Statement by Mr. Bassary Touré, Executive Director
Date of Meeting: November 30, 2000

BURKINA FASO: Country Assistance Strategy

We welcome the opportunity to discuss this CAS for Burkina Faso which comes in support to the PRSP discussed by the Board last June. On behalf of my Burkinabe authorities, I would like to thank the Bank and donors who are supporting Burkina Faso’s reform efforts to reach a sustainable growth benefiting the poor. To achieve this broad-based growth level, the PRSP recognized that, despite the strong economic performance under the previous CAS (well described in paragraphs 11 to 17 and in attachment 3), the challenges ahead will require: (i) an increased form of spending for the sectors with a strong impact on poverty and, (ii) continued measures to strengthen governance, accelerate broad-based growth, expand opportunities for employment and income generating activities for the poor. While underlining the scope for reallocation and efficiency of spending in the three priority sectors (education, health and rural development), the PRSP stresses the need for raising new revenue as well as substantial external assistance to meet the Government’s core objectives for 2005, highlighted in paragraph 8.

My authorities acknowledge that this CAS is the result of various consultations with different groups representing a balanced cross-section of opinions and expertise as well as intensive consultations with donors. They are encouraged by the CAS focus on improving public finance management, contributing to closing the social deficit with the help of the Government’s action plan spelled out in both the ten-year programs in education and in health, and supporting policies and programs aimed at fostering the competitiveness and a long term sustainable development of the country.

Since the beginning of the PRSP process, the Government has shown its willingness to hold regular discussions with the business community, local government officials, NGOs, political institutions (including the Economic and Social Council), and the donor community. This discussion gives my authorities a timely opportunity to emphasize that the last Government reshuffle should be seen as the Head of State’s commitment to
establish an open and non-exclusive dialogue with the whole Burkinabe population. While reiterating the new Government’s willingness to continue to broaden the gains to society from improved macroeconomic conditions, invest in social infrastructure, rural development, and boost private sector development and institution building, my authorities see no case for slowing down or halting the momentum of the reform agreed upon with various partners, including the Bank. To reassure their development partners that this perceived risk will be mitigated by the commitment of the new Government to reforms, the new Prime Minister, as soon as he took over, emphasized to the joint mission of the Fund and the Bank that the main pillar of the PRSP, as described in the CAS, will be fully implemented.

The Government has greatly improved its budgeting and expenditure practices over these last years and remains focused on improving the implementation and faster disbursement ratio. As shown in the CAS, the quality and performance of the portfolio has been improving over the past years. Even if the challenge of limited capacity to implement some reforms remains a major impediment to attaining the objective set forth in the PRSP, given its recent track record with reforms and the marked improvement on financial management, disbursement and procurement as noted in box 5, the Government is confident that it will limit slippages — if any — with the PRGF and the PRSP. The recent IMF mission in Burkina Faso this month evaluated the performance indicators of the PRGF and from preliminary results they acknowledged that currently ongoing reforms are on a good path but the growth of the economy is still hampered by exogenous factors, that need to be taken into account. It should be therefore stressed that for these achievements to be sustained it will require an adequate support from the Bank to maintain the strong commitment momentum to deepen the upcoming structural reforms and foster a sustainable economic growth. In that line, my authorities welcome the planned Poverty Reduction Support Credit to accompany, in an effective way, the challenge imposed by the achievement of the PRSP objective as well as the financial gap resulting from the lower taxes on import and the required increased spending in the social sectors and basic infrastructures.

In recognizing the legitimacy of the need to scale up the fight against corruption and ensure accountability, my authorities are also appreciative of the Bank’s support for good governance and institutional reform. It is a timely option not only to improve good governance in the country but also help to shift from project lending to budgetary support, and they believe that their achievement and upcoming related issues, as described in box 4, call for a substantial external support.

It is clear that challenges ahead call on IFIs and donors in general, and the Bank in particular, for substantial financial and technical assistance to improve key social indicators, implement a multisectoral approach to address the HIV/AIDS pandemic, strengthen basic education, expand educational access to rural poor, develop community based program, and improve basic infrastructure. While acknowledging the resource constraint in the institution, the budget situation of the Bank and its effects on the capacity of the region to undertake adequate support to help countries showing commitment to strengthen their reforms momentum as referred to in their PRSP is worrisome. Therefore my authorities, despite their acknowledgement of the rationale of the Bank’s future program as stated in para.
29, are stressing that the high case scenario should be the one to target to adequately address the huge and pressing needs related to the country development agenda.

This selective approach penalizes performing countries, like Burkina Faso, which deserve adequate increase of assistance to improve their competitiveness and address critical areas having direct impact on poverty reduction. My authorities strongly urge the Bank as a key partner to pay due attention to the physical infrastructure development and micro-credit support which revealed to have equally a strong poverty reduction impact. Their commitment to address these challenges are obvious and donors in the fields have expressed interest to jointly support the Bank.

Regarding the proposed program in the CAS they would like to address the following comments.

At the outset, the Community-Based Rural Development Project presented together with the CAS is timely and will strengthen the decentralization process initiated by the Government to promote a sustainable development in rural areas. This project will strengthen the momentum of reforms initiated to empower rural communities.

Regional Integration. My authorities welcome the Bank’s support program to help Burkina Faso benefit from greater regional integration as crucial. In that line, they are appreciative of Africa Region Management’s decision to set up a new unit to assist in implementing policies and reform programs required to fully benefit from regional integration. They call upon the Bank and donors to support a coherent scheme of interventions, throughout all countries in the subregion, encouraging all to take part in this integration process. They concur with the staff that Burkina Faso should improve its competitiveness through a deeper involvement in the regional integration process. In that line, relying on the outcome of the competitiveness study undertaken with the Bank, the Government is implementing an ambitious reforms program aiming at boosting the development of the national market, strengthening the country competitiveness and fostering the regional integration process. The transitional cost is already increasing the Government’s financing requirement and, therefore, calls for greater assistance from donors.

HIV/AIDS. My authorities strongly endorse the inclusion of an HIV/AIDS operation in the program. This will support the Government multi-sectoral 2001-05 HIV/AIDS medium-term Strategic Plan. The Government is pursuing an ongoing effort to strengthen the multisectoral strategy to address this alarming issue of HIV/AIDS. They are also giving a close look to the neighboring countries strategies to select the option shaping the best regional approach.

Physical infrastructure development. On the physical infrastructure development side, the comprehensive analysis of competitiveness and long term sources of growth in the country did identify, among the major constraints, the need for accelerated growth and closer integration into the regional economy, as well as addressing the weak physical infrastructure. While commending the valuable insight of this study, my authorities
would like to see the Bank using its convening power to involve donors in this key sector and transportation in particular.

**Cultural heritage and art industries.** Since 1990, the Government of Burkina Faso has outlined a new cultural policy which is promoting the development of cultural heritage activities and art industries. This policy has given a new impetus to the cultural activities and nurture the participants’ interest to undertake, in a more structured way their business. Both the Government and civil society have initiated actions and projects in cinema, books, fine arts, music, and performing art industries. Within the informal sector, it should be noted that handicraft play an important role, employing nearly 900,000 people, nearly 55% of whom are women, with a 30% share in the GDP. The diverse handicraft production in Burkina Faso generates jobs and lucrative activities mainly for youth and women. Clearly, for a decade now, a totally new cultural dynamic has existed in Burkina Faso. Art and cultural heritage are components which, when taken into consideration, can effectively contribute to economic growth and poverty reduction, particularly at micro-level. Burkina just hosted the Seventh International African Arts and Crafts Trade Show. This event was held with many workshops focusing on issues like: identifying the obstacles and opportunities to African handicraft development as well as the role these activities could play to boost regional integration and economic growth. It appears clearly that support for these activities is most needed since it brought together small-scale entrepreneurs with limited resources but well organized. Financial and technical assistance for this group should be given adequate attention by institutions like the Bank, which have already implemented similar support programs in other continents.

**IFC and MIGA.** My authorities would like to see a more aggressive involvement of IFC and MIGA in the country’s tourism infrastructure, financial and agribusiness sectors. While my authorities welcome the CAS’s interest in boosting PSD, they are working to improve governance, as underlined above, and create an enabling role for the public sector vis-à-vis the private sector. They find the potential support that can come from IFC and MIGA very limited given the pipeline of privatization program and the need to promote private initiative as well as FDI in the country. They call upon the IFC to become an active player not only in developing the financial sector but also in contributing to the whole effort of private sector development program being pursued.

In that connection, they were also puzzled by the absence of any reference to MIGA’s current and potential role in promoting investment opportunities in the mining sector, being one of the key sectors for the sustainable growth of the country. For example, Burkina Faso requested to host a Mining Symposium bringing together private investors from all over the world and officials from the African continent. This forum sponsored by MIGA will allow potential investors to explore investment opportunities in Africa. My authorities are grateful that Burkina will be the site where this interaction will take place next week. They are appreciative to MIGA Management in taking an active part to their effort to promote this strategic and driving sector for the economy and hope that this support will materialize in the form of coordinated and strong support from the World Bank Group for the mining sector development in Africa in general and Burkina, in particular.
Donor’s coordination. The CAE stressed the issue of donor’s coordination which has not been effective in the past. The document acknowledged that it has greatly improved and it can be attested that the Government is taking the lead in this process by calling donors meetings on a regular basis to discuss development orientated issues as they arise. The last instance was the discussions held to review this CAS during the joint Fund-Bank mission two weeks ago. On their part, donors in the field acknowledged that the interaction with both the authorities and the Bank substantially improved under the PRSP process and is encouraging.

Risk. With regard to the security risk spelled out in the CAS and the role of Burkina Faso in maintaining stability and peace in the subregion, I would like to reiterate the willingness of the Head of State to strive to consolidate tangible proof of the return to peace in conflict areas in Africa which he initiated while serving as chairman of the OAU. While abiding by the international agreement, my authorities are of the view that every effort aimed at ensuring stability in the region is worth exploring through good offices. Therefore, they would like to reassure the international community that Burkina Faso will not spare any diplomatic effort by using its good offices to broker peace negotiations in order to further strengthen regional stability in the framework agreed upon with all the others UN members countries. Moreover, they have taken concrete steps to reassure the international community on this issue by prohibiting some nationals of neighboring countries from entering its territory in violation of ECOWAS rules on freedom of circulation of people and goods.

Finally, this is the time to thank Hasan Tuluy and his team, on behalf of my authorities, for their dedication and thoughtful guidance that contributed to paving the way for the design of the Government’s development policies. They also pay tribute to the support from the Resident Mission under the leadership of Mr. Manga Kuoh. They hope that the new Resident Representative will be selected soon and that he/she will be in a position to take up the challenges with the same valuable commitment and technical ability that they have noticed up to now.