

Department of State

TELEGRAM F. J.

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INFO AAAF-02 AFDP-06 AFDR-06 GC-01 GCAF-01 GCFL-01 PPDC-01
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PRE-00 /037 A2 1231

INFO LOG-00 EUR-00 AF-00 CIAE-00 EB-00 DODE-00 /008 W
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P 310953Z JUL 85
FM AMEMBASSY OUAGADOUGOU
TO SECSTATE WASHDC PRIORITY 5641
AMEMBASSY ACCRA PRIORITY
AMEMBASSY BAKO PRIORITY
AMEMBASSY ABIDJAN PRIORITY
AMEMBASSY COTONOU PRIORITY
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UNCLAS SECTION 01 OF 07 OUAGADOUGOU 04788

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FOR AFR/SWA, AFR/DP, AFR/PRE, PRE

E.O. 12356: N/A
TAGS: EAID, PREL, UV
SUBJECT: BURKINA/PROCEEDINGS OF THE JUNE 27-29 PRIVATE
SECTOR SYMPOSIUM

REF: DUAGA 4789

I. SUMMARY . IN AN ECONOMIC ENVIRONMENT CHARACTERIZED BY GREAT UNCERTAINTY, A DETERIORATING BUSINESS CLIMATE, LOW LEVELS OF ECONOMIC ACTIVITY AND LACK OF CLEAR GUIDELINES ON THE ROLE OF THE PRIVATE SECTOR IN THE DEVELOPMENT OF BURKINA, THE AID-FINANCED JUNE 27-29 PRIVATE SECTOR SYMPOSIUM WAS A BREATH OF FRESH AIR WHOSE APPARENT SUCCESS AND TIMELINESS WENT WELL BEYOND OUR OWN MODEST EXPECTATIONS. FIRST, THE SYMPOSIUM ENABLED THE BUSINESS COMMUNITY TO EXPRESS PUBLICLY FOR THE FIRST TIME THE DIFFICULTIES OF DOING BUSINESS IN BURKINA AND THE NEED FOR SPECIFIC POLICY REFORMS TO THE GOB. SECOND, IT PROVIDED A FORUM FOR THE GOVERNMENT OF BURKINA FASO (GOB) TO ATTEMPT TO INSTILL CONFIDENCE WITHIN THE PRIVATE SECTOR. THUS, THE GOB, THROUGH ITS VARIOUS ACTORS ACKNOWLEDGED THE NEED FOR A HEALTHY PRIVATE SECTOR TO DEVELOP THE COUNTRY AND PROMISED TO ENTERTAIN RECOMMENDATIONS FOR POLICY REFORMS WHICH WOULD STIMULATE PRIVATE INVESTMENT AND ECONOMIC ACTIVITIES. THE MAJOR PRODUCT OF THE SYMPOSIUM WILL BE A PAPER TO BE PRESENTED TO THE GOB PROPOSING POLICY CHANGES COVERING ALL ECONOMIC SECTORS. USAID/BURKINA EXPECTS THE DIALOGUE BETWEEN THE GOB AND THE BUSINESS COMMUNITY INITIATED DURING THE JUNE 27-29 SYMPOSIUM TO CONTINUE AND TO HAVE DIRECT IMPACT UPON THE NEW 1986 FINANCE LAW AND THE 1986-90 NATIONAL DEVELOPMENT PLAN. END SUMMARY.

II. BACKGROUND - THE POLITICAL UNCERTAINTY OF RECENT YEARS HAS, PRIOR TO 1985, CAUSED A DETERIORATION OF THE BUSINESS CLIMATE IN BURKINA. THE 1985 FINANCE LAW AND RELATED GOVERNMENT DECREES ENACTED IN AN ATTEMPT TO CLOSE THE 1985 BUDGETARY GAP HAVE LED TO AN EVEN FURTHER DETERIORATION. FOR EXAMPLE, IN 1984, THE GOB ONLY MILDLY RAISED TAXES ON IMPORTED ALCOHOLIC/NON-ALCOHOLIC BEVERAGES AND ON PERSONAL INCOME TO COLLECT ADDITIONAL REVENUE. IN 1985, NOT ONLY WERE THE TAX RATES ON IMPORTED BEVERAGES AND ON PERSONAL INCOME RAISED SIGNI-

FIGANTLY, BUT ALSO MUCH HIGHER TAXES WERE LEVIED ON CORPORATE INCOME, INTERESTS/DIVIDENDS, LIVESTOCK AND OTHER MISCELLANEOUS ITEMS. IN ADDITION, A NEW LAND USAGE TAX WAS INSTITUTED AS WELL AS THE SUSPENSION OF RENT PAYMENTS BY BURKINABE, THE APPROPRIATION OF RENTS PAID BY FOREIGNERS AND THE FORGIVENESS OF MORTGAGE PAYMENTS. FURTHERMORE, OTHER AD HOC PRICE/MARKET CONTROL MEASURES HAVE ALL CONTRIBUTED TO INTRODUCE FURTHER UNCERTAINTY IN THE ECONOMY. THIS UNCERTAINTY HAS BEEN GREATLY HEIGHTENED BY POLITICAL RHETORIC DEHIGRATING WHOLESALERS, RETAILERS AND LANDLORDS, THE LATTER TERMED BOURGEOIS CHOBOS ENGAGED IN PARASITIC INVESTMENTS. THE RECENT PRICE INCREASES FOR SUGAR AND SOAP (TWO LOCALLY PRODUCED ITEMS) HAVE CONSTITUTED THE FEW BRIGHT SPOTS IN THIS UNSETTLED POLICY ENVIRONMENT.

III. STRUCTURE OF SYMPOSIUM

III.A. THE SYMPOSIUM WAS ORGANIZED BY THE BURKINA CHAMBER OF COMMERCE (CHAMBRE DE COMMERCE, D'INDUSTRIE ET D'ARTISANAT). TO UNDERSCORE THE IMPORTANCE THE GOB ATTACHED TO THE SYMPOSIUM, IT WAS ENDORSED BY PRESIDENT SANHARA WHO WAS REPRESENTED BY THE HEAD OF THE CONSEIL REVOLUTIONNAIRE ECONOMIQUE ET SOCIAL (CRES - THE EQUIVALENT OF THE U.S. COUNCIL OF ECONOMIC ADVISORS) AND SPONSORED BY THE MINISTER OF COMMERCE. THE GOB WAS REPRESENTED BY THE MINISTERS OF COMMERCE, ECONOMIC PROMOTION, PLANNING AND AGRICULTURE/LIVESTOCK. APPROXIMATELY ONE HUNDRED PERSONS PARTICIPATED IN THE CONFERENCE, 75 FROM THE BUSINESS COMMUNITY AND 25 FROM GOVERNMENT AND PARASTATALS. PARTICIPATION ON BOTH SIDES WAS VERY HIGH LEVEL: MOST BUSINESS REPRESENTATIVES WERE CHIEF EXECUTIVE OFFICERS AND, ALTHOUGH A CROSS SECTION OF BUSINESS PEOPLE PARTICIPATED, MOST OF THE COUNTRY'S VERY LARGEST PRIVATE FIRMS WERE REPRESENTED. BESIDES

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GOB RECOGNIZED PROFIT AS THE DRIVING FORCE OF PRIVATE ENTERPRISE AND ASSERTED THAT BOTH PRIVATE AND PUBLIC ENTERPRISES HAD A ROLE TO PLAY IN BURKINA'S ECONOMY AND IN ITS ECONOMIC DEVELOPMENT.
 IV. A. 2. THE MINISTER OF PLANNING, IN THE LONGEST SPEECH OF THE SYMPOSIUM, MADE THE FOLLOWING POINTS:

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- (A) THE PRIVATE SECTOR HAS A ROLE TO PLAY IN ECONOMIC DEVELOPMENT;
- (B) CLAIMED PRIVATE ENTERPRISE HAS NEVER BEEN PROSCRIBED, RATHER IT HAS BEEN ENCOURAGED THROUGH A VARIETY OF FISCAL MEASURES;
- (C) ASKED THE PRIVATE SECTOR TO PLAY TWO ROLES IN THE UPCOMING 1986-90 DEVELOPMENT PLAN:
 - HELP IN DRAFTING THE PLAN, AND
 - INVEST ACCORDING TO THE PLAN PRIORITIES.
- (D) THE GOVERNMENT WOULD PROVIDE INCENTIVES TO HELP DIRECT PRIVATE INVESTMENT INTO PRIORITY AREAS. FOR EXAMPLE, THEY WILL CONSIDER IMPORT QUOTAS FOR GOODS THAT CAN BE MANUFACTURED LOCALLY. HE ALSO POINTED TO THE RECENT MEASURE THAT REDUCED IMPORT TAXES BY 75 PERCENT ON CERTAIN RAW MATERIALS IN ORDER TO ENCOURAGE LOCAL PRODUCTION.

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 AMEMBASSY BAMAKO PRIORITY
 AMEMBASSY ABIDJAN PRIORITY-
 AMEMBASSY COTONOU PRIORITY
 AMEMBASSY DAKAR PRIORITY
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FOUR KEY MINISTERS AND THE PRESIDENT OF CRES, THE GOVERNMENT SIDE INCLUDED ALMOST EXCLUSIVELY QUOTE DIRECTEURS DE SERVICE UNQUOTE.

IV. A. 3. THE MINISTER OF AGRICULTURE/LIVESTOCK INDICATED THAT AGRICULTURE IS THE KEY PRIORITY FOR THE UPCOMING DEVELOPMENT PLAN. HE IS OF THE OPINION THAT PUBLIC INVESTMENT WILL BE INSUFFICIENT AND CALLED ON THE PRIVATE SECTOR TO INVEST AND OPEN UP NEW AGRICULTURAL PRODUCTION UNITS. IN RESPONSE TO AN U.S. EXPERT'S QUESTION ON WHY CROP AGRICULTURE WAS EXCLUDED FROM THE CURRENT INVESTMENT CODE INCENTIVES, HE RESPONDED THAT

III. B. THE THREE DAY SYMPOSIUM BEGAN IN A PLENARY SESSION WITH THE MINISTERS OF COMMERCE, PLANNING, AGRICULTURE/LIVESTOCK AND ECONOMIC PROMOTION PRESENTING SPEECHES WHICH IDENTIFIED NATIONAL PRIORITIES AND RAISED TOPICS/ISSUES WHICH CUT ACROSS ECONOMIC SECTORS. THE MINISTERS WERE FOLLOWED BY AMBASSADOR NEHER'S SPEECH AND THOSE OF THE UNDP AND CEAO REPRESENTATIVES. FOLLOWING THE PLENARY SESSION, PARTICIPANTS WERE DIVIDED INTO FOUR WORKING GROUPS BASED ON THEIR EXPERTISE AND/OR AREAS OF INTEREST/PROFESSIONAL AFFILIATION. THE FOUR WORKING GROUPS WERE AS FOLLOWS: HOUSING/PUBLIC WORKS, AGRICULTURE/MANUFACTURING/AGRIBUSINESS, COMMERCE/SERVICES, AND HANDICRAFTS. HAVING COMPLETED THEIR DISCUSSIONS AND DELIBERATIONS IN WORKING GROUPS, THE PARTICIPANTS RECONVENED ON THE LAST DAY OF THE SYMPOSIUM IN PLENARY SESSION TO PRESENT THEIR ASSESSMENTS AND RECOMMENDATIONS FOR POLICY REFORM.

III. C. AT THE END OF THE SYMPOSIUM, THE CHAMBER OF COMMERCE (COC) BEGAN DRAFTING A DOCUMENT WHICH WILL SYNTHESIZE THE ASSESSMENTS AND RECOMMENDATIONS OF PARTICIPANTS OF ALL FOUR WORKING GROUPS. THE SYMPOSIUM'S SYNTHESIS REPORT, TO BE COMPLETED O/A AUGUST FIRST WILL THEN BE SUBMITTED BY THE COC TO THE GOR.

IV. PROCEEDINGS OF SYMPOSIUM

IV. A. THURSDAY JUNE 27, DAY ONE: PLENARY SESSION - THE COC PRESIDENT OPENED THE SESSION OUTLINING THE GOALS, ROLE OF PARTICIPANTS AND SCHEDULE OF EVENTS. HE INCLUDED PUBLIC THANKS FOR USAID/BURKINA'S SUPPORT FOR THE SYMPOSIUM.

IV. A. 1. THE MINISTER OF COMMERCE EMPHASIZED THAT THE

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WANTED THE COMMISSION TO FOCUS ON WHAT CONCRETE ACTIONS WERE NECESSARY, BY BOTH GOVERNMENT AND ENTREPRENEURS, TO BRING ABOUT MORE PRIVATE SECTOR INVESTMENT AND EMPLOYMENT.

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IV.B.1. AFTER THIS BRIEF INTRODUCTION, PARTICIPANTS WERE DIVIDED INTO FOUR WORKING GROUPS BASED ON THEIR EXPERTISE AND/OR AREAS OF INTEREST/PROFESSIONAL AFFILIATION. TO FACILITATE AND ORIENT THE DEBATE WITHIN THE WORKING GROUPS, THE COC HAD DRAFTED A BACKGROUND REPORT/WORKING DOCUMENT WHICH DREW HEAVILY ON AID FINANCED PRIVATE SECTOR ASSESSMENT REPORTS. THE DEBATES WENT ON FROM 8.30 A.M. TO 11.00 P.M. WITH A SHORT BREAK FOR LUNCH AND A ONE HOUR VISIT WITH PRESIDENT SANKARA AT 6.00 P.M.

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 TO SECSTATE WASHDC PRIORITY 5643
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IV.B.2. PRESIDENT SANKARA SPOKE EXTEMPORANEOUSLY FOR ABOUT ONE HOUR TO THE SYMPOSIUM PARTICIPANTS. HE MADE A STRONG PITCH FOR BUSINESS SUPPORT AND CONFIDENCE BY MENTIONING:

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- THE GOVERNMENT WOULD SOON UNDERTAKE STRONG MEASURES TO PROMOTE THE CONSTRUCTION INDUSTRY. THESE WOULD INCLUDE, AMONG OTHER MEASURES, REDUCTION OF IMPORT DUTIES ON CONSTRUCTION MATERIALS;

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- THE GOB WOULD HONOR ALL ITS DEBTS TO SUPPLIERS AND MAKE A CONCERTED EFFORT TO PAY OFF ACCOUNTS IN ARREARS;

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- PRIVATE SECTOR REPRESENTATIVES WOULD BE NAMED TO THE NEWLY CREATED CRES IN ORDER THAT GOB COULD HAVE PRIVATE SECTOR INPUT AND FEEDBACK ON ECONOMIC POLICIES BEFORE THEIR PROMULGATION;

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- THE COSTS OF DOING BUSINESS IN BURKINA WERE AT LEAST 10 PERCENT LOWER THAN MANY OTHER PLACES BECAUSE OF THE ABSENCE OF CORRUPTION.

THE INVESTMENT CODE COULD BE MODIFIED TO INCLUDE CROP AGRICULTURE IN ORDER TO ENCOURAGE PRIVATE INVESTMENT IN THAT SECTOR.

IV.A.4. THE MINISTER OF ECONOMIC PROMOTION INCLUDED MORE RHETORIC THAN THE OTHER MINISTERS (VALETS LOCAUX DE L'IMPERIALISME, COMMERÇANTS POURRIS, ETC.), BUT IN SUBSTANCE TOOK THE SAME LINE AS THE OTHERS, THAT THE PRIVATE SECTOR HAS AN IMPORTANT PLACE IN THE NATIONAL ECONOMY AND ITS DEVELOPMENT. HE WAS PARTICULARLY INTERESTED IN SMALL-SCALE ENTERPRISES. THE MINISTER MADE A POINT OF SQUELCHING RUMORS OF GOVERNMENT PLANS TO NATIONALIZE FIRMS AND TO INHIBIT THE REPATRIATION OF PROFITS. HE POINTED OUT THAT GOB IS TRYING TO RETURN STATE ENTERPRISES TO SOLVENCY AND WAS NOT DOGMATIC ABOUT HOW TO DO IT. HE GAVE EXAMPLES OF SAVANA AND CENTRE DE TANNAGE WHERE PARTIAL DEVOLUTION TO PRIVATE SECTOR WAS CURRENTLY BEING SOLICITED.

IV.A.5. NOTE: ALL THE MINISTERS ENTERTAINED QUESTIONS FROM THE FLOOR AFTER THEIR SPEECHES. THEY MADE NO EFFORT TO CUT THE SESSIONS SHORT, AND SOME SPENT QUITE A LONG TIME RESPONDING TO QUERIES, WHICH CAME MAINLY FROM THE BUSINESS COMMUNITY. THE BUSINESSMEN WHO TALKED WITH USAID CONSULTANTS DURING THE CONFERENCE INDICATED THAT THEY VERY MUCH APPRECIATED THE OPPORTUNITY THIS GAVE THEM FOR DIRECT ACCESS TO GOVERNMENT THINKING.

IV.A.6. AMBASSADOR NEHER'S SPEECH WAS PURPOSELY LOW-KEY AND NON-PRESCRIPTIVE, CAREFULLY OUTLINING THE NEED OF A HEALTHY PRIVATE SECTOR IN THE GROWTH AND DEVELOPMENT OF BURKINA.

IV.B. FRIDAY JUNE 28, DAY TWO: WORKING GROUPS. THE PRESIDENT OF CRES PRESIDED OVER A BRIEF SESSION SETTING THE STAGE FOR THE WORKING GROUPS. HE EMPHASIZED THAT THE PRIVATE SECTOR HAS A ROLE TO PLAY IN THE ECONOMY, THAT ISSUE WAS NOT EVEN UP FOR DEBATE. HE

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P 310953Z JUL 85
FM AMEMBASSY OUGADOUGOU
TO SECSTATE WASHDC PRIORITY 5644
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DURING HIS SPEECH, PRESIDENT SANKARA MENTIONED NO INTERNATIONAL ORGANIZATION SPECIFICALLY AND DELIVERED NO OFFICIAL THANKS. BUT AFTERWARDS, AS HE SHOOKS HANDS WITH ALL THE PARTICIPANTS, HE THANKED THE U.S. REPRESENTATIVES FOR THEIR HELP IN PREPARING FOR THE SYMPOSIUM.

IV.C. SATURDAY JUNE 29, DAY THREE: PLENARY DISCUSSION OF WORKING GROUP RECOMMENDATIONS. THE WORKING GROUPS SPENT THE WHOLE MORNING TYING UP THEIR PRESENTATIONS. THE DISCUSSION OF WORKING GROUP RECOMMENDATIONS THEN BEGAN AT NOON. WORKING GROUP SUMMARIES FOLLOW.

IV.C.1. HOUSING/PUBLIC WORKS.

IV.C.1.1. COMMISSION ONE INITIALLY RECOMMENDED LETTING THE RENT ABOLITION/APPROPRIATION MEASURE LAPSE AT THE END OF 1985 IN ORDER TO STIMULATE THE BUILDING INDUSTRY. THIS RECOMMENDATION WAS DELETED AFTER STRONG INTERVENTION BY THE CDC AND THE CRES. THE CHAMBER EMPHASIZED SANKARA'S SPEECH OF THE PREVIOUS EVENING IN WHICH THE PRESIDENT SAID HE WOULD TAKE STRONG MEASURES TO PROMOTE THE BUILDING SECTOR. THE CDC ARGUED THAT SINCE EVERYONE KNEW VERY WELL THAT THE SUPPRESSION/ APPROPRIATION OF RENTS WAS WHAT HAD BROUGHT CONSTRUCTION TO A STANDSTILL, TO RECOMMEND THAT GOVERNMENT LIFT THE MEASURE THE DAY AFTER THE PRESIDENT HAD PROMISED TO TAKE MEASURES TO STIMULATE THE CONSTRUCTION SECTOR WOULD BE A DISPLAY OF BAD FAITH. THE CRES EMPHASIZED THAT THE MEASURE, WHEN IMPLEMENTED, SPECIFICALLY HAD STATED IT WAS ONLY FOR THE YEAR 1985. THE PRESIDENT OF CRES CAME AS CLOSE AS HE POSSIBLY COULD TO SAYING THE MEASURE WOULD NOT BE RENEWED FOR 1986 WITHOUT DOING SO EXPLICITLY. HE EMPHASIZED TWO GAINS REALIZED BY IMPLEMENTING THE MEASURE FOR ONE YEAR: (1) IT EFFECTIVELY REDUCED SPECULATION IN URBAN REAL ESTATE; EVEN AFTER THE MEASURE LAPSES, INVESTORS WILL THINK TWICE ABOUT TRYING TO MAKE A KILLING IN THE REAL ESTATE

MARRET; AND (2) THE GOB HAD FINALLY SUCCEEDED IN GETTING RENTAL CONTRACTS FOR RENTERS, SOMETHING THE GOVERNMENT HAD TRIED AND FAILED TO DO WITH THE RENT CONTROL EFFORTS OF 1984. BY MAKING THIS ARGUMENT, HE ALLOWED THE GOVERNMENT A RATIONALE TO LET THE MEASURE LAPSE WITHOUT LOSING FACE.

IV.C.1.2. THE HOUSING/PUBLIC WORKS COMMISSION ALSO RECOMMENDED THE CREATION OF INSTITUTIONS WHICH WOULD ORGANIZE AND STRENGTHEN THE SECTOR, LEGISLATION WHICH WOULD REGULATE SUB-CONTRACTING, AND A TRAINING PROGRAM WHICH WOULD UPGRADE WORKER'S SKILLS. THE COMMISSION CALLED UPON BUSINESS TO INVEST IN THE CREATION OF UNITS TO PRODUCE CEMENT, BRICKS AND IRON RODS. IT ALSO URGED THE GOB TO RENDER THE POPULAR HOUSING BANK FUNCTIONAL. FINALLY, IT CONGRATULATED THE GOB FOR ITS EFFORTS TO REDUCE SPECULATION IN URBAN REAL ESTATE AND TO PROVIDE HOUSING AND OTHER SOCIAL AMENITIES AT LOW COSTS AS WELL AS FOR LOWERING IMPORT DUTIES ON CONSTRUCTION MATERIALS.

IV.C.2. AGRICULTURE/MANUFACTURING/AGRIBUSINESS.

IV.C.2.1. AGRICULTURE: COMMISSION TWO RECOMMENDED THE EXPLICIT ADDITION OF CROP AGRICULTURE TO REGIME (A) OF THE INVESTMENT CODE, I.E., THAT PART OF THE CODE WHICH HAS THE HIGHEST PRIORITY (NOTE: THIS IMPORTANT RECOMMENDATION MET NO DISAGREEMENT AND FOUND STRONG SUPPORT FROM ALL QUARTERS). THE COMMISSION URGED THE GOB TO BETTER REDEFINE AND REACTIVATE TRAINING INSTITUTIONS OPERATING WITHIN THE SECTOR. IT CALLED UPON BUSINESS PEOPLE TO INVEST IN AGRICULTURE TO MODERNIZE THE SECTOR AND CONTRIBUTE TO FOOD SELF-SUFFICIENCY.

IV.C.2.2. MANUFACTURING/AGRIBUSINESS: COMMISSION TWO RECOMMENDED A STREAMLINING OF PRICE HOMOLOGATION

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IV.C.3.1. INTERNAL TRADE: COMMISSION THREE RECOMMENDED A REORGANIZATION OF VARIOUS PROFESSIONAL GROUPS, A SPECIAL ABATEMENT OF IMPORT DUTIES ON LIGHTWEIGHT COMMERCIAL TRANSPORT VEHICLES TO STRENGTHEN THE LOCAL DISTRIBUTION SYSTEM, A GREATER ROLE FOR THE PRIVATE SECTOR IN THE DISTRIBUTION OF PRODUCTS OF MASS CONSUMPTION VIS-A-VIS THAT OF THE PUBLIC SECTOR AND A CREATION OF A FREIGHT OFFICE (BUREAU DE FRET) TO ENABLE A BETTER UTILIZATION OF THE NATIONAL MOTOR POOL.

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IV.C.3.2. INTERNATIONAL TRADE: COMMISSION THREE RECOMMENDED THE LIMITATION OF IMPORTS IN CONJUNCTION WITH THE PROMOTION OF LOCAL PRODUCTS, INCREASED EXPORT OF SELECTED AGRICULTURAL PRODUCTS, RAISING THE LEVEL OF DEVELOPMENT AND EXPORT OF MINERAL PRODUCTS TO ACQUIRE FOREIGN EXCHANGE AND PURCHASE CAPITAL EQUIPMENT, THE CREATION OF A FINANCIAL MECHANISM WHICH WOULD FACILITATE EXPORTS AND THE ESTABLISHMENT OF AN INFORMATION/TRAINING CENTER.

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IV.C.3.3. AT FIRST, COMMISSION THREE HAD ALSO RECOMMENDED THAT GOB MAKE A STRONG EFFORT TO PAY OFF ITS DEBTS TO SUPPLIERS. STRONG INTERVENTION FROM THE COC AND THE CRES, SAYING THAT THIS WOULD BE A SHOW OF BAD FAITH ON THE PART OF THE BUSINESS COMMUNITY IN VIEW OF THE PRESIDENT'S PROMISE THE NIGHT BEFORE TO HONOR ALL GOVERNMENT DEBTS, HELD SWAY AND THE TONE AND SUBSTANCE OF THE RESOLUTION WERE REWORKED CONSIDERABLY. THE RECOMMENDATION BECAME ONE THANKING GOVERNMENT FOR ITS EFFORTS TO PAY OFF ITS INTERNAL DEBTS AND ENCOURAGING PRIVATE ENTREPRENEURS TO SHOW EQUAL GOOD FAITH BY CONSCIENTIOUSLY PAYING THEIR TAXES.

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IV.C.3.4. COMMISSION THREE ALSO THANKED GOB FOR BOOSTING BUSINESS CONFIDENCE BY BRINGING PRIVATE SECTOR REPRESENTATIVES DIRECTLY INTO CRES, AN IDEAL FRAMEWORK

PROCEDURES RATHER THAN ITS ABOLITION AS RECOMMENDED IN THE COC BACKGROUND DOCUMENT (NOTE: USAID/BURKINA STAFF AND THE U.S. EXPERTS FOUND THE ADOPTION OF THIS RECOMMENDATION SURPRISING IN VIEW OF THE LARGE NUMBER OF BUSINESS PEOPLE ON THE COMMISSION), GREATER PARTICIPATION OF BUSINESS IN THE ECONOMIC DECISION MAKING PROCESS, THE CREATION OF AN INFORMATION/TRAINING CENTER WHICH HAD BEEN UNDER DISCUSSION BETWEEN THE COC AND SEVERAL GOB ENTITIES AND, FINALLY, THE INSTITUTION OF A MANAGEMENT TRAINING PROGRAM TO UPGRADE EXECUTIVE OFFICERS' SKILLS. COMMISSION TWO URGED BUSINESS TO PLAY A GREATER ROLE IN THE DEVELOPMENT OF BURKINA BY KEEPING ACCURATE ACCOUNTING SYSTEMS, THROUGH ACTIVE PARTICIPATION IN SUPPORT OF GOB'S EFFORTS TO PROMOTE CONSUMPTION OF LOCAL PRODUCTS, AND BY INVESTING IN PRIORITY AREAS IDENTIFIED IN THE FIVE YEAR DEVELOPMENT PLAN.

IV.C.2.3. COMMISSION TWO ALSO PRESENTED A WHOLE SET OF RECOMMENDATIONS ON CREDIT POLICY: INSTITUTION OF A SELECTIVE CREDIT POLICY WHICH WOULD STEER INVESTMENT INTO PRIORITY SECTORS, RECONSTITUTION AND REACTIVATION OF GUARANTY FUNDS SUPPORTING LOCAL SMALL AND MEDIUM FIRMS, REVISION OF THE STATUTE OF INTEREST SUBSIDY FUNDS, LOWERING THE TURNOVER TAX (TPS - TAXE DE PRESTATION DE SERVICES) ON BANK PROFITS, ELIMINATION OF THE TURNOVER TAX ON INVESTMENTS IN PRIORITY SECTORS, ACTIVE PARTICIPATION OF BANKS IN THE REHABILITATION OF TROUBLED FIRMS, RAISING THE COMMERCIAL BANKS LOAN CEILING FROM FCFA 30 MILLION TO FCFA 50 MILLION TO SIMPLIFY PROCESSING OF LOAN APPLICATIONS (NOTE: AT THIS POINT IN TIME, ANY LOAN EXCEEDING FCFA 30 MILLION HAS TO BE APPROVED BY THE CENTRAL BANK - BCEAO) AND, FINALLY, EXPEDITIOUS REVIEW OF LOAN APPLICATIONS BY BANKS AND SIMPLIFICATION OF BUREAUCRATIC PROCEDURES.

IV.C.3. COMMERCE/SERVICES.

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FM AMEMBASSY OUAGADOUGOU
TO SECSTATE WASHDC PRIORITY 5646
AMEMBASSY ACCRA PRIORITY
AMEMBASSY BAMAKO PRIORITY
AMEMBASSY ABIDJAN PRIORITY
AMEMBASSY COTONOU PRIORITY
AMEMBASSY DAKAR PRIORITY
AMEMBASSY LOME PRIORITY
AMEMBASSY NIAMEY PRIORITY
AMEMBASSY PARIS PRIORITY

UNCLAS SECTION 06 OF 07 OUAGADOUGOU 04788

AIDAC

FOR AFR/SWA, AFR/DP, AFR/PRE, PRE

E.O. 12356: N/A

TAGS: EAID, PREL, UV

SUBJECT: BURKINA/PROCEEDINGS OF THE JUNE 27-29 PRIVATE

FOR ONGOING DIALOGUE. COMMISSION THREE ALSO POINTED OUT THE PROBLEM OF GOB HAVING TO SUPPLY REMOTE MARKETS WITH BASIC CONSUMER GOODS WHILE THE PRIVATE SECTOR CONCENTRATED ON THE MAJOR CITIES. TO REMEDY THIS IMBALANCE, THEY RECOMMENDED THAT PRIVATE TRADERS MAKE SPECIAL EFFORTS TO OPERATE THROUGHOUT THE COUNTRY, EVEN IN THE REMOTE AREAS (NOTE: OF COURSE, THE REASON PRIVATE TRADERS PREFER TO SUPPLY THE CITIES IS THAT THE GOVERNMENT'S UNIFORM, NATION-WIDE PRICE CEILING FOR CEREALS ALLOWS NO TRANSPORT DIFFERENTIAL AND THEREFORE NO INCENTIVE TO SELL IN REMOTE MARKETS. THIS WAS A SURPRISING RECOMMENDATION FOR THE PRIVATE SECTOR TO GO ALONG WITH).

IV.C.4. HANDICRAFTS. COMMISSION FOUR RECOMMENDED CREATION OF AN OFFICE TO MONITOR GROWTH AND OUTPUT IN THE SECTOR, ABATEMENT OF TAXES AND IMPORT DUTIES ON TOOLS/EQUIPMENTS/RAW MATERIALS USED BY ARTISANS, SURVEY OF THE SECTOR TO HAVE AN EMPIRICAL BASE ON WHICH TO DETERMINE PRIORITY ACTIVITIES AND ESTABLISHMENT OF A GUARANTEE FUND TO FACILITATE ARTISANS' ACCESS TO CREDIT. THE COMMISSION URGED BUSINESS TO BE MORE INTERESTED IN HANDICRAFTS AND CALLED ON INCREASED CREATIVITY AMONG SCHOOL CHILDREN OF ALL AGES.

IV.D. SUNDAY JUNE 30, DAY FOUR: CLOSING CEREMONY. BECAUSE DEBATES ON THE WORKING GROUPS' RECOMMENDATIONS TOOK MORE TIME THAN EXPECTED, THE CLOSING CEREMONY WAS POSTPONED UNTIL SUNDAY. AT THE CLOSING CEREMONY, THE MINISTER OF COMMERCE INDICATED THAT THE CONFERENCE RECOMMENDATIONS WOULD BE FOLLOWED WITH CONCRETE ACTIONS.

V. USAID/BURKINA COMMENTS: THE LENGTHY SECTION IV DEMONSTRATES THE SERIOUSNESS AND COMPREHENSIVENESS OF THE DEBATES WHICH TOOK PLACE DURING THE CONFERENCE. THE PRIVATE SECTOR SYMPOSIUM WAS A SUCCESS FOR ITS TIMELY INITIATION OF A POLICY DIALOGUE BETWEEN THE GOB AND THE BUSINESS COMMUNITY, EACH SIDE REALIZING ITS NEED OF THE OTHER. FOR MORE THAN THREE DAYS, AND IN SPITE OF THE

UNRAVELING OF VERDICTS FROM POPULAR TRIBUNALS, THE MEDIA GAVE AMPLE COVERAGE TO THE SYMPOSIUM. IN ADDITION, THE GOB LENT IMPORTANT CREDENCE TO THE OCCASION THROUGH THE PARTICIPATION OF FOUR MINISTERS, THE PRESIDENT OF CRES AND APPROXIMATELY 25 OFFICE DIRECTORS FROM VARIOUS MINISTRIES. IN THE FINAL ANALYSIS, OVERALL CREDIT FOR THE SUCCESSFUL SYMPOSIUM SHOULD GO TO THE COC. HOWEVER, COC'S FEAT COULD NOT HAVE BEEN ACCOMPLISHED WITHOUT USAID/BURKINA ASSISTANCE WHICH WENT FAR BEYOND THE FUNDING FOR THE SYMPOSIUM.

VI. THE MISSION'S PROGRAM ECONOMIST AND FSH ASSISTANT ECONOMIST AS WELL AS THE FSH FROM THE EMBASSY'S COMMERCIAL SECTION DEVOTED A GREAT DEAL OF TIME TO WORK WITH THE COC REGARDING THE CONTENT AND STRUCTURE THE SYMPOSIUM. LENGTHY AND PROTRACTED ORGANIZATIONAL MEETINGS WERE HELD TO ENSURE THAT KEY MINISTERS WOULD COME FORWARD TO IDENTIFY NATIONAL PRIORITIES, THE ROLE OF THE PRIVATE SECTOR IN THE DEVELOPMENT OF BURKINA AND INCENTIVES TO ATTRACT INVESTMENTS INTO PRIORITY SECTORS. THESE KEY MINISTERIAL INTERVENTIONS WOULD SERVE THE PURPOSE OF FRAMING SUBSEQUENT DISCUSSIONS WITHIN THE PREVAILING POLITICAL CONTEXT. AS WAS POINTED OUT IN PARAGRAPHS IV.A.1. - IV.A.5, THAT OBJECTIVE WAS LARGELY ACHIEVED.

VII. THE MISSION'S LONG INSISTENCE ON THE QUALITY OF THE AID-FINANCED PRIVATE SECTOR ASSESSMENT REPORTS AND PAINSTAKING EFFORTS TO TRANSLATE ALL EIGHT REPORTS INTO FRENCH PAID OFF HANDSOMELY. AT THE REQUEST OF COC, THOSE REPORTS WERE WIDELY DISTRIBUTED TO GOB OFFICIALS AND LOCAL BUSINESS PEOPLE AS WORKING DOCUMENTS PRIOR TO THE JUNE 27-29 SYMPOSIUM. TO MEET THE SPECIFIC NEEDS OF THE SYMPOSIUM PARTICIPANTS, THE COC DRAFTED A WORKING DOCUMENT/BACKGROUND REPORT DRAWING HEAVILY ON THE AID FINANCED REPORTS. ALTHOUGH WIDER DISTRIBUTION OF THE REPORTS WAS DELIBERATELY HELD BACK DURING THE JUNE

 INFO TELE-01 /001 A6 1205

ACTION OFFICE AFFW-04
 INFO AAAF-02 AFDP-06 GC-01 GCAF-01 GCFL-01 PPOC-01 PPR-01
 SAST-01 AFDA-01 ES-31 STFA-01 RELO-01 PRE-06 AFPR-01
 /829 A2 1231

INFO LOG-00 COPY-01 EUR-00 AF-00 CIAE-00 EB-01 OODE-00
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P 310953Z JUL 85
 FM AMEMBASSY OUAGADOUGOU
 TO SECSTATE WASHDC PRIORITY 5647
 AMEMBASSY ACCPA PRIORITY
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 AMEMBASSY DAKAR PRIORITY
 AMEMBASSY LOME PRIORITY
 AMEMBASSY NIAMEY PRIORITY
 AMEMBASSY PARIS PRIORITY

UNCLAS SECTION 07 OF 07 OUAGADOUGOU 04788

AIDAC

FOR AFR/SWA, AFR/DP, AFR/PRE, PRE

E.O. 12356: N/A
 TAGS: EAID, PREL, UV
 SUBJECT: BURKINA/PROCEEDINGS OF THE JUNE 27-29 PRIVATE

27-29 PRIVATE SECTOR SYMPOSIUM TO AVOID UNWANTED COMPE-
 TITION WITH THE COC'S WORKING DOCUMENT/BACKGROUND
 REPORT, REQUESTS FOR THE REPDRTS KEPT COMING IN. IT NOW
 APPEARS THAT THE FRENCH VERSIONS OF THE PRIVATE SECTOR
 ASSESSMENT REPORTS HAVE HIT THE BEST SELLER LIST
 IN OUAGADOUGOU. ON THE INSTRUCTION OF THE MINISTER OF
 PLANNING, THE SYNTHESIS AND MACROECONOMIC REPORTS BECAME
 REFERENCE MATERIALS FOR ALL GOB OFFICIALS FROM THAT
 MINISTRY. COMPLETE SETS OF ALL EIGHT FRENCH REPORTS
 HAVE SINCE BEEN HANDED OUT TO THE GERMAN EMBASSY, THE
 KOREAN EMBASSY, THE FRENCH CAISSE CENTRALE DE
 COOPERATION ECONOMIQUE, UNOP AND THE WORLD BANK.

VIII. THE EFFORTS AND RESOURCES WE PUT INTO THE PRIVATE
 SECTOR SYMPOSIUM HAVE MADE US CREDIBLE PARTNERS IN THE
 DIALOGUE LEADING TO ECONOMIC POLICY REFORM. THAT
 CREDIBILITY WAS DEMONSTRATED BY THE COC'S REQUEST FOR
 ASSISTANCE FROM USAID PERSONNEL TO DRAFT THE
 SYMPOSIUM'S SYNTHESIS REPORT. AS IT WAS ALLUDED IN
 PARAGRAPH III.C, THE MISSIONS'S PROGRAM ECONOMIST, FSM
 COMMERCIAL SECTION SPECIALIST, THREE AID CONSULTANTS
 (DR. CAO, DR. HAGGLADE AND MS. MOCK) JOINED THE COC'S
 SECRETARY GENERAL, ECONOMIC ADVISOR AND ANOTHER STAFFER
 TO REVIEW THE MINUTES OF THE SYMPOSIUM AND TO DEFINE THE
 OUTLINE AND CONTENT OF THE SYMPOSIUM'S SYNTHESIS REPORT
 DURING THE JULY 1-3 PERIOD. WE ARE ANXIOUSLY AWAITING
 THE PUBLICATION OF THE REPORT AND ITS SUBMISSION TO THE
 GOB.

IX. IT SHOULD ALSO BE EVIDENT THAT THE DIALOGUE WE
 INITIATED WENT BEYOND THE ROLE OF THE PRIVATE SECTOR IN
 THE DEVELOPMENT OF BURKINA. WE PLAN TO NURTURE THE
 DIALOGUE BY FORGING AHEAD WITH A FOCUSED POLICY AGENDA,
 OUTLINED IN REFTEL, WHICH WILL TOUCH UPON THE 1986-90
 DEVELOPMENT PLAN, THE IMPENDING FISCAL REFORMS AND THE
 FOOD SECURITY/GRAIN MARKETING ISSUES. NEHER

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Department of State

OUTGOING
TELEGRAM

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ORIGIN AID-00

ORIGIN OFFICE AFPE-02
INFO AFCA-03 AFFW-01 ACPD-04 LADR-03 PDPR-01 STDA-01 STRD-01
PPR-01 SACT-01 RELO-01 FKL-06 AGEI-01 /030 A4 0830

INFO LOG-00 AF-00 /000 R

DRAFTED BY: AID/AFR/PRC:FJOHNSON:VSAUL
APPROVED BY: AID/AAA/AFR/PRE:CBUCHENAN:
AID/AFR/SWA:VSAULTERS (DRAFT) AID/AFR/SWA:RFRIEDLINE (DRAFT)
AID/PRE/PPR:RODSON (INFO) AID/LAC/DR:SYNER (INFO)
AID/DAG/PRE:LREADE AID/PRE/PPR:RANDERSON (INFO)
AID/PPC/PDPR:NCANK (INFO) AID/AKE/WE/PD:RWILLIAMS (INFO)
AID/ANC/ASIA/PD:RPRATT (INFO)
AID/ST/RO/ESE:RYONG (INFO)

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FM SECSTATE WASHDC
TO AMEMBASSY OUAGADOUGOU PRIORITY

UNCLAS STATE 269835

AIDAC

E.C. 12356: N/A

TAGS:

SUBJECT: WASHINGTON BRIEFING ON PRIVATE SECTOR SYMPOSIUM

REF.: OUAGADOUGOU 04780

A.I.D.'S PRIVATE SECTOR COUNCIL ON AUGUST 21 HEARD A BRIEFING ON THE BURKINA FASO PRIVATE SECTOR ASSESSMENT AND SYMPOSIUM HELD JUNE 27-29, 1985. ATTENDING THE MEETING WERE PRIVATE ENTERPRISE OFFICERS FROM A.I.D. BUREAUS (AME, LAC, S AND T, PPC, PRE, AFR), STATE/USOAS, EMERSON MELAVEN, FORMER USAID/BURKINA FASO MISSION DIRECTOR, AND GUESTS FROM CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE (CIPE) AND FOOD AND DEVELOPMENT SUBCOMMITTEE OF BUSINESS ADVISORY COMMITTEE TO THE DEPARTMENT OF STATE. BRIEFERS WERE STEVE HAGBLADE, CONSULTANT, SYRACUSE UNIVERSITY, CHRIS MUCK, S AND T/RD AND ANDREW CAO, CONSULTANT, AMERICAN UNIVERSITY, ALL CONTRIBUTORS TO THE ASSESSMENT AND PARTICIPANTS IN THE JUNE SYMPOSIUM.

A.I.D. PRIVATE SECTOR OFFICERS LISTENED TO PRESENTATION WITH KEEN INTEREST AND TOOK ACTIVE PART IN ASKING QUESTIONS ABOUT ORIGIN OF THE ASSESSMENT AND SYMPOSIUM, NATURE OF CONTRIBUTIONS BY BURKINABES, RECEPTIVITY OF

GOVERNMENT OFFICIALS TO CHANGES IN BUSINESS CONDITIONS PROPOSED BY CHAMBER OF COMMERCE MEMBERS, AND PROSPECTS FOR CHANGES TO OCCUR. ATTENDEES ALSO INQUIRED ABOUT CONDUCT OF THE ASSESSMENT, LESSONS LEARNED, AND POINTERS FOR CONDUCTING PRIVATE SECTOR ASSESSMENTS IN OTHER COUNTRIES ALONG LINES OF ILLUSTRATIVE SCOPE OF WORK WHICH MUCK BROUGHT TO BRIEFING. (1)

PRESENTERS ALSO STRESSED THE IMPORTANCE OF ENGAGING U.S. EXPERTS WITH DIRECT PRIVATE BUSINESS EXPERIENCE, AS WELL AS ECONOMISTS, IN THE ASSESSMENT PROCESS AND ANY RELATED SYMPOSIUMS WITH BUSINESS ASSOCIATIONS SUCH AS THE CHAMBER OF COMMERCE. CATALYTIC ROLE OF CONSULTANTS, TOGETHER WITH USAID AND EMBASSY OFFICERS, WAS EVIDENT IN BRINGING TOGETHER MEMBERS OF BURKINA'S PUBLIC AND PRIVATE SECTORS FOR POLICY DIALOGUE ENCOUNTERS. PRESENTERS STRESSED THE IMPORTANCE OF DOING THE ANALYTIC AND DRAFTING WORK LOCALLY, OF USING EXPERTS INTIMATELY ACQUAINTED WITH THE MOST COUNTRY SITUATION, AND OF

INVOLVING NATIONAL GOVERNMENTAL AND PRIVATE ENTERPRISE REPRESENTATIVES IN JOINT ASSESSMENT AND DIALOGUE UNDERTAKINGS. BURKINA INVOLVEMENT WAS CONSIDERED AN ELEMENT ESSENTIAL TO THE SUCCESS OF THE LEARNING AND DIALOGUE PROCESS THAT EMERGED IN THE JUNE SYMPOSIUM.

MR. MELAVEN UNDERSCORED THE IMPORTANCE OF ENGAGING WELL QUALIFIED CONSULTANTS WHO CAN EARN THE RESPECT AND CONFIDENCE OF MOST COUNTRY REPRESENTATIVES. THE WELL ORGANIZED ASSESSMENT, TOGETHER WITH THE WELL DOCUMENTED ANNEXES, PROVIDED THE BODY OF EVIDENCE THAT ALLOWED PRIVATE ENTREPRENEURS TO MAKE THEIR CASE WITH GOVERNMENTAL AUTHORITIES FOR REDUCING OR DOING AWAY WITH A VARIETY OF CONSTRAINTS THAT HOBBLE BUSINESS GROWTH.

ATTENDEES MADE TWO MAJOR OBSERVATIONS. FOR THE USAID CONTRIBUTION TO MAKE ITS FULL IMPACT IT WILL BE ESSENTIAL THAT USAID CONTINUE TO PROVIDE LOW KEY, PERTINENT AND TIMELY TECHNICAL ASSISTANCE TO KEEP THE POLICY DIALOGUE GOING, NOW THAT THE PROCESS HAS BEGUN. IF GIVEN PRACTICAL ENCOURAGEMENT, BURKINABES AUTHORITIES MAY MOVE AHEAD TO ADOPT THE REGULATORY AND OTHER CHANGES PROPOSED AND EXAMINED DURING THE ASSESSMENT AND IN THE SYMPOSIUM. THE PRIVATE SECTOR COUNCIL MEMBERS OFFER THIS VIEW IN LIGHT OF THEIR OWN EXPERIENCE IN SEEKING AND ACHIEVING RESULTS THROUGH POLICY DIALOGUE IN OTHER COUNTRIES. ARMAGOST

(1) The symposium, financed by USAID/Burkina and supported by U.S. technical experts, was a direct outgrowth of USAID/Burkina's recently published private sector assessment. Without the full assessment, and the extensive USAID-Embassy-Burkina dialogue occasioned by it, symposium preparations and agenda would have been less substantive and catalytic.

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J. J.

BURKINA FASO
PRIVATE SECTOR ASSESSMENT AND SYMPOSIUM

Presentation for AID Private Sector Council
August 21, 1985

Minutes

2 Introduction: Frances Johnson, AFR/PRE

2 The Private Sector Assessment and Symposium. Steve Haggblade, consultant
The Event: What, where, why, how, with whom

Conduct of the Assessment:

Purpose, audience, overall report and sectors covered, time,
approach used, persons involved, specificity of sector studies

3 Credit and Finance Sectors: Dr. Andy Cao, consultant

3 Agriculture and Agribusiness Sectors: Chris Mock, S&T

4 Assessment Synthesis and Approach to Addressing the Task

Based on sector and other reports prepared: Steve Haggblade

Macro Analysis

Sector/special studies

Private Sector Assessment as a Program Tool for USAID

4 Burkina Faso Symposium, June 1985: Dr. Andy Cao

Origin, Agenda, and Purposes Served

Private Sector Assessment as a vehicle to surface policy and
administrative issues

-- for Chamber of Commerce, business associations, and
entrepreneurs

-- for USAID and Embassy

2 Observations: Steve Haggblade

4 How Other Missions Can Use/Adapt the Burkina Faso Approach

Scope of Work, preparations before team arrival, team
contacts with business and other sectors, qualified
consultants, additional time needed beyond the budget

2 Observations: F. Johnson

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8/20/85