Statement by Girmay Abraham
Date of Meeting: November 30, 2000

**Burkina Faso: Country Assistance Strategy**

We welcome this discussion of the Bank's Assistance Strategy for Burkina Faso, which reflects both the country's development objectives and the government/donor collaboration in a number of areas over the last several years. We are quite pleased with the participatory approach taken in mapping out this strategy, particularly the involvement of policy-makers at all levels in the comprehensive analysis of the long-term sources of growth for Burkina Faso. We believe that a broad consultation, together with an in depth analysis of issues as we see in this case, is imperative in building the consensus that is so critical to ensuring ownership and strengthening the commitment to and the implementation of the CAS, which we give our strong overall support, especially its focus on poverty reduction.

The Burkinabe authorities are to be commended for their strong commitment to sound macro-economic policies as well as their keen interest in addressing poverty among socio-economic groups in both urban and rural communities. The authorities' five-year poverty surveys in 1994 and 1998 clearly provided a strong base for all current and future work on poverty reduction in Burkina Faso. However, a number of significant challenges still remain in the fight against poverty, especially given the fact that the incidence of poverty has shown some increase for all groups of producers except cash crop farmers. This only points to the fact that while market reforms in the agriculture sector have been useful, other socioeconomic policies to address the issue of access to resources need to be looked at more seriously.

Having made these general remarks, we would now offer some comments on a few specific issues.

First: Burkina Faso's poverty reduction plan candidly identifies the causes of poverty and correctly focuses on three key sectors: health, education and rural development, which the Burkinabe authorities believe are key to promoting growth. It is in this regard that we welcome
the CAS’s thrust on supporting the Poor’s access to basic social services and the creation of income-generating activities. The targeting of public expenditures to the education and health needs of the poor, particularly those in the rural areas, is a step in the right direction. Given the prevalence of malaria and the rising incidence of HIV/AIDS transmission throughout the Sub-region, Burkina Faso must work more closely with its neighbors on providing preventative measures. The Bank should also make a conscious effort to help coordinate the HIV/AIDS program on a broad regional basis.

Second: Population growth is another issue with a strong bearing on public health. Paragraph 23 of the document notes that Burkina Faso's population has been growing faster (2.8%) than the economy's capacity to generate additional income. There is no doubt that this has some serious implications for social sector planning, particularly for education where school enrollments continue to be low and the rate of dropouts from primary schools continues to be high. In my view, this issue has not received enough attention in the proposed CAS, given its importance for the country’s human capital development. Whether or not this is due to the support this sector receives from other donors is not clear to us. We would welcome further staff comments on this.

Third: Agriculture remains the corner-stone of economic growth particularly for the rural population, with the sector contributing 31 percent to the country's real GDP. Its relevance in alleviating poverty is underscored by the fact that a 1 percent increase in the contribution of agriculture to the GDP can yield a 1.6 percent increase in the incomes of the poor and that this is significantly higher than corresponding increases in both industry and services (paragraph 49). We therefore welcome government's move to decentralize decision-making with a view to empower the rural communities who are better positioned to make judgments on the cost-effectiveness of rural institutions and infrastructure maintenance. We also welcome the attention given to the issue of regional inequalities in the document.

Fourth: Economic diversification and creating non-farm employment are more likely to be sustained in a strong private sector environment. The CAS’s support for such a vision through measures outlined in Paragraph 52 is commendable. However, the near absence of any concrete support to the private sector by the IFC makes the achievement of any sustainable agricultural growth and rural development difficult. What is also puzzling is the fact that the document rightly identifies a number of viable ventures in Paragraphs 15 and 16 in which we believe an IFC intervention could make a difference. But both the roles of IFC and MIGA are barely mentioned in Paragraph 84. We would appreciate some comments on a clearer IFC role in Burkina Faso.

Fifth: Portfolio performance over the last several years has been mixed, but generally satisfactory. We therefore welcome the three actions described in the document to improve loan disbursement and project implementation. However, there has been a significant drop in the Bank’s lending from $372 million for 15 projects in FY97 to $186 million for 7 projects in FY00. This drop has come at a time when the dialogue between the Bank and the Burkinabe authorities seemed to have improved. We would be interested in knowing the reasons behind this sharp fall and what action, if any, the Bank intends to take to address this declining trend in Bank lending to Burkina Faso.
Six: We would like to commend staff for a clear presentation of the Bank's Country Assistance to Burkina Faso. By clearly highlighting what has worked well, what worked less well and what did not work well at all under the last CAS, staff succeeded in providing a good road map for future Bank action. We believe this approach can be replicated in the presentation of other countries’ CASs.

Finally, we would like to express our strong support for the Community-Based Rural Development Project, which is being discussed along with this CAS. We also wish the Burkinabe authorities a successful implementation of their reform agenda.