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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

CURRENT ECONOMIC POSITION
AND PROSPECTS
OF
UPPER VOLTA

January 21, 1969

Western Africa Department

CURRENCY EQUIVALENTS

\$ U.S. 1	=	CFA francs 246.85
CFA franc 1	=	U.S. \$ 0.004
CFA francs 1 billion	=	U.S. \$ 4 million
1 French franc	=	CFA francs 50

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This report was prepared by L. de Azcarate and is based on a mission to Upper Volta in December 1967 and subsequent information.

BASIC DATA

Area: 274,200 sq. kms.; 105,900 sq. miles

Population: as of January 1961: 4,400,000 (not including permanent Voltaic residents abroad)
estimated 1968: 5,155,000
rate of growth: 2 % per annum
school attendance rate: 10%

Political status: Independent since August 5, 1960

Gross Domestic Product (1964):

- Total: CFAF billion: 56.5	US\$ million: 225	
- per head: CFAF 12,800	US\$: 51	
- Origin of GDP (at factor cost):		- Uses of GDP:
- primary sector: 57%		-private consumption: 86.0%
(livestock) (23)		-public consumption: 17.0%
- secondary sector: 13%		-gross investment: 10.5%
(construction) (5)		-exports: -13.5%
- services & transport: 18%		100.0%
- Government: 12%		
100%		

Government finance (billion CFAF):

	<u>1964</u>	<u>1966</u>	<u>1967</u>	<u>1968</u> (estimates)
- Current revenue	7.8	7.5	7.9	8.6
- Current expenditures	3.7	7.9	7.7	7.8
Balance	-0.9	-0.4	0.2	0.8

Money and Credit: member of the West African Monetary Union (UMOA) within the Franc area

	(billion CFAF)		
	<u>1964</u>	<u>1966</u>	<u>1967</u>
- Money supply	6.03	6.49	6.56
- Credit to economy	3.97	3.58	3.70
- Foreign assets (net)	2.54	3.41	3.80

Balance of Payments:

	(billion CFAF)		
	<u>1964</u>	<u>1966</u>	<u>1967</u>
	(estimated)	(recorded)	(recorded)
- Exports (and re-exports)	4.9	4.0	4.4
- Imports	12.5	9.3	9.0
Balance	-7.6	-5.3	-4.6
- Public transfers	6.5))
- Migrant remittances	2.0))
- Private capital	-1.1) n.a.) n.a.
-0.3)))

External development aid:

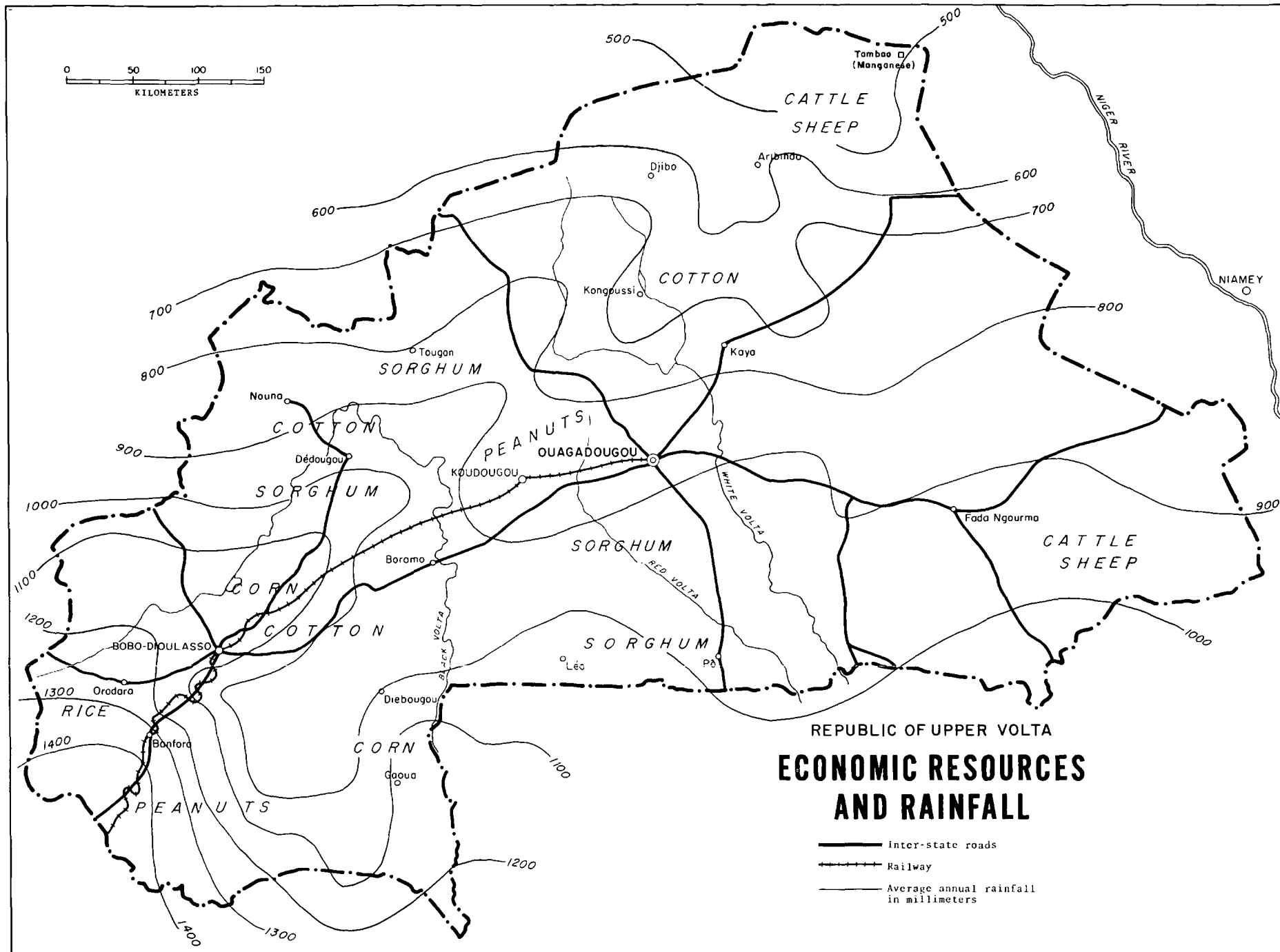
	<u>(billion CFAF)</u>	
	<u>1959-1966</u>	<u>1967</u>
		(commitments)
- Grants	17.5 (million \$65.4)	2.3 (million \$9.3)
- Loans	2.6 (million \$10.4)	

External debt:




Total outstanding, including undisbursed, as of December 31, 1967:
CFAF 5.1 billion (\$20,659,000)

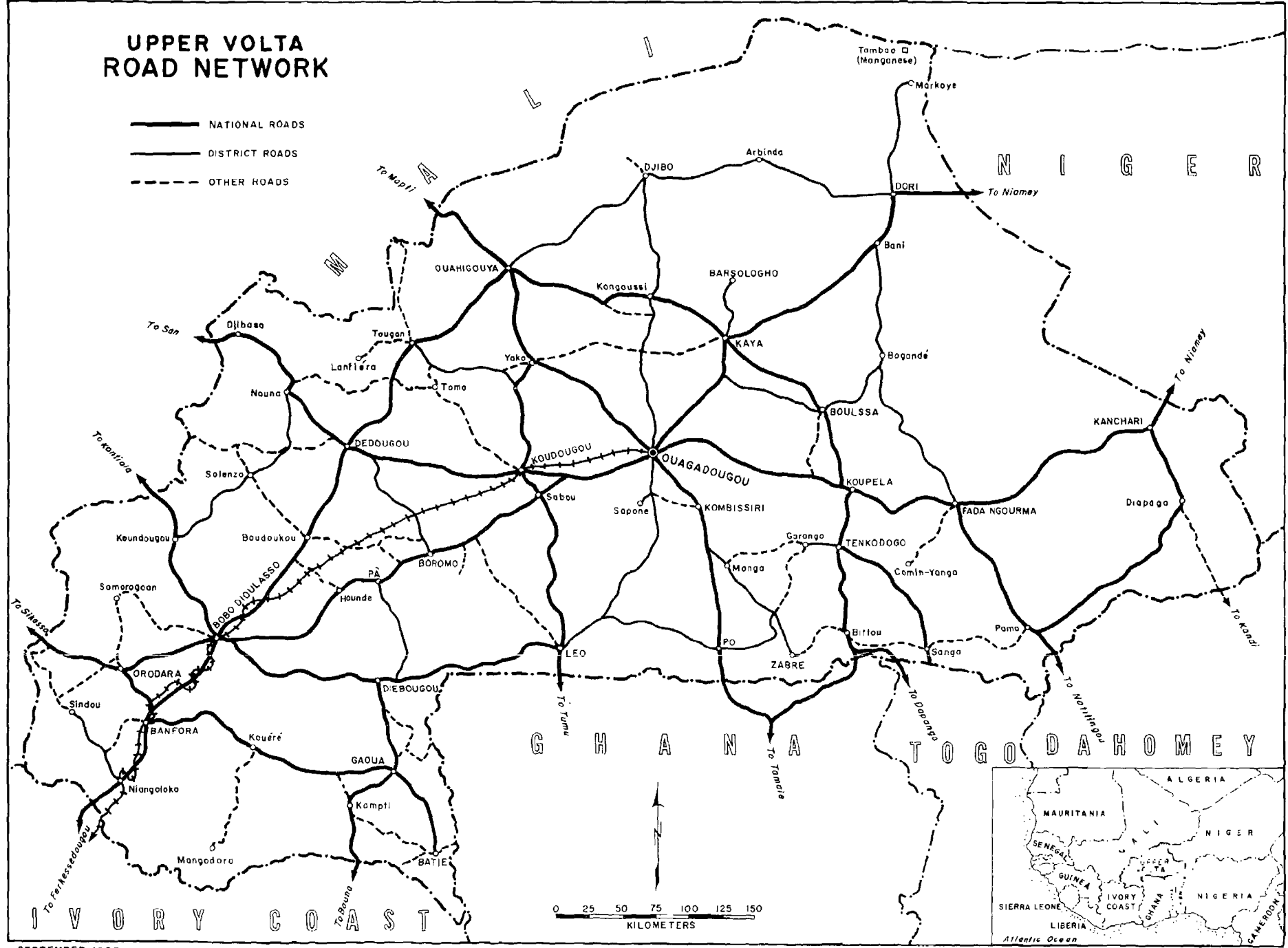
Bank Group operations:

None



UPPER VOLTA ROAD NETWORK

-  NATIONAL ROADS
-  DISTRICT ROADS
-  OTHER ROADS



SUMMARY AND CONCLUSIONS

Political

1. Since the 1964 economic report was written, the political situation has changed. Mr. Maurice Yaméogo's Government, which had been in power since independence (1960), was overthrown by the military following a short period of unrest and harsh opposition between labor unions and the Government. The deep causes of the trouble were a rapidly deteriorating financial situation resulting from a lack of control of and clear policy concerning public expenditures. When Mr. M. Yameogo tried to impose belated austerity measures, these were not accepted by the labor unions. The military first intervened as conciliators and then took over complete power (January 1966). The new Government under General Lamizana is formed of both military and civilians.

2. The new Government was confronted at the outset with a very serious and pressing financial problem in addition to the more fundamental difficulties of the country which, in turn, result largely from the distribution of population in relation to land.

General Background: The Population Problem

3. Although the rate of growth of population, under 2 per cent, is not very high for Africa, there is a population problem resulting from the fact that about half the total population of 4.8 million (1965) live on less than one-fourth of the total area, in the central plateau, a region which as a whole is poorly endowed with natural resources. Population density in the central plateau (Mossi region) is 40 per sq. km., but large areas have 100 to 150 per sq. km. With the existing very primitive cultivation techniques, almost complete absence of intensive agriculture, and given the mediocrity of the soils and the effects of progressive erosion - extremely serious in the northern part of the plateau (Ouahigouya) - such densities are too high. An aggravating factor is that the otherwise fertile river valleys are deserted by people because of the presence of onchocerciasis ("river blindness"). Another is the fact that livestock density is high (by African standards) and since mixed farming is practically unknown, people and herds compete for the same land.

4. Too high population densities do not mean chronic famine and widespread starvation. Though not so brutal, their effects are nonetheless very real. One is the increased incidence of weather conditions. Unfavorable conditions, as may occur every 3 or 4 years, result in actual food shortages in most areas with cases of an acute character. Another effect is the reluctance of farmers to specialize in any particular production, especially export crops, which would encroach upon their food crops. The latter is the farmer's paramount preoccupation and he devotes to it all the quantities of land and labor which he can and thinks necessary to minimize the effects of adverse climatic conditions. As a result, agricultural exports generally are in the nature of non-consumed surpluses rather than the product of any specific activity, cotton being now a notable exception. Excess population has also created some "disguised" unemployment though this is practically impossible to measure.

5. Population adjusts to land availability mainly by emigration, and marginally through natural movements. The mortality rate in the central region is higher than in less populated areas, especially for children who, quite naturally, suffer most from malnutrition and diseases. Second a slow, spontaneous, shift of population from the center towards the periphery, both to the West and to the East, is observed. Third and most important, people migrate abroad. It is estimated that approximately 500,000 Voltaics are permanently or periodically (moving in and out within one year) working in the Ivory Coast (about 300,000) and in Ghana (200,000), most of them in cocoa and coffee plantations but also in other agricultural and urban activities.

6. Such migrations diminish the pressure of population on food supplies and permit a better employment of those remaining in the country. Migrant workers easily earn 2 to 5 times - and in cash - what they would get in their home villages. They find in the coastal countries more and cheaper consumer goods. To some extent they gain by contact with a different world. But emigration also has unfavorable effects: since over 90 per cent of the migrants are young men this means that the age structure of those remaining is unfavorably distorted. This affects not only the labor force but also gives more weight to the old people in the villages, i.e., those less receptive to change, thus complicating the problem of development policies in agriculture. Finally, although emigration is to the mutual interest of Upper Volta and the coastal countries, it is also from time to time a source of political friction.

Economic Stagnation

7. The economy has stagnated since independence. GDP at current prices has increased by 16 per cent from 1961 to 1964 and by another (roughly estimated) 2 per cent up to 1967. Price increases and population growth (a little under 2 per cent per annum) have reduced the real growth per head to practically nothing. Agricultural production, which accounts for 60 per cent of GDP, has fluctuated according to weather conditions rather than progressed. Whatever industrial units exist have continuously worked under capacity. Public works and construction activity has probably declined since 1964. Services and trade activity have changed little, mainly as a result of an almost stagnating volume of external trade. Such partial indicators as consumption of electricity, imports of fuel, cement and timber, volume of sales of trading firms, numbers of wage earners, volume of bank credit to the economy, etc., all reflect a situation of continued mediocre conditions in the economy. Indications in the same direction are the marked deterioration of the infrastructure, notably roads and telecommunications.

8. There are some bright spots, however. One is in cotton whose marketed production reached 16,000 tons in 1966/67 or a doubling over the previous two years and about eight times more than in the fifties and early sixties. This is mainly the result of fifteen years of continued efforts by CFDT^{1/}. This result has been reached mainly by increased yields obtained by the small farmers

^{1/} Compagnie Française pour le Développement des Fibres Textiles, a French semi-public, non-profit organization.

(there are no industrial plantations). In the very traditional field of livestock, some progress has taken place also, it seems: numbers of head have increased, so have exports and the rate of exploitation of the cattle. Poultry has shown remarkable progress also under the initiative of some trade-minded farmers. Finally, exports have increased. The latter, however, are still only half the value of imports in 1967 (CFAF 4.4 billion against 9 billion) according to recorded transactions. The actual gap is greater. It is "financed" by migrant remittances (about CFAF 2 billion), pensions paid by France to Voltaic veterans (about CFAF 2 billion) and public aid mainly from FAC and FED at the rate of CFAF 2 to 2.5 billion per annum.

The Financial Problem

9. General Lamizana's Government has been successful in solving the immediate financial problem of the country in its double task of reducing the short-term debt and in bringing public revenue and expenditure into a better balance. The cumulated current deficit was CFAF 7.2 billion by the end of 1965. Total excess expenditure, including investments on the Government budget, exceeded CFAF 13 billion. About CFAF 7.5 billion had been financed from various foreign sources, notably French subsidies and revenue from the former Federation of French West Africa. The balance represented increased indebtedness, of which CFAF 800 million short-term advances from the French Treasury and about CFAF 1.4 billion of unpaid bills to the private sector.

10. With revenues averaging CFAF 7.5 billion such a debt could not be liquidated at once. The current budget for 1966 again presented a deficit of CFAF 400 million. But the Government, in order to restore confidence within business and foreign circles, started to repay the most important items of the debt overdue, notably CFAF 334 million to the private sector. The year 1967 saw the full application of the stabilization program: the current budget was in surplus by CFAF 700 million without external subsidies, after current expenditure had been reduced to CFAF 7 billion. At the same time, thanks to a special levy imposed on wages and salaries, a further CFAF 346 million of the private debt was reimbursed. By mid-1968 this type of debt had been reduced by five-sixths. Part of the short-term debt to France was also reimbursed. The 1968 budget continues the austerity imposed earlier with current expenditure projected at CFAF 7.8 billion, or the same level as 1966, and 500 million less than in 1965.

11. The stabilization policy has rested much more on a reduction and better control of expenditure than on increasing revenue. Overall taxation was already 14 per cent of total GDP in 1964, or 26 per cent of monetary GDP. Indirect taxes in particular, i.e., taxes on imports for the greater part, have reached levels whose only effect is to encourage smuggling or discourage the purchase of goods. Taxes on imports exceed 50 per cent of the c.i.f. value of recorded imports. Direct taxes have been increased somewhat. Wage earners have had to pay the special contribution in 1967 until March 1968 amounting to one-half of a month's wage or salary. Indeed some decreases in rates of indirect taxes have been introduced in 1967 and again with the 1968 budget, with a view to reanimate economic activity and hopefully increase or at least

stabilize revenue. A general reform of taxation is under active study by an ad hoc commission.

Policies and Prospects

12. After several aborted attempts at a workable plan, the Government has prepared and adopted a "frame Plan" ("Plan-cadre") for 1967-70. The investment program is put at CFAF 27.3 billion. Considering that by the end of February 1968 over 50 per cent of the financing was already assured (from external sources), the feasibility of the program from the viewpoint of its financing appears very real. The bottleneck would seem to be rather in the absorptive capacity of the country, and more specifically in that of the Administration to prepare and carry out projects. The Government is aware of this.

13. Rural development and infrastructure should each absorb 30 per cent of the projected investments. In agriculture, the Government intends to continue, as a first priority, the "regionalized" development programs under the management of specialized (foreign) development agencies. These follow different "models" (e.g., CFDT concentrates on cotton whereas SATEC^{1/} or BDPA^{2/} insists on a global approach designed to modify the farmers' attitudes, etc.). Since no rapid results can be expected from these actions, it is quite justified for the Government to pursue this type of experience which commenced at various times in the past. However, a serious appraisal of this policy would have to rest on a thorough study of past and present experience. Other priorities in agriculture concern water supplies (but no important irrigation schemes) and livestock.

14. In infrastructure, the emphasis is on road rehabilitation. The problem here will be the proper maintenance of the infrastructure in the future. The same considerations apply to telecommunications. As first steps in the right direction, the Government has created a road fund (1967) and given autonomy to the posts and telecommunications service (1968). In the secondary sector, to which 20 per cent of the funds are allocated, the main developments concern a number of manufacturing units mainly of the import substitution type. Works on the most important one (a cotton textile mill) started in May 1968.

15. The social sector is given second priority in terms of investment allocations: education 10 per cent, health 6.5 per cent. This is in order to minimize its weight on the Government budget where it already absorbs 30 per cent of total expenditure. At the same time, the emphasis is towards trying to make investment more productive in this sector as is witnessed by the first small-scale program to try and eliminate "river blindness", and the efforts to create a genuine form of primary rural education.

16. It is not expected that the Government will contribute more than 10 per cent to the financing of planned investment. Even this may well prove to be too ambitious. Government will concentrate its efforts not so much in achieving

1/ 2/ Société d'Aide Technique et de Coopération; Bureau pour le Développement de la Production Agricole, both French public non-profit development agencies.

budget surpluses as in liquidating the short-term debt, strengthening the development services which get too little from the budget (agriculture, road maintenance, etc.), reforming the taxation system, maintaining control and discipline in expenditure. In short, it will try to consolidate the financial position of the public sector including some badly functioning public enterprises.

17. The necessity for at least maintaining the present level of foreign aid, which is almost exclusively made up of grants, is amply justified by the country's extreme poverty and the need, therefore, to maximize the effects of such aid, though it is true that in recent years the contractual debt has not absorbed more than around 5 per cent of Government revenue (a proportion which is, however, about 7 per cent of merchandise exports). The servicing of the existing debt will be highest in the years up to 1970, representing burdens of the order just mentioned. However, if the Government policy of financial rehabilitation is not to be rendered more difficult and if some expansion in current expenditure is to be allowed for, conventional borrowing should be reserved for special cases only. One of these could consist of limited suppliers' finance to allow for some flexibility in policy, if necessary, for example for industrial projects. A more important species would concern certain types of revenue-earning projects for which soft financing would, in any case, be problematic. In this category, an "enclave" type project such as the railway link from Ouagadougou to the manganese deposit at Tambao (350 kms.) could be suitable for conventional financing, provided its economic feasibility is proved, which in turn rests in part on the willingness of private interests to start and operate the mining venture itself.

INTRODUCTION

1. Mr. Maurice Yaméogo's Government was overthrown in January 1966. This followed a period of unrest when the Government, facing a critical financial situation, tried to impose certain austerity measures - lower wages and salaries, exceptional taxes - which were strongly opposed by the labor unions in the main towns. Fearing that the growing tension between the Government and the unions might lead to violent clashes and also to prevent the unions from seizing power the military took over Government responsibilities on January 3. At the time, President Yaméogo declared that the move had his full support. He and some of his ministers in fact tried to oppose it, and they were formally ousted a few days later and have been kept since then in the military quarters of the capital.
2. There was no resistance to the military movement. The officers did not enjoy any country-wide support at the outset since they were not a political force, but Mr. Yaméogo's Government had been losing popular support except in limited traditional circles in some areas of the Mossi region. His administration had let the financial situation deteriorate, it did not endeavor to follow any clear development policy, and charges of corruption and nepotism against the President and some of his main ministers were frequently made.
3. The new Government, under General Lamizana, has shown a great sense of continuity in pursuing its main target of stabilizing the financial situation. Tangible results have been achieved in this field. At the same time, the Government has continued the rural development policy initiated soon after independence which relied heavily on foreign financing and technical assistance. The new Government first met with rather hostile reactions on the part of other African countries, especially those with civilian governments, and also from France. Good relations have now been re-established with all neighbors, including the Ivory Coast, Mali and Ghana, which at different times in the past all had trouble with the previous Government.

I. GENERAL BACKGROUND

4. Wide differences exist between regions within Upper Volta; three broad areas can be contrasted.
5. In the densely populated central region, average rainfall is around 950 mm., but it is very heavily concentrated in June-September and varies greatly from year to year. Soils are of mediocre or poor quality, with exceptionally good areas in the northern part or where water in the form of ponds is available. The river valleys, notably those of the three Voltas (Black, Red, White), which roughly run from north to south across the central plateau, are very inimical to man and are practically deserted although they are potentially rich for agriculture. The reason is the presence of a very serious disease, onchocerciasis, whose common name "river blindness" is explicit enough. The number of cases identified by the Health Services runs around 40,000 to 50,000 each year. There are about 300,000 people struck by the disease, of which perhaps 30,000 are permanently blind.
6. The southwest (Bobo-Dioulasso, Banfora) has about one-fifth of the total population, and the population/land relationship is most satisfactory here;

average income is higher, and the region probably offers the greatest development potential in terms of natural resources, location and scope for diversification. The eastern region (Fada N'Gourma, Diapaga) is very sparsely populated, and has development potential however, soils here seem to be less fertile, location is unfavorable and the population is largely outside the money economy and less alert to development opportunities.

7. Within each of these three broad areas, situations differ. In particular, in the corner formed by the Ivorean and Ghanaian borders (the Lobi region) there is a very peculiar world of dense population, where sophisticated cultural practices co-exist with otherwise extremely archaic ways of living (for example, "corries" are commonly used as currency). This ethnic group is strongly traditional and particularly resistant to "western" methods and habits. As in all other countries of the Savana belt, the Peul (or Fulani) constitute a highly specific group of some 290,000 people whose economic importance is enhanced by the fact that they are about the only herders and that livestock is, by far, the most important export activity. They also are among the most traditionally-minded among all the peoples of Africa, which in this particular case means extremely fearful that their social and economic status might be endangered by changes in agricultural practices.

A. The Population Problem ^{1/}

Population and Land Availability

8. Total availability of cultivable land in the country as a whole, including fallows and excluding areas suitable mainly or only for livestock raising, is around 0.6 million hectares (21 million acres), or about 3.6 hectares per operating unit (i.e., average family group of 9 persons), comprising on the average 5 agriculturally "active" persons, or 0.7 hectares per active member. The average density of population - 18 inhabitants per square kilometer - is not high. It is half that of Ghana and much less than that of Togo or Dahomey.

9. But over half the total population, most of them Mossi, live on less than one-fourth of the country's area - the central plateau - which is, on the whole, the most poorly-endowed in terms of natural resources. Average density in the central Mossi region is 40/km², and 50/km² in the Yatenga region (Ouchigouya), with significant areas, outside towns, where 100/150 persons per square km. is not an uncommon feature.

10. With the present techniques of production, land availability per active person in the Central region is not enough to normally permit a satisfactory level of food production considering the disturbing influence of variable weather conditions. In areas where land availability still permits, in order to insure the family's food requirements each year the farmers normally put under cultivation an area which is, under normal weather conditions, more than sufficient. Thus, if weather turns out to be favorable, a surplus is obtained, to be stored for next year or sold on the market (this being especially the case for groundnuts and other oleaginous plants). A very serious problem in this respect is the extremely high losses due to poor storage conditions (insects and other animals). If the weather is bad, it is expected that the crop

^{1/} Information on population is for the greater part derived from a nationwide sample survey made in 1960/61.

will be at least enough to feed the family, with no surplus for sale. Thus, good weather results in small surpluses (as in 1966, for example), while very bad weather leads to serious shortages (as in 1964 or 1967, for example).

11. In areas where land is scarcer and the farmers cannot expand their cropping area to provide for a security margin, the combination of high (given the techniques of production) population density and poor physical conditions not only leads directly to a low productivity per man but also to decreasing yields per unit of area because of progressive soil erosion. This, in turn, is the result of shortened fallow periods and of inadequate crop rotation. In some areas (Ouahigouya), soil erosion has reached a critical point where the risk of total loss of fertility is very real over thousands of hectares.

12. The pressure of population on land has caused growing competition for land between farmers and herders. Livestock is extensively raised mainly, but not only, in the northern stretches of the country. Livestock density is higher than in most African countries, with 10 head of cattle per sq. km. on the average. There is a tendency also for the Peul (Fulani) herders to expand their grazing areas to the south where they, of course, come against the cultivated areas. Also, livestock is exported on the hoof to the coastal countries, meaning that the herds have to cross cultivated areas. Endless and bitter disputes follow between Fulani herders and sedentary farmers. More important, it is difficult to envisage livestock development outside the traditional semi-arid areas, which in turn implies that the passage from extensive to more intensive methods of cattle raising are rendered very difficult. In a different field, the dense occupation of land raises difficult tenure problems, for example, for the building of hydraulic works or for any sort of reclamation work whenever it implies reallocation of plots to new uses.

13. Relative shortage of land and variability of weather has various effects, other than creating recurrent food shortages. First, it evidently discourages the cultivation of cash crops, since the farmer gives absolute priority to food crops, i.e., uses for them what land is available and that of better quality. Specialization in cash crops in the sense of giving up the production of foodstuff for their own consumption is not envisaged as a practical possibility by farmers in a country where, in addition, the marketing organization is poor. For a great many farmers it is observed that almost the only motive for selling to the market is the necessity to obtain some cash in order to pay the personal tax (i.e., between CFAF 500 and 1,000 per year). Fortunately, the situation in respect of cash crop potential varies greatly. At the western limit of the central plateau, where land is more abundant and of better quality, cotton is grown in increasing quantities, whereas in the southwest the problem of land does not arise and some groundnuts, which is the typical "surplus" product because it is both a food and a cash crop, are produced for the market. In the eastern region, the smallness of cash crops is due more to the lack of transport and marketing infrastructure than to the shortage of land.

Population Adjustment to Land Availability

14. Adjustment of population to conditions of varying degrees of land scarcity is a continuing process not akin to any concept of physical equilibrium. In a

situation such as that of Upper Volta's Central region, however, no satisfactory relationship between land and population - in terms of food availability, for example - will tend to prevail without some corrective movement taking place. Techniques of production, including reclamation and improvement of the soils, can be modified and are being modified to a limited extent. But by far the most important adjustment towards "equilibrium" comes from the population itself, marginally through birth and death rates, and much more importantly in the form of migrations.

15. Population in the densely populated central plateau (Mossi group) is estimated to grow by a little under 1.9 per cent per annum; that is a rate similar to the national average. It is noteworthy, however, that this rate results from both a birth rate (52.3 0 / 00) and a mortality rate (33.2 0 / 00) which are higher than the average for the country (49.1 0 / 00 and 30.5 0/00, respectively). In the northern part of this region (Ouahigouya) birth rates are lower (47.2 0 / 00) but, again, the mortality rate is higher (32.2 0 / 00) than the average. A more significant comparison is with other richer, less densely populated areas of the country. In the Western region, (Bobo-Dioulasso) the mortality rate is thus 29.9 0 / 00 . It is still lower among the Peul (Fulani), a people of herders which typically live on a healthier diet. Thus, the potential population pressure as measured by higher-than-average and absolutely high birth rates is a very strong one. It is a symptom of very poor living conditions that a relative equilibrium between the people and the land (and the food it can supply) is, at least in part, achieved through high mortality rates. These are especially high among young children on whom the impact of disease and, above all, the effects of malnutrition are strongest. In the Mossi areas, the rate of infant mortality (children under 1 year) is thus 168 0 / 00 (central Mossi) and 175 0 / 00 (northern Mossi) as against a national average of 174 0 / 00 . Again, in the West the rate is much lower, at 163 0 / 00 and among the Peul it goes down to 105 0 / 00 . The problem of infant mortality, however, is a general one in the country, not only limited to those areas where "overpopulation" exists, because sanitary and nutritional conditions are nowhere satisfactory.

16. The national growth of population, although modest as compared to that of most other African countries, could well increase in the future as a result of successful efforts to eradicate or limit some endemic diseases. It would create an impossible situation if it were not for the large-scale emigration away from the central regions of Upper Volta. Migration within the country takes the form of a progressive and very slow expansion towards the periphery of the Mossi region. It is, therefore, not easy to give it any quantitative value. It was observed, however, during the demographic survey of 1960/61 that, for the country as a whole, out of 100 rural residents, 26 were born in another village and that the percentage of those born outside the village of residence was highest in the areas where the Mossi tend to immigrate. Internal migrations mean, most of the time, entire families or villages shifting away from places where the land no longer feeds the people. It affects little the age composition of the population. It is a slow process, certainly slower than would be ideally desirable in view of the situation in the overpopulated regions and the availability of land in the recipient areas, especially in the Western and Eastern regions. A certain acceleration has been noted, however, in the very recent years in the direction of certain areas which were practically unpopulated

(for example, from the northern part of the central plateau towards the Sourou Valley). On the contrary, population moving to areas already populated and, as is normally the case, inhabited by other ethnic groups, always meet with resistance or at least reluctance on the part of the local people.

17. The most important flow of migration is towards the Ivory Coast and Ghana. Estimates of Voltaics normally residing abroad vary widely. In 1965, it was estimated that there were around 250,000 to 300,000 in the Ivory Coast alone and, in 1960, nearly 200,000 in Ghana. With the rapid development of the former country, the rate of immigration seems to have increased still, so that it is likely that at least some 450,000 to 500,000 Voltaics reside and work in these 2 countries at any one time.

18. External migration, both definitive or temporary (i.e., for a small number of years, or yearly at the period where labor is in demand on the Coast) has economic effects of a different nature from those of internal population movements. Although some misconceptions lead most Voltaic officials to regard emigration, at best, as a necessary evil and more often as a "net loss" to the economy, it is obvious that emigration has several favorable aspects. The immediate effect is to diminish the pressure of people on food supplies in the regions of emigration. The second effect, and a main motivation, is to provide the migrants with a much higher income than would be the case in their villages. In fact, the average income of the migrant worker is between 2 and 5 times that of the average for Upper Volta as a whole. Which is more, this additional income is in cash (wages). Further, the income earned in Ivory Coast or Ghana represents a higher purchasing power than the same nominal income would have in Upper Volta because imported consumer goods are, on the whole, cheaper in the coastal countries. Finally, from a national point of view, migrant remittances are a very large credit item in the balance of payments of Upper Volta (see below, paragraph 50).

19. The unfavorable effects of emigration abroad show themselves indirectly but are nonetheless real. They result from the fact that over 90 per cent of the emigrants are male and 70 per cent are in the 20-30 years age group. Thus, according to the 1960/61 population survey, the number of resident males in the age groups under 15 and over 59 exceeds the number of female; whereas, in the 15-59 year group, defined as the "active" population, women outnumber men. Although overall the number of males is almost exactly equal to that of females (50.2 per cent as against 49.8 per cent) in the total population, men between 15 and 59 are 25 per cent whereas women represent 23.1 per cent. In fact, the greatest imbalance is in the age group 20-39 years where men represent 13.5 per cent of the total population and women 17.0 per cent. In other words, external migrations (number of people residing abroad at any one time) represent about 10 per cent of the number of consumers, but something like 20 per cent of the number of potential workers.

20. To the extent that land availability and the present state of techniques would not permit all potential workers to do productive work, it may be said that emigration reduces not only the demand for food but also the number of those virtually unemployed. However, as is natural, emigrants are among the

most dynamic elements of the population, both physically and in terms of mental attitudes. It is felt as an everyday experience by extension workers, or any of those responsible for rural development, that resistance to new agricultural techniques is stronger where, on the average, villagers are older and where the influence of the elder people is stronger. Thus, every emigrant permits those who stay to be more productively employed but, at the same time, both actual and potential output would be higher if the age structure of the population and their mental attitudes were "younger".

21. Finally, the international aspects of emigration are both economic and political. Emigration is to the mutual interest of Upper Volta and of the coastal countries. It must not be forgotten that the spectacular growth of the Ivory Coast, especially of its exports, rests for a great part on the labor of thousands of Voltaic workers in the cocoa, coffee and oil palm plantations, as well as in industrial activities or in the port of Abidjan. At the same time, the presence of a mass of foreigners of such a size is inevitably a source of friction. Periodically, Voltaics in Ivory Coast claim that they are being "exploited". According to the state of political relations between the two governments concerned, the authorities in Ougadougou will act to minimize or prevent any possible incidents or, on the contrary, voice still stronger claims against Abidjan. The Ivorean authorities will, in turn, expell or threaten to expell groups of Voltaic workers when, for one reason or another, they want to exert some leverage on their northern neighbors. It would be wrong to infer from the foregoing that the situation as regards the movements of emigrants is essentially unstable, but it would be equally misleading to view such movements as an example of perfect and smooth regional economic cooperation.

22. In summary, Upper Volta shows great ethnic, cultural, social and economic diversity. The implications of such profound differences within the same country is that no single development "recipe" is likely to be adequate, and very difficult problems arise of how to approach each group of population in terms of production objectives (emphasize cash crops first?), organization (cooperatives succeed here and fail to take a start 10 miles from here), and techniques (irrigation?). As for population control, the Government has not defined any specific policy so far, and the problem would need study.

II. ECONOMIC STAGNATION

23. Almost all economic indicators, however unsatisfactory in quality or incomplete in coverage, point to a situation of near economic stagnation since independence. The following series of the GDP at market prices illustrates this: (figures for 1965-67 are provisional estimates)

	<u>Gross Domestic Product</u> (at current prices)						
	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Billion CFAF	48.3	51.2	54.3	56.5	57.5	57.0	57.4
Index	100.0	106.0	112.5	116.0	119.0	118.0	119.0
Cost of living	100.0	101.5	107.2	109.5	...	111.0	105.0

Considering the evolution of prices as reflected in the cost of living index in Ouagadougou, and the fact that over the 1961-67 period population has grown by 12 per cent, it is obvious that real progress of GDP per head has been nil or negative. Other indicators for the period 1964-67 confirm this overall impression, with of course some irregularities and even some bright spots amidst these grey statistics. Appendix-Table 6 of the Statistical Appendix contains a number of indicators outside the agricultural sector while main agricultural production is shown in Appendix-Table 5.

A. Sectors of Production

Agriculture: Production

24. As indicated earlier, agricultural production offers a very different picture from one year to another and from one region to another and from one statistical source to another. Available figures tend to show that staple foodcrops (sorghum, millet, maize, groundnuts, etc.) grow as population, with sharp annual variations due to climatic conditions. Because of the tight and worsening population-land relationship in most of the central area, bad climatic conditions mean food shortage. And the impact and seriousness of these shortages tend to become greater now than in the past.^{1/} 1966/67 was one such year of very acute shortages when production of cereals (sorghum and millet) declined by 20 per cent. Annual variations which affect staple food supplies also affect the availability of export surpluses even if the exportable crops such as groundnuts or sesame have not changed because the peasants eat more of the exportables to make good for the shortfall in other crops. On the contrary, with a production of groundnuts which runs now around 130,000 tons, it is clear that the 4/5,000 tons exported each year and the similar amounts processed by the local oil mill are a small marginal surplus which could be greatly increased if the farmers normally had enough alternative food crops for themselves. It is known also that in good years hundreds or thousands of tons of groundnuts, otherwise available for export, go to waste because of lack of good marketing and transport facilities, particularly in the Eastern region.

25. Some trends can be discerned in the structure of agricultural production. The two main staples - sorghum and millet - appear to remain predominant. On the other hand, it would seem that roots - yams and cassava - are losing relative importance. The encouraging elements are the absolute and relative progress over the last 7 years of oleaginous plants, of cotton and, to a lesser extent, of rice. Thus, in pre-independence years, groundnut production was around 50,000 tons, as against 130,000 tons on the average for 1964-66, while sesame grew from around 2,000 tons to over 6,300 tons in 1964, 7,000 in 1965 and 12,000 in 1966. These two products are widely cultivated but a special effort is being made to increase productivity in the South-West region (south of Banfora) where IRHO^{2/} has a small experimental station.

^{1/} Though, of course, emergency supplies from other parts of the country or from abroad can now be transported where needed more easily than in the remote past.

^{2/} Institut de Recherche pour les Huiles et Oléagineux, a French public research institution.

Agricultural Development Policies

26. With the exception of the Eastern region and the upper North, by the end of 1967 the country was divided into 8 agricultural regions under an equal number of "Organismes Régionaux de Développement" (ORD). The ORD's are mixed bodies of Government and local representatives in charge of conceiving, coordinating and supervising agricultural development in each region. The directors of ORD's are named by the Government. The first ORD's were formed in 1966. Within each ORD the practical task of development has been entrusted to one or two foreign development agencies, some of which (BDPA, SATEC, CFDT) were operating in Upper Volta years before the ORD's were created. Most of them are financed on the basis of pluriannual programs, by external sources. Thus, FED currently finances BDPA (in charge of the Ouahigouya region) and SODESA (an Italian organization in the Banfora region), while FAC finances SATEC in the Central region, CFDT in the West Central, etc.

27. An evaluation of the past operations and prospects of the development agencies and ORD's cannot be attempted within the framework of the present report. ^{1/} But the case of CFDT and cotton is of special interest because it illustrates the difficulties and possibilities of some development methods. Cotton development was entrusted to CFDT in 1951. CFDT's action is concentrated primarily on the western fringe of the center of the plateau (Hounde, Dedougou). Little progress in production took place over the first 10 years. From 1961 to 1965 tonnage of unginned cotton marketed increased from the 2,000 tons range to the vicinity of 8,000 tons. The 1966/67 campaign saw a spectacular increase with over 16,000 tons marketed, and the 1967/68 campaign is expected to yield about 18,500 tons. Yields per hectare remain low on the average and the greater part of the increase in quantity is the result of more farmers undertaking cotton plantations. However, yields vary from 100 k/ha to 3,000 k/ha and the encouraging fact is that an increasing number of peasants reach 1,000 k/ha which is considered the level at which, in terms of return on labor and money inputs, the cultivation of cotton is economic. In particular, CFDT is confident that the subsidy averaging CFAF 3.50/k which is now paid by the Government through the Produce Stabilization Fund (included in the producer price of CFAF 34/k for the first grade and 30/k for second and third grades) could be terminated without serious loss for those reaching yields of one ton per hectare. ^{2/} The cotton collected by CFDT is ginned in Bobo-Dioulasso (capacity 3,600 tons of fiber) and Ouagadougou (capacity 1,800 tons) in ginneries owned and operated by CFDT.

28. It has thus taken 15 years of continuous effort in strengthening the extension network, improving education and information methods, distributing new varieties of seeds, diffusing the use of fertilizers and insecticides before "take-off" could take place. Instrumental in this progress are other important factors - among them the fact that CFDT collects the cotton on some 1,400 markets, ensures its processing and its marketing abroad, and, thanks to subsidization by the inter-country (West African) stabilization fund until 1965 and by the Government since then, has been able to pay stable prices. ^{3/}

^{1/} See Report by Messrs. Springuel, Haasjes and Brochet of the Bank's Permanent Mission in West Africa, dated April 1967.

^{2/} The subsidy was actually terminated in 1963.

^{3/} One reason why high prices were necessary at one time is that there is a significant demand for cotton by the local handicraft textile activity. When production was small, CFDT had to compete with the local users which often offered higher prices than those of CFDT, which in turn were geared to the price in France. It seems now that this disparity between CFDT and local prices has disappeared, and that the farmers are quite willing to sell their cotton to CFDT.

Price support is more questionable now, however. First, because at the present level of production it costs the Government over CFAF 50 million a year. Second, because according to CFDT officials the impetus has been given now to production, and those farmers who apply, even half well, the appropriate techniques could earn decent returns at lower prices. The Government, for political reasons and in order to prevent adverse reactions at a time when taxation was being increased, has maintained the subsidy for 1968. It is, however, seriously contemplating its progressive elimination over the next 2 or 3 years.

29. The CFDT method is to concentrate exclusively on the one cash crop, i.e., cotton. This, of course, was the "raison d'être" of this organization. However, CFDT claims that other crops, notably food crops, benefit from its efforts as a result of "external economies". These come about very directly in some cases: for example, in cotton fields having received fertilizers, millet and sorghum will show increased yields the next year. Also, some "techniques" such as planting in line, sowing at the right moment, tend to become part of the cotton growers' normal behavior.

30. A different "model" is followed by other development agencies, such as BDPA and SATEC,^{1/} which insist on a "global" approach towards solving the farmers' problems. Both BDPA and SATEC operate in the Mossi area where the food problem is more pressing and where there was little tradition of producing for the market.

Livestock

31. The situation has not changed significantly in recent years. As in other countries of Africa, livestock and agriculture are two almost completely separated activities. Mixed farming is viewed by the development services as the ultimate goal to be reached by the farmers in an undetermined number of years. The advisability of aiming at this goal is even increasingly questioned by experts.^{2/} However, cattle raising as a specific activity will remain predominant for some time. The cattle population is estimated at 2.2 to 2.5 million head, and the rate of exploitation at 10 per cent - a figure probably on the low side - in terms of numbers of head, of which 2 per cent goes to increase the numbers and 8 per cent is auto-consumed or marketed. Since more and more of the best stock is selected for the market, the rate of exploitation in value terms is estimated to be something like 16 per cent, but as a consequence it is observed that the average quality of the herd is deteriorating. Both figures - physical and monetary - appear to be lower than in neighboring countries such as Mali and Niger. Livestock production, including small animals, is still the major single activity in Upper Volta, with 10 per cent of GDP, 16 per cent of agricultural product and over 50 per cent of exports in 1964. But knowledge of livestock is very uncertain, both in terms of its present situation and of its potential.

32. Apart from limited but useful investments made in the past, chiefly to improve water supplies and sanitary conditions, efforts which are still continued, no new development in livestock policy has taken place in recent years.

^{1/} BDPA = Bureau pour le Développement de la Production Agricole; SATEC = Société d'Aide Technique et de Coopération, both French public, non-profit development organizations for agriculture.

^{2/} See a report by SEDES, L'Approvisionnement en viande de l'Afrique Centre Ouest, Synthèse, Secrétariat d'Etat aux Affaires Etrangères, Paris (April 1968).

Extensive methods as practiced now cannot bear any significant growth of the number of heads without increasingly and very seriously conflicting with sedentary cultivators because of lack of land. "Modernization" of marketing methods,^{1/} still largely traditional, creation of a meat processing industry, increasing the meat/bone ratio of animals by rehabilitating and improving grazing areas and by creating ranches are all promising lines of action. Extensive studies of the northern region (agrostology, hydrology) have started with French financing (1967), while in 1966 USAID started a small ranch scheme near Markoye (a large cattle market in the North), aimed at teaching modern husbandry to young herders.

33. Small livestock, mainly sheep and goats, are a notable addition to the diet in most areas. Donkeys begin to be used as draft animals but it is not yet quite proved that they are more economical than oxen because soils are very often too hard for them (contrary to the case of Niger, for example). Progress has taken place in poultry; young chickens sold by a state farm in Bobo-Dioulasso are raised by farmers located along the railway line and sold at profit for export to the Ivory Coast. This activity, which has developed without any Government intervention except the importation, improvement and sale of better breeds, has interesting lessons. It shows that a well adapted product is readily adopted, that good marketing and transportation facilities are essential, and that a new or relatively new activity is better accepted than changes in the ways of carrying out traditional activities.

Non-Agricultural Sectors

34. Non-agricultural sectors, excluding Government, contributed 31 per cent of GDP at factor cost in 1964. But services alone represent 18 per cent and industry, construction and various handicrafts represent only 13 per cent. In the years since 1964, no significant changes in the share of this group of activities and their nature appear to have taken place. As the indicators of Appendix-Table 6 show, a general picture of near stagnation emerges. In particular, the stable figures of gross sales by the major trading firms are a good indication that "commerce" has not changed much either in absolute or in relative value as compared to 1964 when it contributed 11 per cent to GDP at factor cost, an impression corroborated by the observed stagnation in the total recorded value of external trade. The gold mine of Poura, the only mine in the country, ceased operations in 1966 because of exhaustion of the deposit. Construction activity slowed down during the last two years of President Yaméogo's regime because of lack of important projects and the increasing re-orientation of foreign aid towards the agricultural sector. Also, the business community was showing reluctance to invest at a time when the Government was losing popular support. The preoccupation of the new Government was more related to the short-term financial situation than to the launching of important works, and sources of foreign aid, especially FAC, were not prepared to consider new construction projects. Thus, imports of cement declined from 30,500 tons in 1964 to 25,600 and 21,000 tons in the two subsequent years. Imports of timber also declined (1964: 3,400 tons; 1965 and 1966: 2,700 tons; 1967: 1,750 tons). Bank credits to construction went down.

^{1/} Which does not mean replacing existing marketing channels, but rather using them better.

35. In the sector of transportation, a similar picture of stagnation is evident from the RAN ^{1/} statistics and from those of fuel imports. The figures on the vehicles fleet, on the other hand, are known to be over-estimated because the "death" of vehicles is not properly recorded, whereas new registrations are. More serious, the road network has suffered very badly from lack of maintenance. It is said in the 1967-70 development plan: "If this situation (of inadequate maintenance) were to continue there would be no road network worth mentioning in 3 or 4 years time."

B. Money, Trade and Aid

36. Other more general signs of economic stagnation are found in the fields of money, trade and aid. Money supply has increased very little - by less than 10 per cent - from 1964 to 1967, with credits to the economy actually decreasing somewhat and foreign assets increasing slightly. On the other hand, the significant and continuous increase of deposits at the savings bank - from CFAF 330 million in 1963 to 700 million in 1967 - in a period when wages, salaries and other money payments (such as pensions paid by France to veterans) remained more or less stagnant and prices increased, is a witness of the thriftiness of the Voltaic workers; but in absolute terms, however, such deposits remain very small.

37. Information on external trade and payments is notoriously insufficient. Unofficial trade is important, especially livestock and local produce; smuggling of imported goods varies with the severity of the tariff barrier; remittances by migrant workers very often take the form of cash brought back by the workers themselves; private payments within the West African Monetary Union and with France are difficult to attribute to specific items, etc. No statistics on the balance of payments exist except, in a sketchy form, in the 1964 national accounts.

38. There is no indication and no reason to think that the structural characteristics of the external balance have changed over the last 3 or 4 years, i.e., a very large deficit on trade and non-factor services to which are added some private transfers abroad (by expatriate households and firms residing in Upper Volta), is matched by large public transfers both on current and capital account, plus a significant inflow of funds sent by Voltaic workers abroad:

BALANCE OF PAYMENTS - 1964

	1964
1. Exports of goods	3,402
2. Re-exports of goods	1,432
3. Exports of non-factor services	130
4. Total	<u>4,964</u>
5. Imports of goods (including for re-export)	11,924
6. Imports of non-factor services	620
7. Total	<u>12,544</u>

^{1/} Régie Abidjan-Niger, the railway from Abidjan to Ouagadougou jointly operated by Ivory Coast and Upper Volta.

8. Balance on goods and n.f. services	<u>-7,580</u>
9. Public transfers and capital (net) a/	6,542
10. Private transfers abroad and factor payments	-1,170
11. Private transfers from abroad b/	2,000
12. Debt service	<u>-147</u>
13. Overall balance	<u><u>-355</u></u>

a/ Very similar to gross inflow.

b/ Mainly estimated remittances by migrant labor.

Source: Comptes Economiques de la Haute-Volta, 1964, Secrétariat d'Etat aux Affaires Etrangères Charge de la Coopération, Paris, September 1966.

39. The balance on goods and non-factor services may have improved very slightly on the basis of officially-recorded imports of goods which show no increase since 1964 and recorded exports which have increased a little ^{1/}, assuming that unrecorded exports and imports have not followed opposite trends. It can be seen by comparing recorded data with 1964 estimates that non-recorded exports are estimated at over CFAF 1.5 billion in 1964, or 30 per cent of total exports, and unrecorded imports at CFAF 2.4 billion, or 20 per cent of total imports.

	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Recorded exports	3,314	3,680	3,985	4,429
Recorded imports	<u>9,434</u>	<u>9,169</u>	<u>9,293</u>	<u>8,970</u>
Recorded balance	-6,170	-5,489	-5,308	-4,541

Source: See Appendix Tables 7 and 8.

40. There are no estimates of the other items for years after 1964. Indications are, however, that no important change has taken place. Public transfers through the French Trésor (which cover French and FED operations) have remained at similar or slightly lower levels, due to a decrease in the budget subsidy and military pensions. Also, on the credit side since the numbers of migrant workers in the coastal countries has certainly not diminished and their earnings have probably increased, it is likely that the corresponding private transfers from abroad have increased rather than the other way around. Finally, net external assets imputed to Upper Volta in the books of BCEAO,^{2/} after a low of CFAF 2.54 billion by the end of 1964, have recovered their previous level and

^{1/} The increase in exports shown in the official statistics is known to be largely attributable to a better recording. That total exports have not performed as well as recorded exports is a fair assumption considering that, according to reliable estimates, livestock imports (from Mali and Upper Volta) by Ghana have decreased by 50 per cent between 1962 and 1967.

^{2/} Banque Centrale des Etats de l'Afrique de l'Ouest, the Common Central Bank of the 7 members of the West African Monetary Union.

were CFAF 3.79 billion as of December 31, 1967, presumably as a result of a diminished trade deficit and/or slight increase in non-trade "credits". ^{1/}

41. The volume of public transfers and capital inflow (the latter being normally a very minor item) in the balance of payments is a clear indication of the role of aid, widely defined, in the Voltaic economy. Public transfers, in fact, cover a variety of operations in which development aid proper is only one important item. Thus, in 1964 - the last year for which a detailed breakdown is available - the gross inflow of funds of public origin of CFAF 6.9 billion included 4.4 billion of aid in various forms and 2.5 of other payments. Aid proper, in turn, was for about CFAF 2.9 billion on capital account (of which 25 per cent from FAC and 40 per cent from FED) and 2 billion on current account (budget subsidies, technical assistance, financing of French or international research institutes, etc.). "Other" payments are mostly - nearly 2 billion - pensions paid by France to Voltaic veterans who, under the name of "tirailleurs sénégalais", formed the bulk of the African troops of the French army.

42. The exact role of external sources in the financing of the "resource gap" is difficult to determine, especially after 1964. In that year, gross investment was CFAF 5.8 billion or 10.5 per cent of GDP. The current deficit on goods and non-factor services being then CFAF 7.6 billion it would appear that domestic savings were negative by nearly CFAF 2 billion. This overall dim picture must be qualified, however, in the light of the very different situation prevailing from one section of the economy to the other, the nature of the flow of external sources, and other considerations.

43. In round figures, savings by households ^{2/}before transfers to and from abroad were negative by CFAF 0.7 billion. Transfers abroad (by expatriates) being CFAF 0.7 billion and transfers from abroad CFAF 4 billion (2 billion of military pensions and 2 billion from Voltaic immigrant labor), the resulting available savings were CFAF 2.6 billion or about 5 per cent of total personal (household) incomes, including transfers from abroad. In the rural sector, the growth of livestock is a "saving" valued at CFAF 0.8 billion. Savings by corporate firms, in turn, were CFAF 1.1 billion (of which 0.3 for public enterprises), of which CFAF 0.4 billion was transferred abroad leaving CFAF 0.7 billion available savings. Finally, the public sector (excluding public enterprises) presented a very large savings deficit, of approximately CFAF 2.5 billion. This is mostly on account of Voltaic institutions (Government budget, local budgets, social security services, etc.) but includes also French and inter-state institutions (research institutes, aerial security inter-African agency, etc.). ^{3/} This gap was financed by a flow of public foreign funds (see paragraph 53) of CFAF 4.9 billion ^{4/}, leaving available public investment resources of CFAF 2.5 billion (of which CFAF 150 million used for debt repayment).

44. When measuring the savings effort of the community, it is fair to note that negative savings of resident households are more than matched by foreign earnings

^{1/} May 31, 1968: CFAF 4.97 billion (see BCEAO Bulletin August-September 1968).

^{2/} Includes the rural sector, all made up of individual farmers with very few exceptions and individual entrepreneurs in other sectors.

^{3/} For 1964, the only year for which details are available, the importance of the non-Voltaic public sector is illustrated, in the national accounts, by the fact that out of a total of "current resources" of CFAF 13.3 billion, CFAF 4.5 were non-Voltaic (i.e., mostly French, on military and civilian account), and out of CFAF 2.9 billion "investment resources", CFAF 2.5 corresponded to capital aid from abroad.

^{4/} The flow of public funds as defined in the balance of payments includes in addition CFAF 2 billion of military pensions which have been counted here as household resources.

accruing to Voltaics - migrant workers and veterans. It must be noted also that the overall rate of taxation is high, at 14 per cent of GDP and 26 per cent of monetary GDP (1964). As for the public sector, the real efforts made by the present Government since early 1966 are described in Section C below. The following table gives for 1964 the consolidated picture of the savings-investment relationships as described in the previous paragraphs:^{1/}

SAVINGS AND INVESTMENT - 1964
(billion CFAF)

	"Households" (including rural sector)	"Firms"	"Public Sector"	<u>Total</u>
Domestic savings	-0.7	1.1	-2.5	-2.1
Transfers abroad	-0.7	-0.4	-	-1.1
Transfers from abroad	<u>4.0</u>	-	<u>4.9</u>	<u>8.9</u>
Available savings (Total=Gross Investment)	<u>2.6</u>	<u>0.7</u>	<u>2.4</u>	<u>5.7</u>

Source: See footnote ^{1/} to this page.

45. From fragmentary information, it would appear that the sort of situation just described for 1964 has continued with no fundamental change. There is little reason to think, first of all, that the level of gross investment has increased at all. On the other hand, the current external deficit may have diminished slightly. There is very little likelihood that household savings have increased in view of the persistent difficult situation in agriculture, while the Government deflationary policies since 1966 have resulted in stagnant earnings by wage earners. Business conditions, as mentioned above, have been mediocre and corporate firms have certainly not been in a position to increase their gross profits. The only major change would concern the public sector with the Government budget having improved and consequently a decrease in the public sector's dissaving (a possibility is that all operations of the public sector, including foreign and interstate bodies, have resulted in net dissavings of around CFAF 2 billion in 1965/66 and 1 billion in 1967). The total inflow of public funds, including technical assistance, also is not known for recent years. Development aid, on the other hand, has been increasing only moderately (see Appendix Table 9) probably because of the limiting factor constituted by the absorptive capacity of the country and also because, as in all other countries concerned, FED funds have been committed very slowly at the beginning (1959 and following years) and then much more rapidly starting in 1962 or so, when finally projects suitable for financing by that institution were ready. Thus, the amount of funds used from 1959 to the end of 1966 was only 60 per

^{1/} The table is reconstructed from the national accounts for 1964 (the only complete accounts available) through a number of changes in definitions. The "comptes de capital" of "Entreprises", "Administration" and "Ménages" (households) as presented along the French methodology of the national accounts will be found in "Comptes Economiques de la Haute-Volta-1964", pages 52, 64, 68 and 85.

cent of commitments.

C. The Financial Problem

46. The financial problem, which is itself an effect and a cause of the overall economic stagnation, has increasingly taken a critical character until the recent period when the new Government adopted drastic measures to redress the situation. In order to stress the "performance" aspect of the public finance sector, only the Government budget and, more briefly, other purely Voltaic agencies are considered in this section. As explained above (paragraph 43) the public sector in the national accounting sense is wider than this.

Evolution Since Independence

47. The financial crisis which prompted the fall of Mr. M. Yameogo's Government resulted from a continuing deterioration of the budgetary situation since 1959. The financial problem reflects real underlying trends which affect both public expenditures and revenue. The increase in the former was in part a necessary result of independence, whereas the growth of revenue could hardly be sustained at the required rate against the background of a stagnating economy. The belated austerity measures decided by the previous Government in the winter of 1965/66 were the direct cause of active opposition from the labor unions, which ultimately led the military to take over power. Subsequently, the quick adoption and immediate implementation of a stabilization program since the beginning of 1966 has been the primary task and the major achievement of the new Government.

48. The gap between current government expenditure and revenue has evolved as follows (billion CFA francs):

	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Revenue	2.2	3.6	5.5	5.4	7.3	7.8	7.9	7.5	7.8
Expenditures	<u>4.9</u>	<u>5.4</u>	<u>6.5</u>	<u>7.6</u>	<u>8.1</u>	<u>8.7</u>	<u>8.3</u>	<u>7.9</u>	<u>7.1</u>
Balance	-2.7	-1.8	-1.1	-2.2	-0.8	-0.9	-0.4	-0.4	-0.7

Source: Rapport Economique (1965); Plan-cadre (1967).

In spite of the fast increase in revenue, current expenditure has consistently been greater than income, and since independence (1960) until the end of 1965 the cumulated current deficit reached approximately CFAF 7.2 billion. However, the total deficit over the period was greater than the current deficit by the extent of non-current expenditures, most of them investment expenditures, made under the Government budget.^{1/}

^{1/} The bulk of public investment, however, is done outside the budget and is directly financed by external development aid.

Total budgetary "excess expenditure" has been as follows (billion CFAF):

	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Current deficit	2.7	1.8	1.1	2.2	0.8	0.9	0.4	0.4	-0.7
Budget investment	0.3	0.7	1.1	0.8	0.8	0.6	1.0	0.6	0.5
Total to finance	<u>3.0</u>	<u>2.5</u>	<u>2.2</u>	<u>3.0</u>	<u>1.6</u>	<u>1.5</u>	<u>1.4</u>	<u>1.0</u>	<u>-0.2</u>

From 1960 to 1965, total excess expenditure has therefore exceeded CFAF 13 billion. As far as can be ascertained, this has been financed in the following manner: internal non-current resources have provided CFAF 1.5 billion; receipts from the budget, upon its liquidation, of the former federation of French West Africa (AOF) CFAF 2.0 billion; receipts from the Solidarity Fund of the Entente countries ^{1/} CFAF 0.5 billion; French subsidies to the budget CFAF 3.5 billion. The four categories just mentioned constitute definitive resources amounting to CFAF 7.5 billion. In addition, the Government contracted substantial debts of various kinds for an amount of approximately CFAF 5.0 billion over the 1960-65 period. The major items of indebtedness are: two loans from Ghana (1961) for a total equivalent of CFAF 2.6 billion; treasury's advances from France: over CFAF 800 million; debt to the private sector and to autonomous public bodies in the form of unpaid bills: nearly CFAF 1.4 billion. The Government had also used the facilities offered by the Central Bank in the form of short-term advances in 1963, 1964 and 1965 for up to CFAF 390 million (March 1964). By the end of 1965, the Trésor's debt to the BCEAO ^{2/} was, however, CFAF 200 million only on account of rediscounted customs bills.

Financial Policy of the New Government

49. The Government which took power in 1966 had to face a short-term debt of between CFAF 1.5 and 2 billion, of which 600 million was to the French Treasury and the immediate prospects of a budgetary situation which could not be promptly redressed. In 1966, budget expenditures over and above current revenue still exceeded CFAF 1 billion. This was again financed by resources accruing from the liquidation of various ex-federal institutions, such as the pension fund and the federal reserve fund for a total of nearly CFAF 280 million, by miscellaneous other income for some CFAF 110 million, by external non-reimbursable sources, i.e., Solidarity Fund for nearly CFAF 100 million and a French subsidy of CFAF 300 million. At the same time, as a first step in the implementation of the stabilization program CFAF 334 million of unpaid bills to the private sector were reimbursed. The liquidity position of the Trésor by the end of 1966 was extremely tight with available funds of less than CFAF 300 million against a short-term (and for the greater part of it overdue) debt of still around CFAF 2 billion, of which 600 million to the French treasury, 366 to BCEAO, 600 to the private sector, etc.

^{1/} The Entente then comprised the Ivory Coast, Dahomey, Niger and Upper Volta. Each country contributed a fixed percentage of its public revenue. After an allocation to a reserve fund, the proceeds were re-distributed, 1/16 to the Ivory Coast and 5/16 to each of the other 3. Thus, the Ivory Coast was a net contributor to the budgets of the others. In 1965, the Solidarity Fund was transformed into a Guarantee Fund to insure private (or public) foreign investment in any one of the participating countries (including Togo since 1966) against any losses due to default, whatever the cause, political or otherwise.

^{2/} BCEAO: Banque Centrale des Etats de l'Afrique de l'Ouest.

50. The year 1967 saw the full application of the measures aimed both at reducing the outstanding debts and at bringing public expenditures and income into a better balance. Current expenditures estimates were further reduced to CFAF 7.7 billion, or by 200 million as compared to 1966 and by 500 million as compared to 1965. Reductions concerned personnel, specifically various fringe payments, housing allowances, etc., and subsidies, particularly to private education institutions. Projected investment expenditures were also reduced to CFAF 604 million as against 640 million in 1966. Revenue estimates were put at CFAF 8.4 billion, 95 per cent to accrue from taxes, including net tax increases of some CFAF 300 million.

51. The taxation effort envisaged was in fact greater than might look from this modest net increase. It was to be the result of a decrease of about 1 billion in revenue from indirect taxes and an increase of 1.3 billion, mostly in direct personal taxes. The decrease was in turn based on a forecast of a continuation of depressed economic conditions affecting mainly imports, which are by far the largest basis for taxation. Some indirect tax rates, which had reached levels so high as to become deterrents to any purchase of goods and/or strong incentives to smuggling imports, were lowered. On the other hand, taxes on wages and salaries, half of which accrue to employees of the public sector, were to be more heavily taxed. To this was added an exceptional contribution ("contribution patriotique") equivalent to one-half month of salary, to be considered as an extra-budgetary income.

52. The 1967 budget actual outcome has been somewhat different from forecast. Actual current expenditures were CFAF 630 million below estimates, which more than matched a shortfall in revenue of CFAF 550 million mainly on account of indirect taxes. Thus the current surplus projected at CFAF 604 million in fact exceeded CFAF 700 million. This has permitted financing budget investment expenditures of nearly CFAF 500 million, leaving an overall cash surplus of CFAF 230 million. On the other hand, the exceptional levy on wages and salaries ("contribution patriotique"), which has been discontinued starting in March 1968, has yielded CFAF 464 million. Of this, CFAF 346 million have been used to repay debts in arrears, namely private unpaid bills. This has permitted reduction of this type of debt to only CFAF 224 million by mid-1968, or one-sixth of its level at the time when the military government came to power.

53. The budget prepared for 1968 aims at stabilizing current expenditures at a little over CFAF 7.8 billion, with current revenue forecast at CFAF 8.6 billion and investment expenditures at CFAF 720 million: the levels of expenditure for personnel (4.4 billion), material (1.3 billion), transfers and subsidies (1.2 billion) are kept practically unchanged as compared to 1967. No significant changes in taxation are foreseen for the current year, but a general tax reform is under study by an ad hoc commission. Controls on expenditure are strengthened.

54. The financial problem is not only one of the Government budget. Financial difficulties have plagued some public enterprises, a score of institutions widely varying in status, scope and achievement. The main problem was

- and still is - the import trading firm (first named CCHV for "Cooperative de Consommation de Haute-Volta", later SOVOLCOM for "Societe Voltaique de Commercialisation" after merging with the Office de Commercialisation). It was created in 1961 with the original aim of supplying the more modest customers with essential consumer goods at the lowest possible price. It was thereby expected to force prices of private importers down. When merged in 1966 with the Office de Commercialisation it undertook also to market export produce. Both as a retailer in imported goods and as a collector of export products, SOVOLCOM has failed. Lack of experience, mismanagement, fraudulent operations of CCHV and the cost of 53 branches scattered throughout the country of the Office de Commercialisation resulted in increasing losses and caused one minister and several members of the staff to finish their commercial careers in jail. The present Government is seeking to completely reorganize this enterprise with the assistance of foreign experts. The Government has endorsed over CFAF 270 million of debts of the former CCHV and Office de Commercialisation which it intends to reimburse according to a schedule extending until March 1971. The actual burden to the Government may turn out to be greater to the extent that CFAF 280 million of liabilities have been left to be reimbursed through the liquidation of the assets of the two former organizations the value of which is doubtful.

55. Other public institutions require more or less regular budgetary support (such as the official printshop which loses CFAF 5 or 6 million each year, the "Centre National de Tannerie" which has accumulated net liabilities of CFAF 10-15 million, etc.). On the other hand, institutions of a more financial character such as the pension fund, the social security (family allowances) fund, the price stabilization fund, and the savings bank (part of the post office system) are in a sound situation and their liquid funds constitute an important source of cash for the Trésor of which they all are creditors. A special case is that of the railways corporation - RAN ¹/₋ which is jointly operated by the Ivory Coast and Upper Volta, each of the member States being owner of the rail track of its territory. The current functioning of the line does not require subsidization but the two Governments (which also fix the freight rates) pay a participation to "maintenance and renewal". Upper Volta thus contributed CFAF 77 million in 1966 and 85 million in 1967.

III. PROSPECTS

56. In considering Upper Volta's economic prospects, it is convenient to start with the outlook as offered by the official development plan. This is justified to the extent that the present plan is the result of efforts to arrive at a realistic policy instrument - very much in contrast to plans prepared in the previous years but which were never adopted or only partially applied. It is clear, however, from the situation just described that the complete solution to the financial problems still remains the major objective of the Government and the condition for feasible and successful development policy.

¹/₋ Régie Abidjan-Niger, of which the main line is the Abidjan-Ouagadougou trunk (1,150 km.).

57. As a reflection of the Government's intentions at one given time, the plan is useful. Unfortunately, the mission was not in a position to appraise either the degree of consensus from the various sections of the economic community - or even the Government departments - embodied in the plan, or the efficiency of the machinery designed to implement the plan. Short of this, a detailed discussion of the plan would be at best an analysis of its internal consistency, not a very useful exercise.

58. Further, lack of recent basic data - i.e., national accounts after 1964, balance of payments statistics, etc., - the absence of sectoral expertise in the mission, and the uncertainty inherent in much of the plan itself, make it reasonable to refrain from attempting at building quantitative projections. The following section has, therefore, the limited objective of first highlighting the Government's main policy orientation as apparent in the plan and second assessing the Government's capacity to carry out its main objectives mainly from the point of view of the financial requirements implied.

A. The Development Plan: Main Orientations

The Investment Program

59. Upper Volta has a development plan for 1967-1970 ^{1/}. This is a "plan-cadre" ("frame-plan") intended to be indicative rather than imperative. The general orientation of the plan is reflected (in part) in the proposed distribution of investments:

	<u>Plan Proper</u>		<u>Optional Tranche</u>	
	<u>(billion CFAF)</u>	<u>%</u>	<u>(billion CFAF)</u>	<u>%</u>
Rural development	8.2	30.0	1.2	22.5
Modern sectors ^{a/}	5.3	19.5	0.6	11.0
Infrastructure	8.5	31.0	2.9	52.0
Education & Manpower	2.7	10.0	-	-
Health & Other Social	1.8	6.5	-	-
Information, Research, etc.	<u>0.8</u>	<u>3.0</u>	<u>0.8</u>	<u>14.5</u>
Total	27.3	100.0	5.5	100.0

^{a/} Manufacturing industry, mining, modern trade.

60. It is difficult to comment meaningfully on the above figures except to say that the larger shares for agriculture and infrastructure seem justified.

^{1/} Republique de Haute Volta, Plan-cadre de Développement 1967-1970 - undated - one main volume and one volume of annexes; the plan was officially adopted on August 5, 1967.

The consequently small proportions devoted to the social sector are not, of course, a reflection of the absence of requirements in these fields but rather the result of a deliberate policy aiming at limiting the current expenditures normally entailed by investments undertaken in these fields. Thus, with social services representing already 30 per cent of Government current expenditure (education - 20 per cent, health - 10 per cent) and the difficult budgetary situation as a whole, such a policy is certainly sound.

61. While the direct consumption and welfare aspects of better health and more widespread education are not denied, the effort is towards increasing the impact of the social programs on the productive capacity of the community. In this respect, two items deserve mention on their own merits and also because they could attract special attention from external sources of aid. One is a program to fight onchocerciasis (river blindness), starting with a limited project currently financed by FED in the South (Banfora); the other is the re-orientation and reorganization of the system of rural education first introduced in 1964. There existed in 1967 more than 500 "centers of rural education" (C.E.R.) whose aim is to train young peasants by giving them a basic general education plus training in agriculture with the hope that the young men graduating from the C.E.R.'s would become the focus of rural progress in their own villages. For various reasons, one of which is that the pupils are too young when leaving the C.E.R.'s, the results have been disappointing. Hence, a re-evaluation of the system now is underway with the assistance of U.N. organizations.

62. Within the rural sector, the emphasis is first and very predominantly on the continuation of the "model" already followed in the existing ORD's, with the development agencies (CFDT, BDPA, etc.) playing a leading role. This section of the plan should thus absorb almost 80 per cent of the investments of the rural sector. As mentioned earlier, the mission is not in a position to evaluate the "rightness" or "wrongness" of this policy, in particular as means of solving the population problem. Probably, many of the regional plans of the ORD's as spelled out in the 1967-1970 Plan are too optimistic; some contain misleading analysis of costs and benefits. But observations of this type cannot be in lieu of a much more in-depth investigation of the ongoing programs and their prospects - not as they are described in the "Plan-cadre" - but as they would appear following a thorough research in the field. One thing is certain, however: in conditions as those prevailing in Upper Volta policies of rural development are a very long haul endeavor, as the only really successful story in the country, that of CFDT, clearly shows. In this respect, the efforts of the Voltaic Government to consolidate the action of the development agencies, for example by a continuing political propaganda in the "bush", certainly deserve praise.

63. The second largest item in the agricultural program concerns livestock with 12 per cent of the investment of the rural section. Considering that livestock accounts for over half total exports, this proportion may seem low. It is rather a reflection of the difficulty to conceive of economic projects in this sector, given the dominance of traditional structures. Recent and current surveys of development opportunities in Upper Volta and neighboring countries (including a recent mission by the Bank/FAO) should probably lead to the identification of more projects than those foreseen in the plan

(which are essentially two ranching schemes and a large slaughterhouse in Ouagadougou).

64. Rural water supplies is an important branch of the plan for agriculture, which cuts across the sectoral plans for agriculture proper and for livestock. Two main themes dominate: one consists of studies (including a general survey of water resources and a number of pre-investment studies), the other is the construction of a great number of small or medium-size works, some with small-scale irrigation, others only to provide water to people and to animals. In total investment, works related to water supplies for agriculture are put at CFAF 3.2 billion, or 40 per cent of the program for agriculture, to which must be added CFAF 1.2 billion for urban water supplies. Hydraulics, including the problems of construction standards, is a field which very much needs to be studied from an economic point of view. With the present stage of knowledge on the real costs and benefits of this type of investment in Upper Volta, it is not yet really possible to appraise the Government's program.

65. Infrastructure: The problem is quite clearly stated in the "Plan-cadre" (see paragraph 47 above). The road network was well designed and is dense by the standards of most underdeveloped countries (3.4 km. for 1,000 inhabitants and 20 km. for 1,000 sq. km.), but it has deteriorated considerably since independence. Maintenance expenditures were never near the minimum considered desirable (around CFAF 600 million per year); they have still been drastically reduced in the recent years (CFAF 230 million in the 1967 budget) as a result of the budgetary deflation. Feeder roads are very often hardly practicable. Even the main roads (for example, the Ouagadougou-Bobo-Dioulasso trunk) are cut part of the year, sometimes for weeks, during the rainy season. Telecommunications are in no better condition with a telephone network which works in a somewhat fanciful manner.

66. The investment plan (of which CFAF 6.8 billion for roads and 0.4 billion for teleccmunications) is therefore largely a rehabilitation and reconstruction program, the structure of which appears sound. But assuming that it could be fully financed, the problem of subsequent maintenance will still remain; CFAF 0.7 billion are allocated to the purchase of maintenance equipment but its proper use and renewal will require much more than what was provided for in past Government budgets. In 1967, a road fund was instituted with some earmarked tax resources to channel some additional funds to maintenance. It is expected, however, that external aid will be required for this purpose for a number of years to come. In order to increase flexibility in the working of the posts and telecommunications and ease their current financing problem, the Government had made the P & T an autonomous body early in 1968, to become effective in January 1969.

67. The plan for infrastructure includes CFAF 1.9 billion for the extension of the railway up to Kaya (91 km. North-east of Ouagadougou) as part of a much larger project consisting of a line linking Ouagadougou to Tambao (350 km.) where a deposit of manganese has been identified and evaluated (with UNDP financing). The total cost of the new line to Tambao would be about CFAF 6.5 billion (\$26 million). The report of the consultants on the mining prospects as well as on the economics of transportation of the ore is presently being reviewed by UNDP and the Government and has been submitted to the Bank. It is

very doubtful, however, that the Ougadougou-Kaya section of the railway can be economically justified as such, and it is to be hoped that the Government will not undertake any works on it before a decision has been reached concerning the Tambao mine and the related transportation infrastructure.

68. The manufacturing in the "modern sector" is certainly where the greatest progress, in relative terms, is expected - which is not surprising given the narrowness of the present industrial base. The main projects included in the "Plan-cadre" are: a cotton textile mill, a slaughterhouse (mentioned above), a brick factory, a match factory, a cigarette factory, a paint factory, a new oil mill (groundnuts and other oleaginous products), a sugar mill, a bicycle tire plant, fruit and vegetable canning plant, an industrial dairy unit, a ceramics plant and - of course - a cement plant (this would be part of the "Tambao complex" where important limestone deposits have also been identified).

69. Of these, some have been started since the beginning of the plan, or even completed: the match, cigarette and brick factories in the course of 1967, representing investments of some CFAF 200 million provided by private foreign sources. The three units still work well below capacity. The former two, at least, would appear to be profitable without needing particular protection from the Government. The most important project has seen the light of day in May 1968 with the laying of the first stone of the textile mill at Koudougou. The "Voltex" mill will cost CFAF 1.2 billion, provided by Germany (Kreditanstalt) (613 million), CCCE (120 million), FAC (2 loans of 120 and 180 million), the balance being found in the company's own capital of CFAF 300 million, in which the Government has an interest of CFAF 120 million and private Ivorean interests 102 million. The production objectives for 1969 are 600 tons of cotton cloth to be raised to 1500 tons in 1972 and 1800 tons in 1978, implying additional investments of CFAF 4 billion. Employment of 520 people is to be increased to nearly 2000 by 1978. The cotton of local origin will be provided by a ginning plant (CFDT) now under construction also at Koudougou. Of the other projects mentioned, some would imply important investments (e.g., slaughterhouse: CFAF 700 million; sugar mill: 2 billion; cement plant: 3 or 4 billion, etc.) but these projects have the common characteristic of being financially viable only at sizes well above the size of the local market. They would, therefore, rest either on heavy protection or on the existence of outlets outside Upper Volta. In fact, no decision has been taken concerning these large projects, the most advanced of which seems to be the Ouagadougou slaughterhouse.

70. In the mining sector, finally, the "Tambao" project mentioned above dominates the scene. The deposit is 7 to 9 million tons of commercially good manganese ore. Union Carbide and a Japanese group have manifested their interest, but it is believed that the Government is looking for other potential investors. According to preliminary reports, up to 500,000 tons of ore could be exported per year at a value of \$27 f.o.b. Abidjan, or some \$13.5 million a year (CFAF 3.3 billion) meaning, of course, a tremendous addition to Upper Volta gross exports. The main factor conditioning the feasibility of this venture would be the transportation cost over the 1,500 km. from the mine to Abidjan, i.e., the possibility of charging a freight rate which would cover the full cost of the new line and the additional cost of the existing section. Hence the importance of the economic study referred to in paragraph 67 above.

71. The plan contains a very great number of useful indications on other aspects of the Government economic policy, including applied research, studies of all sorts, urban development, marketing, nutrition problems, etc., which cannot be analyzed here.

Main Results Expected

72. In the present circumstances, the main efforts are towards the establishment in the financial, administrative and political spheres of favorable conditions for developing production. Although the increase in overall production is the ultimate target, the Government does not expect rapid progress over the present plan period. Therefore, the "Plan-cadre", contrary to previous aborted plans, does not start from overall objectives for growth rates. The results of the actions undertaken in the various sectors are simply recorded as possibilities, and even so, with important reservations.

73. Recognizing that the rate of growth of GDP in 1965 and 1966 has not reached 4 per cent and that 1967 would certainly not have a better record, the maximum that could be reasonably expected over the three years 1968-70 is a 5 per cent growth rate per annum on the assumption that the execution of the plan in 1968 and the following years is speeded up as compared to original objectives. Agricultural production would then have to grow by more than 3.3 per cent per annum and the modern sector by more than the 5.15 per cent originally contemplated in order to arrive at an overall rate of 4 per cent per annum over the four years 1967 to 1970.

74. Given the wide discrepancies in the statistics for the past, the absolute figures, in quantities, given by the plan for 1970 are not very enlightening as such. However, the relative increase between 1964, as given in the national accounts, and the plan objectives are comparable. The most important increases by product are, on that basis:

	$\frac{1970}{(1964 = 100)}$
Cereals (Millet, Sorghum, Maize, Rice)	112
Groundnuts	165
Cotton	360
Livestock (Cattle)	100
Small Livestock	145
Meat (Processed)	135

75. The wide range of growth illustrated in the table does not, in all certainty, reflect the most likely results of the sectoral projects. Thus, the increase in cotton production appears optimistic in spite of the encouraging progress made recently. It would mean a production level of 48,000 tons as against around 20,000 tons now. It remains, nevertheless, that this crop will

probably lead all others in the pace of increase. The stagnation of livestock (cattle) production is supposedly to be compensated by a higher production of meat, i.e., presumably by increasing the share of value added in exports. This, however, will very much depend upon the arrangements to be reached with consuming countries (Ivory Coast and Ghana) which at the moment prefer to import livestock on the hoof.

76. Progress in the secondary sector will result mainly from the production by new industries (see paragraphs 71 and 72). It is expected that the continued effect of increased exports (mainly cotton, groundnuts and meat), which will remain almost exclusively agricultural, and of successful import substitution will very much improve the trade balance by 1970. Import substitution would concern primarily: animal products, textiles, cigarettes and matches, sugar, shoes, etc., for a total of CFAF 1.4 billion (or hardly 12 per cent of estimated total 1964 imports). Total imports, considering some increases in industrial products, would be CFAF 10 billion as against exports of CFAF 7.5 billion, leaving a trade deficit of CFAF 2.5 billion as against CFAF 7 billion in 1964. Such figures probably underestimate the import requirements of a growing economy and overestimate the scale of economical import substitution. Above all, such forecast appears to ignore the fact that estimated imports in 1964 - as opposed to imports officially recorded - were already in the vicinity of CFAF 10.5 billion (excluding imports for re-exports). Thus, while export increases of the order of magnitude foreseen are optimistic but not unrealistic considering progress made in recent years and the prospects for cotton (provided prices do not drop too much) and livestock products (provided supplies follow the upward trend in consuming countries), the trade deficit for 1970 will probably well exceed CFAF 2.5 billion. It is reasonable to expect an improvement in the trade balance, but not of the order of magnitude hoped for by the planners.

B. Financial Conditions for the Plan

77. Financial conditions concern the financing of the investment program and budgetary policy which itself is a condition for and a resultant of the realization of the development plan.

Financing of the Investment Program

78. As of the end of February 1968, about CFAF 12 billion had been obtained from external sources while it was expected that the Government could contribute some CFAF 600 million from the (1968) budget and other local sources, i.e., private sector and medium and long-term financing by the banking system could provide CFAF 1.8 billion. Thus over 50 per cent of the plan requirements would seem to be assured less than a year after the actual starting date of the plan. Of this total, nearly CFAF 4 billion is on account of external funds committed before 1967 for ongoing operations which have been included in the 1967-1970 program, and the rest is for operations to start in 1967 or later. Thus, in early 1968, the financing of the plan could be pictured as follows:

	(billion CFAF)
<u>Total to finance 1967-70</u>	<u>27.4</u>
<u>External:</u>	
- obtained (public) (of which loans)	12.0 (0.9)
- to obtain (of which private)	11.0 (2.0)
<u>Internal</u>	
- budget 1968 (estimates)	0.6
- private and banks	1.8
- to obtain	2.0

The above figures do not include non-monetary investment by farmers in the traditional sector nor the increase in livestock.

79. The structure of financing shows, not surprisingly, a massive reliance on external sources since these would supply CFAF 23 billion or 84 per cent of the total. The traditional donors, i.e., FAC and FED, would provide over CFAF 16 billion, non-French bilateral sources - mainly USA, Germany, China (Taiwan) - CFAF 2 billion, multilateral sources (including IBRD) CFAF 1.4 billion and private foreign investors CFAF 2 billion.

80. The expectations embodied in the financial plan are not unreasonable as regards external sources and they are possible - but probably optimistic - as regards internal resources, small as the latter's role may seem (16 per cent of the total). In the current political ambiance in donor countries, it would be unwise to expect from the main external sources - FAC and FED - a significant increase in their extending soft aid - in fact almost all grants, while other donors such as Germany or the USA will probably not step up their aid either except for specific attractive projects such as the "Voltex" mill. However, an amount of some CFAF 9 billion from all these sources - including possibly the Bank group - or 3 billion per year up to 1970 is certainly feasible. In the recent past, FAC and FED combined have, on the average, disbursed 2 to 2.5 billion per annum.

81. The limit might be, as in the past, in the country's capacity to actually channel external funds into productive investment at the expected rate of nearly CFAF 7 billion per annum. It is not known how much was spent in 1967 or in other years after 1964 but the figure is certainly not very much above CFAF 3.5 to 4 billion. ^{1/} It is not known either where the bottlenecks are but it would seem that the preparation of projects, including technical and economic studies, has been a more serious limitation than, say, contractor's capacity.

^{1/} From FAC and FED: 2 to 2.5 billion, other external sources: 0.5 billion, on the Government and other local budgets: 0.5 billion. Does not include items included in total investment in the national accounts such as growth of livestock, traditional housing, etc.

The three or four main contractors' firm are known to have worked well below capacity and have reduced numbers employed since 1964. It is, in any case, difficult to predict rates of expenditures since one or two single large projects - for example, the Ouagadougou slaughterhouse now estimated at CFAF 700 million - may make all the difference. The Voltaic Administration is aware that the Plan objectives imply an effort to speed up the preparation of projects in line with the requirements of each source of finance. ^{1/} What practical steps are being taken in this direction are not known. There is no doubt, however, that both the Department of Development and Public Works, on the one hand, and the Ministry of Finance, on the other, are currently under strong and dynamic leadership.

Government Finance

82. The Government's own financial policy (other than that of seeking external assistance) has to find its way between two evils. One is that a desire to keep up expenditure at the level required to meet the plan objectives may lead to budget deficits which, under the present institutional framework, in turn may lead to excessive external borrowing and/or internal indebtedness in the form of unpaid bills and the like, and finally produce a default on obligations, an intractable situation dominated not by inflation but by the possibility of payments cessation. On the other hand, a deflationary policy such as that followed over the last two years would hardly be consistent with the attainment of the aims of the development policy embodied in the "Plan-cadre".

83. In the short-term, there is little doubt that the Government intends to stick to its general line of budgetary restraint, as witnessed by the budget estimate for 1963 (paragraph 53). There are many good reasons, however, for budgetary spending to increase: maintenance of infrastructure, rural economy (which gets a bare 6 per cent of the current budget), water supplies and, of course, education and health, all have legitimate claims to higher allocations. Most services suffer from insufficient staffing at the upper and medium levels, especially in the provinces, and the personnel not provided by official technical assistance would be very costly. ^{2/} Further, there are no obvious items in the budget which could be easily reallocated to more "deserving" purposes. Army and police, with about 15 per cent of the total (1967) cannot be considered as abnormally inflated.

84. On the revenue side, there is very little room for higher taxation. At the level reached by import taxes, which is higher than in all neighboring countries - total taxation of officially recorded imports exceeds 50 per cent of their c.i.f. value - any hope of obtaining higher yields can only be by decreasing some rates where the "elasticity conditions" would warrant it. Actually, the Administration has already cut down some taxes on goods which are easily smuggled into the country (from the Ivory Coast and Ghana) and intends to go

^{1/} Including the Development Bank (Banque Nationale de Développement), the French Caisse Centrale de Cooperation Economique and medium-term rediscount facilities offered by the BCEAO.

^{2/} As in the case of other former French colonies, the Government contributes only a small fraction of the cost of technical assistance - perhaps 10 per cent - amounting to CFAF 150 million in the 1967 budget.

further in that direction. Indirect taxes can hardly be expected to yield significant increases in revenue. Direct taxation is high also - especially with the "contribution patriotique" levied in 1967/68; and, with the usual proviso that collection could be improved in some instances, this source can be considered as offering little prospects. One reason, among others, is that the Government could hardly remove the subsidies to agricultural exports - a measure which could save the budget at most some CFAF 100 million (on the 1966 basis), and increase taxes on farmers at the same time.

35. An improvement in the budgetary situation can really rest only on an acceleration of economic growth and the accompanying increase of imports, of the wage bill, of business profits - and of farmers' money incomes. In its essential terms, this could take place if investments financed with foreign aid increase and/or if exports increase, the two being interrelated but each having a large degree of autonomy; (thus exports depend very much on farmers' response to various incentives other than investment, and very much indeed on climatic conditions). But at the same time, Government expenditures, simply because they represent 16 per cent of total GDP and 25 per cent of monetary GDP, cannot be kept stagnant for prolonged periods without jeopardizing growth.

36. The objectives of Government financial policy for the plan period can most usefully and realistically be to create conditions for overall economic recovery and for effectiveness of the plan. This does not mean primarily generating budget surpluses. These are foreseen tentatively at CFAF 2.5 billion for 1967-1970 or a yearly average of CFAF 700 million, representing under 10 per cent of the investment program. Even this may well be too much. Instead, as is stated in the "Plan-cadre", the target should be first to rehabilitate public finances by (i) liquidating the short-term debt still outstanding; (ii) putting the public enterprises on their own feet, first of all SOVOLCOM after reimbursement of its debts; (iii) progressively de-subsidizing agricultural exports, of which cotton is by far the main item. Achieving these three aims would cost the budget at least CFAF 1 billion up to 1970, to be added to the service of the contractual debt of over CFAF 400 million (1963). A second series of actions would tend to increase the economic productivity of current expenditures without increasing their amount: steps in that direction are the emphasis already noted in health and education programs (see paragraph 61) which, contrary to agriculture, infrastructure or industry, are chiefly dependent upon Government budgetary allocations. In this same order of idea, the utilization of the army for development tasks is seriously considered and, in limited areas, is already effective (assistance in road construction). Finally, the budget should be capable of providing counterpart funds to match external aid, an item already included in past budgets (mainly CFAF 200 million as contribution to the rural development agencies).

37. If such policies still permit the generation of budgetary surpluses available for investment, that will be in the nature of a "windfall profit". A significant participation of the budget in the financing of "modern" investment is more or less explicitly stated in the "Plan-cadre", as the aim for the period after 1970. If, in the early seventies the program of financial rehabilitation has been achieved, absorptive capacity increased to permit investment outlays at the rate of CFAF 8 billion per year or even a somewhat lower figure, if the regional agricultural policies have reasonably succeeded in regulating food

supplies and, if finally the agricultural exports such as cotton, oleaginous products and livestock products have firmly taken off, then it should only be a matter of prudent management to make the Government budget contribute to the investment program by, say 20-25 per cent, and not only by a token amount. In the meantime, it is clear that these many "ifs" very much depend on the continuance of external assistance in all its forms, including a large program of technical assistance.

80. That external aid to Upper Volta should continue to be on soft, indeed very soft terms, should not require much elaboration. The extreme poverty of the country, together with the difficulty in finding investment opportunities with good returns, especially in agriculture, are the main reasons to seek to maximize the effect of external financing by providing it on the softest terms possible. Purely financial considerations should be ~~considered as~~ of secondary relevance even assuming a situation which would otherwise leave room for conventional borrowing. In fact, the servicing of the contractual external debt is currently low, at around 5 per cent of public revenue. But the accumulated short-term debt - nominally internal in great part but in fact mostly owed to expatriate firms - has weighed heavily on recent budgets and is not totally liquidated yet. On the other hand, as a percentage of exports of goods and services, the service in foreign debt is - with CFAF 350 million - already near 10 per cent and it is around 7 per cent when current migrants' remittances by Voltaic workers are included in the denominator. Conventional borrowing could, however, play a useful role in two sorts of cases. First, in small amounts, it could provide flexibility to the implementation of the part in the way of suppliers' credits which are easily and rapidly obtained, for example, for some priority industrial projects. Second, for large revenue-producing projects for which soft money would be problematic. The Tambao mine and railway project, if it proves economically feasible, might be a major case in this category.

STATISTICS

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Table 1: POPULATION

A. Population Projects (based on population survey of 1960: growth rate of 2% per annum)

1960:	4,400,000
1964:	4,763,000
1968:	5,155,000
1970:	5,363,000
1975:	5,921,000
1980:	6,532,000
1985:	7,208,000

B. Population by Main Ethnic Groups and Areas (1965)

<u>Group</u>	<u>Region</u>	<u>Total</u>	<u>%</u>
Mossi	(Central)	2,455,762	50.5
Bobo	(West)	806,970	17.0
Senoufou	(West)	317,061	6.5
Gourounsi	(Center-South)	305,707	6.4
Peul	(Semi-nomadic)	266,311	5.5
Lobi	(South-East)	253,411	5.4
Bissa	(Central-East)	228,493	4.7
Gourmantché	(East)	<u>226,668</u>	<u>4.0</u>
Total		4,816,000	100.0

Source: Ministère du Développement et du Tourisme, Rapport Economique, données géographiques et humains (1965).

C. Age Structure of Resident Population (1960-61)

<u>Age Group</u>	<u>Male</u> (in percentage of total population)	<u>Female</u> (in percentage of total population)
Under 1 year	2.1	2.1
1-4	7.1	6.4
5-9	8.1	7.1
10-14	5.0	3.7
15-19	4.1	3.7
20-24	3.5	4.8
25-29	3.9	4.3
30-34	2.9	3.7
35-39	3.2	3.7
40-44	2.3	2.4
45-49	2.3	2.3
50-54	1.5	1.4
55-59	1.3	1.9
60-64	1.0	1.0
65-69	0.9	0.7
70-74	0.5	0.4
over 74	0.5	0.3
Total	50.2	49.8

Source: Ministère du Développement et du Tourisme, Rapport Economique, données géographiques et humains (1965).

Table 2: NATIONAL ACCOUNTS 1964: INDUSTRIAL ORIGIN

(billion CFAF)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	<u>Wages and salaries</u>	<u>Indirect taxes net of subsidies</u>	<u>Miscellaneous transfers</u>	<u>Value added other than (1)(2)(3)</u>	<u>Total at market prices (1) through (4)</u>	<u>Total at factor cost (5) minus (2)</u>	<u>%</u>
1. Primary sector (of which: livestock and fishing)	150	65	-	29,074	29,289 (11,618)	29,224 (11,653)	57 (23)
2. Secondary sector (of which: construction)	1,996 (1,269)	453 (250)	-	4,692 (1,153)	7,141 (2,672)	6,688 (2,422)	13 (5)
3. Services and transport	2,154	5,010	115	6,676	13,955	8,945	18
4. Government	<u>6,121</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,121</u>	<u>6,121</u>	<u>12</u>
5. TOTAL	<u>10,421</u>	<u>5,528</u>	<u>115</u>	<u>40,442</u>	<u>56,506</u>	<u>50,978</u>	<u>100</u>
6. Of which non-marketed					(24,690)		

Source: Comptes Economiques de la Haute-Volta, 1964, Secrétariat d'Etat aux Affaires Etrangères Chargé de la Coopération, Paris, September 1966.

Table 3: NATIONAL ACCOUNTS 1964.
ORIGIN AND USE OF GROSS AVAILABLE RESOURCES

	(billion CFAF)	%
1. Local production (of which non-marketed)	55,821 (29,076)	69.0 (36.0)
2. Margins on local production ^{1/}	2,150	2.5
3. Imports	12,544	15.5
4. Margins on imports ^{1/}	<u>10,635</u>	<u>13.0</u>
5. Total resources = total uses	<u>81,150</u>	<u>100.0</u>
6. Intermediate consumption	18,221	22.5
7. Final consumption by households	48,885	60.3
8. Final consumption by Government ^{2/}	3,267	4.0
9. Fixed capital formation (of which public)	5,027 (2,407)	6.2 (3.0)
10. Stocks	788	0.9
11. Exports	4,964	6.1

^{1/} Including indirect taxes.

^{2/} Purchase of goods and services by Government and other public administrations.

Source: Comptes Economiques de la Haute-Volta, 1964, Secrétariat d'Etat aux Affaires Etrangères Chargé de la Coopération, Paris, September 1966.

Table 4 NATIONAL ACCOUNTS:
USE OF RESOURCES 1964-1966

	(billion CFAF)			
	1964	1965	1966 (Provisional)	1967
1. Local production	55,821	55,257	55,227	57,308
2. Imports	12,544	11,119	11,683	11,980
3. Margins ^{1/}	12,735	12,178	11,502	11,210
4. Total resources = total uses	81,150	78,554	78,412	80,498
5. Intermediate consumption	18,221	16,239	16,131	17,428
6. Consumption by households	48,685	49,969	51,014	51,510
7. Consumption by Government	3,267	2,777	2,167	2,276
8. Fixed capital formation	5,027	3,429	2,639	2,198
9. Stocks	783	810	826	330
10. Exports	4,964	5,330	5,636	6,156

^{1/} Including indirect taxes.

Source: 1964, see Table 2; 1965-67, reply by Upper Volta Government to UNO questionnaire for World Economic Report 1967-68.

Table 5: AGRICULTURAL PRODUCTION: MAIN PRODUCTS

Q = Quantity in thousand tons

A = Area under cultivation in thousand hectares

	1961		1962		1963		1964		1965		1966		1967	
	Q	A	Q	A	Q	A	Q	A	Q	A	Q	A	Q	A
Sorghum	411	908	508	1041	720	1303	878	1404	789	1404	540	1237	1175	1960
Millet	195	615	261	597	316	873	378	806	410	806	364	540		
Maize	75	150	78	161	109	159	127	167	171	167	124	211	137	228
Rice	21	34	45	67	25	34	34	35	38	35	52	44	157	71
Groundnuts	110	238	113	227	129	246	136	248	131	248	119	241	130	217
Cotton	6	39	13	61	10	42	15	56	9	56	18	71	19	65

Source: 1961-64: Rapport Economique - Production - Ministère du Développement et du Tourisme (Upper Volta), 1965.
1965-67: as Table 4.

Note: The figures above are widely different and above those given by other sources, notably the national accounts for 1964 which are given below. The above, however, is the only available series covering a long period.

	<u>Production 1964</u> <u>according to N.A.</u>
Sorghum	592
Millet	279
Maize	66
Rice	24
Groundnuts	70
Cotton	13

Table 6: SELECTED ECONOMIC INDICATORS (OUTSIDE AGRICULTURE)

	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	
A. <u>Industrial Production</u>					
1. Soft drinks (1000 hl)	17.9	20.1	19.1	17.0	
2. Beer (1000 hl)	35.0	32.9	36.9	40.3	
3. Groundnut oil (refined) (tons)	510	782	1,104	759	
4. Bicycles assembled	5,000	30,665	25,294	21,330	
5. Ginned cotton (tons)	2,680	2,992	3,276	5,030	
6. Soap (tons)	897	1,160	1,220	1,901	
7. Plastic shoes (pairs)	317,040	267,849	316,895	-	
B. <u>Power</u>					
8. Electricity supplied (1000 KWH)	17,993	19,793	21,169	20,712	
9. Gasoline, imported (tons)	13,823	14,443	14,186	13,834	
10. Kerosene, imported (tons)	5,507	5,616	5,699	5,911	
11. Gasoil, imported (tons)	6,202	6,598	5,395	6,143	
C. <u>Transport</u>					
12. Railway traffic (tons)	249,200	242,300	238,500	259,500	
13. Number of private cars	3,815	4,239	4,565	4,809	
14. Number of trucks and vans	3,962	4,401	4,797	5,155	
D. <u>Gross sales of 16 main trading firms</u>					
	<u>1962-63</u>	<u>1963-64</u>	<u>1964-65</u>	<u>1965-66</u>	<u>1966-67</u>
15. Million CFAF	7,634	8,031	8,450	7,844	7,004
E. <u>Money and credit</u> (billion CFAF)					
16. Credits to economy (Dec. 31)	3.97	4.07	3.58	3.70	
17. Money	6.03	6.26	6.49	6.56	
F. <u>Employment</u>					
18. Number of wage earners	32,788	26,244	22,576	n.a.	
19. Of which public sector	10,948	13,123	9,204	n.a.	
20. Wage bill (million CFAF)	10,521	9,811	9,333	n.a.	

Sources: Items 1 through 14 and 18 through 20: as for Table 4.
 Items 15 through 17: Monthly Bulletins of BCEAO.

Table 7. EXPORTS (OFFICIALLY RECORDED)

(million CFAF)

<u>Exports</u>	<u>1964</u> ^{1/}	<u>1965</u>	<u>1966</u>	<u>1967</u>
1. Livestock	1,840	2,143	2,208	2,270
2. Meat	64	66	200	261
3. Hides and skins	251	106	190	85
4. Groundnuts (shelled)	119	162	204	283
5. Shea nuts	118	62	155	80
6. Sesame	61	88	64	117
7. Cotton	90	257	304	344
8. Gold	<u>227</u>	<u>248</u>	<u>116</u>	<u>-</u>
9. Others	<u>544</u>	<u>548</u>	<u>744</u>	<u>489</u>
10. Total	3,314	3,680	3,985	4,429

^{1/} For estimate of actual exports see Table, Page 11 of Report, Balance of Payments 1964.

Source: Bulletins Mensuels d'Information Statistique et Economique, 1967.

Table 8: IMPORTS (OFFICIALLY RECORDED)

(million CFAF)

<u>Imports</u>	<u>1964</u> ^{1/}	<u>1965</u>	<u>1966</u>	<u>1967</u>
1. Food, beverages, tobacco	3,146	2,230	2,560	2,313
2. Petroleum products	345	390	545	586
3. Raw products	2,465	1,082	1,070	831
4. Animal and vegetal	(2,450)	(955)	(892)	n.a.
5. Mineral	(15)	(127)	(178)	n.a.
6. Semi-finished goods	1,071	1,267	1,032	5,240
7. Manufactured goods				
8. For agriculture	41	87	40	
9. For industry	1,122	1,098	1,102	
10. For consumption	<u>3,500</u>	<u>3,007</u>	<u>2,925</u>	_____
11. TOTAL	<u>9,484</u>	<u>9,169</u>	<u>9,293</u>	<u>8,970</u>

^{1/} For estimate of actual imports see Table, Page 11 of Report, Balance of Payments 1964.

Sources: As for Table 7.

Table 9. DEVELOPMENT AID ^{1/}

1. <u>Grants</u>	(Disbursements)		Committed: 1967	
	1959-1966 (million CFAF)	(thousand \$)	(million CFAF)	(thousand \$)
France	7,420	29,706	955	3,820
European Economic Community	7,325	24,613	536	2,220
Germany	400	1,923	-	
United States	1,530	6,133	126	480
China (Taiwan)	750	3,000	-	
Others	606	2,740
TOTAL	17,505	65,330	2,303	9,260
2. <u>Loans</u>				
France (CCCE)	1,260	5,036		
Germany	750	3,000		
Ghana	580	2,334		
TOTAL	2,590	10,370		

^{1/} Does not include: budgetary support, technical assistance.

Source Report of UNDP representatives in Ougadougou of October 1966.

Table 10: GOVERNMENT BUDGET

(million CFAF)

	<u>1966</u>	1967 (Estimates)
1. Revenue		
Direct taxes	2,111	2,094
Import-Export taxes	{ 4,692	{ 4,794
Internal indirect taxes		
Other taxes	138	152
Total taxes	<u>6,951</u>	
Other current revenue	376	1,098
Other internal resources	228	237
Total revenue	<u>7,555</u>	<u>8,375</u>
<u>External resources</u>		
From ex-AOF	379 ^{1/}	-
French subsidy	615 ^{2/}	-
Total external	<u>994</u>	-
2. Expenditure		
Public debt and pensions	557 ^{3/}	641 ^{4/}
Personnel	4,559	4,430
Material	1,004	1,563
Maintenance	202	41
Subsidies and other	1,136	1,096
Expenditure on past budgets	375	-
Total current	<u>7,833</u>	<u>7,771</u>

^{1/} Of which CFAF 179 million from assets of former AOF federation and 200 million from liquidation of former pensions fund of French colonies.

^{2/} Of which CFAF 300 million for 1966 and 315 million from previous years.

^{3/} Of which debt proper CFAF 411 million.

^{4/} Of which debt proper CFAF 483 million.

Source: Information communicated by Ministry of Finance, Ouagadougou.

Table 11: DEVELOPMENT PROGRAM: INVESTMENTS

(million CFAF)

		<u>Total 1967-1970</u>
1. <u>Rural Development</u>		<u>9,414</u>
ORD's (regional plans) ^{1/}	7,344	
Livestock	1,230	
Water supplies	470	
Others	370	
2. <u>Modern Sector</u> ^{2/}		<u>5,956</u>
Manufacturing	4,500	
Transport, commerce, services, tourism	812	
Others	644	
3. <u>Infrastructure</u>		<u>11,400</u>
Roads	6,763	
(of which secondary roads)	(1,000)	
(of which new equipment)	(600)	
Railway	1,900	
Posts and Telecommunications	413	
Urban development and housing	2,198	
Air transport	126	
4. <u>Social Sector</u>		<u>4,548</u>
Education and vocational training	2,724	
(of which rural education)	(1,306)	
Health	1,334	
Others	490	
5. <u>Information, Research, Studies, etc.</u>		<u>1,606</u>
Scientific research	1,125	
Others	481	
6. <u>Total</u>		<u>32,924</u>
(of which "optional tranche")		5,543

^{1/} ORD's = Organismes Regionaux de Développement (8 existing in 1967, 3 to be created). Most of the expenditure under this heading to go to the financing of operation of development agencies (EDPA, SATEC, CFDI, etc.).

^{2/} Excluding mining (notably Tambao manganese project under study by UNDP).

Source: Republique de Haute Volta, Plan-cadre de Développement 1967-1970.

Table 12A: EXTERNAL PUBLIC DEBT OUTSTANDING AS OF DECEMBER 31, 1967 ^{1/} ^{2/}

Debt Repayable in Foreign Currency

(thousand \$)

Source	Debt Outstanding December 31, 1967	
	Disbursed Only	Including Undisbursed
Total External Public Debt	<u>16,196</u>	<u>20,659</u>
Total privately held debt	310	347
Publicly-issued bonds	<u>41</u>	<u>41</u>
Suppliers - France	26	26
Financial institutions (Banque Internationale pour l'Afrique Occidentale)	243	700
Loans from Governments	<u>15,886</u>	<u>19,312</u>
France	<u>11,326</u>	<u>12,752</u>
Germany	-	2,500
Ghana	4,560	4,560

^{1/} Debt with an original or extended maturity of one year or more.

^{2/} Defined to include the CFAF which is freely convertible into French francs; this part of the debt is due to Caisse Centrale de Coopération Economique, a French public institution, and amounts to \$9,502 million including undisbursed. It is included, in the Table, under "Loans from Governments - France".

Source: IBRD.

Table 12B ESTIMATED FUTURE SERVICE PAYMENTS
ON EXTERNAL PUBLIC DEBT OUTSTANDING
INCLUDING UNDISBURSED AS OF DECEMBER 31, 1967

Debt Repayable in Foreign Currency

(thousand \$)

Year	Total External Public Debt			
	Debt Outstanding (Beginning of Period) Including Undisbursed	Amortization	Interest	Total
1968	20,057	1,016	232	1,248
1969	19,041	1,103	233	1,336
1970	17,938	1,053	194	1,247
1971	16,885	763	161	923
1972	16,122	827	180	1,007
1973	15,296	935	200	1,134
1974	14,361	926	181	1,107
1975	13,435	895	165	1,060
1976	12,540	870	149	1,019
1977	11,670	875	133	1,003
1978	10,796	787	118	905
1979	10,009	761	105	866
1980	9,248	763	93	857
1981	8,485	765	81	846
1982	7,720	768	69	837

Note. Includes service on all debt listed in Table 12A prepared October 11, 1968 with the exception of \$602,000 (Loans from French Government) for which repayment terms are not available.

Source: IBRD.