

BURKINA FASO

Table 1 **2023**

Population, million	23.3
GDP, current US\$ billion	22.9
GDP per capita, current US\$	984.0
International poverty rate (\$2.15) ^a	25.3
Lower middle-income poverty rate (\$3.65) ^a	60.7
Upper middle-income poverty rate (\$6.85) ^a	88.1
Gini index ^a	37.4
School enrollment, primary (% gross) ^b	82.4
Life expectancy at birth, years ^b	59.3
Total GHG emissions (mtCO ₂ e)	67.6

Source: WDI, Macro Poverty Outlook, and official data.

a/ Most recent value (2021), 2017 PPPs.

b/ WDI for School enrollment (2022); Life expectancy (2021).

GDP growth is estimated at 3.2 percent (0.5 percent per capita) in 2023, supported by services, while mining was hampered by insecurity. Average inflation subsided to 0.7 percent, facilitating a small decrease in the extreme poverty rate to 25.9 percent. The growth outlook is expected to remain constrained by insecurity and subject to downside risks, including political instability, increasing financing costs, impacts of the announced ECOWAS withdrawal, and climate-related shocks.

Key conditions and challenges

Insecurity and political instability remain the most critical growth constraints. The two coups in 2022 triggered a sharp reduction in external development financing while negatively affecting private investment. Insecurity has disrupted industrial mining (gold), which accounted for 77 percent of exports, 16 percent of GDP, and 22 percent of government revenues in 2023. Displacement of local populations weakens agricultural output, which employs over 90 percent of the poor and is already highly vulnerable to climate shocks, aggravating food insecurity. In 2023 there has been a doubling of recorded security-related deaths to 8,494. In September 2023, Burkina Faso, Mali, and Niger formed the "Alliance of Sahel States" (AES) – a security and military pact with political and economic aims. On January 28, 2024, in a joint communiqué, the three countries announced their 'immediate' withdrawal from ECOWAS. According to the revised ECOWAS Treaty, a notification period of one year is required to leave ECOWAS. These developments have increased political and policy uncertainty, including the timetable for elections in Burkina Faso.

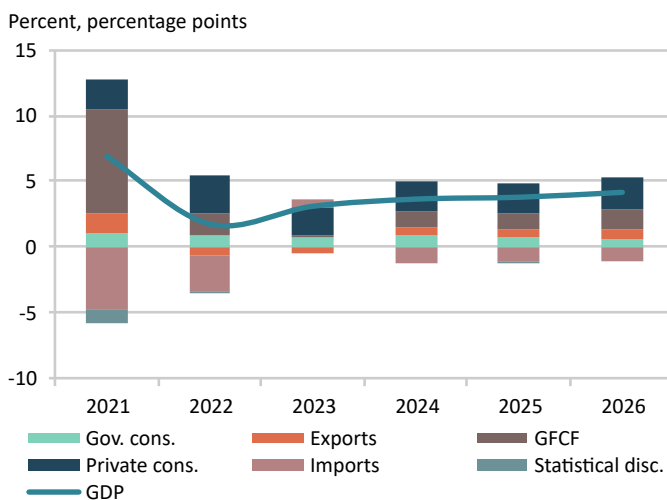
Recent developments

In 2023, the economy is estimated to have grown by 3.2 percent (0.6 percent

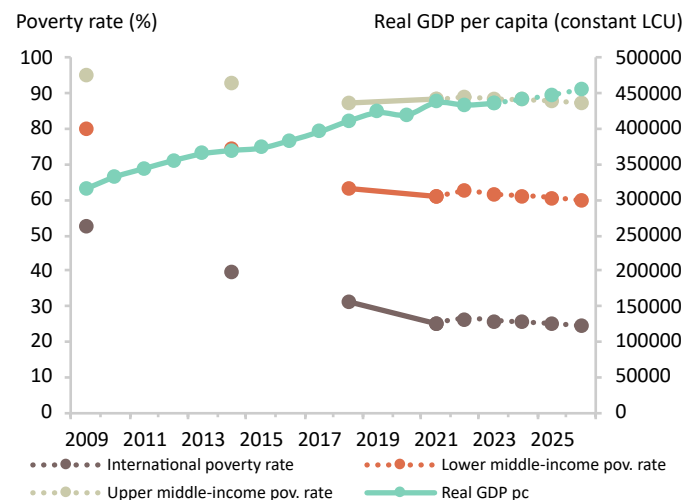
per capita), up from 1.8 percent in 2022. The services sector, accounting for 48 percent of GDP, remained the main growth driver, fueled by an expansion of the public sector. Agricultural sector growth was hindered by security challenges, which restricted access to rural areas. Secondary sector growth was kept positive only by manufacturing and construction, while gold production dropped further due to insecurity despite high international gold prices. On the demand side, private consumption was the main growth driver, bolstered by low inflation. In contrast, investment is expected to stagnate given high public investment in 2022 and uncertainties in the mining sector. Favorable terms of trade with an increase in gold prices coupled with a decrease in energy prices helped narrow the current account deficit to 4.9 percent of GDP in 2023.

After surging to a record high of 14.1 percent in 2022, inflation fell to 0.7 percent in 2023 with declines in local product prices, particularly for cereals, flour, and fresh vegetables. As a result, the extreme poverty rate, which was rising through 2022, has decreased by 0.6 percentage points to 25.9 percent in 2023. However, the humanitarian situation remains very critical, with around 2 million internally displaced persons, and an estimated 2.3 million facing severe food insecurity as of December 2023.

To counter inflation across WAEMU countries, the Central Bank of West African States (BCEAO) raised policy interest rates by a cumulative 150 basis points since mid-2022 to 3.5 percent for liquidity calls and 5.5 percent for the marginal lending facility. However, inflation in the

FIGURE 1 Burkina Faso / Real GDP growth and contributions to real GDP growth


Source: World Bank.

FIGURE 2 Burkina Faso / Actual and projected poverty rates and real GDP per capita


Source: World Bank. Notes: see Table 2.

region (3.7 percent in 2023) was still above the 1-3 percent target range and foreign exchange reserves have been on a downward trend, estimated at 3.5 months of imports at end-2023, down from 4.3 months at end-2022.

The country started fiscal consolidation in 2023 with the deficit falling to 6.4 percent of GDP – 1.2 percent lower than 2022 (excluding a one-time inclusion of all accumulated securitized debt in 2022). The consolidation was expenditure-driven, through a scaling back of capital investment and subsidies (helped by lower international oil prices), while military and humanitarian spending remained high. As bilateral donor grants declined, efforts were made to sustain domestic revenue mobilization. With a still elevated fiscal deficit, public debt is estimated to have crossed the 60 percent of GDP mark in 2023. The share of expensive regional financing is increasing; in February 2024, Burkina Faso's average yields on the regional bond market were 8 percent for 6-month T-bills and 9.6 percent for

3-year T-bonds. The risk of external debt distress remains moderate.

Outlook

The outlook hinges on the security situation. If the situation does not deteriorate further, growth could slowly pick up and average 4 percent (1.5 percent per capita) over 2024-26, driven by recovering mining and agricultural production and service sector growth. This includes the expected impacts of an orderly ECOWAS withdrawal: lower trade with non-WAEMU ECOWAS states, higher investors' risk premia, and increased regional financing costs.

If the government continues its fiscal consolidation path, the fiscal deficit is expected to gradually decline towards the WAEMU ceiling of 3 percent of GDP. Public debt as a share of GDP is forecast to rise at least until 2025, driven by high interest rates on domestic debt.

Poverty is expected to remain relatively unchanged over the medium term. While

inflation has come down dramatically and is expected to remain below 3 percent over the medium term, accelerating poverty reductions will require higher growth per capita, particularly in agriculture, which employs 71 percent of the poor.

The outlook remains subject to significant downside risks, including a deterioration in the security situation, political instability, climatic shocks, terms of trade shocks, and the withdrawal from ECOWAS. An unnegotiated ECOWAS withdrawal with disruptions to transport, transit, and free movement of goods, services, capital, and labor could exacerbate negative impacts due to spillovers onto WAEMU trade. The BCEAO may need to continue monetary tightening in 2024 to bring inflation under control and in the context of increased risks from the withdrawal of Niger, Mali, and Burkina Faso from ECOWAS. A further increase in the cost of financing on the regional market for Burkina Faso could require further cuts in public expenditure, and especially investment, at the same time as defense and security expenditures pressures mount.

TABLE 2 Burkina Faso / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	6.9	1.8	3.2	3.7	3.8	4.2
Private consumption	3.4	4.3	3.1	3.4	3.5	3.6
Government consumption	6.6	5.2	4.5	5.4	3.9	3.8
Gross fixed capital investment	34.8	6.4	0.7	4.0	4.4	5.4
Exports, goods and services	6.5	-2.8	-2.1	3.0	3.1	3.4
Imports, goods and services	15.5	8.2	-1.9	3.8	3.2	3.3
Real GDP growth, at constant factor prices	6.9	1.8	3.2	3.7	3.8	4.2
Agriculture	-4.1	5.7	2.3	4.5	4.3	4.3
Industry	11.0	-8.2	0.3	2.8	3.4	3.9
Services	10.3	6.0	5.2	3.7	3.8	4.3
Inflation (consumer price index)	3.9	14.1	0.7	2.8	2.5	2.2
Current account balance (% of GDP)	0.4	-6.2	-4.9	-4.2	-4.1	-3.7
Net foreign direct investment inflow (% of GDP)	0.5	0.3	0.3	0.4	0.5	0.4
Fiscal balance (% of GDP)	-7.5	-10.6	-6.4	-5.6	-4.7	-4.4
Revenues (% of GDP)	20.2	21.6	21.3	21.3	21.2	21.2
Debt (% of GDP)	55.4	58.1	61.4	63.3	65.4	63.2
Primary balance (% of GDP)	-6.0	-8.5	-4.3	-3.0	-1.9	-1.5
International poverty rate (\$2.15 in 2017 PPP)^{a,b}	25.3	26.5	25.9	25.4	25.0	24.4
Lower middle-income poverty rate (\$3.65 in 2017 PPP)^{a,b}	60.7	62.4	61.4	61.1	60.5	59.7
Upper middle-income poverty rate (\$6.85 in 2017 PPP)^{a,b}	88.1	88.7	88.3	88.1	87.8	87.3
GHG emissions growth (mtCO₂e)	6.0	4.6	5.0	5.1	5.1	4.8
Energy related GHG emissions (% of total)	11.1	11.4	11.8	12.3	12.7	13.2

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

Notes: e = estimate, f = forecast.

a/ Calculations based on 2021-EHCVM. Actual data: 2021. Nowcast: 2022-2023. Forecasts are from 2024 to 2026.

b/ Projections using microsimulation methodology.