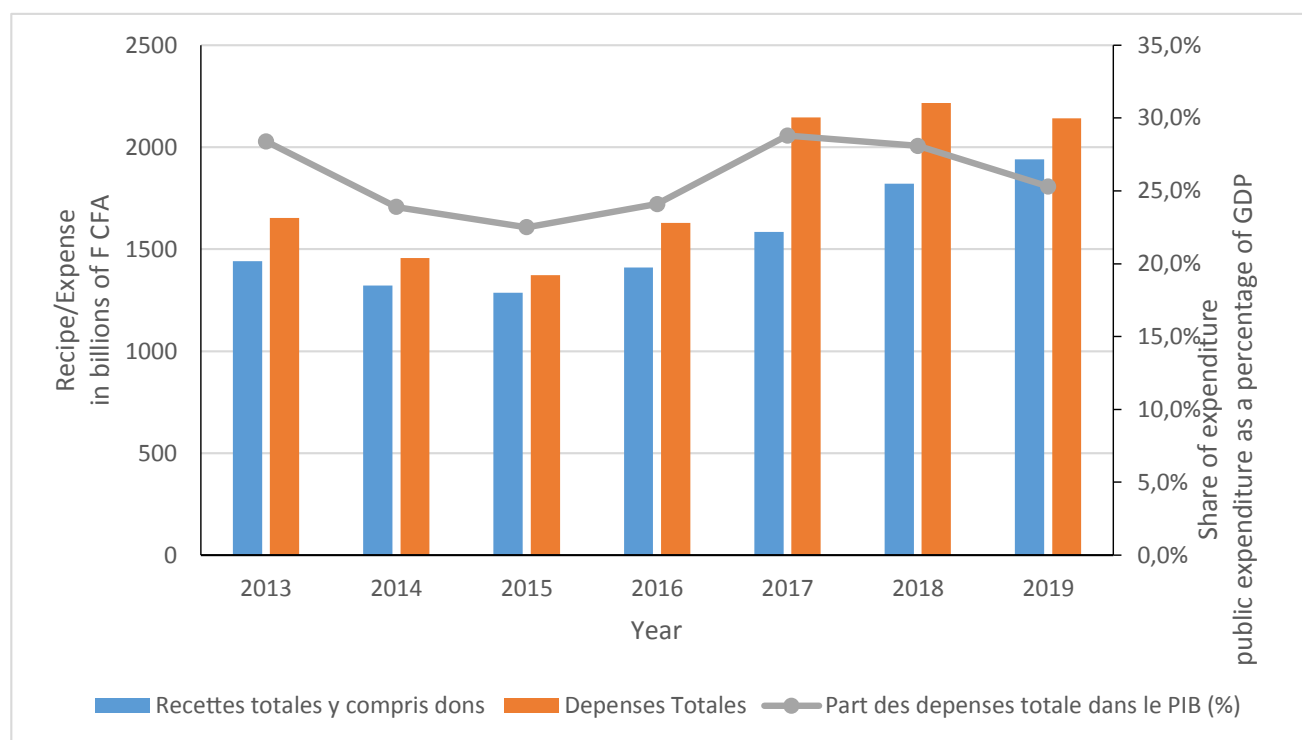
Total expenditure and net lending in 2019 amounted to CFA 2,141.58 billion francs CFA out of a forecast of CFA 2,366.67 billion francs CFA, i.e. a realisation rate of 90.5%. Compared to 2018, total expenditure and net lending increased by about 3.25%. Total expenditure in 2019 was executed in the amount of XAF 1,609.79 billion out of a forecast of XAF 1,650.35

billion, i.e. a rate of 97.5%. Between the two fiscal years, 2018 and 2019, the level of execution of the said expenditure increased by CFA F 216.22 billion. This increase is mainly attributable to the increase in the level of staff expenditure (+139.32 billion CFA francs).

Compared with 2018, there was a 21.9% decrease in capital expenditure. Indeed, this type of expenditure recorded a decline of 148.91 billion CFA francs to 531.79 billion CFA francs at the end of December 2019. Between 2014 and 2019, total expenditure and net lending fell from CFA F 1,456.5 billion to CFA F 2,141.58 billion. Over the same period, the share of total expenditure and net lending in GDP rose from 23.9% to 25.2%.

The increase in revenue was 10.23% against 3.25% for expenditure between 2018 and 2019. The decrease in the gap is the result of the decrease in capital expenditure of 148.91 billion CFA francs between the 2018 and 2019 fiscal years, or 21.9%.

**Graphic 7 : Evolution of government finances between 2014 and 2019**



Source : BCEAO, Ministry of commerce, IMF.

## 7.1.2 Detailed presentation of expenditures and revenues

The increase in total revenue between 2018 and 2019 is mainly attributable to the increase in tax revenue (+142.48 billion CFA francs) and non-tax revenue (145.4 billion CFA francs).

Tax revenue in 2019 was mobilised to the tune of XAF 1 474.28 billion out of a forecast of XAF 1 526 billion, a collection rate of 96.6%. This represents an increase of XAF 142.48 billion (+10.7%) compared to 2018 when collection amounted to XAF 1,331.79 billion. This performance is mainly attributable to the Value Added Tax (CFAF 586.69 billion or 98.3%), Corporate Income Tax (CFAF 249.43 billion or 101%) and customs duties (CFAF 154.24 billion or 92.8%).

At the end of December 2019, non-fiscal revenue amounted to CFA F 331.71 billion, out of a forecast of CFA F 311.5 billion. This is equivalent to a realisation rate of 106.5%. These revenues are up by CFAF 145.4 billion compared with 2018.

Current expenditure in 2019 was executed to the tune of CFA F 1609.79 billion CFA F in 2019 out of a forecast of CFA F 1 650.35 billion, a rate of 97.5%. Compared with 2018, there was an increase of 15.5%, representing a total amount of 216.22 billion CFA francs. This increase is attributable to all its components.

In fact, at the end of December 2019, personnel expenses amounted to 844.83 billion CFA francs out of a forecast of 845.90 billion CFA francs, i.e. a 100% execution rate. Compared to 2018, this represents an increase of 19.76% (+139.32 billion CFA francs) and this is mainly explained by the impact of the measures taken by the government with the social partners from 2016 to 2019, on additional staff and to a lesser extent on statutory promotions.

Compared to 2018, expenditure on the acquisition of goods and services increased by 2.9% in 2019 to CFA F 198.07 billion out of a revised allocation of CFA F 209.96 billion. This gives an execution rate of 94.34%. Analysis by ministry and institution shows that four (04) of them have an expenditure authorisation rate of less than 90.00%. These are the Ministry of African Integration and Burkinabés Abroad (85.39%), the Ministry of Mines and Quarries (84.03%), the Ministry of Urban Planning and Housing (88.41%), the Higher Council for Communication (83.12%) and Common Inter-Ministerial Expenditure (80.60%).

At the end of December 2017, interest on the debt had been paid to the tune of CFAF 117.07 billion out of a forecast of CFAF 100 billion, i.e. an execution rate of 117%. Comparative analysis between the two fiscal years, 2018 and 2019, shows an increase in the level of scheduling of the said expenditure of CFAF 19.75 billion explained mainly by a recourse to more costly domestic debt. Indeed, the financial burden of the domestic debt rose from 74.15% in 2018 to 81.63% of all actual payments in 2019. Nevertheless, it should be noted that despite the growth in financial charges, the characteristic ratios of the public debt remain under control. Thus, with regard to external debt, the ratio of debt service to own revenue would be 4%, with a ceiling of 18%. For total public debt, this ratio would be 20%.

Capital expenditure was executed in 2019 to the tune of CFAF 531.79 billion out of a forecast CFAF 716.32 billion, i.e. an execution rate of 74.24%. Compared to 2018 for the same period, the scheduled amount of the said expenditure recorded a decrease of 148.91 billion CFA francs. This drop is mainly attributable to capital expenditure executed by the state (- CFA F 127.98 billion). The amount of expenditure scheduled for investments executed by the state, all sources of financing combined, amounted to CFAF 530.48 billion out of adjusted payment appropriation forecasts of CFAF 711.26 billion, i.e. an execution rate of 74.58% against 87.45% at the same date in 2018. Although a decline was noted in all its components, the decrease is mainly attributable to the decrease in investment expenditure financed from national resources.

The overall balance on a commitment basis, which represents the financing of current and capital expenditure excluding debt interest, stood at CFAF -201.31 billion at the end of December 2019, compared with CFAF -381.7 billion in 2018, down by CFAF 180.4 billion. In 2019, this balance represented 2.4% of nominal GDP compared with 4% in 2018. The basic primary balance was -103.8 billion CFA francs in 2019 against -336.2 billion in 2018.

**Table 29: Detailed presentation of Burkina Faso's expenditure and revenue between 2014 and 2025**

	2014	2015	2016	2017	2018*	2019*	2020	2021	2022	2023	2024	2025
<b>Total income and grants R1</b>	<b>1 321.2</b>	<b>1 286.2</b>	<b>1 409.9</b>	<b>1 583.6</b>	<b>1 760.1</b>	<b>1 940.3</b>	<b>1 886</b>	<b>2 180</b>	<b>2 378</b>	<b>2 592</b>	<b>2 826</b>	<b>3 083</b>
<b>Total revenue excluding grants R2</b>	<b>1 064.7</b>	<b>1 056.2</b>	<b>1 229.7</b>	<b>1 389.3</b>	<b>1 545.1</b>	<b>1 806</b>	<b>1 683</b>	<b>1 930</b>	<b>2 114</b>	<b>2 311</b>	<b>2 528</b>	<b>2 766</b>
Current revenues R3	1 064.7	1 056.2	1 229.7	1 389.3	1 541.1	1 806	1 683	1 930	2 114	2 311	2 528	2 766
<b>Tax revenues</b>	<b>940.7</b>	<b>937.7</b>	<b>1 074.6</b>	<b>1 238.2</b>	<b>1 331.8</b>	<b>1 474.3</b>	<b>1 471</b>	<b>1 720</b>	<b>1 888</b>	<b>2 077</b>	<b>2 285</b>	<b>2 514</b>
Taxes on income and profits	272.0	241.9	285.7	323.3	345.7	407						
Taxes on goods and services	509.6	535.3	600.9	702.9	661.91	689.6						
Including VAT	386.9	393.1	439.9	511.9	561.88	586.7						
Tax on foreign trade	143.7	145.0	159.1	181.2	232.9	231.6						
Other tax revenues	15.3	15.4	28.8	30.9	27	-						
<b>Non-tax revenues</b>	<b>124.0</b>	<b>118.5</b>	<b>155.1</b>	<b>151.0</b>	<b>186.3</b>	<b>331.7</b>	<b>212</b>	<b>211</b>	<b>226</b>	<b>234</b>	<b>243</b>	<b>253</b>
<b>Grants</b>	<b>256.4</b>	<b>230.0</b>	<b>180.2</b>	<b>194.3</b>	<b>215.1</b>	<b>134.3</b>	<b>203</b>	<b>250</b>	<b>264</b>	<b>280</b>	<b>298</b>	<b>316</b>
<b>Total expenditures and net loans D1</b>	<b>1 456.5</b>	<b>1 371.7</b>	<b>1 629.8</b>	<b>2 146.5</b>	<b>2 074.3</b>	<b>2 141.6</b>	<b>2 370</b>	<b>2 545</b>	<b>2 719</b>	<b>2 961</b>	<b>3 224</b>	<b>3 514</b>
Total expenditure D2	1 462.6	1 384.3	1 638.5	2 150.0	1 393.6	1 609.8	2 370	2 545	2 719	2 961	3 224	3 514
Current expenditures D3	931.5	925.4	1 112.3	1 318.7	1 295.8	1 492.7	1 832	1 895	1 973	2 076	2 234	2 407
<b>Wages and salaries</b>	<b>437.3</b>	<b>468.5</b>	<b>554.5</b>	<b>618.0</b>	<b>705.1</b>	<b>844.4</b>	<b>898</b>	<b>950</b>	<b>990</b>	<b>1 025</b>	<b>1 108</b>	<b>1 198</b>
<b>Transfers and subsidies</b>	<b>349.0</b>	<b>302.4</b>	<b>369.5</b>	<b>457.1</b>	<b>398.2</b>	<b>449.9</b>	<b>570</b>	<b>551</b>	<b>561</b>	<b>601</b>	<b>647</b>	<b>697</b>
<b>Other current expenses</b>	<b>101.3</b>	<b>110.3</b>	<b>128.5</b>	<b>174.1</b>								
Interest on public debt D4	44.0	44.1	59.8	69.5	95.3	114.6	127	149	169	185	199	214
<b>Interest on domestic debt</b>	<b>29.3</b>	<b>28.6</b>	<b>43.2</b>	<b>49.4</b>	<b>72.2</b>	<b>95.6</b>	<b>98</b>	<b>116</b>	<b>135</b>	<b>146</b>	<b>155</b>	<b>164</b>
<b>Interest on external debt</b>	<b>14.7</b>	<b>15.5</b>	<b>16.6</b>	<b>20.2</b>	<b>23.1</b>	<b>22</b>	<b>29</b>	<b>33</b>	<b>34</b>	<b>39</b>	<b>44</b>	<b>51</b>
Capital expenditure D5	523.9	454.2	519.2	814.8	680.7	531.8	537	649	747	884	990	1 107
<b>On domestic funding</b>	<b>308.2</b>	<b>302.6</b>	<b>338.4</b>	<b>570.4</b>	<b>433.3</b>	<b>400</b>	<b>286</b>	<b>358</b>	<b>430</b>	<b>540</b>	<b>616</b>	<b>699</b>
<b>On external financing</b>	<b>215.7</b>	<b>151.6</b>	<b>180.8</b>	<b>244.4</b>	<b>225.2</b>	<b>136.5</b>	<b>251</b>	<b>292</b>	<b>316</b>	<b>344</b>	<b>374</b>	<b>408</b>
Capital transfers	7.1	4.7	7.0	16.5	22.2	1.3						
<b>Current balance (R3-D3)</b>	<b>133.2</b>	<b>130.8</b>	<b>117.4</b>	<b>70.6</b>	<b>245.3</b>	<b>313.3</b>	<b>-149</b>	<b>35</b>	<b>141</b>	<b>235</b>	<b>294</b>	<b>359</b>
<b>Overall balance excluding grants (R2 - D1)</b>	<b>-391.8</b>	<b>-315.5</b>	<b>-400.1</b>	<b>-757.2</b>	<b>-529.2</b>	<b>-335.6</b>	<b>-687</b>	<b>-615</b>	<b>-605</b>	<b>-650</b>	<b>-696</b>	<b>-748</b>
<b>Overall balance (R1 - D1)</b>	<b>-135.3</b>	<b>-85.5</b>	<b>-220.0</b>	<b>-562.9</b>	<b>-314.2</b>	<b>-201.3</b>	<b>-484</b>	<b>-365</b>	<b>-341</b>	<b>-369</b>	<b>-398</b>	<b>-431</b>
<b>Current primary balance (R3 - D3 + D4)</b>	<b>177.2</b>	<b>174.9</b>	<b>177.2</b>	<b>140.1</b>	<b>340.6</b>	<b>427.9</b>	<b>-22</b>	<b>184</b>	<b>310</b>	<b>420</b>	<b>493</b>	<b>573</b>
<b>Basic primary balance (R2 - D3 + D4 - D5)</b>	<b>-131.1</b>	<b>-127.7</b>	<b>-161.2</b>	<b>-430.3</b>	<b>-336.1</b>	<b>-103.8</b>	<b>-559</b>	<b>-465</b>	<b>-437</b>	<b>-464</b>	<b>-497</b>	<b>-534</b>
<b>Primary balance excluding grants (R2 - D2+ D4)</b>	<b>-353.9</b>	<b>-284.0</b>	<b>-349.0</b>	<b>-691.2</b>	<b>-381.8</b>	<b>-252.</b>	<b>-560</b>	<b>-466</b>	<b>-436</b>	<b>-465</b>	<b>-497</b>	<b>-534</b>
<b>FINANCING NEEDS (overall cash basis balance)</b>	<b>101.8</b>	<b>198.3</b>	<b>134.4</b>	<b>426.1</b>	<b>470.5</b>	<b>294</b>	<b>294</b>	<b>334</b>	<b>341</b>	<b>369</b>	<b>399</b>	<b>431</b>
External financing	51.4	90.4	102.9	74.3	75.9	97	77	88	209	234	262	293
Domestic financing	54.9	112.8	33.8	350.7	394.6	197	217	246	132	135	137	138
As a Percentage of GDP												
<b>Budgetary revenues</b>	<b>21.6</b>	<b>20.9</b>	<b>20.8</b>	<b>21.2</b>	<b>22.4</b>	<b>22.9</b>	<b>17.4</b>	<b>18.5</b>	<b>18.8</b>	<b>19.0</b>	<b>19.3</b>	<b>19.5</b>
<b>Tax revenues</b>	<b>15.4</b>	<b>15.2</b>	<b>15.8</b>	<b>16.6</b>	<b>17</b>	<b>17.4</b>	<b>15.2</b>	<b>16.5</b>	<b>16.8</b>	<b>17.1</b>	<b>17.4</b>	<b>17.7</b>
<b>Total expenditures</b>	<b>23.9</b>	<b>22.5</b>	<b>24.1</b>	<b>28.8</b>	<b>17.8</b>	<b>19</b>	<b>24.5</b>	<b>24.4</b>	<b>24.2</b>	<b>24.4</b>	<b>24.6</b>	<b>24.8</b>
<b>Current expenditures</b>	<b>15.2</b>	<b>15.0</b>	<b>16.4</b>	<b>17.7</b>	<b>16.5</b>	<b>17.6</b>	<b>19.0</b>	<b>18.2</b>	<b>17.6</b>	<b>17.1</b>	<b>17.0</b>	<b>17.0</b>
<b>Capital Expenditures</b>	<b>8.6</b>	<b>7.4</b>	<b>7.6</b>	<b>10.9</b>	<b>8.7</b>	<b>6.3</b>	<b>5.5</b>	<b>6.2</b>	<b>6.6</b>	<b>7.3</b>	<b>7.6</b>	<b>7.8</b>
<b>Basic primary balance</b>	<b>-2.1</b>	<b>-2.1</b>	<b>-2.4</b>	<b>-5.8</b>	<b>-4.2</b>	<b>-1.2</b>	<b>-5.0</b>	<b>-3.5</b>	<b>-3.0</b>	<b>-3.0</b>	<b>-3.0</b>	<b>-3.0</b>

Source: Ministry of Economy, BCEAO.

\*Data from the quarterly report on the execution of the State budget and cash flow, fiscal year 2019, as at 31 December 2019 and those from the BCEAO statistical yearbook. IMF projection (2020-2025)



### 7.1.3 General presentation of the budget

The detailed presentation of the distribution of the budget according to the different ministries reveals the strategic choices that are being made to finance Burkina Faso's future. They are in line with the NESDP. Thus, the ministries with a social vocation are the first beneficiaries of the budget. The Ministry of National Education and Literacy received 14.7% of the budget in 2019 compared to 10.7% in 2015. The Ministry of Health comes in second place with approximately 13.9% of the budget compared to 7.3% in 2015.

The increase in the share of the budget received by these two ministries is a good indicator of the national priorities for the country's development. The Ministry of Economy saw its allocation decrease to 9.6% of the total budget in 2019 against 17.32% in 2015. The rest of the national budget is distributed among the other ministries and specific institutions. The share of the national budget allocated to common inter-ministerial expenditure was 10.6% in 2019 compared to 13.8% in 2015

**Table 30 : Evolution of overall budget expenditure by ministry and institution excluding external financing**

Year	2015	2016	2017	2018	2019
<b>Total budget in billions of CFAF</b>	<b>1453.3</b>	<b>1606.4</b>	<b>1871</b>	<b>1947.5</b>	<b>2 108</b>
<b>Ministries with a social vocation (in a % of the total budget)</b>					
National Education and Literacy	10.7	16.57	17.46	19.8	14.7
Health	7.28	9.13	9.76	10.1	13.9
Higher Education, Scientific and Technical Research and of Innovation	0	7.66	5.46	4.5	3.6
<b>Regalian ministries (in % of total budget)</b>					
Economy, Finance and Development	17.32	19.1	9.58	11.6	9.6
National Defense and Veterans Affairs	6.02	5.94	6.1	8.7	9.6
Territorial Administration and Decentralisation	5.69	5.43	4.86	1.8	1.9
Resource Transfers to Territorial Communities	0.77	0.94	3.05	2.1	1.5
Presidency of Faso	1.03	1.19	1.47	1.1	2.2
Prime Minister	1.71	1.31	1.32	1.3	3.8
Justice, Human Rights and Promotion Civic	1.13	1.18	1.26	1.4	1.0
Security	2.72	0	1.12	3.7	3.9
Foreign Affairs, Cooperation and the Burkinabè from the Abroad	2.52	2.2	2.03	1.8	1.6
<b>Other ministries of strategic importance (in % of total budget)</b>					
Infrastructures	2.57	3.81	5.21	5.5	6.8
Water and Sanitation	0	1.57	4.09	2.6	2.5
Agriculture and Hydraulic Installations	4.82	3.03	3.84	4.4	5.6
Common Inter-Ministerial Expenditure	24.63	13.32	14.2	9.0	7
Other ministries and institutions	13.79	7.63	9.18	10.6	11.1

Source : INSD, MEF



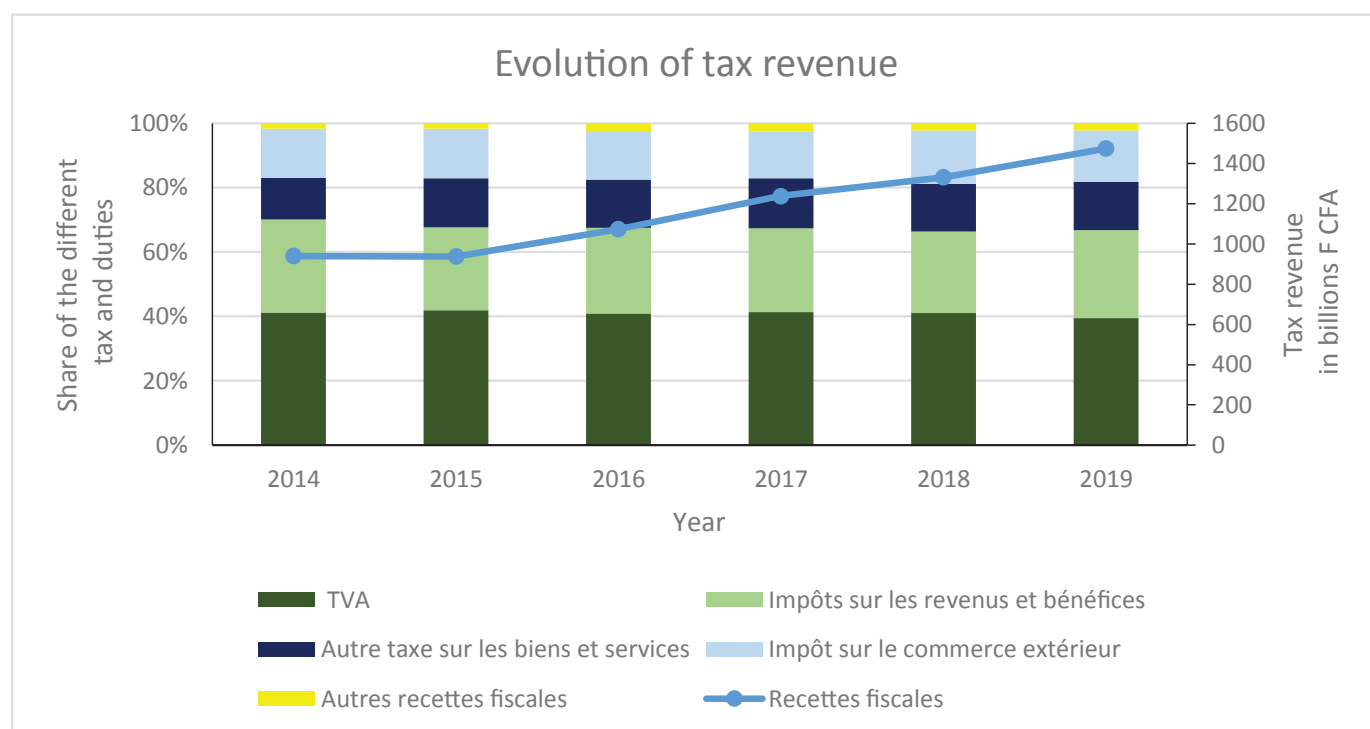
### 7.2.1 General budget revenue decomposed by source

The structure of tax revenues remained fairly stable over the 2014-2019 period, passing from 940.7 billion CFA francs to 1,474.3 billion CFA francs. VAT, an indirect tax, is the most important source of tax revenue. It accounted for nearly 42% of tax revenues in 2019. Income and profit tax is Burkina Faso's second largest source of tax revenue with a share of 26% in 2019.

Other taxes on goods and services became the third source of tax revenue, increasing from 13% to 15% of total tax revenue over the period. Tax on foreign trade brings in almost as much in 2019 as other taxes on goods and services, at 15%. Other tax revenues accounted for about 3% of total revenues.

In summary, the share of income and profits taxes and taxes on foreign trade decreased slightly, and the share of other taxes on goods and services increased from fourth to third place in terms of fiscal resources over the 2014-2019 period. The level of tax revenues increased for all types of taxes.

**Graphic 8: Evolution of tax revenues between 2014 and 2019**



Source : MINEFID

### 7.2.3 Presentation of the fiscal changes recently voted or under discussion and about to be voted on

The main tax innovations proposed in the 2020 Finance Act are as follows :

- The increasing tax rate on tobacco, cigars, cigarettes and cigarillos. In order to bring the tobacco taxation system into line with the WAEMU directive, it is proposed to raise the tax rate from 45% to 50%. This measure will strengthen the fight against smoking, which creates a public health problem, and improve the return on tax. The financial impact of this measure is estimated at seven (7) billion of CFAF ;
- The widening of the scope of persons liable for the withholding tax on amounts paid to non-resident beneficiaries and the withholding tax on amounts paid to resident beneficiaries;
- Levies at source on imports and sales of goods. With the abolition of the Beverage Sector Contribution

(BSC) and the fact that the players in this sector are subject to ordinary law, the sale of locally manufactured beverages is now subject to withholding tax. A levy rate of 5% on sales of locally produced drinks in order to optimise the contribution of players in the drinks sector has been introduced. It is expected that this measure will generate revenue estimated at about 10.48 billion of CFAF;

- The institution of the obligation for taxpayers under the Directorate of Large Enterprises to pay their taxes and duties by electronic means;
- The extension of the obligation to subscribe to tax declarations by electronic means to taxpayers under the responsibility of the Directorates of Medium-sized Enterprises.
- The increase of the specific tax in telecommunications from 5 to 7% of operators' turnover and a change in the tax base, with turnover on mobile money now taken into account.

## 7.3 Finance bill 2020

The orientations that prevailed in the elaboration of the 2020 budget are part of a logic of consolidation of the objectives of the 2019 budget through the finalisation of the implementation of the major projects of the Presidential Programme and the NESDP. For the year 2020, in terms of resource mobilisation, public policy will be oriented towards the modernisation of the tax administration and the broadening of the tax base through :

- i) the gradual expansion of the coverage of medium-sized enterprises through tele-procedures for greater efficiency;
- ii) the acceleration of the implementation process of the fiscal cadastre project;
- iii) the finalisation of the operationalisation of the 3rd fiscal division of medium-sized enterprises in Ouagadougou; iv) the establishment of the Directorate of Non-Determined Tax Regimes;
- v) the continuation of the fight against tax fraud, forgery and corruption;
- vi) the continuation of the interconnection between Burkina Faso's customs and those of border countries;
- vii) the opening of ASYCUDA on the Internet to speed up the processing of declarations; viii) the simplification and security of procedures for the

payment of customs duties and taxes through the introduction of electronic payments;

ix) activation of the "exemption" module in ASYCUDA for better monitoring of exemptions in the context of the fight against fraud;

x) reinforcement of controls on declaration elements by direct access to foreign trade documents emanating from the VLSIEO platform via the interface between VLSIEO and ASYCUDA.

According to the finance law, total revenue forecasts for the year 2020 are estimated at CFAF 2,233.3 billion, an increase of 5.9% compared to the year 2019 and expenditure forecasts are estimated at CFAF 2,518.5 billion, an increase of 6.4% compared to 2019. Own revenues are estimated at CFAF 1,894.780 billion in 2020 against CFAF 1.697 billion in 2019, an increase of CFAF 197.780 billion in nominal terms, corresponding to an increase of 11.65%. They will be essentially made up of tax revenues which will represent 87.30% of the total in 2020. Own revenues are projected at 84.8% of total state budget revenues against 86.8% in 2019. As for external resources, they would amount in 2020 to CFAF 338.536 billion against CFAF 257.564 billion in 2019, an increase of 31.4%.

According to the Ministry in charge of Economy and Finance, taking into account the impact of COVID-19, projections of tax revenue are estimated at CFAF 1,427 billion and those of non-tax revenue at CFAF 212.3 billion in 2020, i.e. a total of tax revenue and grants of CFAF 1,917.8 billion.

The budget expenditure will be made up of current expenditure for an amount of CFAF 1,642.29 billion and capital expenditure for CFAF 876.16 billion corresponding to shares of 65.21% and 34.79% respectively. These shares were respectively 71.4% and 28.6% in 2019 and 55.0% and 44.9% in 2018. Investment expenditure would amount to CFAF 866.16 billion in 2020 against CFAF 628.06 billion in 2019, an increase of CFAF 238.10 billion. Investments financed from own resources are estimated at CFAF 479.65 billion in 2020 against CFAF 333.07 billion in 2019, an increase of CFAF 146.58 billion. However, taking into account the impact of COVID-19, total expenditure would increase to CFAF 2,361.9 billion, including CFAF 1,832 billion in current expenditure and CFAF 539.5 billion in capital expenditure.

On the basis of the revenue and expenditure forecasts of the 2020 finance law, budget savings would amount to CFAF 248.52 billion in 2020, an improvement of

CFAF 131.70 billion compared to 2019. This level of savings allows for a part of the investments on own resources. The budget deficit, for its part, would amount to 285.14 billion CFAF against a level of 258.72 billion CFAF in 2019, a deterioration of 26.41 billion CFAF in absolute terms. In relation to the nominal GDP projected for 2020, this level of budget deficit represents 3% while in 2019, it is 2.9%.

The level of deficit in 2020 is in line with commitments with the IMF as well as the WAEMU convergence criteria. However, taking into account the impact of COVID-19, the budget deficit should be 5% of GDP in 2020 according to the projections of the Ministry of Economy and Finance. This deficit will be covered by recourse to budget support, drawing on IMF resources and a bond issue.

The national and international environment carries risks that can affect economic development. This section deals with political and security risks, social and health risks, risks related to the mobilisation of financial resources, health risks and environmental risks.

### 8.1 Political and security risks

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After a political crisis that saw the fall of former President Blaise Compaoré in October 2014 and a failed military coup in September 2015, the political climate has been rather stable in the country, despite the growing threat of terrorist attacks in the capital and the border regions with Mali and Niger's neighbours.

Mr. Roch Marc Christian Kaboré was elected president with 53.5% of the votes at the end of 2015. His party, the Movement for the Progress of the People (MPP), won the local legislative elections in 2016. Due to violence and unrest that prevented voting from taking place in 19 departments, a by-election had to be held in 2017 to distribute the 814 unallocated seats and saw the MPP increase its lead.

Security has become a cross-cutting issue in the country. The threat posed by Islamist groups in the Sahel is a challenge to political stability and a brake on overall progress. Movement in the border area with Mali, in the border area with Niger north of Dori and in Kantchari province is potentially risky due to the risk of kidnapping and attacks.

In order to fight against Al Qaeda in the Islamic Maghreb (AQIM), the G5 countries of the Sahel (Mali, Mauritania, Niger, Chad and Burkina Faso) have decided, in 2017, to create an anti-terrorist force which will benefit from training and logistical support from Morocco, as well as financial support from the European Union (€50 million). The implementation of this force should make it possible to curb the security issue and restore investor confidence.

### 8.2 Social risks

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The number of incidents related to social unrest has increased over the period 2016-2019. Public sector strikes and social tensions affected revenue collection in the first half of 2019 and pushed up wages and transfers. These strikes are motivated by the inequalities in wages and benefits that exist within and between ministries, and have often led to ministry-specific wage agreements, which in turn have caused further strikes in other ministries.

The public wage bill was also affected by the 2016 reform (Law 081), which responded to a long-standing demand to incorporate contract workers into the civil service and harmonise pay for all civil servants and contract workers. Reforms are currently under discussion under the aegis of the Ministry in charge of the civil service with a view to overhauling the remuneration system in order to reduce inequalities between civil servants. Such a system should make it possible to calm the social climate.

Burkina Faso's economy is dependent on agricultural production, gold and cotton exports. The country is vulnerable to fluctuations in the import prices of petroleum products, gold and cotton prices. The Covid 19 health crisis is affecting these sectors and would lead to a 4-point decline in growth in 2020. According to IMF estimates (2020), this crisis will restrict agricultural activity, leading to a rise in food prices. Despite the fall in oil prices, Burkina Faso's current account deficit is expected to widen. This deterioration reflects lower volumes of domestic gold and cotton production.

According to estimates by the ministry in charge of economy and finance, cotton production is expected to decline to 468,100 tonnes in 2020 against a trend forecast of 527,500 tonnes, a drop of 11.3 per cent. Gold production is also expected to fall to 50.6 tonnes against a trend forecast of 54 tonnes in 2020. Burkina Faso's gold is processed abroad. Due to disruptions in the global supply chain and transport networks, the capacity to export will be limited. FDI inflows related to the exploration of gold, the main commodity export, are also negatively affected.

According to the World Bank (2020), the COVID 19 crisis could have a severe impact on the agricultural sector

if products cannot reach markets due to quarantines that will also impact on prices and availability of inputs (seeds, fertilisers, animal feed, veterinary services). The agricultural sector will be affected by a decline in urban demand for agricultural products. Remittances, which account for about a quarter of the income of poor households, are also expected to decline given the global nature of the crisis. Overall, the situation is expected to be accompanied by an increase in the price of commodities, including food - exacerbating the risk of malnutrition already affecting 10% of the population at risk this lean season. Inflation is expected to be 3.9% according to the Ministry of Economy and Finance's forecast. The budget deficit is expected to rise to 5% of GDP in 2020 against a trend forecast of 3% of GDP.

Burkina Faso's foreign trade is structurally in deficit. According to the World Bank, between 2014 and 2018 Burkina Faso's net terms of trade index rose from 122.84 to 138.83 after a fall from 142.48 to 122.84 between 2012 and 2014. The value of the index fell in 2018 compared to 2017 when it was 145.05.

### 8.4 Risks concerning the mobilisation of public and private financial resources

The risks concerning the mobilisation of public and private financial resources are mainly linked to the risks of strikes in the civil service, particularly by workers in the Ministry of Economy and Finance, and the COVID pandemic 19. The social front, which had begun to calm down since the second half of 2019, has been revived since the beginning of February 2020 with the extension of the single wage processing tax (SWPT) on bonuses and allowances for civil servants since January 2020. The strike action that this causes in the civil service could have a negative impact on the mobilisation of tax revenues in 2020.

The slowdown in economic activity as a result of COVID-19 is also an aggravating factor that will affect the mobilisation of tax resources. At the level of public finances, total revenue and grants should stand at CFAF 1917.8 billion against CFAF 2223.7 billion, a difference of CFAF 306.0 billion, of which CFAF 227.1

billion is tax revenue and CFAF 18.9 billion is non-tax revenue. The rate of tax pressure would come out at 16.1% against 18.1% in the trend forecast.

In view of the significant effects on all branches of the economy, it is imperative to define well-targeted economic policies necessary to support the supply of health care, ensure national economic recovery and also ensure fiscal sustainability. Thus, in order to limit the adverse economic effects of COVID-19 on businesses and workers, the government of Burkina Faso has taken the following measures :

- a. The automatic remission of penalties and fines due for the months of April, May and June 2020 ;
- b. Suspension of on-the-spot checks until 30 June 2020, except in proven cases of fraud;



c. The exemption of the contribution of informal sector micro-enterprises for the months of April, May and June 2020 ;

d. Exemption from VAT on the sale of products used in the fight against COVID-19 (protective masks, hydro-alcoholic gels, gloves, etc.);

e. Exemption from taxes and customs duties on pharmaceutical products, medical consumables and equipment used in the fight against COVID -19 ;

f. The postponement of the deadline for the payment of motor vehicle tax from 31 March 2020 to 30 June 2020;

g. The issue of tax status certificates to companies not in good standing with their tax obligations until 30 June 2020;

h. The suspension of the Employers' Apprenticeship Tax (TPA) on salaries from April to June 2020 for the benefit of companies in the passenger transport and hotel sectors;

i. The suspension of proceedings for the recovery of tax debts and the collection of the minimum flat-rate

tax for establishments in the passenger transport, hotel, restaurant and tourism sectors from April to June 2020;

j. The 25% reduction of the patent in favour of companies in the passenger transport, hotel and tourism sector. Companies that have already paid for the patent will be able to opt for compensation with other local taxes;

k. The application of a reduced VAT rate of 10% to the hotel and restaurant sector;

l. The abolition of charges and taxes imposed on the organisation of cultural activities;

m. The cancellation of penalties for delays in the execution of public contracts and orders with the State and local authorities during the crisis period;

n. The direct tax rebates in the context of an individualised examination of applications in extreme cases.

## 8.5 Health risks

Burkina Faso regularly experiences outbreaks of meningitis, which, however, according to the statistics, have been declining since the introduction of the MenAfriVac vaccine in 2010. During 2019, cases of meningitis due to meningococcus C were reported in two health districts of the country. In this context and in order to face a possible meningitis epidemic, the Ministry of Health has developed a preparedness and response plan with a global cost of US\$ 5.150.926, with the technical and financial contribution of the World Health Organization.

This contribution is defined in terms of the supply of sampling kits, reagents and laboratory consumables, technical support for the investigation of outbreaks and monitoring of trends.

Like the rest of the world, Burkina Faso has been hit by the COVID -19 pandemic since March 2020. Despite the modesty of its health system, the country is trying to contain the spread of the virus through a response plan estimated at 394.05 billion CFAF. As of 12 June 2020, Burkina Faso had recorded 892 cases of COVID-19, including 790 cured and 53 deaths.

## 8.6 Environmental risks

Burkina Faso has seen a progressive development of the mining sector in recent decades. This sector is characterised by the coexistence of industrial exploitation and artisanal exploitation or gold panning. Mercury and cyanide are used in the processing of minerals, thus contributing to the pollution of water

resources in the regions of the country where the activity is carried out. Furthermore, Burkina Faso is a Sahelian country and is subject to high variability in annual rainfall with a high risk of drought from one year to the next.

## 9.1 General description of the public debt

### 9.1.1 Global image

Over the last five years, the outstanding public debt has risen steadily from CFAF 2,188.51 billion at the end of 2015 to CFAF 2,767.61 billion in 2017, reaching CFAF 3,967.53 billion at the end of 2019, an average annual increase of 16.1%.

In 2019, Burkina Faso's public debt portfolio was composed of 55.2% external debt and 44.8%

domestic debt, i.e. CFAF 2 188.57 billion and CFAF 1 778.96 billion respectively. It represented about 47.0% of GDP in 2019 against 35.5% in 2015.

For 2020, Burkina Faso's total debt is estimated at CFAF 4,540.56 billion, or 49.8% of GDP.

Table 31 : Overview of Burkina Faso's public debt

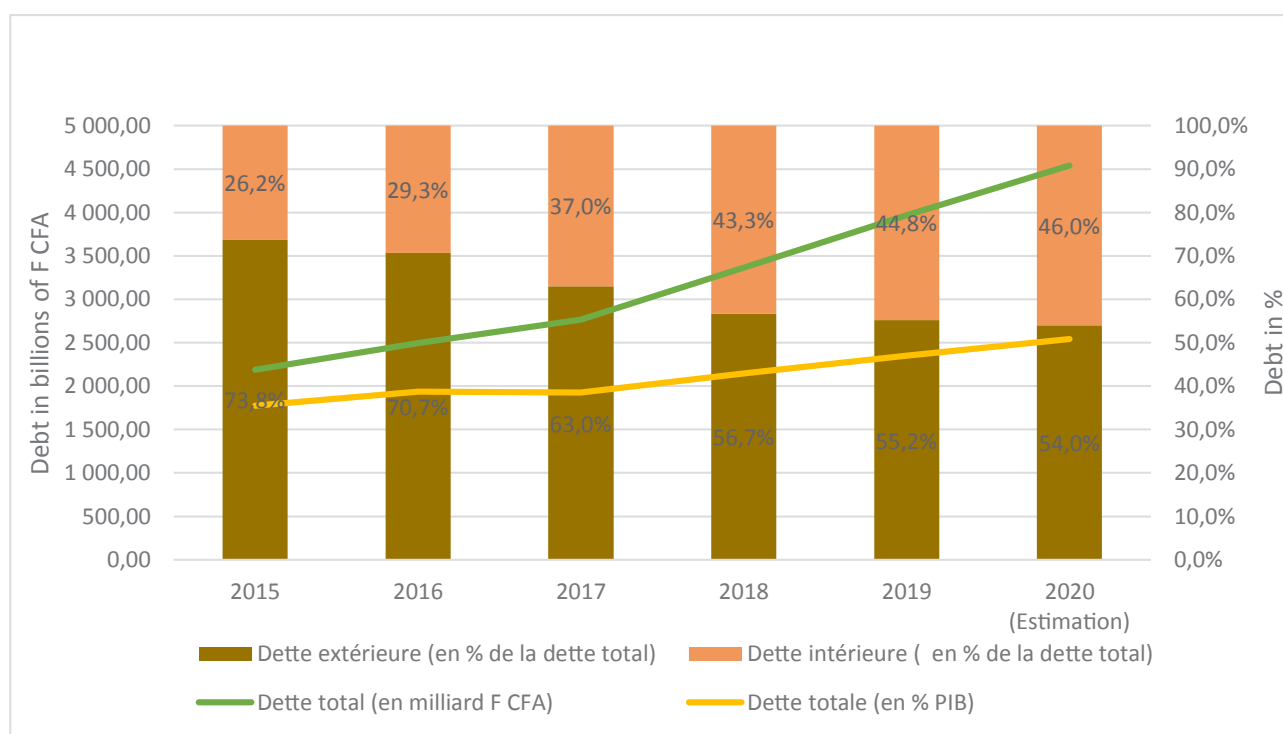
Burkina Faso	2015	2016	2017	2018	2019	2020 (Estimation)	2021 (proj)	2022 (proj)	2023 (proj)	2024 (proj)	2025 (proj)
Total debt (in % GDP)	35.5	38.75%	38.55%	42.92%	47.05%	50.84%	50.70%	51.42%	51.38%	51.71%	51.73%
Total debt (in billions of CFA francs)	2 188.51	2 497.04	2 767.19	3 365.95	3 967.53	4 540.53	4 876.09	5 342.03	5 781.94	6 290.84	6 806.72
Remaining due											
Arrears	0	0	0	0	0						
Due	168.35	226.92	229.3	256.04	345.07	519.3					
Paid	168.35	226.92	229.3	256.04	345.07	519.3					
External debt (% GDP)	26.21	27%	24%	24%	26%	27%	27%	26%	26%	25%	24%
External debt (in billions of CFA francs)	1 615.05	1 766.06	1 742.99	1 909.56	2 188.57	2 451.82	2 570.68	2 750.89	2 913.32	3 054.33	3 209.52
Remaining due											
Remaining due	0	0	0	0	0						
Due	48.75	56.33	70.37	78.14	80.45	63.16					
Paid	48.75	56.33	70.37	78.14	80.45	63.16					
Domestic debt (in % GDP)	9.31	11.3%	14.3%	18.6%	21.1%	23.4%	24.0%	24.9%	25.5%	26.6%	27.3%
Domestic debt (in billions of CFA francs)	573.46	730.97	1 024.20	1 456.39	1 778.96	2 088.71	2 305.41	2 591.14	2 868.62	3 236.51	3 597.20
Remaining due											
Arrears	0	0	0	0	0						
Due	119.6	170.59	158.93	177.9	264.62	456.14					
Paid	119.6	170.59	158.93	177.9	264.62	456.14					
Nominal GDP (billion of CFAF)	6 162.49	6 444.23	7 177.42	7 842.83	8 433.41	8 930.85	9 618.40	10 388.30	11 254.03	12 166.35	13 157.31

Source : MINEFID, Directorate of Public Debt

Over the period 2015-2020, the share of external debt in total debt is declining while that of domestic debt is steadily increasing. In 2020, external debt

would represent 54.0% compared to 73.8% in 2015. Domestic debt, for its part, would reach 46.0% in 2020 against 26.2% in 2015.

**Graphic 9: Evolution of Burkina Faso's public debt from 2015 to 2019**



Source : MINEFID, Directorate of Public Debt

### 9.1.2 Time profile of the debt to be repaid

At May 31, 2020, the time profile of the debt to be repaid to the IMF shows that approximately 54.4% of Burkina Faso's total debt is long-term debt (over 5 years). Medium-term debts represent 41.9% of total debt and short-term debts represent 3.7%.

**Table 32: Time profile of IMF debt outstanding as of May 31, 2020**

Expressed in	Total amount due
Expressed in	3.7%
Moyen terme (1 à 5 ans)	41.9%
Long term (> 5 ans)	54.4%
Total	100%

Source : IMF

### 9.1.3 Amount of debt to be repaid in the short term

The service of the public debt rose from 168.35 billion CFA francs in 2015 to 519.30 billion CFA francs in 2020, an increase of 208.5%. Debt service in 2020 would be made up of 456.14 billion CFA francs of domestic debt (84.3%) and 81.66 billion CFA francs of external debt (15.7%). The annual amount of internal and external debt to be repaid has more than tripled between 2015 and 2020.

Moreover, the low evolution of external debt service is explained by the measures announced by the IMF (cancellation of service) and the countries participating in the G20 debt service suspension initiative as part of the response to the effects of the COVID-19 pandemic for the period May to December 2020.

*Table 33 : Evolution of debt service from 2015 to 2020 in Burkina Faso*

In billions of CFAF	2015	2016	2017	2018	2019	2020 (estimation)
Amount of external debt payable in the year	48.75	56.33	70.37	78.14	80.45	81.66
Amount of domestic debt payable in the year	119.6	170.59	158.93	177.9	264.62	437.64
Total	168.35	226.92	229.3	256.04	345.07	519.30

Source : MINEFID, Directorate of Public Debt

## 9.2 Debt strategy and debt sustainability

For the implementation of the Medium-Term Debt Management Strategy (MTDS) and the Debt Sustainability Analysis (DSA), the criterion used to distinguish between external and domestic debt is that of currency and not that of residence, which is generally used for the Public Debt Directorate's statistical publications.

### 9.2.1 Description of the strategy

Since 2014, Burkina Faso has opted for a multi-year strategy, known as the Medium-Term Debt Management Strategy (MTDS). The first formal MTDS was implemented for the period 2014-2016. The current MTDS covers the period 2021-2023. The main thrusts of the strategy are as follows:

- Maintain the use of concessional resources to finance the needs of the economy. External financing denominated in euros will be favoured in view of its low cost and low exchange rate risk;
- resorting to borrowing from non-concessional external resources denominated in euros in accordance with the IMF's economic and financial programme. This

option is justified by the need to reprofile domestic debt in order to improve the average maturity of the debt portfolio;

- Slowing down the country's recourse to the regional financial market and the volumes issued on this market with longer maturities.

In conclusion, Burkina Faso will continue its prudent public debt policy by covering most of its financing needs through concessional loans. To this end, the Government has resolutely adopted a public debt management strategy that meets international and sub-regional standards and enables it to honour its commitments to its creditors on time and to maintain the quality of its creditworthiness with investors.

### 9.2.2 Debt sustainability

The Debt Sustainability Analysis (DSA) presents the evolution of Burkina Faso's debt indicators projected over the next twenty (20) years in order to analyse the country's vulnerability to exogenous and economic shocks. It assesses the risks of external and global over-indebtedness according to the thresholds defined

by the Bretton Woods Institutions. The latest DSA was carried out by the technical unit of the National Public Debt Committee (NPDC) using the new Debt Sustainability Framework for Low-Income Countries (DSF-LIC) developed by IMF and World Bank (WB) staff. The projected debt indicators incorporate the financing provided for in the Medium-Term Debt Management Strategy (MTDS-2021-2023) and are based on the macroeconomic framework produced by the unit.

The macroeconomic framework used for the DSA covers the period 2021-2041. It was developed in a context marked by the COVID-19 pandemic and the mitigation measures taken to limit its spread and its socio-economic effects. The economic policy in force is marked by the suspension of the WAEMU's Convergence, Stability, Growth and Solidarity Pact and the completion of the National Economic and Social Development Plan (NESDP) 2016-2020 and the Extended Credit Facility (ECF) programme concluded with the International Monetary Fund (IMF) for the period 2018-2020.

The dynamism of the mining sector should help keep the debt on a sustainable path. Indeed, present value (PV) ratios of external debt to GDP and exports, as well as external debt service indicators are projected to remain below their baseline levels throughout the projection period (2021-2041) (Table 9.34).

To assess the debt sustainability of a country, the evolution of debt indicators is compared to the indicative thresholds over a 10-year period under the new model. Thus, with regard to public debt, in the baseline scenario, the VA public debt/GDP ratio, estimated at 42.5% in 2020, is below its reference point and would remain so over the entire projection period (2021-2031). However, this ratio would rise over the projection period to 64.42% in 2041.

**Table 34 : Debt Sustainability Frameworks**

Wording	Threshold	2020	2021	2022	2023	2024	2030	2041
<b>Public Debt Sustainability Framework</b>								
VA of public sector debt (as % of GDP)	<=55	42.50	41.24	42.15	42.39	43.38	51.08	64.42
<b>External Debt Sustainability Framework</b>								
VA of <b>External</b> debt as % of GDP	<=40	16.29	17.76	17.65	17.32	16.99	16.69	12.98
VA of external debt as % of exports	<=180	67.51	73.66	74.17	76.29	76.00	82.63	66.94
Debt service/export ratio (%)	<=15	2.87	4.21	4.21	4.23	4.46	5.32	5.04
Debt service/revenue ratio (in %)	<=18	3.80	5.28	5.12	4.85	5.09	5.20	4.30

Source : NPDC technical unit July 2020



The new DSF/LFR no longer refers to the analysis of present value (PV) ratios of debt to revenue as a criterion for public debt sustainability. In the new DSF, debt thresholds are determined on the basis of a country's debt capacity as measured by the Composite Index (CI), which includes the CPIA (the only indicator used in the old framework) in addition to other variables of the macroeconomic framework: the country's real GDP growth, workers' remittances, foreign exchange reserves and global growth.

It should be noted that, for countries that are members of a monetary union, it is generally appropriate to refer to the coverage of foreign exchange reserves at the Union level to classify a country's debt capacity. However, where members of the Union have effectively lost or are on the verge of losing access to pooled foreign exchange reserves for a prolonged period, this approach is likely to overestimate their foreign exchange reserves and thus their debt capacity.

The ranking must then be determined using the level of imputed reserves for an individual member country. The composite index uses ten years of data (five years of historical data and five years of projections) to smooth business cycles and encourage forward-looking policy discussions. The combination of historical data and projections allows the framework to capture ongoing changes for the perspective of country fundamentals and the classification of countries into low, medium, high and sustained performance.

As data on the calculation of the CI were not available, the option of maintaining Burkina Faso in the medium debt capacity category was retained. As a result, the following debt thresholds for this category will apply to it.

**Table 35 : Evaluation of the Composite Index (CI) of Burkina Faso**

Components	Coefficient (A)	Average value 10 years (B)	Component CI Score (A*B)=(C)	Component Contribution
<b>Evaluation of National Policy and Institutions (ENPI)</b>	0.385	3.606	1.39	45%
<b>Real growth rate (%)</b>	2.719	5.632	0.15	5%
<b>Coverage of imports by foreign exchange reserves (in %)</b>	4.052	40.208	1.63	53%
<b>Coverage of imports by foreign exchange reserves ^2 (in %)</b>	-3.990	16.167	-0.65	-21%
<b>Transfers (in %)</b>	2.022	2.099	0.04	1%
<b>World economic growth (%)</b>	13.520	3.579	0.48	16%
<b>CI Score</b>			<b>3.05</b>	<b>100%</b>
<b>CI Class</b>			<b>High</b>	

Source : DSF downloaded in July 2020 from IMF website

The calculation of the composite index for Burkina Faso shows a score of 3.05, placing it in the category of countries with high debt capacity. As a result, the debt thresholds shown in the table below should apply to it. However, given that the CI score is at the borderline

between high and moderate debt capacity, the option of keeping Burkina Faso in the moderate debt capacity category was retained. When the debt indicators are above their respective thresholds, the risk of over-indebtedness is present.

**Table 36 : Debt thresholds**

Debt Thresholds (External Debt)	Low	Moderate	High
<b>Present value (PV) of the debt in % of</b>			
Export	140	180	240
GDP	30	40	55
<b>Debt service in % of</b>			
Export	10	15	21
Tax revenues	14	18	23
<b>Total public debt indicator</b>			
VA of total public debt as a percentage of GDP	35	55	70

Source : IMF

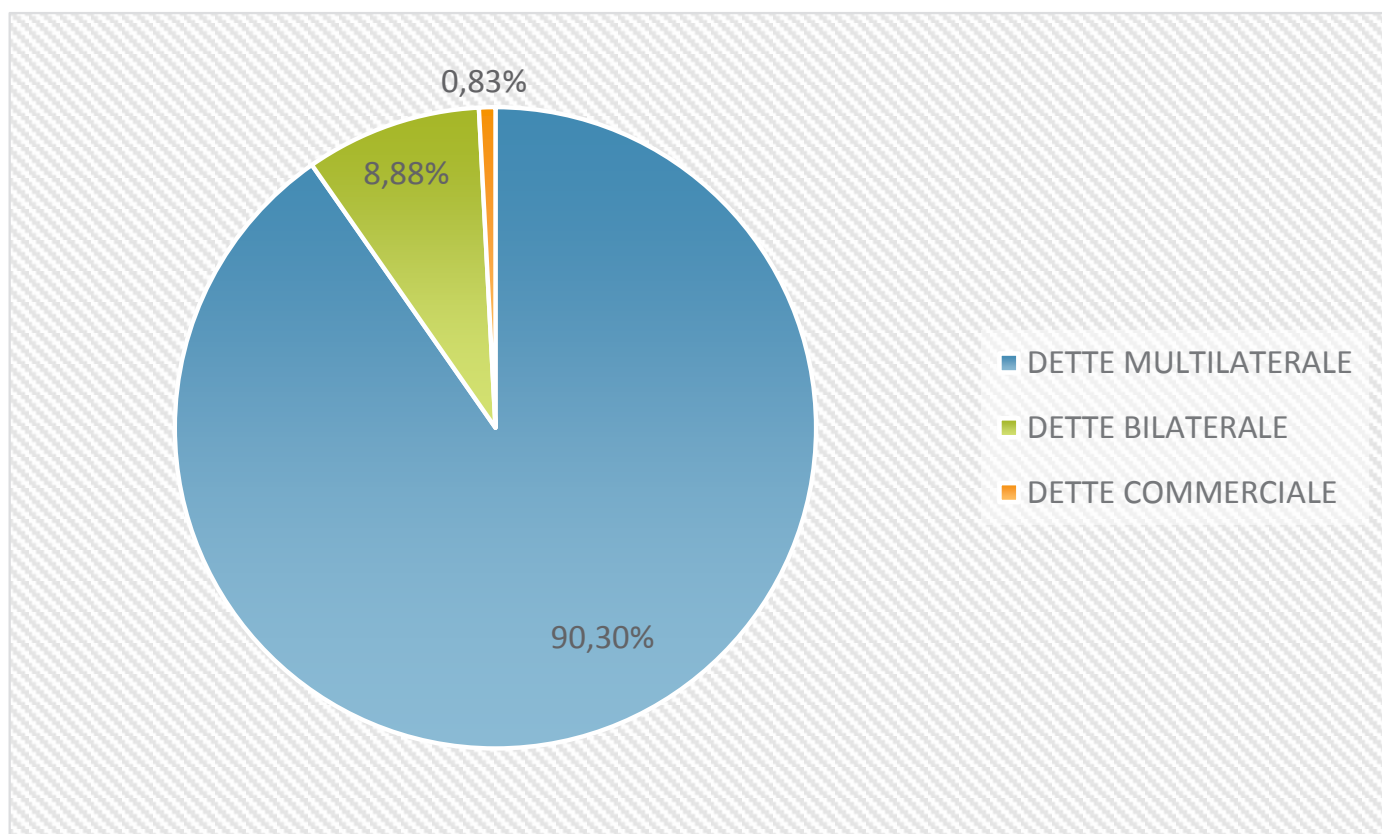
## 9.3 External debt

### 9.3.1 The holders

In 2020, the stock of Burkina Faso's external debt was estimated at CFAF 2,451.83 billion. The total amount of debt held by multilateral institutions was CFAF 2 213.92 billion, or 90.30% of total foreign debt, and the

total amount held by bilateral institutions was CFAF 217.65 billion, or 8.88% (Graphic 10). The commercial debt represented only 0.83% of the foreign debt.

**Graphic 10 : Distribution of Burkina Faso's external debt by holder in 2020**



Source : MINEFID, Public Debt Directorate.

With regard to the distribution of multilateral debt, the World Bank, via the International Development Association (IDA), is in the lead with around CFAF 1082.52 billion in 2020, i.e. 44.15% of the total foreign debt. It is followed respectively by: the African Development Bank via the African Development Fund (ADF) which holds around CFAF 349.78 billion, or 14.27%; the International Monetary Fund (IMF) with CFAF 216.19 billion, or 8.82%; the Islamic Development Bank (IDB) with CFAF 208.25 billion, or 8.49% and the West African Development Bank (WADB) with CFAF 140.26 billion, or 5.72%. The remainder of the multilateral debt is estimated at CFAF 216.95 billion, i.e. 8.85% of the total foreign debt which is held essentially by the International Fund for Agricultural Development (IFAD), the Arab Bank for Economic Development in Africa (ABEDA), the European Investment Bank (EIB), the OPEC Fund for International Development (OFID), the ECOWAS Regional Development Fund (ERDF) and the Nordic Development Fund (NDF).

In terms of bilateral debt holders, France, via the French Development Agency (FDA), is in first place with CFAF 87.27 billion, i.e. 3.56% of Burkina Faso's total foreign debt. Kuwait, via the Kuwait Fund, is in second place with CFAF 33.82 billion, i.e. 1.38%, followed by Saudi Arabia via the Saudi Fund with CFAF 26.98 billion, i.e. 1.108%. The rest of the bilateral debt estimated at CFAF 69.58 billion, i.e. 2.84% of the total foreign debt, is held by Taiwan, Denmark, India, Belgium, Ivory Coast, China, Libya and the United Arab Emirates (Abu Dhabi Fund).

The commercial debt which is evaluated at CFAF 20.25 billion, i.e. 0.83%, comes from China with notably the Bank of China.

**Graphic 37 : Decomposition of Burkina Faso's external debt in 2019**

Estimations	Total debt (expressed in value, billion of FCFA)	Expressed as a % of total foreign debt	Expressed as a % of nominal GDP
<b>Total external debt</b>	<b>2 451.82</b>	<b>100.00</b>	<b>27.45</b>
<b>Commercial debt</b>	<b>20.25</b>	<b>0.83</b>	<b>0.23</b>
Bank of China	20.25	0.83	0.23
<b>Bilateral</b>	<b>217.65</b>	<b>8.87</b>	<b>2.44</b>
Including France (FDA)	87.27	3.56	0.98
KUWAITI FUNDS	33.82	1.38	0.38
SAUDI FUND	26.98	1.10	0.30
..... including others (Côte d'Ivoire, China, Libya, Belgium, Abu Dhabi Fund)	69.58	2.83	0.78
<b>Multilateral</b>	<b>2 213.92</b>	<b>90.30</b>	<b>24.79</b>
Including World Bank - IDA	1 082.52	44.15	12.12
Including ADF	349.78	14.27	3.92
Including IMF	216.19	8.82	2.42
Including IDB	208.25	8.49	2.33
Including WADB	140.23	5.72	1.57
... including others (ABEDA, IFAD, OFID, EIB, FRDC, NDF)	216.95	8.85	2.43

Source : MINEFID, Directorate of Public Debt

### 9.3.2 External debt payment situation

The total amount of external debt service paid in 2019 was CFAF 80.45 billion, of which CFAF 58.95 billion of capital repaid and CFAF 21.51 billion of interest. The total amount of external debt service paid on behalf of the multilateral institutions in 2019 was CFAF

59.58 billion, of which CFAF 41.59 billion of capital repaid and CFAF 17.99 billion of interest. On behalf of bilateral institutions, the total amount of external debt repaid was CFAF 20.87 billion, of which CFAF 17.36 billion was capital and CFAF 3.51 billion was interest.

**Table 38 : Situation Situation of external debt payments (December 2019 in billions of CFAF)**

	Multilateral			Bilateral			Commercial			Total		
	Capital	Interest	Total	Capital	Interest	Total	Capital	Interest	Total	Capital	Interest	Total
<b>Outstanding at 31 December 2018</b>	0	0	0	0	0	0	0	0	0	0	0	0
<b>New printing</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Service due</b>	<b>41.59</b>	<b>17.99</b>	<b>59.58</b>	<b>17.36</b>	<b>3.51</b>	<b>20.87</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>58.95</b>	<b>21.50</b>	<b>80.45</b>
<b>Total</b>	41.59	17.99	59.58	17.36	3.51	20.87	0	0	0	58.95	21.50	80.45
At maturity 2018	0	0	0	0	0	0	0	0	0	0	0	0
Arrears	0	0	0	0	0	0	0	0	0	0	0	0
<b>Paid service</b>	<b>41.59</b>	<b>17.99</b>	<b>59.58</b>	<b>17.36</b>	<b>3.51</b>	<b>20.87</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>58.95</b>	<b>21.50</b>	<b>80.45</b>
<b>Total</b>	41.59	17.99	59.58	17.36	3.51	20.87	0	0	0	58.95	21.50	80.45
At maturity 2017	0	0	0	0	0	0	0	0	0	0	0	0
Arrears	0	0	0	0	0	0	0	0	0	0	0	0
In respect of arrears dating back to 2017 taken over	0	0	0	0	0	0	0	0	0	0	0	0
<b>Restructured debt service</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	0	0	0	0	0	0	0	0	0	0	0	0
<b>Remaining due at 31 December 2019</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Source : MINEFID, Directorate of Public Debt

### 9.3.3 Debt currencies

At the end of 2019, the distribution of Burkina Faso's total debt in CFAF, according to the currencies in which it is issued, is as follows:

- 2,008.73 billion CFA francs, i.e. 50.63% of the total outstanding amount;
- SDR 818.40 billion, i.e. 20.63%. The SDR is a basket of currencies comprising the US Dollar, the Euro, the

Pound Sterling, the Japanese Yen and the Chinese Yuan (Renminbi);

- 751.79 billion euros, or 18.95%;
- 193.63 billion US dollars, i.e. 4.88%;
- 105.37 billion IDI, i.e. 2.66%;
- 89.61 billion for all other currencies (KWD, GBP, UCC, SAR, EAD, CNY).

**Table 39 : Currencies in which the public debt is denominated in 2019**

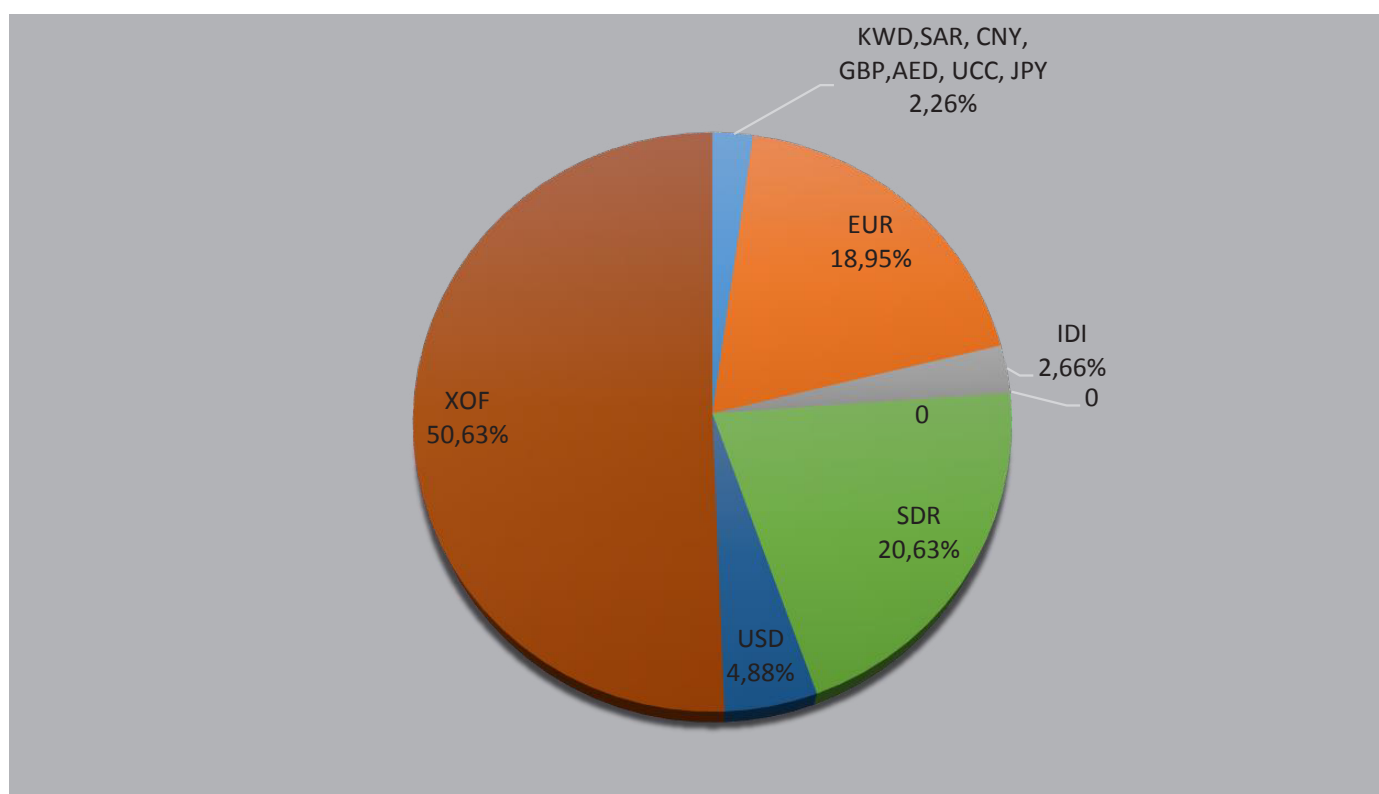
Currency	Total debt originally denominated in this currency (in thousands)	CFAF exchange rate at 31 December 2019	Total debt expressed in billions of CFAF	Exchange rate in EUR at 31 December 2019	Total debt expressed in EUR million	Debt distribution by currency (%)
<b>CFAF</b>	2 008 732 916.29	1.00	2 008.73	655.96	3 062.29	<b>50.63</b>
<b>DTS</b>	818 397 128.12	809.85	818.40	655.96	1 247.64	<b>20.63</b>
<b>EUR</b>	751 787 529.74	655.96	751.79	655.96	1 146.09	<b>18.95</b>
<b>USD</b>	193 627 112.02	584.27	193.63	655.96	295.18	<b>4.88</b>
<b>IDI</b>	105 375 455.84	809.85	105.38	655.96	160.64	<b>2.66</b>
<b>Others (KWD, GBP, UCC, SAR, EAD, CNY)</b>	89 606 870.29	1 926.63	89.61	655.96	136.60	<b>2.26</b>
<b>TOTAL</b>	<b>3 967 527 012.30</b>	<b>4 787.56</b>	<b>3 967.53</b>	<b>3 935.74</b>	<b>6 048.46</b>	<b>100.00</b>

Source : MINEFID, Directorate of Public Debt.

Thus, the portfolio of outstanding public debt at the end of 2019 is marked by a proportion of floating currencies of 30.42%, compared with 69.58% for fixed-rate currencies (Euro, CFA francs).



**Graphic 10 : Distribution of Burkina Faso's public debt in foreign currency at December 31, 2019**



Source : MINEFID, Directorate of Public Debt

## 9.4 Domestic debt

### 9.4.1 Presentation of the situation at 31 December 2019

With an amount of 1,778.96 billion CFA francs at the end of 2019, the outstanding domestic debt increased by 22.15% compared to the end of 2018 when it was 1,456.39 billion CFA francs. This increase is essentially explained by ten (10) bond issues for a total amount of CFA F 362.8 billion (including two (02) by syndication

which mobilised CFA F 211.36 billion) and fourteen (14) Treasury Bill issues for a cumulative amount of CFA F 327.52 billion. As a result, the outstanding amount of these public securities is CFAF 1,505.29 billion and represents 84.62% of domestic debt.

**Table 40 : Distribution of Burkina Faso's external debt at 31 December 2019**

	Domestic debt expressed in value (billion of CFAF)	Domestic debt in % of total domestic debt	Domestic debt in % of nominal GDP in 2018
<b>Total domestic debt</b>	<b>1 778.96</b>	<b>100.00</b>	<b>19.92</b>
<b>Government securities</b>	<b>1 505.29</b>	<b>84.62</b>	<b>16.85</b>
Treasury Bills	244.43	13.74	2.74
OAT	1 260.87	70.88	14.12
Other types	0.00	0.00	0.00
<b>Bank loan</b>	<b>124.39</b>	<b>6.99</b>	<b>1.39</b>
BCEAO	0.59	0.03	0.01
Commercial bank	123.80	6.96	1.39
<b>Others</b>	<b>149.27</b>	<b>8.39</b>	<b>1.67</b>

Source : MINEFID, Directorate of Public Debt

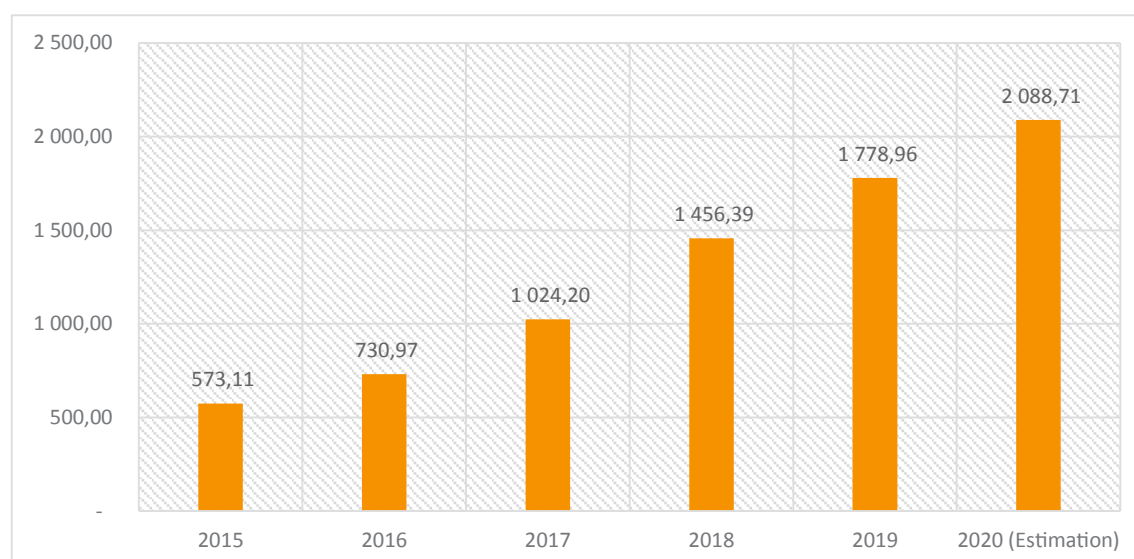
#### 9.4.2 Evolution of the composition of the domestic debt over the last 5 years

Over the past five (05) years, Burkina Faso's outstanding domestic debt has been steadily increasing from CFA 573.11 billion CFA francs in 2015 to CFA 1,024.20 billion in 2017 to reach CFA 1,778.96 billion in 2019, an average annual increase of 33.00%. The change in the stock of domestic debt in recent years is mainly

attributable to the issue of public securities (bonds and notes) and the assumption by the State of the debt or liabilities of certain public or private companies (debt buybacks, capital losses of SONABHY, etc.).

For 2020, the amount of outstanding domestic debt is estimated at CFAF 2,088.71 billion.

**Graphic 11 : Evolution of Burkina Faso's domestic debt from 2015 to 2019 (billion of CFAF)**



Source : MINEFID, direction of the public debt.

### 9.4.3 Situation of domestic debt payments

The total domestic debt service at 31 December 2019 was CFAF 264.62 billion, of which CFAF 169.06 billion in principal repaid and CFAF 95.56 billion in interest. The amount of domestic debt service repaid to the banking sector is estimated at CFAF 233.91 billion,

of which CFAF 147.75 billion in principal and CFAF 86.16 billion in interest. For the non-banking sector, the amount of debt service repaid was CFAF 30.71 billion, of which CFAF 21.31 billion was principal and CFAF 9.40 billion interest.

**Table 41: Burkina Faso's external debt payment situation in 2019**

	Banking sector			Non-banking sector			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
<b>(1) Debt service due at the end of December 2019</b>	147.75	86.16	233.91	21.31	9.40	30.71	169.06	95.56	264.62
Which matures in 2019	147.75	86.16	233.91	21.31	9.40	30.71	169.06	95.56	264.62
Including arrears dating from 2018 taken back	0	0	0	0	0	0	0	0	0
<b>(2) Debt service paid during the year 2019</b>	147.75	86.16	233.91	21.31	9.40	30.71	169.06	95.56	264.62
For the 2019 maturities	147.75	86.16	233.91	21.31	9.40	30.71	169.06	95.56	264.62
In respect of arrears dating back to 2018 taken back	0	0	0	0	0	0	0	0	0
<b>(3) Restructured debt service</b>	0	0	0	0	0	0	0	0	0
For the 2019 maturities	0	0	0	0	0	0	0	0	0
In respect of arrears dating back to 2018 taken back	0	0	0	0	0	0	0	0	0
<b>(4) Paiment of arrears at Dec. 31, 2019</b>	0	0	0	0	0	0	0	0	0
<b>(1)-(2)-(3)</b>									
Including arrears dating from 2018 taken over	0	0	0	0	0	0	0	0	0
Including new arrears from 2019	0	0	0	0	0	0	0	0	0
<b>(5) Remaining due at the end of Dec. 2019</b>	0	0	0	0	0	0	0	0	0
<b>(6) Total debt due Dec. 31, 2019 (4)+(5)</b>	0	0	0	0	0	0	0	0	0

Source : MINEFID, Directorate of Public Debt.

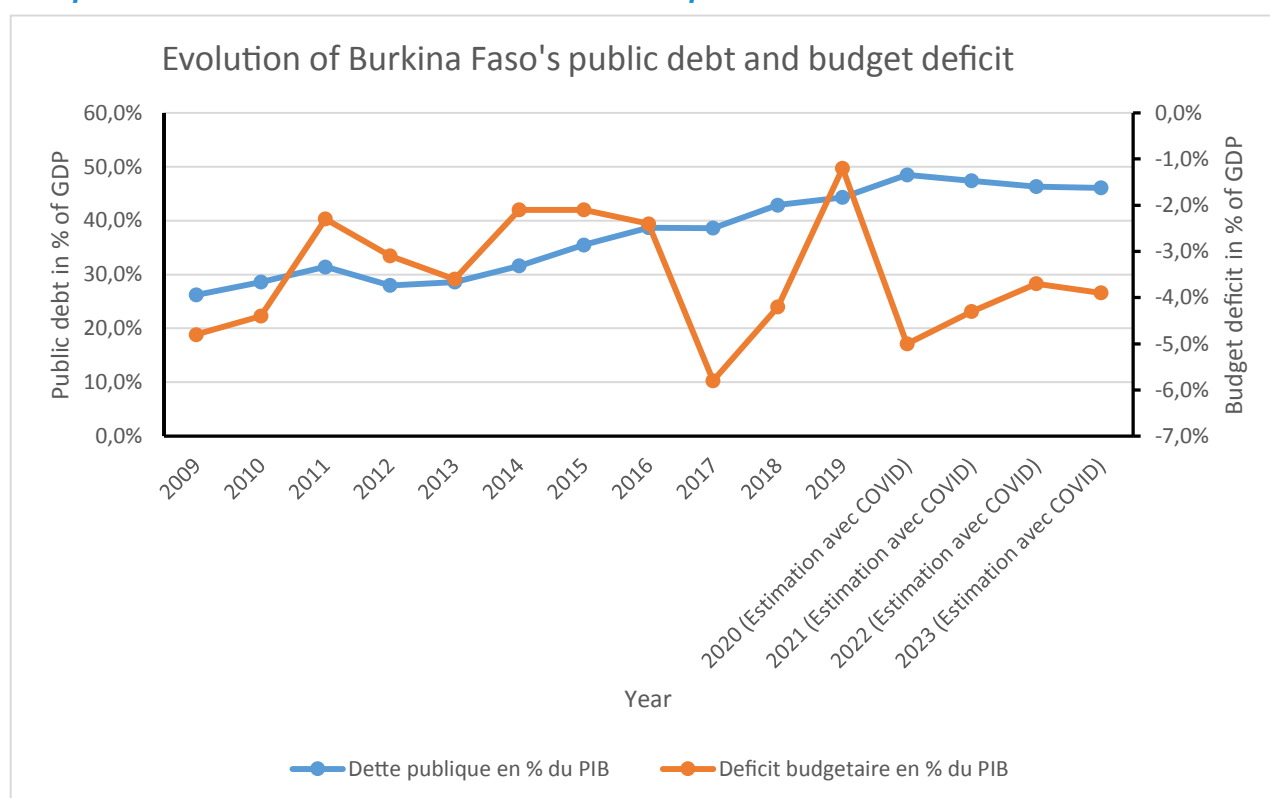
## 9.5 Viability and sustainability

The public debt/GDP ratio has been rising since 2010. It has risen from 29.8% to 47.0% of GDP over the period 2010 and 2019. According to the projections resulting from the latest sustainability analysis, carried out in July 2020, the debt level should be around 49.8% in 2020. Although the country's debt ratio is increasing, it remains below the EU norm of 70% of GDP.

The public debt/GDP ratio has been rising since 2010. It has risen from 29.8% to 47.0% of GDP over the

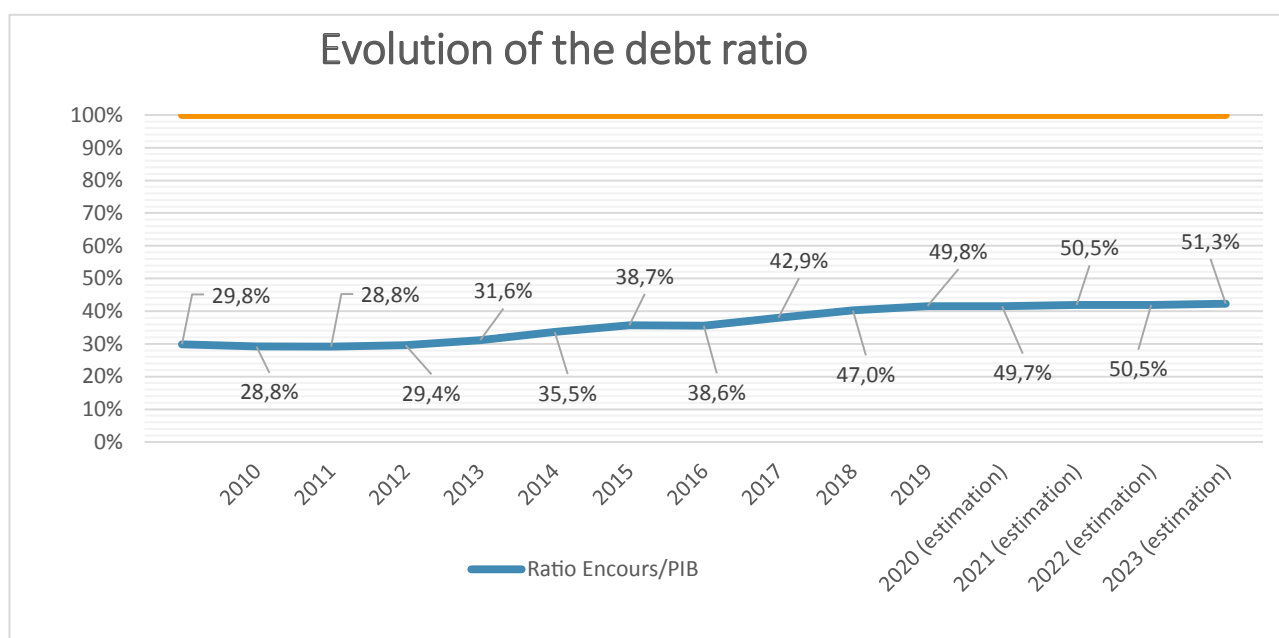
period 2010 and 2019. According to the projections from the latest sustainability analysis, carried out in July 2020 and taking into account the impact of COVID-19, this ratio would rise slightly from 49.8% at the end of 2020 to 50.9% in 2024. The budget deficit will be reduced from 2019 onwards to around 3% of GDP, compared with 7.8% of GDP in 2017. With COVID-19 this ratio is expected to increase to -5% in 2020 before falling to 3.9% in 2023. In sum, Burkina Faso's debt level would remain below the Community norm of 70% of GDP.

**Graphic 13 : Evolution of Burkina Faso's public debt and deficit**



Source : MINEFID, Directorate of Public Debt.

**Graphic 14 : Evolution of the debt ratio**



Source : MINEFID, Directorate of Public Debt.



Table 42 : Details of securities outstanding at the end of 2019

Heading	ISIN	Maturity (year)	Date of issue	TME	Coupon	Outstanding (million of CFAF)
TPBF 6.5% 2013-2020 (7 years)	BF0000000182	7	14/11/13	6.60	6.50%	24 320
BF - 6% - 5 years - 20.May.20	BF0000000448	5	19/05/15	5.96	6.00%	16 500
BF - 6% - 5 years - 16.December.20	BF0000000489	5	15/12/15	6.05	6.00%	7 680
BF - 6% - 5 years - 08.April.21	BF0000000521	5	07/04/16	6.49	6.00%	75 000
BF - 6.5% - 7 years - 02.September.23	BF0000000570	7	01/09/16	6.72	6.50%	50 000
BF - 6% - 3 years - 13.April.20	BF0000000679	3	12/04/17	6.96		63 689
TPBF 6.5% 2017-2027 (10 years)	BF0000017EA01	10	07/07/17	6.60	6.50%	122 018
BF - 6% - 3 years - 29.September.20	BF0000000752	3	28/09/17	6.86	6.00%	37 517
BF - 6.15% - 5 years - 29.September.22	BF0000000760	5	28/09/17	6.84	6.15%	25 393
BF - 6% - 3 years - 30.October.20	BF0000000786	3	29/10/17	6.92	6.00%	20 872
BF - 6% - 3 years - 23.November.20	BF0000000810	3	22/11/17	7.11	6.00%	30 509
BF - 6.2% - 5 years - 23.November.22	BF0000000828	5	22/11/17	6.91	6.20%	3 340
TPBF - 6.50% - 2017-2024 (7 years)	BF0000017AE3	7	13/12/17	6.60	6.50%	61 947
BF - 6% - 3 years - 25.January.21	BF0000000851	3	24/01/18	7.49	6.00%	20 013
BF - 6.5% - 7 years - 05.June.25	BF0000018AE1	7	31/05/18	6.60	6.50%	93 744
BF - 6.15% - 3 years - 28.June.21	BF0000000943	3	27/06/18	6.76	6.15%	21 389
BF - 6.15% - 3 years - 12.July.21	BF0000000968	3	11/07/18	7.57	6.15%	23 270
BF - 6.15% - 3 years - 09.August.21	BF0000000984	3	08/08/18	7.57	6.15%	20 271
BF - 6.25% - 5 years - 09.August.23	BF0000000992	5	08/08/18	7.07	6.25%	4 827
BF - 6.15% - 3 years - 06.September.21	BF0000001040	3	05/09/18	7.44	6.15%	20 590
BF - ,15% - 3 years - 18.October.21	BF0000001073	3	17/10/18	7.90	6.15%	20 000
TPBF 6.50% 2018 2025	TPBF 6,50% 2018 2025	7	18/10/18	6.61	6.50%	80 000
BF - 6.15% - 3 years - 15.November.21	BF0000001099	3	14/11/18	7.50	6.15%	13 689
BF - 6.15% - 3 years - 14.December.21	BF0000001115	3	13/12/18	6.81	6.15%	15 882
BF -BT - 12 months - 07.January.20	BF0000001156	1	08/01/19	6.23		25 313
BF -BT - 12 months - 22.January.20	BF0000001164	1	23/01/19	6.40		16 322
BF - 6.15% - 3 years - 24.January.22	BF0000001172	3	23/01/19	7.57	6.15%	13 229
BF -BT - 12 months - 19.February.20	BF0000001198	1	20/02/19	6.23		15 791
BF - 6.15% - 3 years - 21.February.22	BF0000001206	3	20/02/19	7.58	6.15%	17 208
BF -BT - 12 months - 04.March.20	BF0000001214	1	06/03/19	6.25		33 000
BF -BT - 12 months - 15.April.20	BF0000001230	1	17/04/19	5.80		27 500

TPBF6.50% 2019 2027	TPBF6,50% 2019 2027	8	30/04/19	6.60	6.50%	86 363
BF - 6,15% - 3 years - 05.May.22	BF0000001248	3	08/05/19	6.07	6.15%	29 417
BF - 6,25% - 5 years - 09.May.24	BF0000001255	5	08/05/19	6.72	6.25%	20 083
BF -BT - 12 months - 20.May.20	BF0000001263	1	22/05/19	5.12		22 000
BF - 6.15% - 3 years - 11.July.22	BF0000001297	3	10/07/19	6.37	6.15%	27 500
BF -BT - 12 months - 22.July.19	BF0000001305	1	24/07/19	5.15		22 000
BF - 6,15% - 3 years - 07.August.22	BF0000001313	3	06/08/19	6.40	6.15%	22 000
BF -BT - 12 months - 19.August.19	BF0000001321	1	21/08/19	5.16		22 000
BF - 6.25% - 5 years - 05.September.24	BF0000001339	5	04/09/19	6.41	6.25%	22 000
TPBF 6.50% 2019-2027	TPBF 6,50% 2019- 2027	8	12/09/19	6.60	6.50%	125 000
BF -BT - 12 months - 29.September.20	BF0000001347	1	01/10/19	5.16		27 500
BF -BT - 12 months - 04.November.20	BF0000001354	1	06/11/19	5.03		11 000
BF -BT - 12 months - 03.December.20	BF0000001370	1	04/12/19	4.95		22 000
<b>Total</b>						<b>1 479 687.23</b>

**Auction (for government securities) :** auction of securities issued by the central government. In the WAEMU zone, it is organised by BCEAOthe CBWAS and only banks and other regional financial institutions with accounts with BCEAOthe CBWAS can participate. Other entities can only subscribe to auctions through WAEMU banks.

**Amortization or maturity :** period between the disbursement of a loan and its final repayment, consisting of the grace period and the repayment period.

**Public offering:** a competitive public offering of public securities on the financial market through an SGI. It is open to all investors.

**Net Foreign assets (NFA) :** Net credits or commitments of monetary institutions (Central Bank and banks) on the outside. This item corresponds to all the headings of the Central Bank and banks' positions relating to their external operations. It is obtained by deducting from gross external assets, all external commitments, including medium and long-term commitments.

**State financing requirement:** overall amount needed to cover the primary budget deficit and the interest and amortisation charges linked to the debt.

**Treasury bills:** short-term government securities with a maturity of between 7 days and 2 years, issued by a WAEMU Member State.

**Paris Club:** an informal group of creditor countries (usually OECD countries) that meets in Paris to negotiate debt restructuring agreements with debtor countries experiencing debt service problems.

**Bilateral creditors:** governments, central banks, agencies and export credit agencies that lend to a debtor government on an intergovernmental basis.

**Multilateral creditors:** international institutions that lend funds on concessional and/or non-concessional terms, such as the IMF, World Bank and regional development banks.

**Loans to the economy (LE):** all loans granted to the economy by banks (refinanced or not), financial institutions (part refinanced by the Central Bank) and by the Treasury (through the acceptance of customs drafts).

Domestic credit = Credit to the economy + Net position of the Government (see NPG).

**Disbursement:** payment of all or part of the amount contracted under the terms of a loan.

**Budget deficit:** difference between total revenue and total expenditure and net lending.

**Current account deficit:** current account deficit balance in the balance of payments.

**Primary deficit:** Negative difference between revenue and expenditure, excluding interest payments.

**External public debt:** central government borrowing from non-residents.

**Domestic public debt:** central government borrowing from residents.

**Non-concessional debt:** debt contracted on market terms.

**Public debt:** sum of all central government debts (external and domestic). grant element: difference between the nominal value (PV) and the present value (PV) of the debt service expressed as a percentage of the nominal value of the loan ((PV-VA)/VN).

**Concessional borrowing:** Loans and credits that have a long repayment period and/or below-market interest rates, such that they have a grant element of at least 35%.

**Euro-bond:** dollar-denominated bond on the London financial market.

**Inflation:** generalised rise in consumer prices. This results in a loss of purchasing power of the currency. Multilateral Debt Relief Initiative (MDRI): initiative launched in June 2005 to accelerate progress towards the Millennium Development Goals (MDGs).

**HIPC Initiative:** a framework adopted by the World Bank and the IMF in 1996 to address the external debt problems of heavily indebted poor countries, which aims to provide comprehensive debt relief sufficient to achieve debt sustainability.

**Money supply (MO):** all claims held by the rest of the economy on monetary institutions. It includes cash in circulation (currency in circulation + sight deposits) and quasi-monetary assets (savings accounts and time deposits).

**Treasury bonds:** medium- or long-term public securities issued through auctions or public offerings.

**Contingent liabilities:** debts contracted by other public entities with the exception of central government (local authorities and para-public sector).

**Net Government Position (NGP):** net claims or net liabilities of the Treasury vis-à-vis the rest of the economy. The government's net position is made up of the difference between the Treasury's debts and its claims on the Central Bank, banks and individuals and companies. By convention, a crediting PNG is preceded by a (-) sign while a debtor PNG is preceded by a (+) sign.

**Tax pressure:** the ratio of tax revenue to GDP.

**Refinancing risk:** risk linked to the renewal of debt that has reached maturity. It may relate to the cost of refinancing or the impossibility of obtaining the desired amounts.

**Interest rate risk:** Interest rate risk refers to the vulnerability of the debt portfolio and the cost of government debt to high market interest rates, to the point where maturing fixed rate debt and floating rate debt are revalued.

**Currency risks:** risks associated with fluctuations in exchange rates.

**Debt service:** any payment to be made on the principal, interest and commission of a loan.

**Primary balance :** (see primary deficit).

**Basic primary balance:** total revenue excluding grants - current expenditure + interest on public debt - capital expenditure on own resources.

**Gross Enrolment Ratio:** The gross enrolment ratio is the ratio of children in school to all children.

**Net school enrolment rate:** The gross enrolment rate is the ratio of children in school to school-age children (of school age).





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3	6	9	6	9	5	6	0	2
3	5	7	9	9	7	2	9	7

A collage of images representing various industries: agriculture (irrigation, crops), manufacturing (factory, worker), healthcare (microscope, pills), and infrastructure (road construction). The collage is set against a dark blue background with a white line graph showing an upward trend.

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