BURKINA FASO
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MAFAP SPAAA
Monitoring African Food and Agricultural Policies

Targeting Public Spending to Expand Export and Marketing Opportunities for Key Commodities

Main Findings and Recommendations

The MAFAP public expenditure analysis shows the level and composition of expenditure in support of agriculture and rural development. This includes national budget and aid flows at both centralised and decentralised level. This policy brief focuses only on expenditure allocated to infrastructure and marketing activities.

Public expenditure on agriculture and rural development in Burkina Faso has not adequately targeted the main factors which depress producers' prices of most key commodities: few and inadequate rural roads, a lack of transport capacity and poorly organized transport and marketing activities. These constraints lead to value chains which are poorly integrated into national, regional and international markets, and, in many cases, prevent producers from receiving higher prices. MAFAP analysis suggests that the following measures would make transport and marketing activities more efficient:

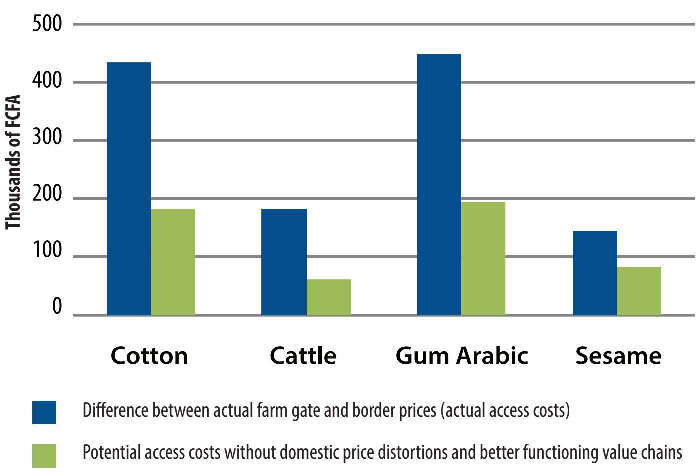
- ► Increasing public expenditure on infrastructure. Special emphasis should be given to roads that link producers to markets and markets to each other.
- ► Increasing agricultural expenditure aimed at improving marketing services for producers, as well as marketing infrastructure and storage facilities.
- ► Expanding the government's share of public expenditure on marketing, storage and transport infrastructure to ensure sustainability of public spending, the proportion of donor funding being particularly high.

SUMMARY

On the whole, producers of export commodities, as well as commodities important for food security, received prices that were lower than international reference prices. These price disincentives were mainly due to inefficiencies in marketing produce in both local, regional and international markets (*Figure 1*). Nonetheless, public expenditure on roads, storage and marketing facilities accounted for only 13 percent of total agriculture and rural development expenditure in the period from 2006 to 2010. Increasing public expenditure aimed at developing marketing capacity (i.e. infrastructure, transport, services, and organization) would lead to better market integration.

In turn, wholesalers and producers will obtain higher prices and have more marketing opportunities.

Figure 1. Comparison between actual and potential access costs between the farm gate and border for export commodities (in FCFA), 2005-2010



INTRODUCTION

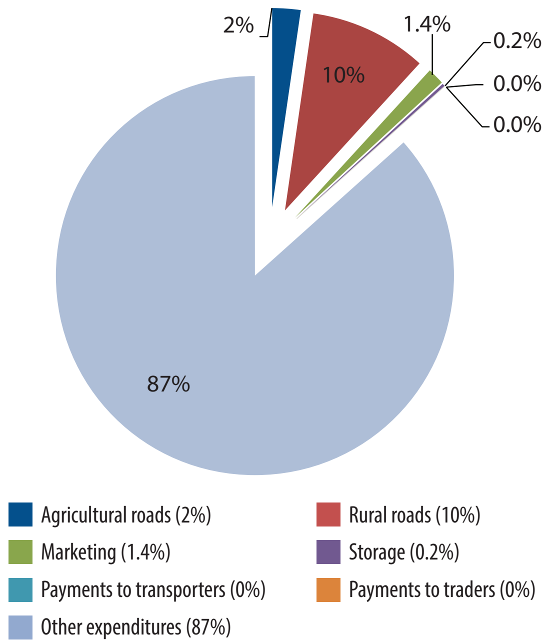
High market access costs are a major problem in Burkina Faso. They not only prevent producers from receiving fair prices, but sometimes prevent them from marketing their produce at all. A large share of agricultural production is still mainly destined for farmers' own consumption, which limits income and dietary diversity. As a result, one of the objectives of Burkina Faso's Rural Sector National Programme (PNSR in French) for 2011 to 2015 is to develop storage and marketing infrastructure and ensure better access to marketing services. To achieve this, expenditure in support to agriculture and rural development would need to focus more on addressing market inefficiencies.

KEY ISSUES

Increasing expenditure on roads would help lower transport costs and improve producer prices.

Very little public expenditure is targeted towards improving roads. Indeed, public spending on rural roads accounted for only about 10 percent of the total expenditure in support of agriculture and rural development. Roads linking producers to markets (feeder roads) received only 2 percent of this expenditure (*Figure 2*). Indeed, inadequate and poor quality roads make transport costs in Burkina Faso among the highest in Africa. Higher levels of funding for roads would decrease rural transport costs and help producers receive better prices.

Figure 2. Public funding on marketing and transport as a share of total agriculture and rural development spending (2006-2010 average)



Increasing expenditure on market related infrastructure and services would help expand domestic marketing and trade opportunities for producers.

A lack of marketing infrastructure reduces domestic marketing and trade opportunities for producers of several commodities. For instance, cattle producers miss out on these opportunities because of a lack of cattle markets and means of transport (*Figure 1*). Cattle herders' dependence on numerous intermediaries for marketing their cattle thus leads to lower prices for them. The lack of infrastructure and services is one reason why a very low proportion of total cattle production is exported despite being an important potential source of revenue for Burkina Faso. MAFAP's public expenditure analysis reveals that marketing accounted for only 1.4 percent of the overall budget for agriculture and rural development and that no public investment was made to lower costs born by transporters and traders (*Figure 2*).

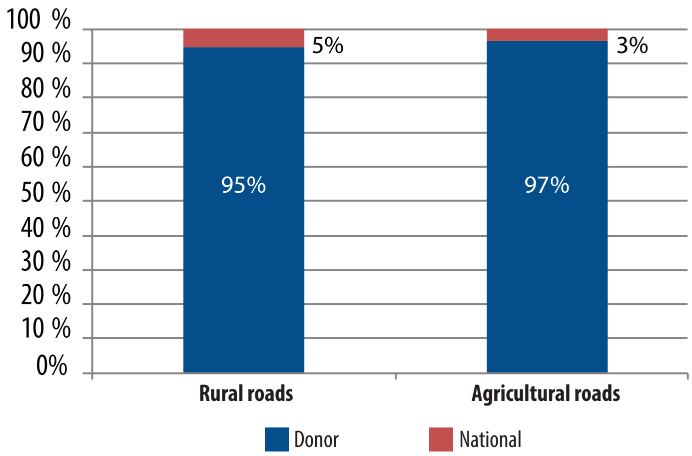
More public investment should be targeted towards improving storage capacity.

Public expenditure on storage remained very low and accounted for less than 1 percent of agricultural specific spending (*Figure 2*). The lack of storage capacity hampered the marketing of perishable commodities – especially those which have only one growing season per year. For example, producers of onions could only market their produce for a very limited period of time and when prices were at their lowest.

Burkina Faso relies heavily on external funding for developing its rural infrastructure.

Donor funding accounted for 71 percent of the overall budget on agriculture and rural development. 95 percent of rural roads (i.e. roads linking rural towns and markets) were funded by donors between 2006 and 2010. Moreover, 97 percent of agricultural roads (i.e. roads linking producers to markets) were donor funded (*Figure 3*). Indeed these two types of roads received the highest proportion of external funding among all agriculture and rural development expenditure categories. This reveals that agricultural development, and especially rural infrastructure development, in Burkina Faso relies heavily on external funding and this represents a risk for the sustainability of public expenditure targeting infrastructure.

Figure 3. Share of external funding in public expenditure on rural and agricultural roads (2006-2010 average)



Further Reading

MAFAP Technical Note on Public Expenditure in Burkina Faso

(2012) by Kienou, A. and Yameogo, S.

Available at: http://www.fao.org/mafap

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This note was prepared by the Monitoring African Food and Agricultural Policies (MAFAP) team at FAO and at the Ministry of Agriculture and Water Resources of Burkina Faso (DGPSE/DGPER). MAFAP is implemented by FAO with technical support from the OECD and financial support from the Bill and Melinda Gates Foundation (BMGF) and USAID. MAFAP supports decision-makers at national, regional and pan-African levels by systematically monitoring and analyzing food and agricultural policies in African countries.