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Sector Assessment
and Strategy

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GROWTH and EQUITY through MICROENTERPRISE INVESTMENTS and INSTITUTIONS
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Burkina Faso Microenterprise Sector Assessment and Strategy

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ACRONYMS

ACDI	Agence Canadienne de Développement Internationale
AFR/SWA	A.I.D.'s Africa Bureau/Sahel West Africa Office
AIPB	Assistance aux Initiatives Productives de Base
APICOMA	Construction de Machines Agricoles
APRE/SMIE	A.I.D.'s Bureau for Asia and Private Enterprise/Small and Medium Industrial Enterprises
BCEAO	Banque Centrale des Etats de l'Afrique de l'Ouest
BIAO	Banque Internationale de l'Afrique Occidentale
BSONG	Bureau de Suivi des ONGs
CCCE	Caisse Centrale de Coopération Economique
CCIA	Chambre de Commerce, de l'Industrie et de l'Artisanat
CEC	Caisse d'Epargne Crédit
CFA	Communauté Financière Africaine
CFFA	Centre Féminine de Formation Artisanale
CIPPA	Comité Interministérielle sur la Politique de la Promotion Artisanale
CNCA	Caisse Nationale de Crédit Agricole
CNEA	Centre National d'Equipement Agricole
CNPAR	Centre Nationale de Perfectionnement des Artisans Ruraux
CRES-	Comité Révolutionnaire Economique et Sociale
CSPPA	Caisse de Stabilisation des Prix des Produits Agricoles
CTA	Centre de Technologie Appliqué
DEST	Direction de l'Enseignement Secondaire Technique
EEC	European Economic Community
FED	Fonds Européen de Développement
GDP	Gross Domestic Product
GEMINI	Growth and Equity through Microenterprise Investments and Institutions
GOBF	Government of Burkina Faso
IBE	Institut Burkinabé de l'Energie
IBRD	International Bank for Reconstruction and Development (World Bank)
ILO	International Labor Organization
IMF	Impôt Minimum Forfaitaire
INSD	Institut National de Statistiques et de Démographie
MSE	Micro- and small-scale enterprise
NGO	Nongovernmental Organization
NRMS	Natural Resource Management Support
ONPE	Office Nationale pour la Promotion de l'Emploi
PNUD	Programme des Nations Unies pour le Développement
PPC/WID	A.I.D.'s Program and Policy Coordination/Women in Development
PVO	Private Voluntary Organization
SBCP	Société Burkinabé des Cuirs et Peaux
SEMC	Société Burkinabé pour la Manufacture de la Cuir
SDID	Société de Développement Internationale DesJardins
SPONG	Secrétariat Permanent des Organisations Non Gouvernementales
TCA	Taxe sur le Chiffre d'Affaires
UMOA	Union Monétaire Ouest Africain
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

Responding to interest from the Chamber of Commerce, Industry and Artisanry of Burkina Faso (CCIA) in expanding its work in micro- and small-scale enterprise (MSE) support, the Office of the U.S. Agency for International Development Representative (OAR)/Ouagadougou, in conjunction with A.I.D./Washington, commissioned a review of its strategic options for MSE programming. The review was to examine the major opportunities and constraints facing MSEs in Burkina Faso, and to outline a series of options for future USAID and CCIA work in this area.

Subsector analysis, the examination of the vertical channels through which small and large firms interact to transform raw materials into products and to deliver products to markets, formed the basis for the strategic review. An in-depth analysis of six subsectors (spinning and weaving, skins and hides, garments, cosmetic products, construction, and agricultural equipment) identified numerous constraints and opportunities confronting MSE growth. The specific findings of the six analyses revealed common problem areas. This assessment was complemented by reviews of the institutions supporting MSE activities and of the policy environment. The products of these analyses form the basis for a series of strategic options open to A.I.D. for providing cost-effective assistance to the MSE community.

MICRO- AND SMALL-SCALE ENTERPRISES IN BURKINA FASO

The 1985 census found 528,000 persons (307,000 women and 221,000 men) employed full- or part-time in MSEs. This represents 13 percent of the economically active population and 20 percent of GDP (over 100 billion CFA). MSEs in rural areas account for 85 percent of total MSE employment, and 48 percent of those principally employed in MSEs come from rural areas. MSEs play a particularly important role in providing jobs in Burkina Faso's rapidly growing urban areas, accounting for an estimated 85 percent of all paid employment in Ouagadougou.

Institutional Support

Some 23 government of Burkina Faso (GOBF) agencies from 14 ministries are involved in MSE-related activities, along with at least 20 nongovernmental organizations (NGOs) and a dozen donor agencies. Some donor and NGO projects are generating valuable experience and collecting valuable data that can direct future interventions. There have been failures, but some projects are developing nascent, informal institutions that are effectively supporting MSEs.

The level of donor support for MSE is steadily increasing; however, coordination among the donors and between government agencies has been poor. There are cases in which different agencies are competing with each other and with MSEs for the same markets, and large donor projects now in preparation are not considering their impact on smaller, established programs.

Constraints

The major constraints to MSE growth in Burkina Faso are outlined below.

State-distorted markets. The GOBF has intervened strongly as a market maker in several subsectors (spinning and weaving, construction, and agricultural machinery), increasing demand artificially and causing a crisis upon its retreat.

Constrained access to capital. The formal banking sector is unwilling to lend to MSEs as the costs of small-scale lending far exceed the 16 percent maximum interest they can charge. Lending to consumers for lumpy purchases (such as housing and agricultural equipment) is severely restricted. Women entrepreneurs may be caught in a double bind, with social restrictions on "public" activities requiring greater initial capital to open "proper" shops.

Weak management and technical skills. These are most evident in product finishing, market analysis, and production and marketing system management. Technical training programs have failed to adapt to changing market needs and to teach trainees how to identify new market opportunities. These problems are perhaps most acute among women who have only recently become entrepreneurs and have received even less training than men.

Poorly adapted skill and technology transfer programs. Technical training programs have changed little since their development 10 years ago, while markets have changed considerably. The private sector has little involvement with research and development work, with the result that new technologies do not easily integrate into established production channels.

Expensive intermediate materials. The high cost of essential materials makes industries uncompetitive (spinning and weaving) or simply too expensive (construction).

Crowding out. Blacksmiths and weavers are squeezed out of profitable markets by large, state-owned companies, which themselves survive only with heavy government subsidies.

Negative policy and regulatory environment. Confused and often contradictory land tenure, fiscal policy, and agricultural marketing measures impose disproportionate burdens on MSEs, and deny consumers security which could increase their purchasing power.

Opportunities

Increasing access to capital has already begun, on a small scale through project assistance. An opportunity exists to expand this through replicating and complementing those credit programs that are beginning to develop more sustainable financial systems and to mobilize local financial resources. Their gains can be undone by introducing competitive programs that offer more capital on easier terms, but that cannot be sustained. The Caisse Nationale du Crédit Agricole (CNCA) could extend its credit to cover machinery purchased from MSEs as well as from parastatal producers. New consumer lending options could be developed to stimulate the adoption of new, more cost-effective building materials and designs in home construction.

The GOBF can play an important role as a market maker as long as it does so by carefully thinking through and executing its policies to reflect economic efficiencies and comparative advantage (for example, ordering agricultural equipment from capable, government-trained blacksmiths). It also can make MSEs more competitive by eliminating subsidies to large, state-owned enterprises with which the MSEs compete. The private sector can provide the bridge to move MSEs into more productive channels; for example, skins and handicrafts traders can help leatherworkers move beyond simple bags and tourist articles into more mass-market items.

Technological innovation to lower production costs often is essential to stimulate demand. Construction and traditional clothing could remain two important subsectors for MSEs if production costs can be brought down while maintaining quality. More market-based and market-focused training can be developed, and private sector firms can take on more of the research and development burden, as is starting to happen in the government's new "building with earth" initiative. Training programs could be decompartmentalized to fit better within the changing market environments of many businesses.

Improve the policy environment. Local entrepreneur organizations could be helped to conduct more thorough analyses of the impact of inconsistent or discriminatory government regulations. Simply sorting out areas in which various ministries or donor bodies are acting in an inconsistent or discriminatory manner, and improving communications across organizations and projects, would greatly assist MSE development. Donors should hold regular meetings to exchange information.

Coordinate donor interventions. Donors could urge that externally financed projects make maximum use of small local producers and suppliers. Donors could focus coordination efforts on specific subsectors, to generate a concrete and immediate agenda for action. They could develop policy guidelines for credit programs and their financing.

STRATEGIC OPTIONS

There are several strategic options open to USAID/Burkina Faso, depending on the level of resources it can devote to MSE support. OAR activities have been restricted in recent years; nonetheless, USAID has developed good working relations with the government and its credibility is high. This creates a good platform for launching new MSE support initiatives. The options presented below are in ascending order of resource requirements.

- Continue with the current low level of involvement, focused on supporting training efforts by CCIA, but making this training more field-oriented and dynamic (responding to specific business problems, not merely offering general management methods).
- Actively integrate MSE analysis into existing and upcoming projects of USAID in agriculture, health, and natural resources management, through including MSE specialists as consultants or as members of project design teams.
- Add new long-term personnel. If long-term personnel are added, USAID's first priority should be to promote coordination among the donor agencies, through establishing regular meetings, developing action agendas for information exchange and conflict resolution in specific subsectors, and formulating policy guidelines for donor-supported credit programs.

- Use long-term advisors to assist the GOBF to understand and manage the policy reform process related to MSEs. This would include strengthening local advocacy groups to make the case for policy reform. Advocacy groups and advisors would collect information on the impact of present policies on the private sector and on MSEs, in particular, and develop a dialogue with the government decision makers.
- Establish a temporary structure within an existing institution that would organize direct, subsector-based interventions. This unit would target two to three subsectors for more extensive analysis, and would work to remove system bottlenecks through promoting interaction between small and large firms; providing technical assistance to tackle constraints in input supply, technology, and marketing; and supporting private sector advocacy groups to develop and push forward policy reform packages. It should be housed outside of government line ministries in a body with strong ties to the private sector, such as the CCIA.

CHAPTER ONE

BACKGROUND AND OVERVIEW TO THE ASSIGNMENT

INTRODUCTION

Rationale for the Strategy Exercise

In July 1990, the Burkina Faso Chamber of Commerce, Industry and Artisanry (Chambre de Commerce, d'Industrie et d'Artisanat, or CCIA) presented to the Office of the U.S. Agency for International Development Representative (OAR)/Burkina Faso a proposal for a micro- and small-scale enterprise (MSE) support project.¹ USAID recognized the importance of MSEs as providers of off-farm employment and income for large numbers of Burkinabé. At the same time, it noted the difficulties encountered by MSE support programs elsewhere in Africa, and the recent development of several Government of Burkina Faso (GOBF) and donor initiatives in this field. Given this situation, the OAR/Ouagadougou, in conjunction with A.I.D./Washington,² decided to carry out a strategic planning exercise, which would determine the major opportunities and constraints to MSE growth in Burkina Faso, and how it and the CCIA could participate most effectively in this area. This work, viewed in the context of A.I.D. investigations carried out in neighboring countries such as Niger and Mali, also would contribute to A.I.D.'s efforts to support MSE development in the Sahel-West Africa region as a whole.

The subsector methodology forms the basis for this strategy. The methodology consists of an examination of the situation confronting MSEs within specific industries. Rather than looking horizontally at the behavior of the MSE community across many industries, it examines the activities of MSEs, larger firms, consumers, and policy makers within the vertical structure of a single industry. It analyzes the channels through which small and large firms interact to transform raw materials into products and to deliver products to markets. The analysis identifies areas of cooperation and competition between different sized firms, and where the comparative advantages for MSEs lie. It considers how the industry is evolving, and what forces are behind these changes.

This vertical analysis shows where the industry as a whole is growing, and how MSEs can profit more fully from this growth. Subsector analysis identifies key linkages, or "nodes," within the industry at which interventions can have the greatest impact, either on employment or on value added.

This report combines the results of six subsector analyses in Burkina Faso with a general examination of ongoing and planned MSE support programs. By providing USAID and CCIA with a hierarchical ranking of possible interventions across subsectors, and with a general sense of what other

¹ Chambre de Commerce, d'Industrie et d'Artisanat, Direction de la Formation et de l'Assistance aux Entreprises, *Programme Pilote d'Assistance aux Petits Entreprises*. Rapport Préliminaire, July 1990.

² Women In Development Office of the Policy, Planning and Coordination Bureau (PPC/WID), the Africa Bureau's Sahel-West Africa Office (AFR/SWA), and the Growth and Equity through Microenterprise Investment and Institutions (GEMINI) Project, funded by the Bureau for Private Enterprise's Office of Small, Micro, and Informal Enterprise (APRE/SMIE).

agencies already are doing, it enables them to make better-informed decisions about where they might intervene to support the specific industries analyzed and the MSE sector as a whole.

Goals and Approaches

The goals of this strategic planning exercise are to:

- 1) Do subsector analyses for several industries in Burkina Faso in which MSEs play or can play a major role;
- 2) Review existing and planned MSE support programs; and
- 3) Use the results of these analyses to identify the principal obstacles to MSE growth, major areas of opportunity not being pursued and, therefore, opportunities for high impact USAID and CCIA intervention.

The study was implemented during two visits to Burkina Faso. The team leader spent two weeks in the country in February 1991 collecting general information on the size and composition of the MSE community, and beginning the process of subsector selection. Working with two research assistants, he undertook two subsector analyses (skins and hides, and spinning and weaving). He returned in April 1991 with three other consultants. Working with five research assistants they carried out an additional four subsector analyses and an institutional/program review. Field work included interviews with numerous small and large firms in the major towns and in rural areas. It also included meetings with GOBF, donor agency, and nongovernmental organization (NGO) representatives active in MSE support.

CONTEXT FOR THE STUDY

Macroeconomic Environment

Burkina Faso is a landlocked country covering 275,000 square kilometers, much of which lies within the Sahelian zone of West Africa. It received its independence from France in 1960, but still retains strong ties to France through technical and economic cooperation, and through participation in the West Africa Monetary Union, part of which involves the use of a common currency, the CFA franc.

With a population of 8.5 million and a per capita GDP of \$180, Burkina Faso is one of the world's poorest nations. Over 92 percent of the Burkinabé live in rural areas, the majority concentrated in the center and south of the country, with sparse, largely pastoral communities (many nomadic) occupying the north and east. The Mossi, who occupy the central plateau, are the largest ethnic group, accounting for almost 50 percent of the population.

The urban population is concentrated in the two major cities of Ouagadougou and Bobo-Dioulasso, which are growing at over 8 percent annually (compared to a 2.7 percent overall population growth). Some 1-1.5 million Burkinabé are working abroad, mostly in Ghana and the Côte d'Ivoire, and their remittances are an important contribution to the domestic economy.

Burkina Faso does not possess a highly developed industrial sector. In 1968, the GOBF launched an industrialization/import substitution strategy, but the contribution of industrial output to GDP has only

risen from 17 percent in 1970 to 24 percent in 1988. Primary production, by comparison, accounts for 39 percent of GDP. The modern industrial sector is made up of only 195 medium and large firms, of which 76 are concerned with agro-industrial and forest products, and 71 with public works and construction. Some 30 firms work in the heavier industrial fields of mining and metalworking. Export income comes mostly from livestock and agro-industrial products, with live animals and cotton fiber accounting for over 50 percent of total exports in 1987. Gold exports have risen dramatically in recent years to become the single largest export commodity in 1987 (20.6 million CFA). Imports are led by consumer goods (55.2 million CFA), capital goods (44.3 million CFA) and food products (30.4 million CFA). The trade deficit was 90 million CFA in 1987, equal to 120 percent of total exports and 18 percent of GDP.³

Micro- and Small-Scale Enterprise Activity

The 1985 general census found 528,000 persons employed full- or part-time in MSEs (307,000 women and 221,000 men; see table below for details). This is 13 percent of the economically active population of Burkina Faso. Of these, 94,000 regard one or another off-farm MSE activity as their principal employment (36,000 women and 58,000 men).⁴ Interestingly, 48 percent of those principally employed in MSEs come from rural areas.

Cotton spinning is the largest MSE activity, employing 173,890 people (primarily women) full- or part-time. Basket weaving (14,128), auto/moped/bicycle repair (12,528), and tailoring (11,542) are the largest full-time activities. MSEs based on separate artisanal skills congregate in several subsectors, such as spinning and weaving, garment manufacture (tailors, menders, distributors), construction (masons, painters, welders, carpenters, and so forth) and hides and skins (butchers, tanners, dyers).

These mostly unlicensed, unregistered enterprises provide key products and services for the poor majority of Burkinabé. They are major consumers of local natural resources and contribute over 20 percent of GDP.⁵ MSEs play a particularly important role in providing jobs in Burkina Faso's rapidly growing urban areas. A 1986 study estimated that the informal sector accounts for 85 percent of all employment in Ouagadougou.⁶

³ World Bank, Burkina Faso: *Economic Memorandum*, Annex II, December 1989.

⁴ Institut National de la Statistique et de la Demographie, *Recensement Général: Analyse des résultats Définitifs*, December 1989, p. 208, and Ministère de la Promotion Economique, *Plan Directeur pour la Promotion de l'Artisanat au Burkina Faso*, May 1990, p. 5.

⁵ Ibid., p. 1.

⁶ A. Carrizo, *Les Micro-Entreprises à Ougadougou: Analyse et Stratégie de Développement*, ILO, November 1986.

TABLE 1
ARTISANAL ACTIVITIES BY SUBSECTOR
(Full-time and Part-time Participants)

	MALE	%	FEMALE	%	TOTAL	%
<u>RURAL ARTISANS</u>						
SPINNERS	1245	0.6	172645	56	173890	33
WEAVERS	64143	29	12205	4	76348	14
DOLO BREWERS	242	0.1	57575	19	57817	11
BASKET WEAVERS	19483	9	24279	8	43762	8
POTTERS	6780	3	30133	10	36913	7
BLACKSMITHS	25822	12	1361	0.4	27173	5
BUTCHERS	14898	7	204	0.7	15102	3
TANNERS AND SHOEMAKERS	6324	3	933	0.3	7257	1
DYERS	3805	2	531	0.2	4336	0.8
MILLERS	1529	0.7	67	0.0	1596	0.3
WELL-SINKERS	1217	0.6	30	0.0	1247	0.2
WOOD CARVERS	1075	0.5	105	0.0	1180	0.2
<u>SUBTOTAL</u>	146653	66	300068	98	446621	85
<u>URBAN ARTISANS</u>						
MECHANICS	21377	10	84	0.0	21461	4
TAILORS	17434	8	3370	1	20804	4
MASONS AND BUILDERS	14274	6	198	0.1	14472	3
CARPENTERS	6149	3	129	0.0	6278	1
TINSMITHS AND IRONWORKERS	4279	2	52	0.0	4331	0.8
HAIRDRESSERS	551	0.3	2658	0.9	3209	0.6
BAKERS	2031	0.9	45	0.0	2076	0.4
ELECTRICIANS	1967	0.9	12	0.0	1979	0.4
RADIO/TV REPAIR	1593	0.7	5	0.0	1598	0.3
PAINTERS	1553	0.7	16	0.0	1569	0.3
WATCH REPAIR	1432	0.7	104	0.0	1536	0.3
PHOTOGRAPHERS	894	0.4	7	0.0	901	0.2
TAPESTRY WORKERS	532	0.2	4	0.0	536	0.1
GARAGE OWNERS	152	0.1	9	0.0	171	0.0
<u>SUB TOTAL</u>	75154	34	6715	2	81869	15
<u>TOTAL</u>	221707	100	306783	100	528490	100

Source: 1985 census.

The GOBF recognized the significance of MSEs in its 1986-90 Five Year Plan, and formed an Inter-Ministerial Commission for Microenterprise Support Policy (Commission Interministérielle sur la Politique de Promotion de l'Artisanat, or CIPPA), chaired by the Direction Générale de l'Artisanat of its Ministry of Economic Development. CIPPA has been asked to develop policies and regulations more suited to their needs and capabilities, and to coordinate MSE assistance efforts. The latter is an onerous task, as 14 government ministries (containing 23 distinct agencies) are involved in a range of MSE-related activities including credit, production assistance, training, raw materials supply, marketing support, and regulation/standardization. These are by no means complementary, and there are cases, such as in the agricultural equipment subsector, in which different ministries (Agriculture and Labor) are competing with MSEs for the same, narrow market.⁷ At least 20 NGOs and 12 bilateral and multilateral donor agencies have MSE support programs in Burkina Faso (see Table 2). Their activities are, if anything, less well coordinated than those of the GOBF (more discussion of this is found in Chapter Four).

Gender Issues

Of the 528,000 people employed full- or part-time in MSEs, a majority (58 percent) are women. Yet women become the minority when it comes to full-time employment in MSEs, and women play a limited role in many subsectors. This is not surprising given women's extremely heavy load of domestic and agricultural responsibilities in rural areas. Nor is it surprising that Burkinabé women are found almost exclusively in enterprises that are traditionally dominated by women, such as textiles and agroprocessing, and rarely in enterprises traditionally dominated by men, such as construction.

Tradition and culture are perhaps the strongest determinants of the role of women in MSEs in Burkina Faso. Many of the legal barriers to women entrepreneurs were abolished under the presidency of Thomas Sankara. Travel bans, the legal need for a husband's or male family member's approval of commercial transactions, right to land, and so forth do not formally exist in Burkina Faso. However, strong cultural and societal norms have succeeded in keeping women confined to the field or the home until very recently. Women entrepreneurs still feel this cultural prejudice. Many reported continued male resistance to wives working outside the home.

Such social mores have had their effect on social institutions as well. Although it is not required by law, many banks require a husband's signature for a woman to take out a loan, even if she can come up with the necessary guarantee in her own name. Women are generally not allotted land in their own name if they are married; it is allotted to their husband. Adult women who are not married do have an equal right to land. As in most African countries, the rate of illiteracy for women, estimated at 94 percent in 1985, is much higher than that for men (79 percent).⁸ This obviously has a very important impact on women's abilities to manage small enterprises. Although their legal access is the same as that for boys, girls are not as likely to go to school and, more to the point, are not as likely to stay in school. This is a further reflection of traditional values that place women in a solely domestic role.

But changes do seem to be taking place, if slowly. Women are entering MSEs as a result of social change, urbanization, and economic necessity. Entering private enterprise for reasons of economic necessity can sometimes have a backlash effect, however. Because of strong cultural traditions that hold

⁷ See Annex F, Agricultural Equipment Subsector Analysis, for more details.

⁸ World Resources Institute. *World Resources 1990-91: A Guide to the Global Environment*. New York: Oxford University Press, 1990.

TABLE 2
INSTITUTIONS INVOLVED IN MSE DEVELOPMENT

	Government (Donor)	Semi-Public (donor)	NGOs & Other Groups (Donor)
Training	Aff. Sociale (UNDP) ONPE: CNPAR (Swiss, Dutch) Min. Educ. - Ens. Second. Technique	Chambre de Commerce Industrie et Artisanat - CCIA (USAID)	Catholic Church
Direct Finance	CNCA (CCCE, KFW, BOAD, BAD) ONAC: SIAO Min. Fin. (PNUD thru BIB)	Proposed: Fonds de l'Habitat (IBRD) Guarantee fund (CCCE)	SDID (ACDI) Misc. NGO Programs for group lending - SCS, CECI, PLAN, WR, Sahel Actio: PRODIA (CCCE, GTZ, Intl NGOs, CECs)
T.A. to Enterprises	Dir. de l'Artisanat (GTZ) Action Social - Women's Groups	CCIA (FAC, CCCE, PNUD)	SDID (ACDI)
Technology Developm't	Projet Urbain (IBRD) CNPAR - CTA (Belgium) Inst. Burk. Energie (??)	SOCOGIB (French Firm)	ADAUA PABRE (Catholics) SNV - Koudougou (Dutch)
Production	Min Agri - CNEA Min. travail - APICOMA Min. Prom. Econ - FASO FANI, CITEC, SONACAB Min. Aff. Soc. - UAP GODE Min. Com. FASO DAN FANI		
Interest Groups & Coordination:	Min. Plan (UNDP) Dir. Artisanat (GTZ) BSONG Presidence (PNUD) D.G. Arch.& Urb. (IBRD)	CRES CCIA UFB	SPONG SCS (Canadians) Assn. Chefs d'entreprises femmes SDID (finance policy) Syndicats

a woman responsible for her own expenses and the needs of her children, a woman's increased economic contribution to the family may simply replace her husband's contribution, not supplement it.

Of women who are classified as economically active, 40 percent in urban areas are classified as self-employed and 42 percent are listed as family labor. The second largest classification for women in rural areas is independent or self-employed.⁹ The two go together in many respects. Women who are self-employed often have family members (usually women) working for them as family help or apprentices, as is the case in hairdressing salons. This arrangement helps women entrepreneurs avoid the complex and confusing government regulations involved in more formal personnel arrangements. In rural areas, 90 percent of all women are listed as family labor, primarily because land is regarded as the man's. His wife and children are considered as working for him, even if she is working her own field.

When women do enter MSEs, one finds that, in addition to the cultural constraints mentioned above, they face the same constraints as male entrepreneurs but at a more acute level. Women do not seem to make the transition from very small enterprises to larger, more formal enterprises as easily as men. For example, a woman who begins by working at home sewing or styling hair will not take the next small step that a man might take by setting up a sewing machine at the market or walking the streets with a sign for cutting hair. From a home-based enterprise, a woman will move directly to the larger and more expensive scale of opening a boutique or salon. This, of course, requires more capital, which typically comes from her husband, her family, and her savings. Although women legally have open access to credit, no woman interviewed had used credit to open their business. Hence, to move into a visible and more profitable enterprise a woman must have the help of husband or family — this was found to be true from very small undertakings to relatively large businesses.

⁹ Institut National de la Statistique, 1989, *ibid.*

CHAPTER TWO

SUBSECTOR ANALYSES AND GROWTH PROSPECTS FOR SMALL-SCALE ENTERPRISES

THE SUBSECTOR APPROACH¹

General Principles

MSEs struggle to survive in a highly competitive, fast-changing business environment. Some operate in rapidly growing markets, while others are squeezed by changes in demand, technology, labor costs, tariffs, input prices, government regulations, and competition from large firms and imports. They operate in vertical supply systems, procuring inputs from some firms and marketing output through others. Consequently, it is not possible to understand the opportunities and constraints facing MSEs by looking at small firms alone. One must also examine the larger firms that work in the same environment.

Subsector analysis uses a systems analysis technique that has its origins in agricultural marketing studies. It revolves around a schematic subsector map that describes the larger production and distribution system in which MSEs operate and provides a visual framework for identifying constraints. The subsector map summarizes the economic relationships between MSEs and other actors in the system. It traces system flows, the principal channels within which raw materials are transformed and delivered to markets, and the role played by MSEs in the various channels.

The analysis focuses on trends as well as on a static comparison of competitiveness in alternative channels. It provides a means for identifying where MSEs have a competitive advantage. It offers a framework for rapidly evaluating MSE dynamics, showing where MSEs have the greatest potential to grow, and where they cannot effectively compete.

Subsector analysis starts from the premise that MSE support interventions most likely to be cost-effective are those that influence large numbers of small firms at a single stroke. The subsector map helps locate critical leverage points within the system. These may be geographical points, such as locations where a large number of firms cluster together to ensure access to key inputs, to market output, to comply with zoning regulations, and so on. They may be system nodes, funnels where large volumes of product pass through the hands of a few actors, such as input suppliers or output distributors. They may also be policies that affect large numbers of firms. The most cost-effective interventions to support MSEs are those that focus on these leverage points.

¹ For more information, see Haggblade, *A Field Manual for Subsector Practitioners*, AID/GEMINI, 1991.

Methodology

Subsector analysis follows a three-phase analytical procedure: establishing a general understanding of the structure of the system; refining this understanding through exploring a few key aspects of the system; and identifying constraints, opportunities, and leverage points. Phase 1 consists of selecting subsectors for study; listing the principal participants, technologies, product flows, and historical changes in those selected; drawing a rough subsector map; and specifying the main policies and regulations affecting the participants. Phase 2 consists of simplifying and adding flesh to the bones of the subsector map through identifying its main channels, and through quantifying overlays of particular interest. The latter can include enterprise numbers, employment and gender divisions, volume of product, sales value, price margins, income, returns to labor, and inventory holdings. Phase 3 consists of understanding which channels are growing and which are not, and why. The driving forces behind these dynamics are explored (market demand, technological change, input supply constraints, gender issues, and so on), and leverage points identified.

Implementation began with an initial quantitative overview of the MSE population by the team leader. In this study, subsectors were selected in consultation with USAID and CCIA. The team retained research assistants and, using their knowledge of the subsectors, literature review, and interviews with key informants, prepared rough subsector maps by the end of the first week in-country. These provided the basis for a more extensive program of field interviews and data analysis over the following two weeks. The final week in-country was spent discussing the information collected and preparing the draft report.

The maps for each subsector served as the focal point throughout field research. They were returned to again and again, to identify what had been learned about the main channels, and what information gaps remained. They were redrawn at least 10 times each throughout the analysis.

Selection Criteria

Choosing subsectors requires a logical and informed decision that addresses the specific objectives of the study. It boils down to a consideration of which subsectors have the greatest growth prospects, and which can be assisted by the agencies planning interventions in MSE support. The objectives of the sponsors of this work formed the basis for this choice. USAID/Burkina Faso placed a high priority on employment generation, addressing gender issues and increasing value added from agricultural production and natural resources management. The CCIA requested that emphasis be placed on urban enterprises, due to its limited ability to assist rural firms. A.I.D./Washington (including APRE/SMIE, PPC/WID, and AFR/SWA) reinforced gender concerns and added an interest in subsectors with regional importance and growth potential.

With these goals in mind, selection focused on three factors: size of employment, growth potential, and sponsor targets (groups or industries). Spinning and weaving, garments, agricultural machinery production, skins and hides (including butchers), and construction are among the largest documented employers. Other large employers, particularly sorghum beer brewing and auto/moped mechanics, were considered but not selected.

Growth potential is most easily determined by consumption studies, which unfortunately are not available for Burkina Faso. Data from research on urban household expenditures in neighboring Mali

shows high elasticities for lodging (2.14), health care (2.06), and clothing and footwear (1.39).² These results and key informants suggested growth potential in the cosmetics, construction, garments, skins and hides, and spinning and weaving subsectors in Burkina Faso. Transportation and entertainment are two areas where regional demand is growing (with elasticities of 2.34 and 1.54 respectively in Mali), but these subsectors were not selected.

Because largely of cultural tradition, most subsectors are highly differentiated in terms of gender. Most subsectors are dominated by either men or women. Even the few that are mixed, such as garments, can be further broken down into activities dominated by women and those dominated by men. Cosmetics and spinning and weaving are subsectors with strong female participation. Sorghum beer brewing, pottery, and basket weaving are the other major employers of women. Cosmetics (including shea nut processing) and skins and hides are subsectors that add value to local natural resources. Agricultural machinery supply is a critical input for local farming systems. The transformation of fruits and vegetables has great potential to add value to local resources and to strengthen rural-urban linkages. This subsector could not be selected because the absence of data on the flow of fruits and vegetables between farms and final markets made it impossible to undertake its investigation during the time available.

The final selection is the product of the consideration of the consultants, USAID/Burkina Faso, and CCIA as to which subsectors best reflect the above criteria, and that could be analyzed thoroughly during the time permitted. Table 3 outlines the employment numbers, growth potential, and priority groups of the subsectors selected.

RESULTS FROM SUBSECTOR ANALYSES

Skins and Hides

Skins and hides³ have long been one of Burkina Faso's major exports in their raw form, and offer potential for increased opportunities of domestic processing through to finished leather goods. This would capture greater value added within Burkina and, more importantly, might generate employment for many small entrepreneurs and artisans throughout the country. It has added importance because leather goods, both tanned skins and finished products, are traditional products of the Sahel region of the country, which has been most severely hit by the increasing desertification.

The 1985 census identifies more than 1,500 artisans involved in tanning and leather work as their primary activity, with another 5,589 who do it as a secondary activity. Based on estimates taken from a study on the informal sector in Niger, the Institut National des Statistiques et Demographie (INSD)⁴

² William Grant and Peter Hanel, *A Study of the Business Climate in Mali*, AID, September 1988. Elasticities greater than one offer the most appealing opportunities, particularly if that elasticity is found among the lower income brackets, which are usually the greatest consumers of MSE goods and services.

³ The term skins and hides refer to two separate but related products. Skins come from small ruminants, most importantly sheep and goats, while hides come from large animals, in particular cattle. This definitional difference is important because the technologies applied to manufacture the two products and the end uses of the products are often quite different.

⁴ Jean Stoupy, *Le Secteur Informel Dans L'Artisanat Au Burkina Faso*, 1989, p. 14.

TABLE 3

BURKINA FASO SUBSECTOR CANDIDATES V. CRITERIA

Subsector	Total Employment			Growth Potential		Target Group National Resource Based	
	M	F	T	Local	Export	Female Involvement	
Weaving Spinners Weavers Dyers Total	802 39,348 2,347 <u>42,497</u>	106,011 8,943 460 <u>111,414</u>	106,813 48,291 2,807 <u>157,911</u>	1.39	-	+	+
Garments Tailors	14,066	3,033	17,099	1.39	?	+	-
Agric. Machine Tinsmiths Blacksmiths Total	16,783 <u>16,783</u>	898 <u>898</u>	17,681 <u>17,681</u>	?	-	-	+
Skins and Hides Tanners Collectors? Maroquiniers Total	4,226 <u>4,226</u>	795 <u>795</u>	5,021 <u>5,021</u>	?	+	?	+
Construction Masons Brick/Block Metalworker Plumbers Elect. Painters Total	11,314 4,074 874 1,941 1,436 <u>19,639</u>	143 46 7 12 15 <u>223</u>	11,457 0 4,120 881 1,953 1,451 <u>19,862</u>	2.14	-	-	-?
Beauty Products Hairdresser Karité Pro- cessors	466 ? <u>?</u>	2,151 ? <u>?</u>	2,616 ? <u>?</u>	2.06 ? <u>?</u>	- + <u>?</u>	+ + <u>?</u>	-? + <u>?</u>

estimates that there are 3,900 MSEs with an average size of 1.3 full-time-equivalent employees. The MSE total production is estimated at 1.96 billion CFA, with value added of 1,164 billion CFA, or an average of 500,000 CFA per enterprise per year in total sales. Leather working is traditionally a male-dominated activity — from butchering to sandal making. The few women who work in this subsector are generally in family enterprises concentrating on one product, such as leather cushions (*pouffes*). There are a few women tanners in the northeast (but men market the tanned skins), and some Tuareg women assist their husbands in leather working.

Markets

There are two principal domestic markets and two export markets for Burkina's leather goods. The largest is the world skins and hides market, to which Burkina supplies over 4 million skins per year in both the tanned and raw form. A much smaller export market for tanned skins is the neighboring coastal countries, which take between 25,000 and 100,000 traditionally tanned skins per year.

The domestic market for leather goods is primarily for shoes, of which less than 25 percent is captured by local production (200 million CFA of leather products), and *maroquinerie* (leather crafts), which is the single largest market for finished goods, estimated at about 1 billion CFA (800 million CFA locally and 200 million CFA in exports).

Supply Channels

Figure 1 on the following page presents the subsector map, which shows two distinct channels of supply: artisanal and modern industrial. The bulk of the exports of raw and tanned skins and hides pass through the industrial channel, which includes about five large traders, and go straight to the European markets. A fraction of the skins and hides in that channel remain in the country and are processed by the Société Burkinabé de la Manufacture du Cuir into tanned hide which is sold to local manufacturers of shoes (both artisanal and industrial), or into tanned skins which are industrially processed (production line) into *maroquinerie* goods.

The artisanal production channel which supplies the majority of the traditional *maroquinerie* is far more complex and diversified. As many as five different people (trader, tanner, dyer, *maroquinier*, and wholesale and retail sales) will be involved in getting the finished good to market, though some production is completely integrated from purchasing the raw skins and hides to final sale. These latter are usually the most isolated and poorest paid of the artisans. An unknown quantity of the artisanally tanned skins are exported to the neighboring countries by the traditional skins traders who are gradually becoming more sophisticated.

Dynamics

At the national level, demand for *maroquinerie* remains fairly stable. In shoe manufacturing, the collapse of the domestic industrial operations (Bata) has created opportunities for small, dynamic production units.

International demand for skins and hides has been very unstable of late, but Burkina has enjoyed one of the most dependable reputations for quality skins, in addition to excellent marketing links to Europe, so they have not been affected. In fact, Burkina has greatly benefited from its name/brand

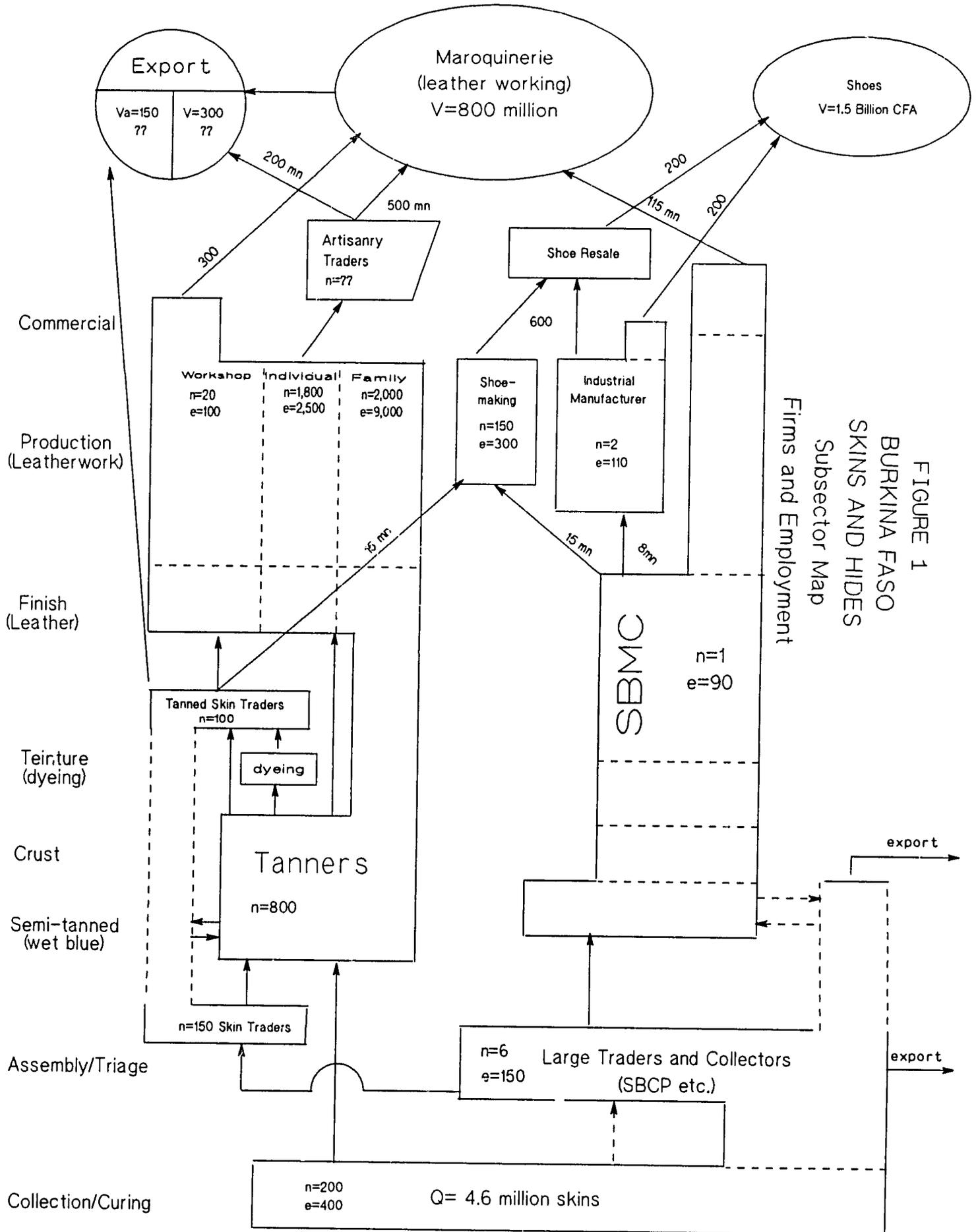


FIGURE 1
BURKINA FASO
SKINS AND HIDES
Subsector Map
Firms and Employment

Legend: n = number ; e = employment ; Va = value added ; v = value in CFA

recognition, which has allowed it to swell its exports with illegal imports from Mali and Niger, which account for 25 percent of its exports.

Major Constraints and Opportunities

Leather working skill in both shoe manufacture (*cordonnerie*) and *maroquinerie* is still erratic. Some is excellent, the majority is fair to poor. As long as the quality does not rise significantly, Burkina products will remain in the low end of the artisanal range, unable to capture an important share of the world tourist market.

Input supply remains a constraint for the artisanal channel from a quality standpoint: the industrial channel generally offers higher prices to capture the market. The willingness and ability of the artisanal channel to pay more for higher quality skins needs to be developed along with higher quality (and price) products.

Marketing techniques among the artisanal producers also remain highly unsophisticated, limiting their ability to determine what the clientele might be looking for and trying to supply it.

Three major opportunities flow out of the constraints:

- Improve local marketing skills and techniques;
- Expand the market through increased exports; and
- Diversify the products being made, and improve product quality.

Leveraged Interventions

There are three important points where interventions may produce more efficient results with minimal inputs. Working at these leverage points should be at the base of any interventions within the subsector.

Key Actors: the traders. Out of the 150 or so skin traders in Burkina Faso, only a handful (no more than 15 nationwide) are at the heart of the artisanal channel. They are involved in everything from purchasing skins to tanning, collecting, distributing, and exporting the tanned skins. Because they are the principal suppliers of skins to the *maroquiniers*, they know them well and often provide supplier credit. In addition, because these traders are active in the international markets in Abidjan and Lomé, they have a sense of which artisanal items can be sold on the international market. These principal traders can provide immediate and credible access to all levels of the channel.

Geographic clustering. The artisanal channel is clustered in just a few places, the principal tanning towns (primarily Kaya, Tema, and Pouteynga), and in Ouagadougou. Although there are many other places where tanning and *maroquinerie* are done, working in these few areas will lead to the greatest return on investment (leverage).

Lead enterprises. Everyone looks to a few enterprises as the market leaders that develop new products and innovative twists. These firms should be assisted to improve product quality and to develop new products, to provide an example that others can follow.

Textiles (Spinning and Weaving)

Textile manufacture is one of Burkina Faso's most integrated activities. It starts with the production of raw cotton in the fields and results in cloth that is widely consumed in the country. The textile industry is the single largest employer in the MSE sector in the country, with nearly 250,000 people doing it as either a primary or secondary activity. Although women are the largest actors in the subsector, particularly in spinning (172,600), in 1985 men dominated the more profitable weaving and dyeing niches of the subsector.

Although the subsector is primarily rural based, there has been increasing development of weaving enterprises among women in the urban areas over the past five years. It may now account for up to 20,000 full- or part-time jobs among women. However, profit margins are very slim among most of the producers and many of these jobs are in danger of disappearing due to a collapsing market and overproduction.

Markets

The total market for textiles is estimated to be 20 billion CFA,⁵ divided into three principal market segments: traditional, modern woven, and printed cloth. About 9 billion CFA of cloth is produced locally: 1.7 billion for the traditional, 3.5 billion for the modern woven, and 3.37 billion for the printed cloth from Faso Fani, the parastatal textile company. Official statistics for imports reflect only a small portion of the actual imports from neighboring countries, since much of it flows across the border unnoticed by customs agents.

The traditional cloth occupies a market all its own. It is receiving some competition from Faso Fani's woven material, but it is essentially a stable market, which is decreasing slowly. Locally woven and printed cloth are consumed domestically primarily as clothing. They are not seen as intermediate material for other products such as furniture coverings or for industrial use that might be developed as export markets if the characteristics were appropriate.

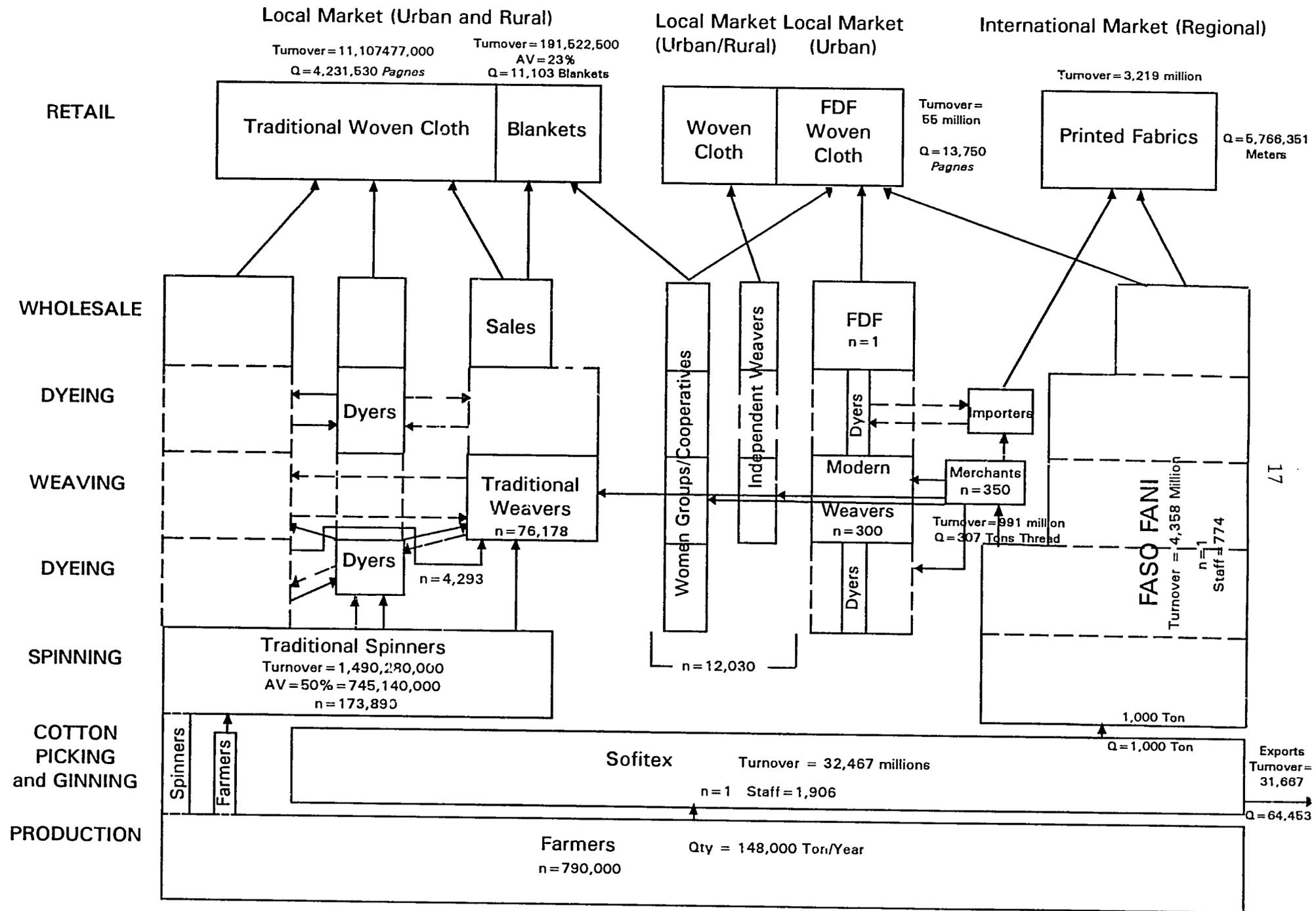
Supply Channels

There are five channels producing textiles in Burkina, presented in the subsector map on the following page (Figure 2). At one extreme is the purely traditional channel, starting with hand spun thread which is dyed, woven, dyed again, and sold. This channel comprises the vast majority of the participants since it includes all of the spinners (the vast majority of whom are women). The weavers in this channel are traditionally men. The dyers are often women. One person in the channel serves as the coordinator of the process, subcontracting out the other functions. This is usually the spinner, because she makes so little money from the spinning. Over 200,000 people are in this channel.

Channels 2-4 (cooperative, individual, and the Faso Dan Fani) are focused on producing the *faso dan fani* cloth. They are new channels, developed after the (now repealed) law requiring people to wear *faso dan fani* went into effect under President Sankara, and are dominated by women. The same woman may participate in all three channels, which are differentiated only by the organization of the work within

⁵ Estimates made by Faso Fani, the state-owned enterprise.

**FIGURE 2
WEAVING SUBSECTOR MAP**



the channels. There are no firm figures on the number of participants in these channels, but we assume that 10,000-20,000 people are involved in some way nationwide.

Channel 5 is the completely integrated industrial channel, Faso Fani, which purchases cotton from SOFITEX and produces thread, woven fabric, and printed fabric. It has recently been restructured reducing its labor force by 150 employees to about 550 employees. It has been losing money steadily and is 6 billion CFA in the red. Major changes in technology will be required to make the operation profitable, estimated at 3 billion CFA.

Dynamics

The GOBF tried to create a new market and generate employment by making *faso dan fani* obligatory dress for specific occasions. When the law was repealed, this artificial market started collapsing. The material was expensive and inappropriate for Burkina's hot climate, as it is extremely heavy.

The high cost of *faso dan fani* affects the demand for the product. Because the inputs are so expensive, it is forced to compete in the high-price niche, which is dominated by known products such as imported Wax material. However, there is some substitution between the cheaper printed cloth and the *faso dan fani*. This is demonstrated by the fact that when the sales of thread are increasing, the sale of printed cloth from Faso Fani decreases.

An important dynamic across channels is the dependence of channels 2-4 on the thread produced in channel 5. Interestingly, there is virtually no linkage between channel 1 and channels 2-4, and yet the greatest potential lies in establishing such a link, particularly on the spinning level.

There is substantial competition within channels 2-4 because the women who are members of the formalized channels (2 and 4) are also weaving on their own time (channel 3) to sell directly to wholesalers and retailers. At the same time, their product produced either for the Faso Dan Fani channel or for cooperatives is not selling. They are undercutting their own market, creating a vicious circle due to market saturation.

The numbers of women who are spinning is decreasing, partially through changing economic activities (rural men leaving weaving, so less demand for thread), and partially through substitution of products (Faso Fani thread). There is a steady demand among women, both young and old, for the work and the income it generates, but this is not a sustainable economic activity because there is limited demand for traditional yarn. This may be because spinning is an activity that can be performed in small increments, with women picking up and putting down this work as they attend to other household duties. Many NGOs have started weaving projects, but few appear to be profitable.

Major Constraints and Opportunities

The critical constraint facing the producers of *faso dan fani* is the high cost and crudeness of the thread. This intermediate input accounts for 90 percent of the producer price and its high cost forces the *dan fani* into a new market niche dominated by wax products.

Another important constraint facing the *faso dan fani* market in the textile subsector is market saturation. So many NGOs started weaving activities among women's groups without a strong marketing component that the market became rapidly saturated with the repeal of the *faso dan fani* law. The fact that there are so many trained women is a possible asset, but only if they can get a cheaper raw material to put in it or have new markets to sell to (such as export for industrial use in furniture covers, appropriate for the quality and thickness of the material).

The local spinning technology is traditional and produces a coarse thread that is not appropriate for industrial-style production. No effort has been made to adapt it or to introduce new spinning technology to produce a higher quality thread that may cost more than the current homespun thread, but which would be much cheaper than the Faso Fani thread.

There is a developing market for dyed cloth, but the quality of the dyeing is still poor. This presents a serious constraint to the export capability for the product.

Government policy still favors Faso Fani over the smaller producers. It allows Faso Fani to approve all requests for licenses to import competing products, such as thread and printed cloth, which lowers the range of products the weavers can produce.

Leveraged Interventions

- Key actors in the different channels coordinate the production and marketing of product for many people. They can be identified and worked with to develop and disseminate new technologies. In many cases it is the dyer who occupies this dynamic position, since it is where the most money is to be made.
- If there is to be significant promotion of MSE-produced textile in Burkina Faso, it must be the *faso dan fani* cloth. To achieve this, new, simple technology is desperately needed in spinning, available in Asia, which would then be disseminated through the key actors or the NGOs.
- NGOs have proved themselves to be effective in disseminating information, training weavers, and organizing women into groups. There is now a need to communicate with women to get them to stop forming weaving groups functioning under the present conditions.
- Change the import regulations that give Faso Fani approval over imports of products that compete with its own. Since Faso Fani has not proven that it can ever operate profitably, a chance must be given to allow other domestic production to do so.

Garments

Garments are treated as a separate subsector from textile manufacture in Burkina Faso because, at present, there is virtually no link between textile producers and the garment manufacturers. Consumers purchase their cloth and then take it to individual tailors for garment manufacture.

Garment manufacture in Burkina Faso is the third largest productive employer (after the building and construction trades and motor mechanics) in the urban areas of Burkina Faso. It is largely the domain of the MSE. The INSD and the Direction de l'Artisanat estimate that there are 11,542 people who work as tailors as their primary activity and another 9,262 who do it as a secondary activity. In 1985, there were 2,527 women involved in this subsector as their principal activity and another 843 as their secondary activity. Women often work at home and specialize in production of infants' and children's clothes. Tailors are estimated to comprise 9,056 garment manufacturing microenterprises. Now, five years later, it is likely that there are many more.

In addition to garment manufacture, there is an extremely important used clothing (friperie) market, which may provide employment for 10,000 other people, primarily men, through the distribution channels.

Markets

Garment manufacture in Burkina Faso is strictly for domestic consumption. With no consumption data and erratic customs data, it is difficult to estimate the total size of the clothing industry in Burkina. The best estimate for the size of the locally manufactured garment market is about 30 billion CFA. Total cloth sales are estimated to be 20 billion CFA by Faso Fani and we can multiply that figure by 50 percent for total garments, taking into consideration value added and marketing costs. The market for friperie is a little more elusive but is at least 8-10 billion CFA, taken from the official imports of friperie (4 billion CFA in 1987), adding on 2 billion in duty paid on that added through the marketing chain. This does not include the illegal imports of friperie, which are increasing.

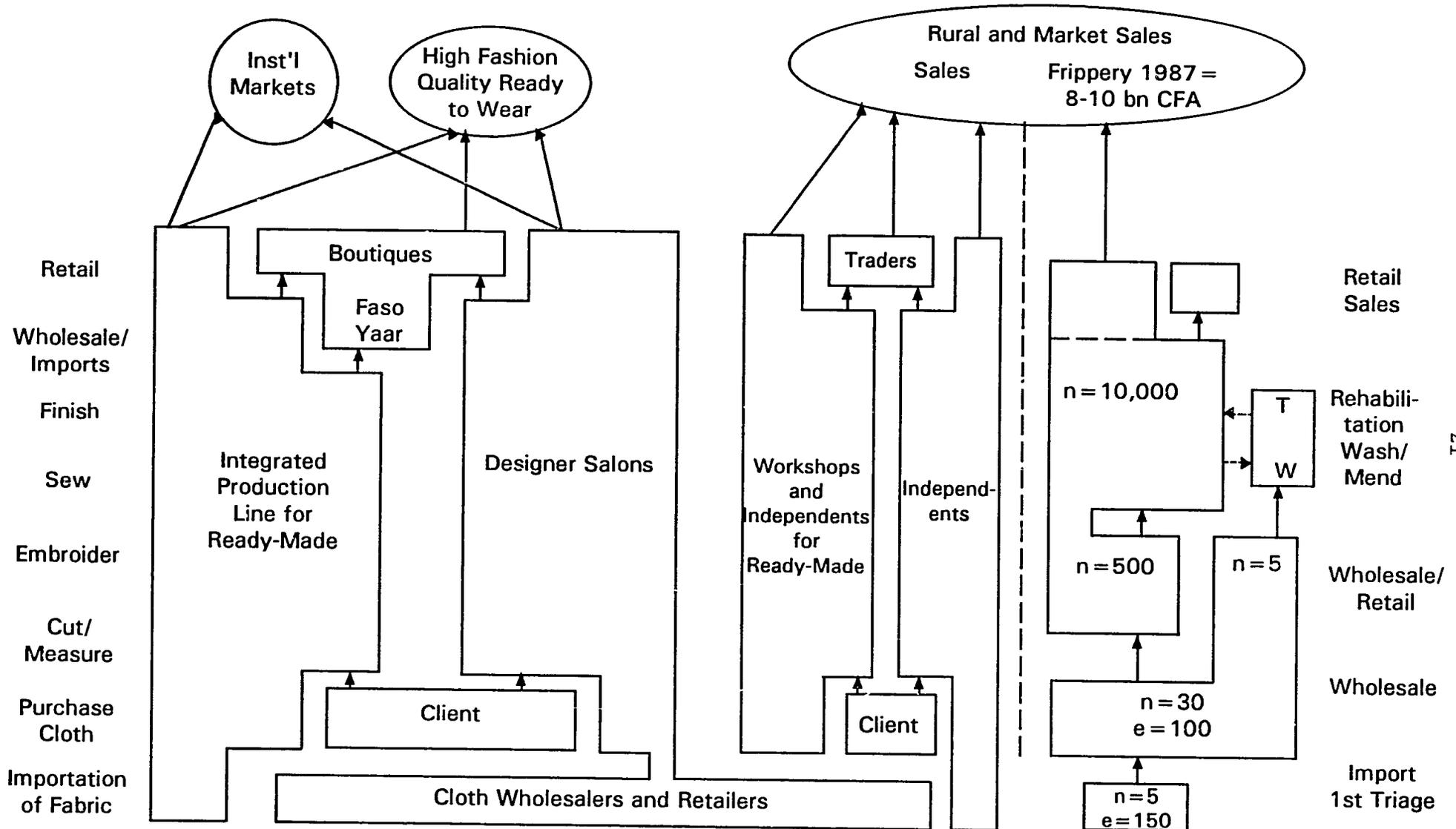
There are two distinct market segments: high style and quality ready-made, and cheap clothing sold in the rural and urban markets. The two markets are differentiated by both cost and quality, and there is very little crossing over between the markets. There is no way to estimate the value of each of the markets.

Supply Channels

Four main channels produce garments for Burkinabé consumption, and a fifth one distributes used clothing. The subsector map on the following page (Figure 3) shows that channels 1 and 2 supply the high-end market, while channels 3-5 supply the lower-end markets.

Channel 1 is comprised of only one firm, a relatively small operation that produces ready-made clothing. It has diversified into made-to-order clothes and publicity articles (bags and t-shirts), which allow it to maintain a sufficient level of activity. Most of the workers are salaried, but fewer than 10 are considered permanent, allowing the firm to maintain a preferred tax status.

FIGURE 3
GARMENT SUBSECTOR MAP



Channel 2 is comprised of higher-end tailoring shops that produce almost entirely to order: the clients provide the cloth and select the design. There is no ready-made done here, except to serve as examples.

In most cases, the owners of the enterprises in channels 1 and 2 are either expatriates (Ivoirien, Senegalese, or Malian) or are Burkinabé who have been trained abroad and have returned to work in Burkina Faso. They have mastered their trade outside of the country.

The enterprises in channel 3 specialize in cheap quality ready-made that is sold to traders who then market it in the rural and smaller urban markets. Production in this channel is done almost entirely by one- or two-person enterprises. There is no production line work, which could reduce costs and increase production significantly. Channel 4 is the simplest tailor who concentrates on specific low-quality client requests, such as repairs or simple clothes. These channels are segregated from channels 1 and 2 by the quality of their work, a barrier they have great difficulty crossing without further apprenticeship and introduction to new techniques.

Channel 5 is strictly a distribution channel for used clothing. There is some value added provided along the way, through repacking, washing, and ironing the clothes before they are sold. The channel is an inverted pyramid, with five major importers (factories) supplying about 30 wholesalers that feed into 1,000 distributors, who work with several thousand retailers at the top, who in turn get the product to the people. This is a very effective channel for reaching the market.

Dynamics

The principal factors driving the subsector are the demand for product, both domestic and international, technological change, and the governing policy environment.

Consumption patterns around the world show that marginal propensity to consume clothing is highest among the poorer levels of the population, but maintains an overall elasticity of about 1.⁶ This has important implications for the demand for microenterprise manufactured garments in Burkina Faso. The majority of the production from the small tailors is consumed by the poorer rural consumers, along with the frippery, so there should be a continuing active market for new products among the lower channels.

The competitive relationship between frippery and ready-made clothes is a considerable barrier that must be considered in both the high- and low-end markets. Until local production can compete on both cost and quality, it will be handicapped.

Technological change in tailoring is limited to improved quality, new styles, and introducing new processes and management systems such as production lines. This is gradually happening through tailors returning from abroad to set up their own shops, bringing the skills with them.

⁶ Recent calculations in Lesotho put the elasticity of demand among the poorer third of the population at 1.57 (see Grant, et al., *Lesotho Subsector Study*, 1991), calculations in 1988 in Mali estimated the overall elasticity of demand for clothing to be 1.39, while worldwide estimates are around 1. (See Grant and Hanel, 1988.)

The government has done little to foster a dynamic policy or environment for garment manufacture. It has tried to restrict imports of frippery by increasing the import duty on the product by 150 percent to 300 CFA/kg, but this has just led to the creation of new informal importing channels via Lomé where the import duty is still only 75 CFA/kg. Government attempts to artificially organize the industry have failed.

Constraints and Opportunities

The relatively high cost and low quality of domestically produced cloth is one factor that eliminates the export potential for Burkinabé products at present. In addition, there is no developed ready-made clothing industry that could be exporting.

Irregular input supply is a constraint to production line operations. There is inadequate supply of large quantities of proper material needed for the quality ready-made, making it difficult for the single firm involved in real ready-made in Burkina to develop regular supply channels. The precise cause of this constraint needs to be further analyzed, but is probably the result of no steady demand by production line firms (since there is only one) for bulk quantities. In addition, further analysis is needed to identify constraints that women may face in moving into production line operations, and the way these constraints could be addressed.

The lack of a traditional Burkinabé industry for garment manufacture presents a major constraint to the evolution of the industry. The Burkinabé are largely dependent on outsiders to provide them with the skills and experience needed to develop operational activities. This will change with time, but it offers room for the development of such firms in the country, particularly if they focus on the lower end of the market. One way to address this constraint could be to favor the creation of private training schools to enhance tailoring skills.

Government tax policy for private schools is based on the number of enrolled students. This penalizes technical schools, like sewing schools, where most "students" can only afford to come part-time over a long period. Within the marketplace, there is a varying tax scale that is actually higher for the smallest tailors, who rent a spot by the day, than it is for slightly larger ones who can rent a shop by the month.

Leveraged interventions

- Geographic clustering is an important factor among tailors because most are in the urban areas. New training programs that may address the style and design issues should target this location. The programs should not overlook the opportunity to upgrade women tailors' skills as well as allowing them greater access to employment in this area.
- The frippery distribution channel provides a possible outlet for small urban tailors. By tying into this network, tailors can increase their marketing capacity, which will stimulate them to find new ways to increase their production.
- Policy reforms need to address the fiscal environment. Removing the fiscal disincentives that exist to opening training schools is a good starting point. Further review of the impact of the disparities in the marketplace taxes is needed.

Construction

Construction is a critically important subsector for Burkina Faso for two reasons. The production of building materials and the provision of various services for building homes, offices, and other edifices provide the livelihood for nearly 27,000 artisans. "Housing for all" has been a major plank of the GOBF's development policy since the 1983 revolution, and the development of a strong construction industry is a major national priority. Construction projects alone accounted for over 20 percent of all government spending during the 1986-1990 Five Year Plan, an investment of over 80 billion CFA.

Yet, the provision of good, affordable housing remains one of the major problems confronting the country. Partially (often poorly) constructed houses are a major feature of the landscape in both the large cities and the rapidly growing small towns. The government's active intervention created high demands and spurred a boom that has led to the creation of numerous new enterprises. Its recent retreat from direct investment in construction has plunged the subsector into a crisis.

There are no legal barriers to the entry of women into this subsector, but there are considerable sociocultural barriers to women entering its more profitable areas. Several hundred women (mostly older women) earn small amounts gathering sand and gravel for sale on the periphery of the two large cities. A still larger (but difficult to quantify) number support family household construction through supplying water, sand, and gravel to male family members, and through plastering. Yet, for most Burkinabé, housing, and the modern construction that has grown out of it, are men's responsibility. Virtually all work within the subsector takes place outside the home, in a country in which, while values are changing, many still believe women should remain in the home. There is no program in existence to train women in construction, or to encourage them to enter the construction industry.

Markets

High income housing, offices, and official rural buildings (schools, dispensaries, and so forth) have attracted the most developer and entrepreneur attention, with 300-400 projects per year worth some 5 billion CFA. The largest markets, however, are for lower income housing construction in rural and peri-urban zones. Work occurs on 500,000-600,000 properties per year, with a total value of over 30 billion CFA. These markets have attracted limited attention because they are satisfied, in large part, by people producing their own building materials and building their own homes. The work they provide is short term, usually very skill-specific, and produces small payments — the sort of assignment only MSEs can handle.

Supply channels

The subsector map for construction is complicated by numerous horizontal contract and subcontract relations. There are three main production channels: independent building, shared building, and contract construction. In shared building the owner/developer plays an active role in construction, while in contract construction the work is delegated to one or several firms. MSEs (artisan contractors or *tâcherons*) work in the latter two channels, while more formal enterprises participate only in more formal, contract construction.

Dynamics

Since 1983, the high priority given to construction by the GOBF caused a significant increase in the number of both small and large firms. Many new enterprises are expansions of pre-existing businesses (most notably wholesaling and transport) into a new field, motivated by the carrot of government contracts and the low investment capital requirements of construction compared to other industries. Their access to key imports and the relatively loose way in which the competition for tenders has been regulated have caused problems for both firms and clients. MSEs and larger firms alike find it difficult to compete when their suppliers enter their markets. Bidding has been hampered by deliberate undercutting, resulting in projects awarded to firms that could not see them through, with consequences that rippled through the entire subsector.

Demand in both major market areas has declined, with contract construction of high income housing most severely affected. This market was inflated artificially by government spending and by government policies of land redistribution in the two major cities, and of mandating that owners of all town center properties add an additional level to their building. Heavily dependent on imported raw materials and building components, this construction was not sustainable through revenues from rents and hire-purchase arrangements that could be extracted from occupants. Lower-end demand has declined because many of those awarded land for development cannot afford to build, and those without land are not prepared to invest much beyond their own time and effort in construction. Many of the larger enterprises have left the building field to pursue the public works market (such as roads and barrages).

Constraints

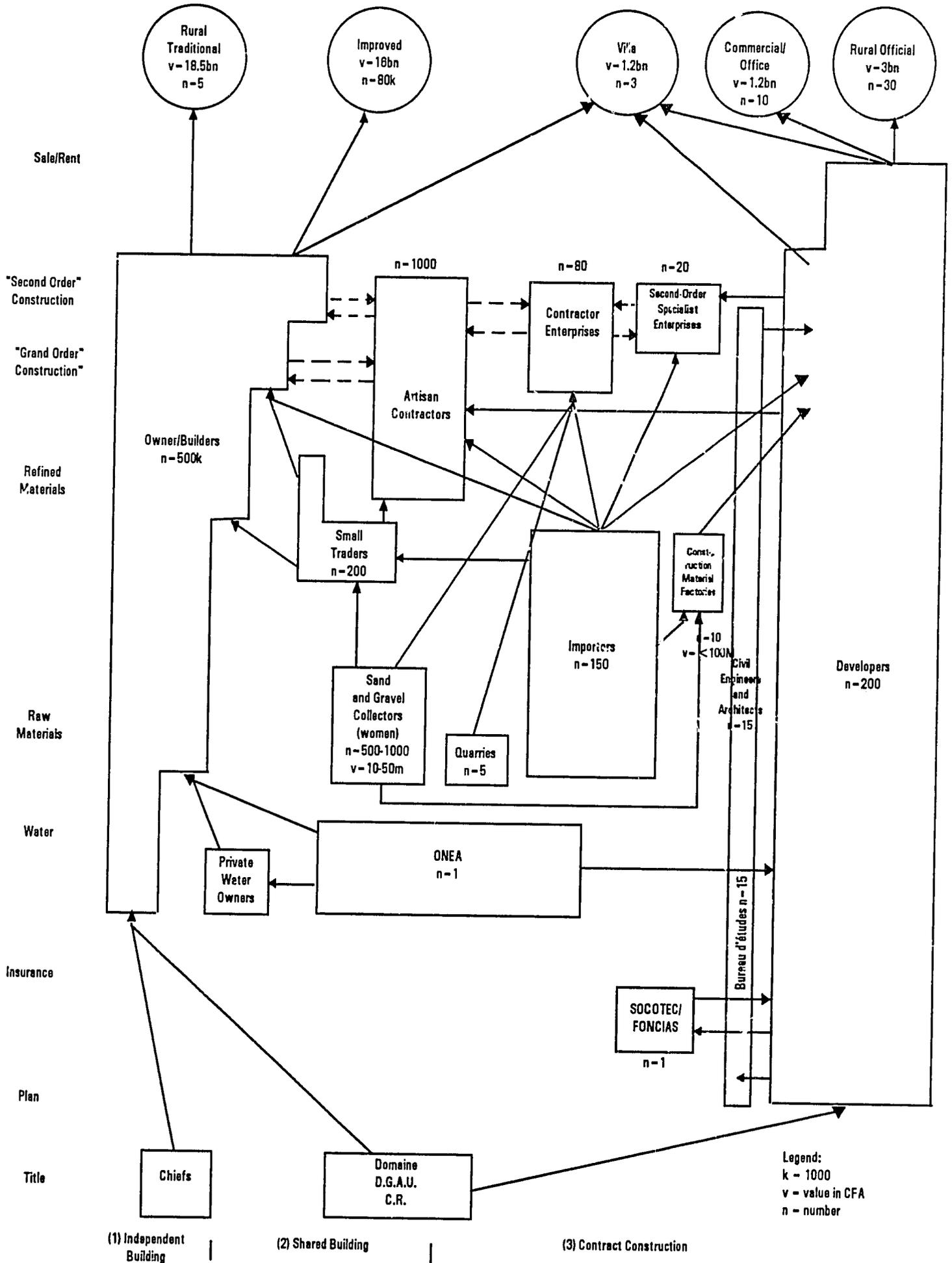
Many cite finance as the major constraint on subsector expansion, but land tenure policies lie at the root of the present crisis. The existing titling regulations and allotment system make land ownership and development rights insecure. They, in effect, ask people to build first in order to gain security, while people need security first in order to gain the finance to build. Failure to provide basic infrastructure in many of the allotment areas further hampers their development.

Excessive dependence on imported materials has raised construction costs. The vast majority of Burkinabé will never be able to afford the type of housing produced through recent government programs, and the government cannot afford official buildings of the scale normally constructed. Government villas cost 3-8 million CFA, but Ouagadougou residents with a median monthly income of 50,000 CFA per month can only afford 300,000-800,000 CFA homes. The Ministry of Health budgets 25 million CFA to build one rural dispensary. The development of lower cost alternatives based on local resources has been hampered by a lack of coordination among the institutions in this field, and the unwillingness of many NGOs to work with construction firms.

Regulation in the subsector also has been uncoordinated and inefficient throughout, from titling to the management of the tender process. It has encouraged competition at the expense of professional standards, and has discouraged communication between firms. The complex and capriciously administered *patente* (license fee) scares most MSEs away from registration. Although, in theory, the *patente* takes firm size and ability to pay into account, most believe that registration locks firms into substantial up-front payments, in an environment where future work is uncertain and periods without work and cash flow are common.

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FIGURE 4

CONSTRUCTION SUBSECTOR MAP



Opportunities for Subsector Expansion

Markets have declined, but the desire for housing and the need for construction remain strong. Some 30,000 allotments remain undeveloped in Ouagadougou alone, and many home owners wish to expand or improve their dwellings. There is considerable local knowledge of alternative building materials and improved construction methods. Modifications to existing practices, such as improved plastering of traditional earth brick construction, could revitalize the market by reducing costs towards levels the majority of Burkina Faso can afford (particularly the urban population). Adapting designs and materials for official buildings to rural needs (eliminating the need for separate injection and treatment rooms for dispensaries, for example) could reduce costs and expand construction in this market.

Leveraged Interventions

- **Policy reform.** Land tenure laws should be revised to provide ex ante security and development rights to those awarded allotments. This will facilitate financial market reform to provide more capital to the subsector. The system of registering and classifying firms needs further review. The present drive to classify firms by skills and resources is a positive step, but will omit most MSEs that are frightened of the cash flow implications of registration. Relief from flat rate, up-front *patentes* would encourage more MSEs to become part of the government's new system.
- **Key organization.** The Direction Generale de l'Architecture et de l'Urbanisme, which administers the registration process, can serve as a leverage point for information on lower cost construction possibilities, for training, and for facilitating subcontracting. It should work closely with the Union of Construction Enterprises (as it did on the design of the new classification system) on this matter. The investigation of alternative technologies should place greater emphasis on the adaptation of traditional materials and construction methods to urban, modern housing construction. It should make greater use of existing small and large firms, instead of trying to create new ones. The Ministry of Architecture and Urban Development's "building in earth" project, assisted by the World Bank, is taking promising initial steps in this direction.
- **Geographic clustering.** Rapidly growing small towns are another potential leverage point. So are key raw materials supply areas, such as Kombissiri village, 40 kilometers from Ouagadougou. Financial and organizational support to the women sand and gravel miners there could improve materials quality and increase incomes in these rural areas.

Cosmetic Products

The cosmetic products subsector in Burkina Faso encompasses a diverse and growing set of productive and service activities. These activities may involve up to two-thirds of the entire female population of Burkina Faso (both rural and urban). The raw materials part of this subsector involves the collection and processing of karité (or shea nut) from the karité tree (*Butyrospermum parkii*). This activity involves a large, but undetermined, majority of the rural female population of Burkina Faso. In 1990, official purchases of karité nuts alone came to over 540 million CFA. The actual level of economic activity, including production and sale of the butter derived from karité nuts, is much higher.

Production of cosmetics (shampoos, skin lotions, hair treatments, and so forth) from karité and selling cosmetics in hairdressing salons are much smaller, but apparently growing, areas for women. There is one cosmetic production enterprise based on karité, owned and operated by women, that appears quite promising. In 1985, 2,000 women worked as hairdressers. The value of the hairdressing salon industry was estimated at 1 billion CFA, with an added value of 800 million CFA. Given the nature of the subsector, however, it is quite likely that these values are much higher.

Markets

The domestic market for cosmetic products (not including basic soap) in Burkina Faso amounts to approximately 1.5 billion CFA annually, not counting a large and growing illegal trade in cosmetic products. This market is primarily in urban areas and, to a limited degree, includes the growing number of hairdressing salons, some of which sell cosmetic products. All cosmetics but the production from one small domestic enterprise are imported from Europe, Côte d'Ivoire, and Nigeria. The market in rural areas, by contrast, is primarily for basic soap manufactured locally by two large companies, one private and one state-owned. There is a market for artisanally made soap from karité butter. The butter itself, used primarily for cooking, is also sold. Consumption is estimated at four kilograms per person per year.

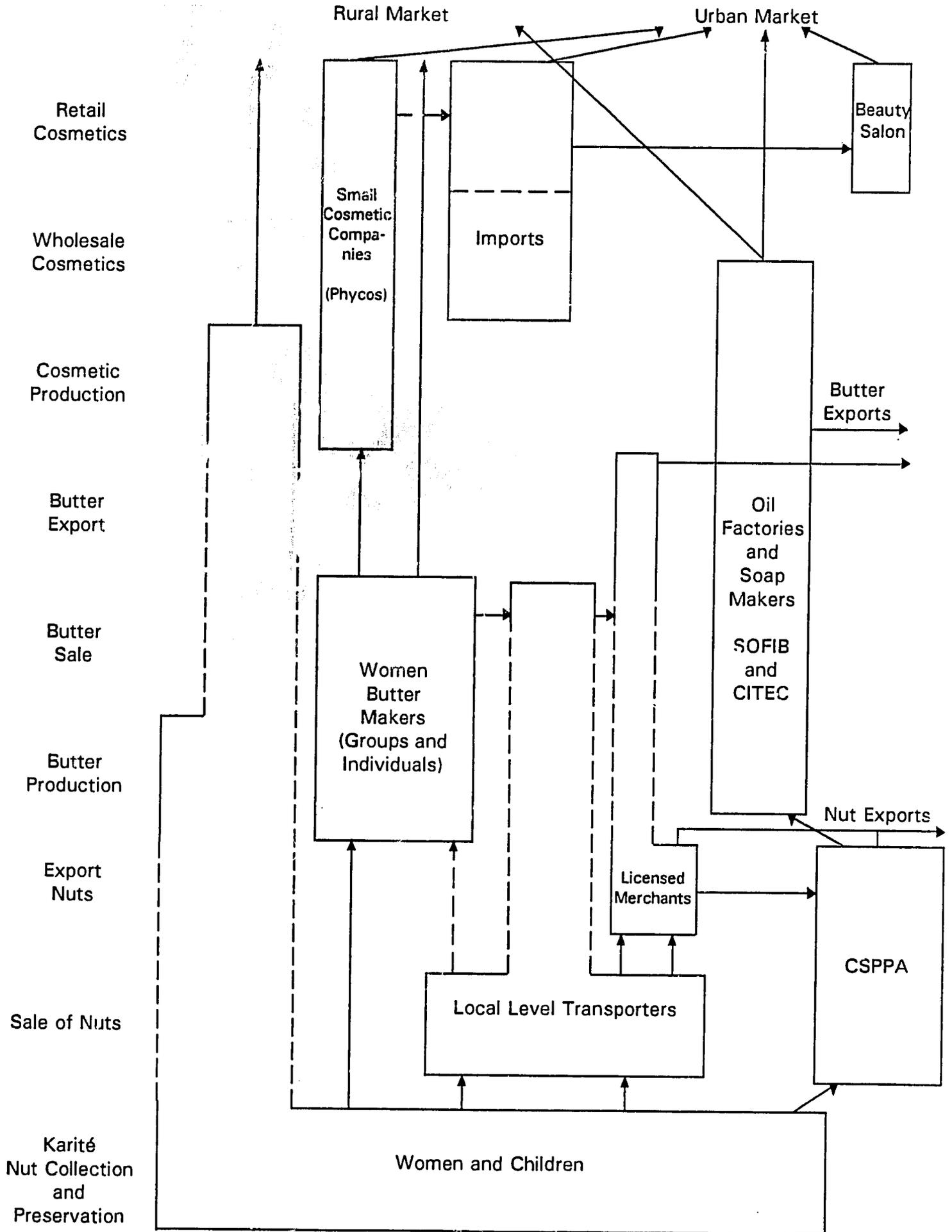
The international market in this subsector is for karité nuts and, to a much lesser degree, karité butter. The Caisse de Stabilisation des Prix des Produits Agricoles (CSPPA) controls the karité market by setting prices and export levels. In Europe, karité oil is extracted and used in chocolates, pastries and the cosmetic industry. The world market for karité nuts may be around 70,000 tons/year with an average, but fluctuating, price of 125,000/ton F.O.B. The market for karité butter may be 1,000 tons/year with an average price of 375,000 CFA/ton. Burkina Faso is one of the most important suppliers of the world market.

Supply Channels

The subsector map (Figure 5) for cosmetic products reveals four distinct channels of supply and production: local subsistence production of karité butter and soap, karité exports, domestic cosmetic production, and cosmetic imports. The first channel includes a large, but undocumented, number of people (largely women) producing for home consumption and local markets. Export of karité begins with a large number of women but is quickly concentrated in the hands of transporters, merchants, and then exporters under the control of the CSPPA.

Imports of cosmetic products, both legal and illegal, dominate the sector. The domestic production of cosmetic products is divided between two channels. The two large soap makers (CITEC and SOFIB) use imported materials (primarily palm oil) and export some karité butter. The one enterprise that produces a diverse line of cosmetic products, Phycos, links directly to five local women (whom it has trained) for its supply of karité butter, which is the base of most of their products. Phycos buys up to 700 kilograms of butter a week from these women, depending on the season, and receives constant requests from women's groups wanting to sell butter to them.

FIGURE 5
COSMETIC SUBSECTOR MAP



Dynamics

The export of karité is an important source of foreign exchange for Burkina Faso. Like many primary products, karité is subject to fluctuating production and a fickle world market. Karité is used primarily as a cocoa butter improver (not a substitute), hence it follows the cocoa butter market. The recent collapse of the Russian chocolate industry, which used a large percentage of improvers, affected the world market. Nonetheless, Burkina Faso officially exported over 30,000 tons of karité almonds last year for an official F.O.B. value of 65,000 CFA/ton. The domestic market and export levels are controlled by the CSPPA. Fixed prices and export levels change every year, making it difficult for exporters to satisfy clients on a regular basis.

The domestic cosmetic industry uses only a very small amount of karité butter. The large soap makers claim that karité is too expensive for use in basic soap production, the largest cosmetic industry in Burkina Faso. One soap maker cited costs of 185 CFA and 200 CFA for kilograms of palm oil and fatty acids, respectively, at the same time karité was selling for 300 CFA/kg. The domestic cosmetics industry does use karité, but on a very small scale and for higher value products. Problems with two cosmetics enterprises, which have temporarily suspended operations, included a very competitive domestic market and technical and financial difficulties. The one enterprise that continues to produce, Phycos, is owned and operated by technically trained women (as opposed to the other two, which were owned and operated by businessmen), and has targeted a medium- to upper- level market of Europeans and Africans with high quality cosmetics. The market among Burkinabé women is limited because of image problems of "Made in Burkina" products; however, it is growing.

The rapidly growing area of beauty salons reflects both the problems and the potential for cosmetic products. Only a limited number of more successful beauty salons regularly use or sell cosmetic products, yet the potential seems to exist. Rough calculations indicate that a small, but successful salon in Ouagadougou can realize a profit of 40,000-50,000 CFA/month.

Major Constraints and Opportunities

There are several policy, technology, and market constraints to expansion of the subsector. At the export level, government control of the karité market and export levels discourage investment in the sector to improve butter transformation and marketing links. The opportunity exists to export more karité nuts and explore the options of increased butter exports.

In addition to policy constraints, there are technical constraints to increased exports, especially of karité butter. Although traditional techniques can attain transformation rates of 20-28 percent, improved techniques may raise that level to 30-40 percent. In addition, transport of karité butter is problematic unless it is very highly refined. Only Phycos is now capable of this sophisticated process, and they lack the volume capacity to do it.

There are considerable obstacles to growth in the domestic production of cosmetic products. Competition with imports is fierce. Karité-based products cannot compete economically with illegal imports at the low end of the market (especially for soap production) and have difficulty competing with legal imports at the high end of the market due to name recognition and image problems. Cosmetic production is also a fairly technical undertaking requiring well-trained technicians. Nonetheless, consistent high quality, aggressive marketing, and time may very well change this picture.

Hairdressers present an unrealized opportunity to produce and sell cosmetic products, yet they often do not sell cosmetics. Hairdressers, like many women entering into business in Burkina Faso, lack essential entrepreneurial skills in personnel management, general business management, marketing, or investment. The lack of entrepreneurial skills is complicated by a complex and often arbitrary tax structure. This system often discourages salon proprietors from selling cosmetic products.

Leveraged Interventions

There are several potential points of intervention in the cosmetic products subsector. At the actual level of cosmetic production, there is only one lead enterprise — Phycos. If this enterprise is able to succeed in overcoming the constraints mentioned above, either through significant expansion of domestic sales or through increased exports, there will be a precedent for new enterprises in this area.

- A significant point of leverage for the overall karité market is the CSPPA. Policy dialogue on modifications in government control of the karité market should aim to make exports and investment in karité production more attractive to merchants and overseas clients.
- At the production level, improving the production and transformation of karité in Burkina Faso, whether for export or domestic use, should be addressed through ongoing government and NGO programs, including credit programs that lend to women. Given changes in the policy environment, it might be possible to work with the major exporters of karité to explore the potential of increased butter exports and private sector investment in training, information dissemination, and quality control.
- Working through hairdressers might make a significant impact in the demand for domestically produced cosmetic products. Policy reforms should involve a reexamination of the tax system currently in place for regulating hairdressing salons with a view towards simplifying the procedure, bringing it in line with actual scale of operations and eliminating disincentives to expand and diversify enterprises. Hairdressers, as mentioned above, also need basic training. This training could take the form of business training adapted to the special situation of hair salons. There is currently a project, financed by the UNDP and the ILO, that is working with 14, medium level hairdressers in basic training. This activity, due to end in December 1991, should be analyzed for insights into training in this area.

Agricultural Machinery

Agricultural machinery⁷ has become a fairly common factor in food and cash crop production in Burkina Faso, with over 100,000 farmers using animal traction equipment. Most of this equipment has been produced locally, although participation in this production by microenterprises has been minimal. Shifting local production of animal traction equipment to microenterprise firms, and moving

⁷ The agricultural machinery subsector includes the production, distribution, sale, and servicing of a wide variety of agriculturally related tools and equipment. For this analysis, we have concentrated on those items most commonly used (and produced) in Burkina — the *daba* (hand hoe), animal traction equipment, and tractors.

e industrial firms into higher value products, offers the potential for significant job creation in the secondary towns and cities, and increased value added within Burkina.

Today there are 600 blacksmiths in Burkina who have completed a formal training program, and many of these blacksmiths are now producing complete plows for sale to local farmers. These modern blacksmiths represent less than 20 percent of all full-time blacksmiths in Burkina. A 1985 census (Jean Stoupy) determined that about 25,000 people make blacksmithing either a full-time or part-time occupation. Blacksmithing is traditionally dominated by men. Only 1,500 of the 25,000 blacksmiths are women, and the team was unable to locate any women blacksmiths. The total value of sales and services provided by these MSEs exceeds 1 billion CFA per year.

Markets

The value of the market for agricultural machinery in Burkina is estimated at 2.5 billion CFA per year. This is fairly evenly divided among three segments — motorized (850M CFA), animal traction (900M CFA), and hand tools (800M CFA). Local value added in the motorized segment is minimal, as most equipment (by value) is imported and only light assembly is done in Burkina. Value added in the hand tools is significant, and represents as much as 400 million CFA per year. Local value added in animal traction equipment is large (200 million CFA), but there is room for expansion.

Near-term prospects for motorized equipment in Burkina are limited, and unlikely to generate new markets for microenterprise expansion. The market for animal-drawn plows has reached a plateau, but should hold steady in the coming decade at 5,000 to 7,000 units per year. The total value of this production is 300 million CFA per year, with replacement parts representing perhaps an additional 200 million CFA per year. The market for animal-drawn carts is also important (reaching 600 million CFA in 1990) and has experienced wide swings in sales levels over the past decade. Sales are expected to remain fairly steady over the coming decade.

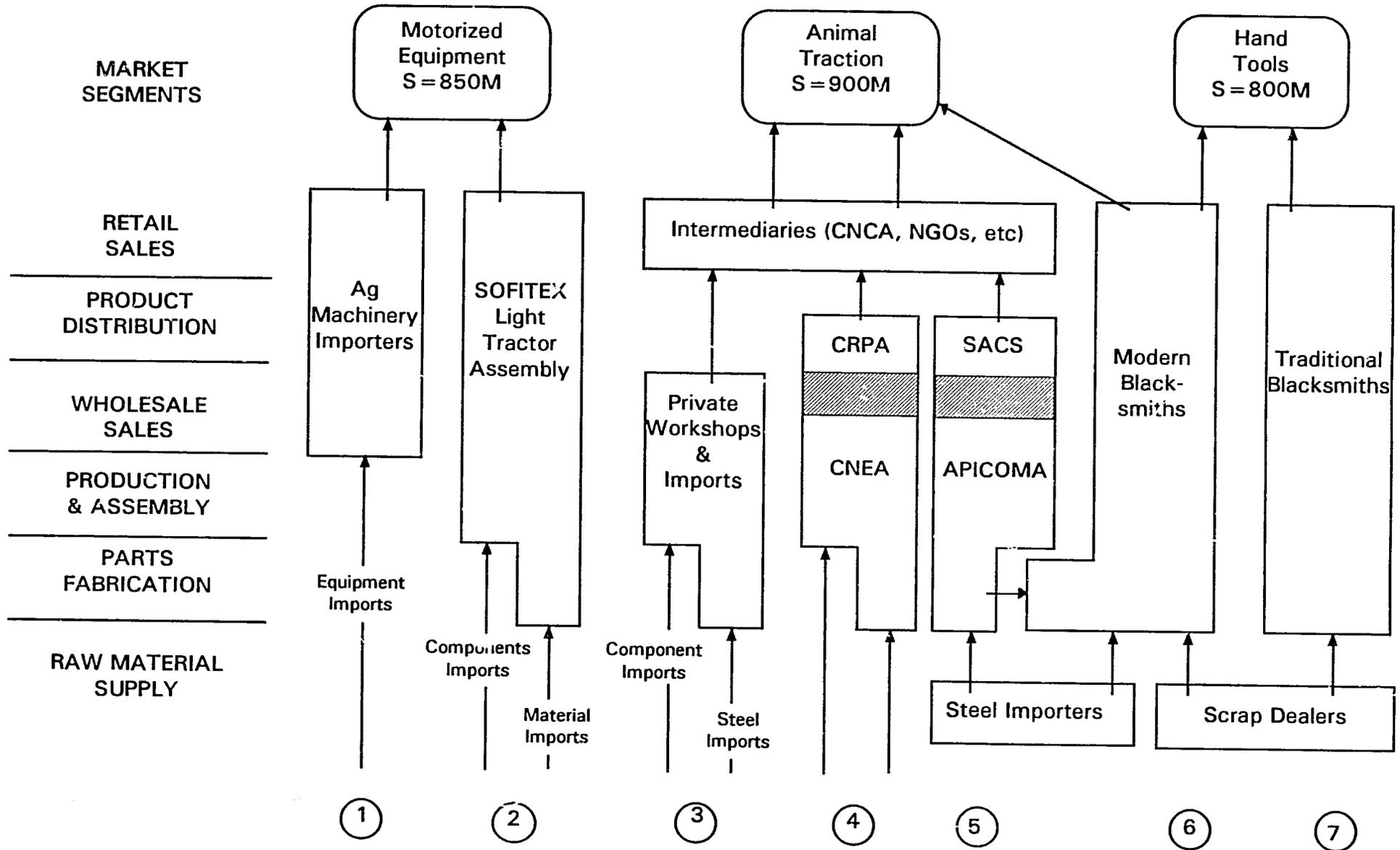
The market for the *daba* (hand hoe) and other hand cultivation tools is estimated to be as much as 800 million CFA per year, with almost all of it produced locally, by microenterprises. The market for the *daba* should continue to grow slowly, and improved access to raw materials could facilitate increased production of the *daba* and other related hand tool products, by both the modern and traditional blacksmiths.

Supply Channels

The subsector map (Figure 6) identifies three major market segments (with estimated annual sales by segment), and seven channels of production and distribution. The first two channels specialize in motorized equipment. There is little microenterprise involvement in these channels, and besides limited production of replacement plow parts, this market segment presents few opportunities for microenterprise expansion.

Channels 3-5 concentrate their efforts on the animal traction segment. These channels represent either importers, small formal sector workshops, or large state-owned enterprises. Two state enterprises (channels 4 and 5), which supply 80-90 percent of the animal traction market, operate on a subsidized basis and therefore limit microenterprise access to a large potential market. These large enterprises have the capability to move into higher value items, but have very made little progress in that direction.

FIGURE 6
BURKINA FASO AGRICULTURAL MACHINERY
SUBSECTOR MAP



Microenterprises in this subsector are concentrated in channels 6 and 7, the modern and traditional blacksmiths. Traditional blacksmiths operate in the villages, use rudimentary equipment, and specialize in the hand tool (*daba*) market. Modern blacksmiths tend to be in larger population centers (with access to electricity and raw materials), use more sophisticated equipment, and sell both hand tools and parts for animal traction equipment. Modern blacksmiths equipped with welding equipment can produce complete plows.

Dynamics

Historically, donor interventions have been the greatest driving force in the market, particularly with respect to the creation of the two state enterprises. These facilities, with GOBF and donor assistance, produce on a large scale, maintain close links with the providers of credit for purchases by consumers, and severely limit the prospects for market penetration by the blacksmiths. Donors, development projects, and NGOs are also active in the creation of markets for this type of equipment, and they generally direct their purchases towards the state enterprises.

A second key factor in the animal traction segment is the availability of credit. Perhaps 80 percent of all sales in this market segment are made with some form of credit or third party financing arrangement. Most credit programs will only finance purchases of equipment from the two large firms, and not from blacksmiths. Policy changes by the credit agencies regarding sources of equipment could open up this market for microenterprises.

Major Constraints and Opportunities

The market for animal traction plows has reached a plateau, and is unlikely to grow in the coming years. Nonetheless, the potential for orienting more of this market towards the modern blacksmiths, and away from the state industries, represents a significant opportunity for the expansion of microenterprise activities.

The domination of the animal traction market by the two state-owned production units has crowded the modern blacksmiths out. The favored status of these two entities, and their access to duty free imports, has stifled the creativity of the state enterprises, and led them to continue producing the same items year after year. These enterprises have impressive human and technical capacities and could move into new, higher value markets.

Blacksmiths, both modern and traditional, complain about the difficulties of obtaining raw materials, tools, and equipment. Easier access to raw materials, and at a lower cost, could facilitate the expansion of animal traction equipment and hand tools, by the microenterprise sector. The modern blacksmiths should be able to capture a much larger percentage of the animal traction market, initially for plows and eventually for carts. These blacksmiths could also provide employment, or subcontracting opportunities, for the traditional blacksmiths in expanded production.

Leveraged Interventions

Leveraged interventions in the agricultural machinery subsector should focus on three major areas: credit, "market making," and government policy. Any efforts in this sector will need active participation by all the donors and GOBF agencies concerned. There are a large number of actors, and lack of coordination and direction is clearly evident.

- Credit: the driving force in the market. As much as 80 percent of all animal traction equipment is sold with some form of credit or financial assistance. The main organization providing this credit is the CNCA. The CNCA will not provide credit for purchases from artisan blacksmiths, but it does provide credit for purchases from the state-owned firms. Agreement by the CNCA and other agencies to finance purchases from the artisans would open up a large and currently inaccessible market for these microenterprises.
- "Market making." The GOBF can, and should, make a greater effort to use its own purchasing activities and donor-financed projects as "market makers." Even a small part of the *Projet 30.000 Charrues* could provide a tremendous boost to the modern blacksmiths. In a similar manner the *Projet 1.000 Moulins* presents a unique (and perhaps one-time-only) opportunity to push the industrial firms into a more sophisticated machinery market.
- Government policy. Blacksmiths need to have greater access to raw materials and new equipment. The GOBF, in collaboration with merchants, the CNPAR, the CNEA, and donor agencies, can facilitate access to these items. Some system to waive, or perhaps rebate, import duties on those materials destined for the production of agricultural equipment could reduce raw material costs, reduce prices to consumers, and stimulate demand.

Summary

Table 4 presents a summary of the major constraints, opportunities, and points for leveraged intervention found in the six subsector analyses. The following two chapters consider the implications of these findings for the growth of microenterprises in Burkina Faso.

TABLE 4
SUBSECTOR ANALYSIS FINDINGS (SUMMARY)

Subsector	Constraints	Opportunities	Leverage
Skins and Hides	poor quality skins poor marketing techniques poor product quality control	growing external markets (for higher-quality products)	traders tanning towns lead enterprises
Textiles	high cost, inadapted thread market saturation coarse local thread poor dyeing govt. favoritism for Faso Fani	market for dyed cloth	dyers Asian spinning technology NGOs stop new weaving groups liberalize yarn imports
Garments	high cost, low-quality local cloth irregular input supply no industrial tradition	increasing demand	urban tailor clusters frillery distributors tax reform to promote training
Construction	land tenure policies expensive imported materials haphazard regulation of competition	strong demand for housing available raw materials	land tenure policy DGAU intermediate towns raw materials supply centers
Cosmetics	govt. control of karité marketing transformation technology poor competition with imported cosmetics tax regulations	export demand for nuts and butter increasing number salons	key large firm - Phycos govt. marketer - CSPPA karité exporters larger hairdressers
Agricultural Machinery	saturated animal traction large state company crowding out raw materials inputs	big market if state retreats	govt. credit source - ONCA projets 30,000 charrues/ 1,000 moulins import duty reform

CHAPTER THREE

MAJOR CONSTRAINTS

The following discussion of the major constraints and opportunities across the subsectors will address the different interventions that can best eliminate those constraints.

STATE-DISTORTED MARKETS

Market demand is the driving force behind most productive activities. If there is no demand, production will eventually be limited by the inability to sell finished goods. Ad hoc, go-stop-go manipulation by government can trap entrepreneurs in unsound investments by confusing the market signals they monitor. In Burkina Faso, this has been the case in several instances when the government has made a big push to artificially increase demand, thereby stimulating production, only to see the productive activities stop once the artificial push is over. Some good examples include:

- **Traditional cloth.** When wearing *faso dan fani* (traditional cloth) was made mandatory in 1985, a complete industry of small producers developed around the weaving of traditional cloth. The cloth was expensive and not the consumer's preferred choice, so when the requirement to wear *faso dan fani* was removed, the inventories of traditional cloth skyrocketed, consuming working capital and shutting down most of the small enterprises; and
- **Construction.** The construction boom, stimulated particularly by the increase in government expenditure on buildings and the requirement to add additional floors onto the buildings in the commercial zone of Ouagadougou, is about to end. This will cause a significant decrease in the market opportunities available and will lead to a contraction in the industry.

Sound enterprise development depends on a realistic assessment of the long-term market rather than artificially created and unsustainable activities. Such artificial blips tend to consume as many resources as the value of the products entrepreneurs produce, leading to no net economic benefit.

CONSTRAINED ACCESS TO CAPITAL

Capital constraints need to be examined at the consumer and enterprise levels. Both are critical elements to overall economic growth. Consumer finance is important for increasing the size of the market, particularly for facilitating consumption of the lumpy purchases most often produced by enterprises, like agricultural equipment and home construction. At the same time, enterprise lending, either for capital goods or for working capital, is the other half of the equation to enable the enterprises to respond to that market demand. At present the formal banking sector (which is the major part of the financial sector in Burkina) is unwilling to lend either to small consumers or to small enterprises, given the cost and the risk involved.

Enterprise Lending

The formal financial system in Burkina Faso has little interest in the MSE arena. Though the system as a whole is slightly liquid,¹ the cost of lending to small businesses (including risk for bad debt, loan evaluation and monitoring charges, and other administrative expenses) far exceeds the legal limit of 16 percent the banks are allowed to charge the enterprises.² Under the current system, the commercial banks have had no incentive to even try to develop the systems necessary to reach MSEs in a cost-effective manner. One positive change in the last two years, which appears to have had little impact on actual lending, is the removal of the preferential discount rate for lending to small enterprises mandated by the BCEAO.

Women entrepreneurs in Burkina Faso are caught in a double bind. Because of common banking practices (as opposed to legal restrictions), they have a harder time obtaining credit and, given traditional customs and restrictions on activities outside the home, women tend to need more investment capital to start their own enterprises than men do. Discouraged from itinerant activities, they must invest in a fixed work place or work out of their homes. If they wish to make their enterprise visible, which would expand their access to markets, they must open a proper, socially acceptable shop.

Customer Lending

Customer credit is particularly underdeveloped in Burkina Faso. Bank loans to urban residents are rare. For home mortgages, the banks concentrate on income stability (which assumes a savings history) and overall debt level as the deciding factors. They virtually ignore available security such as houses because there is such a limited secondary market for most mortgaged goods. This is due in large part to the land tenure laws affecting the ownership of the property on which buildings are built. The length of the loan desired is also a very important criterion, which can be affected by the age of the borrower and whether the borrower is nearing retirement.

In rural areas, the CNCA provides credit to agricultural producers for lumpy purchases, but the length of the loans is a risky element for the bank, and puts stringent quality requirements on the CNCA to designate the manufacturer of the equipment (either the CNEA or APICOMA). Very little is known about other sources of rural credit in Burkina Faso. The traditional *tontines* (savings and credit clubs) are present, but their role is limited.³ The Burkinabé acquire credit and capital from the same places as people from other countries of the Sahel: some supplier credit for working capital, but most coming from their own and family savings.

¹ In 1991, the Burkina Faso Banking system had 172 billion CFA in savings resources versus 168 billion CFA in loans outstanding, 7 billion of that the BND, for a positive balance of 4 billion CFA.

² The BCEAO currently allows the banks to lend at 11 percent plus 5 percent for administrative fees for a total of 16 percent. Inflation has hovered around 3 percent over the past 5 years, so these represent positive real interest rates, but not sufficient rates to raise banker interest in lending to MSEs, given the costs of developing a loan portfolio for this group.

³ This is part of the reason why the Caisses d'Epargne et Crédit (savings and loan institutions) have been so relatively successful in Burkina Faso.

WEAK MANAGEMENT AND TECHNICAL SKILLS

There are a series of skill-related constraints to MSEs that keep them locked into low-price, low-volume market niches. Foremost among them is the quality of the finished product, but weaknesses are also found in market analysis, establishing marketing links, and determining the appropriate levels of integration for the activity.

Quality

A common constraint to improved access to the higher-end markets encountered across the subsectors is the inability of the artisans to produce finished-quality goods. In leather goods, the quality is often haphazard and shoddily done; in components manufacture for construction, the finishing is generally the weakest part. Large-scale garment manufacture lacks the quality to compete with imports.

Marketing: Analysis and Distribution

MSEs are limited in their perspective on the nature of the markets they are feeding. They can only see and understand what is going on around them and are unaware of what is happening in other parts of the country, let alone in other parts of the world. This prevents them from understanding who their clients are or might be and what they want or might want. It also prevents them from figuring out how to get their goods into more remunerative markets outside of their limited framework. This limited perspective forces them into trying to copy the activities going on around them with little concern for market saturation until it is a fait accompli. For rural women, this problem is particularly acute, because of social constraints on their mobility that further reduce their access to market information.

Management of Production and Marketing

Enterprises need to manage their growth. There is a critical point in the evolution of MSEs when they shift away from a diversified set of activities into performing one specialized activity. Identifying the correct opportunity to make this shift is often missed by many MSE entrepreneurs in Burkina Faso because instead of trying to capture the maximum revenue from the sale of a single article, they may continue to sell far more articles for less marginal profit per unit, but for greater overall earnings. To some extent, this is a response to difficulties in acquiring working capital, and to concerns not to overproduce in limited markets, but it can lock microenterprises into limited or declining channels when greater opportunities exist elsewhere. Properly managing the levels of production and vertical integration in the productive enterprises is an important managerial issue that needs to be dealt with during training.

POORLY ADAPTED SKILL AND TECHNOLOGY TRANSFER PROGRAMS

A common criticism of the formal technical training programs is their lack of focus on meeting market needs or identifying market opportunities. The programs do not evolve to reflect changing realities in their markets, or more developed techniques for producing their product. Some examples are:

- The CNPAR curriculum for artisans has changed little in the past 10 years even though the market has evolved considerably and there are new products being demanded that the artisans are not able to deliver;
- The embroidering and weaving programs run by the Direction de l'Enseignement Secondaire Technique are carryovers from the colonial era. Today they are turning out people for whom there is little steady demand; and
- Appropriate technology groups such as ADAUA, the Institut Burkinabé d'Energie (IBE) and the Centre de Technologie Appliqué (CTA) have not integrated their technology development into the channels of production to ensure that they are accepted by the enterprises that are their ultimate clients (lack of market awareness).

There is an important need for increased quality in many of the products that Burkina would like to promote such as leather goods and garments, but the training must have a practical orientation, and perhaps could best be provided by the private sector. The integration of technology transfer elements into the private sector channels is critical.

EXPENSIVE COST OF INTERMEDIATE MATERIALS

The clearest examples of the high cost of intermediate materials are in construction and textile manufacture noted above. In both cases, the analysis shows that the industries are being constrained by the cost associated with the intermediate materials, which makes them uncompetitive (case of the thread in *faso dan fani*) or simply too expensive (cement-based building materials).

No investment has been made to date to resolve the thread problem but quite a bit has been done for construction materials. Unfortunately, NGOs have worked on the latter in isolation from the client market (builders and users of the building materials) and have had little success in integrating their findings into the construction process and getting the technologies accepted.

CROWDING OUT BY GOVERNMENT COMPANIES AND INEFFICIENT LARGE PRIVATE COMPANIES

Several of the subsectors studied are being crowded out by large state-owned companies that are losing money steadily (if all of their true costs are included):

- CNEA and APICOMA, agricultural machinery manufacturers, employ less than 150 people but are taking the market away from over 600 smaller enterprises that could manufacture the same equipment at the same final cost, but while earning a profit instead of losing money;
- Faso Fani, the state-run cloth manufacturing industry, has lost 6 billion CFA and yet its costs of production for thread are so great that they have been one of the principal elements killing the domestic weaving industry; and

- The large shoemaker, Bata, was losing money steadily before it closed, and with its demise small producing units have entered the market and successfully (profitably) compete with imports.

It will be very difficult for a local set of dynamic small enterprises to develop as long as there are a few large companies that undercut the market for small enterprises either because they are subsidized by the state, or because they are dumping their products on the domestic market as a means of minimizing losses of fundamentally unprofitable ventures.

POLICY AND REGULATORY ENVIRONMENT

The climate for private enterprise development in Burkina Faso is still negative. Although there has been significant talk lately of the role of the private sector in dynamizing the economy, the overall policy and regulatory environment remains problematic.

Land Tenure

The current land tenure laws are one of the major constraints in the construction industry. As long as developers can only own the building and the land on which it is built has no value, the banks will be very skeptical about lending to would-be homeowners for building. Social restrictions on women's access to land, and extra-legal (not enshrined in law, but commonly applied by banks) restrictions on mortgages for women further retard their participation in this subsector.

Fiscal Policy

The fiscal environment is highly unfavorable to small enterprise development. Even though strengthening tax collection is one of the areas to which the GOBF has committed under the structural adjustment program, the way in which the tax collection is currently being carried out is unproductive. The *patente* and the TCA, the two principal taxes, are beyond the comprehension of the majority of small businesses. In addition, the changes and adjustments to the taxes are done with an arbitrary eye, and there is no recourse for the enterprises being taxed.

The current tax collectors sometimes penalize an enterprise that tries to diversify its activity. For example a hairdresser who starts to sell cosmetics suddenly gets taxed for two separate activities, reducing the incentive for diversifying her enterprise.

Rigid regulation of interest rates discourages the development of financial services to microentrepreneurs. Some NGOs cope with existing regulations through adding administrative charges (like application fees) that raise the effective interest rate they obtain in their credit programs, but commercial lenders prefer not to bother with such adaptations, and most avoid microenterprise loans.

Government and Donor Financial Assistance Policies

Despite the adverse fiscal environment, some microenterprise lending programs are moving towards self-sustainability (most notably PRODIA and SDID), using positive real interest rates and rigid

management of their loan portfolios. However, some new donor programs, such as the Women's Fund (UNDP) and the proposed EEC microenterprise credit project, will flood financial markets with subsidized credit, risking all that these established programs have achieved. In addition, recent GOBF initiatives that provide consumers with free or heavily subsidized material, such as the "1000 mills" project, threaten the livelihoods of many of these programs' clients, by throwing new, subsidized microentrepreneurs into their markets. This further damages the health of credit programs just beginning to stabilize their finances.

Government policies supporting production by centralized, state-run companies (such as CNEA/ARCOMA, APICOMA, and Faso Fani) harm microentrepreneurs who were encouraged in government training programs to set up decentralized production units. Government restrictions on the import of key raw materials and intermediate products (such as iron, steel, and cement) are slowly being eliminated (in response to considerable pressure from trade associations), but those still in effect restrict materials distribution in favor of larger enterprises.

Karité Marketing Policies

The policy environment surrounding karité pricing and export policies are typical of the old line marketing agencies that have failed across the Sahel. The government's stated price is usually announced too late in the year for the participants to take it into consideration in their decision process. In addition, the irregular export quotas set by the CNSPP (which are legally tied to the needs of the local factories) do not allow private businessmen to organize their trade in the most profitable manner, and discourage investment in this subsector.

CHAPTER FOUR

INSTITUTIONAL SUPPORT TO MICRO- AND SMALL-SCALE ENTERPRISES

As was noted in Chapter One, the *Plan Directeur pour la Promotion de l'Artisanat au Burkina Faso* identifies 14 different official institutions with some mandate to support or regulate MSE activities. Many are providing services to the same people but with a different approach or set of goals, depending on the mandate of their agency. Table 5 on the following page lays out a schematic of some of these institutions and the range of their interventions.

In addition, a wide range of donors and NGOs are currently implementing programs to support MSE development in Burkina Faso. Some are working with government counterpart agencies, either trying to strengthen institutional capacity to implement policies or setting up autonomous units working under the aegis of that institution toward the common goal. Other programs work independently, creating their own structures — structures they believe can function better and more effectively than those appointed by government agencies or that work at such small levels they are beneath the scope of government agencies.

This section will provide a brief overview of the different agencies currently working in the broad areas of training, financial assistance, technical assistance, and technology development and transfer, and some of their main activities. In addition to these traditional components of enterprise development programs, an activity that is gaining increasing appreciation among donors is the development and proper role of interest groups in pursuing policy reform. Therefore, a special segment of the report will be devoted to their presence and efficiency.

TRAINING

Formal training centers and projects in Burkina were traditionally the domain of the Ministry of Social Affairs and the Ministry of Education; these centers heavily targeted the social dimensions of training — for the handicapped or for disadvantaged groups like women. There have been very few straight technical training programs, though the Centre National pour la Promotion des Artisans Ruraux has focused on technical training for traditional rural and (now) urban artisans such as blacksmiths, carpenters, welders, and masons — all of which are male occupations in Burkina Faso. After 15 years of concentrating on rural artisans, they are now shifting their focus to the urban artisan.

Business training is a more recent subject and only the Chamber of Commerce (CCIA) is providing access to organized classes outside of the formal educational system. This is still in the midst of being developed and should be carefully structured to respond to the market needs, as well as to integrate an active marketing component, with practical exercises tied to the participants' businesses. The program should make an effort to include women-run enterprises, which are often overlooked in technical training.

TABLE 5
INSTITUTIONS INVOLVED IN MSE DEVELOPMENT

	Government (Donor)	Semi-Public (donor)	NGOs & Other (Donor)
Training	Aff. Social (UNDP) ONPE: CNPAR (Swiss, Dutch) Min. Educ. - Ens. Second. Technique Min. Action Coop. Paysann	Chambre de Commerce Industrie et Artisanat-CCIA (USAID)	Catholic Church
Direct Finance	CNCA (CCE, KFW, BOAD, BAD) Min. Fin. (PNUD thru BIB) for Women's Banking	Proposed: Fonds de l'Habitat' (IBRD) Guarantee fund (CCE) Fonds National de Emploi - FNE (???)	SDID (ACDI) Mis. NGO Programs for group lending - SCS, CECI; PIAN, WR, Sahel Action PRODIA (CCCE, GTZ, Intl NGOs, CCEs)
T.A. to Enterprise	Dir. de l'Artisanat (GTZ) Action Social - Women's Groups SIAO ONAC	CCIA (FAC, CCE, PNUD)	SDID (ACDI)
Technology Development	Projet Urban (IBRD) CNPAR - CTA (Belgium) Inst. Burk. Energie (??)	SOCOGIB (French Firm)	ADAVA PABRE (Catholics) SNV - Koudougou (Dutch)
Production	Min Agri - CNEA Min. Travail - APICOMA Min. Prom. Econ - FASO FANI, CITEC, SONACAB Min. Aff. Soc. - UAP GODE Min. Com. FASO DAN FANI		
Interest Group & Coordination	Min. Plan (UNDP) Dir. Artisanat (GTZ) BSONG Presidence (PNUD) D.G. Arch. & Urb. (IBRD)	CRES CCIA UFB	SPONG SCS (Canadians) Assn. Chefs d'entreprises femmes SDID (finance policy) Syndicats

Within the formal educational system are both public and private training schools. These schools provide diplomas with equivalents in the normal structure, usually at the Certificat d'Aptitude Professionnel (CAP) level. There are five public establishments, all in Ouaga, five certified private establishments scattered around the country, and nine private establishments. The study only looked at one of these degree-level schools, the Centre de Formation Féminine Artisanale (CFFA) in Ouagadougou.

There is an important need for increased quality in many of the products that Burkina would like to promote such as leather goods and garment manufacture, but the training must have a practical orientation. The private sector may be the best vehicle to promote such practical training.

FINANCIAL

As discussed in Chapter Three, there is little incentive for the formal banking sector to lend to micro- and small-scale enterprises. The way the system is currently set up, it is not cost-effective for banks to lend to these clients.

Credit needs must be split between consumer lending (consumption) and enterprise lending (investment). Both are critical elements. Consumer finance is important for increasing the size of the market, particularly for lumpy purchases that are most often produced by enterprises, like agricultural equipment and home construction. Enterprise lending, either for capital goods or for working capital, is the other half of the equation to being able to produce the goods for the market (assuming that there is demand).

Formal Lending

The only formal lending institution providing some credit to MSEs is the CNCA, and that occurs primarily at the prodding of the donors putting lines of credit through them. CNCA credit to farmers to procure animal traction equipment could be a major force behind expanding demand for the products of MSE producers, but the CNCA prefers to deal with CNEA and APICOMA, the two government parastatals, of which only APICOMA uses some inputs from small, local producers.

The Ministry of Finance is working with the UNDP to set up a special women's lending program that they hope may turn into a women's bank. It is being carried out with the ILO. In addition, the Caisse Centrale de Cooperation Economique (CCCE) is looking into establishing a loan guarantee program with the private banking system. The World Bank has been contemplating participating in a Fonds de l'Habitat which is specifically targeted to providing credit to would-be homeowners.

One upcoming project that may conceivably dwarf all other enterprise assistance and lending programs is the European Development Fund (FED) project, which has arisen out of the FED experience in Segou, Mali. Although the Mali project is primarily an enterprise lending program, it still has to prove its ability to function as a viable lending activity given the marginal (65 percent) rates of repayment it enjoys in Mali. One of the major issues to be addressed is whether a standard credit style program can also play the role of dynamic entrepreneurial development without endangering its lending operations.

Caisses d'Epargne et Cr dit

There is much more activity going on at the informal level, particularly through the Caisses d'Epargne et Cr dit that have been developed over the past 15 years. They are not yet covering the country, but now that their systems have been developed, the caisses are becoming much more active participants, lending primarily for consumption activities, but increasingly for small economic activities. There are two principal outside actors in the CECs, the Soci t  de D veloppement Internationale Desjardins (SDID, a Canadian NGO) with 25,000 members and 700 million CFA in savings, and the CEC Burkina, a Dutch-sponsored program, with 60 caisses and about 300 million CFA in savings.

The SDID, in particular, has succeeded in putting together a solid, profitable credit union. More than half of their 25 caisses are profitable, accounting for more than half of their members. The credit union currently has a loan portfolio of 300 million CFA but with a ceiling of 300,000 CFA per loan. The SDID is planning on leveraging the success of their caisses to expand into enterprise lending, which will require that the enterprises join the caisses before getting loans. This may destabilize the caisses, but it will be supported by a loan guarantee program financed by the Canadian International Development Agency (CIDA).

Small NGO Credit Programs

Burkina has more than its share of small NGO projects that provide credit for their targeted beneficiaries. Nearly all of the 40 international NGO members of the Secr tariat Permanente des Organisations Non-Gouvernementales (SPONG) are providing some form of credit to their members along with many of the 20 Burkinab  NGOs. The programs have included two notable projects, including the small lending program in Ouahigouya by Sahel Action, which is making loans of 10-50,000 CFA to women for small income generating activities (financed by the CCCE through a line of credit to the CNCA).

A particularly interesting NGO experience with small enterprise lending is the 12-year-old PRODIA, which makes loans averaging 200,000 CFA to small businesses (preferably woman owned). The program has 100 million CFA in its fund, which it lends at 11 percent, plus a registration fee. Forty-seven percent of its outstanding loans are held by women, who comprised 40 percent of its loan applicants during 1990-91. By 1990, the fund had achieved repayment rates of about 90 percent, but was still losing money, primarily because of its high administrative costs. Despite strong demand for its services, the program has been forced to cut back its activities to finance ongoing activities of its repaying borrowers because of capital shortages.

The CCCE maintains a loan fund, the Assistance aux Initiatives Productives de Base (AIPB), which can provide loans of up to 15 million CFA to small enterprises. Though not officially an NGO program, it is managed by VSNs (French volunteers) and takes on many of the characteristics of an informal NGO lending program.

TECHNICAL ASSISTANCE TO ENTERPRISES

Technical assistance to enterprises includes services like business plan preparation, business registration, in-house accounting, and technology and production assistance. These services are often expensive, because they are delivered at the enterprise level and need to be on a one-to-one basis. Often the only justification for such intense assistance is if the enterprise will also benefit from a loan and the services are designed to increase the success rate of the loan. This is also a tricky endeavor because private firms provide these services to larger companies for a living.

Although the CCIA has had the most visible technical assistance program, working with a pair of VSNs (one in Ouagadougou, one in Bobo Dioulassou), it is primarily an ad hoc activity. There has been no formally instituted program to carry out technical assistance in a systematic and comprehensive fashion. However, many activities are being considered to address the subject. The Direction de l'Artisanat has created a special unit in Bobo Dioulassou to work with artisans. The unit has no specific targets, other than to support any artisans who ask for it. The purpose is primarily to learn about the problems the artisans encounter in order to provide better structured assistance in the future.

The SDID is due to open a small enterprise support unit in June 1991, financed by CIDA. It will provide technical services to the handful of existing, unbankable, small enterprises in Ouagadougou, with the hope to move them towards the formal banking sector (graduation). The SDID hopes to leverage its own Caisse d'Epargne et Cr dit program as one possible source of financing for these unbankable firms as well as use the CIDA loan guarantee fund to interest formal banks. The project plans to develop the capacity of local consulting firms to provide this assistance to enterprises.

The French bilateral program, FAC, is also studying a project to provide technical assistance to small enterprises in Bobo Dioulassou. It is intended to resemble the SDID project, but will tie into the financial assistance available through the CCCE's AIPB program. Preliminary plans are to include assistance from retired French businessmen provided through French NGOs. The FAC has already approved the financing for the project.

TECHNOLOGY DEVELOPMENT AND TRANSFER

Technology development is being pursued primarily by the NGO community backed by some GOBF institutions. The principal promoters of appropriate new technologies have been the Institut Burkinab  d'Energie, the Centre Technologie Appliqu  in the CNPAR, and the Association pour le D veloppement Naturel d'une Architecture et d'un Urbanisme Africain (ADAUA) — a Sahelian NGO that has worked with construction materials. However, ADAUA has adopted a patronizing approach to managing the process of technology transfer that has nullified its effectiveness, and it is about to close.

The Institut Burkinab  d'Energie has taken an exceedingly scientific approach to new technology development, based principally on technical references rather than on the social factor that is so critical to all technology acceptance.

In concept, the Centre Technologie Appliqu  working with APICOMA is designed to work directly with entrepreneurs to design technologies that are both user friendly and market driven. The CTA has been increasingly separated from APICOMA and its work has not been as effective as hoped.

A Dutch-financed project has experimented with and is now producing oil presses; however, although the presses seem effective, there are no current plans to commercialize the operation. The high costs of the presses (300,000 CFA) would make access to credit a prerequisite for their purchase.

There are many small private shops involved in technology research for their own edification, but these are outside the formal research channels and the shops are understandably only interested in developing the technologies when they can see the possible financial return.

The overriding concern for the process of technology development and transfer in Burkina is the isolation within which it is occurring. IBE and ADAUA have made no real effort to integrate themselves into the channels of production by working directly with entrepreneurs to see if these are technologies they can use. Although the CTA was created with that intent, it has not achieved its goal. There is an extremely important social element to accepting new technologies that is ultimately the determining factor for whether they are appropriate. This element has not been adequately addressed.

INTEREST GROUPS AND COORDINATION: UNIONS, NGOS, AND GOVERNMENT AGENCIES

Several programs and agencies are currently trying to provide some active coordination of the process surrounding MSE development. The one that has taken the most direct stance to organize the different ministries involved is the Direction de l'Artisanat (DA), which has been named as the head of the CIPPA, the artisanal promotion commission. This structure offers tremendous potential if the DA is able to manage the process, but the organization is still very young and is just establishing itself. It has not yet proven whether it can actively reshape existing negative policies from within government without strong input from private interest groups pushing to promote more realistic and coherent policy. The DA is considering beginning to implement its own programs to support artisan development, which risks diluting its principal coordinating role and spreading its capacity too thin.

The Ministry of Plan, with support from the UNDP, is supposed to be in charge of coordinating the whole process of new program development within the government. However, it sometimes finds itself being led by donor-proposed interventions, particularly in the realm of enterprise development, which has been until recently a relatively unimportant element of the GOBF portfolio. In addition, donor projects often fall outside of the regular cycle of planning, making it difficult for the Ministry of Plan to pull them into the formal process.

Individual ministries are involved in lobbying for small reforms within their areas of interest, such as the Secrétariat d'Etat for Architecture and Urbanism on the construction front, ONPE for improved conditions related to employment creation, and Affaires Sociale for training for women. Their dispersed interventions, which account for only a small portion of their official roles, need to be monitored and supported.

Along with government and donor coordination, there is a need for increased expression of private sector positions on small enterprise issues, to pressure the government. There are two semi-public agencies whose role is to provide a forum and intermediary between the private sector and the government, the CCIA and the Comité Révolutionnaire Economique et Sociale (CRES).

As its name implies, the Chamber of Commerce, Industry, and Artisanry is officially the representative of the whole private sector. It benefits from several state-provided rights to income

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Individual ministries are involved in lobbying for small reforms within their areas of interest, such as the Secrétariat d'Etat for Architecture and Urbanism on the construction front, ONPE for improved conditions related to employment creation, and Affaires Sociale for training for women. Their dispersed interventions, which account for only a small portion of their official roles, need to be monitored and supported.

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As its name implies, the Chamber of Commerce, Industry, and Artisanry is officially the representative of the whole private sector. It benefits from several state-provided rights to income

generation that allow it to stand on its own, but there is no financial contribution from its membership towards its management expenses. The Secretary General is also appointed by the Minister of Commerce, so there is a limit to its potential to promote reforms that may be against the political interests of the ministry. The Chamber is well organized, but at present is principally the representative of the larger commercial and industrial sectors, with virtually no representation from the smaller groups. It is also interested primarily in activities in urban areas, which encompass only a small percentage of the country's total population. The CCIA is the principal intermediary to the formal private sector.

The CRES provides an excellent opportunity for the private sector to meet with government agencies for open dialogue. Because the President of the CRES reports directly to the President of the country, it can provide a means of direct access to decision makers currently missing in the private sector. However, this depends largely on the role the President of the CRES wishes to play, as it can also serve in the reverse direction: that of communicating information down from the decision makers to the private sector. At present the CRES serves primarily in a consultative role.

To a lesser extent, groups like the Union des Femmes Burkinabé can play an important role lobbying for initiatives in support of women's issues, with direct access to decision makers.

The *syndicats*, independent of the Chamber of Commerce, can and must play an important role in identifying issues directly concerning their membership and promoting reform. METACO, the association of construction material importers and wholesalers, has done this through their negotiations with the government to ease restrictions on cement imports that benefited the state-run enterprise. The newly created Association of Women Entrepreneurs (Association des Femmes Chefs d'Entreprises) also has the potential to play this important role for women entrepreneurs.

Those with the greatest interest in negotiating with the government have the least facility and the least organization. The NGOs have the SPONG, which is supposed to coordinate and represent them, linking through the government's Bureau de Suivi des ONGs (BSONG), but it actually has very little real influence.

Individual NGOs have been active through their projects in identifying particular policy constraints that can be addressed (such as the SDID with financial policy issues). But these resources are rarely tapped into and the NGOs themselves are rarely in a position to carry on the dialogue directly with the government.

CONCLUSION

Although there are few enterprise development programs involved in lending, training, or technical assistance, many are coming along in the planning or early implementation stage, and there must be good coordination among them. Burkina Faso must ensure that it avoids the situation that has appeared in other countries with different ministry-sponsored activities competing with one another. Projects can offer sometimes-competing services at a range of costs or loans at different interest rates (in Mali they range from 8-16 percent), some subsidized, some unsubsidized. Though the subsidized projects will almost always be more appealing to the entrepreneurs shopping for assistance, they are usually less sustainable or transferable to private business and banks to manage in the long run.

The short-run interests of the main participants in this process, the government ministries and the donor agencies, are to promote their own individualized activities rather than to coordinate for long-term

efficiency. The agencies designated to coordinate must do so to target donor assistance into the most productive channels. In addition, donors need to coordinate more effectively among themselves to understand the impact of their separate activities. When dealing with private sector enterprises, one is dealing with an active market place that can be easily distorted by pricing of services. In addition, government agencies must be careful to ensure that private sector services are provided by private sector firms that understand the market and respond to market pressures.

CHAPTER FIVE

MICROENTERPRISE STRATEGY OPTIONS

POTENTIAL INTERVENTIONS

Realistically there are only a limited number of possible interventions from which to choose in establishing programs to address needs of MSEs:

- Provide some form of improved access to capital, through increased supply, simplified paperwork and bank loan analysis and evaluation systems, or accessible savings facilities;
- Help to develop markets where real demand exists, rather than determining where demand should be and distorting market signals;
- Train entrepreneurs and their staff in technical and managerial skills to address weaknesses in these areas;
- Facilitate technological change to provide improved or better-adapted technology to respond to the scale of the MSE;
- Stimulate policy or regulatory reform to eliminate artificial constraints repressing MSEs and private sector development; and
- Develop systems and organizations that will facilitate coordination to enhance linkages between the different function levels in related subsectors.

A series of opportunities for intervention flow out of the constraints and institutional analyses discussed in Chapters Two through Four.

Increased Access to Capital

1. Opportunity for credit intervention: replicate and complement rather than compete.

There is an opportunity for increased intervention at the small-scale level, which is presently unattractive to banks, where PRODIA and SDID are working (see Chapter Four). Both are being very cautious about their lending portfolio, since they are focusing on viable enterprises. As such, PRODIA has not yet developed systems that cost-effectively reach down to the smallest size of loans (below 100,000 CFA). Newer programs, such as Action Sahel's, are trying to work at this level. The SDID has been rightly cautious about lending to individuals outside of their credit unions even though they are exceedingly liquid. Both organizations are successfully reaching women entrepreneurs, since PRODIA decided to allow loans for women small traders, and the majority of SDID's borrowers are women. Improved and more formalized links between such informal activities and the formal banking system can lead to an increased market for the banks, which may eventually stimulate their interest in the sector.

Given the relative success of the existing credit schemes being pushed under PRODIA and the SDID model of savings-mobilization-led lending, it would be highly advantageous for groups undertaking enterprise lending at the lowest levels to follow the lead of these two organizations and try to replicate their methodology with some improvements along the way. Any intervention in the realm of credit to enterprises must be carefully studied to identify the existing structures that are responding to needs and to avoid upsetting or destroying existing programs. There are already cases where recently established programs, such as the CCCE-sponsored Sahel Action lending program and the new Ministry of Finance Women's Banking project, are intervening in regions where the SDID and PRODIA are already successfully functioning, with the risk of competing with rather than complementing them. Such competition is not necessarily healthy, particularly when it is competing below the real cost of the credit.

An important opportunity exists to learn from the small lending programs, to determine the applicability of the formal financial sector system to them, and to identify concrete policy discrepancies that are preventing a productive integration of these informal credit programs into the formal financial sector.

2. Increase the number of private firms that can benefit from CNCA purchases.

Because the CNCA, through its credit arrangements, determines who can enter the agricultural machinery market, private production will increase only if the CNCA certifies more private firms to produce for their village groups.

3. Develop increased consumer lending options that stimulate the adoption and introduction of new, more cost-effective architecture and building technologies in the home construction arena.

Since standard new housing costs range between 3 and 8 million CFA, they are way beyond the reach of the average consumer. And yet the World Bank estimates that good housing can be made available for one-tenth that amount, if the right building technologies and materials are used. If this is truly the case, consumer tastes may be sustainably changed through a lending program that will allow them to acquire a new house using the new technology.

Market Development

1. The GOBF can play an important role as a sustainable market maker for MSEs, as long as it does so by carefully thinking through and executing policies to reflect economic efficiencies and comparative advantage.

Requiring school uniforms could be an important item for the small tailors to produce, but the way it was carried out initially with the Société Soulga was guaranteed to fail. Developing the demand among the students first, as is actually happening now in Ouagadougou, and then allowing the clients to purchase them at affordable prices, is a much more promising approach than government decrees.

APICOMA's order for parts from government-trained blacksmiths helps them to start off their businesses, but its and CNEA's production and distribution of finished machinery retards blacksmith enterprise expansion into larger markets. The government workshops should be handing over the production of plows and carts to modern blacksmithing enterprises, and use their centralized facilities to produce more complicated machinery (such as grinding mills) that requires their equipment. The CNCA should be ordering its 30,000 plows directly from blacksmiths, not through government factories and intermediaries.

2. The private sector can provide the bridge to move MSEs into more productive channels.

Capturing new markets requires knowledge of consumer needs and preferences, and a command of packaging and distribution systems that government agencies do not possess. Private sector traders know what can sell locally and in export. Their knowledge could help MSEs learn what products are in demand and what standards are required, stimulating diversification into new products. Skins and handicrafts traders could help leather workers move beyond simple bags and tourist articles into more mass-market items. At present, only the most tenuous link exists between karité processing, cosmetics production, cosmetics sales, and the growing number of hairdressing salons. The government may be able to improve the environment for this link, by removing disincentives for cosmetic sales through the salons and creating a favorable (not subsidized) policy environment for enterprises transforming karité. Private entrepreneur initiative (perhaps by karité traders or the nascent cosmetic industry) is needed to forge stronger ties between the diverse rural and urban actors in this subsector.

3. Technological innovation to lower production costs is often essential to stimulate demand.

Construction and clothing could remain two important markets for small enterprises as long as the costs of production can be brought down while a sufficient level of quality is maintained. In both cases, this will only happen with some significant technological improvements in the processing channels, and then will require effort to gradually shift production into the most affordable (and profitable) channels.

Training and Technology Transfer

1. Develop market-based and market-focused training activities.

The training programs that the CCIA is about to prepare can be done in the classic classroom method, or they can be innovative, action-oriented programs. The latter is difficult to achieve but has much more effect on the participants and actually helps to stimulate outside linkages during the program. The training itself can serve as an important source of information about the kinds of problems the entrepreneurs really face and can force participants to develop possible solutions to the constraints.

The CCIA is ideally situated to promote increased participation from among its members in coordination with such a training program, and can maximize the opportunity to stimulate trader links and develop new means of market information collection and dissemination. It can work through more specialized associations such as the Association for Women Entrepreneurs, which can reach select audiences and transmit information back to CCIA.

2. Decentralize training programs to cross more boundaries and fit within the market environment of the businesses.

Too many of the training programs and technology development programs are divorced from the reality of the channels of production and the ultimate determinant of business success: acceptance by the market. Both training programs and technology development programs must be developed within the context of their ultimate goal and placed within the vertical channels of production. They must also remain flexible, changing their curricula and techniques when the training organizers determine that these are not effective in the market place. The CNPAR should consider opportunities that are developing for modern blacksmiths in the metal products area, such as the production of shovels, picks, and rakes, and

should revise its training programs to encourage movement into these types of products, which have markets both on- and off-farm.

Other programs, such as construction training by NGOs, should encourage greater specialization and vertical deintegration. MSEs may be better off focusing on making concrete blocks, stabilized earth bricks, and other components for sale to large and small builders, rather than trying to develop as building-material fabricators and building contractors at the same time. Seeking alliances with established construction enterprises should develop the market for new building materials more easily than attempting to go it alone.

3. Stimulate greater linkages and incentives for private innovators to participate in the technology development and transfer process.

As long as there is a potential profit involved in new product development, there are innovators who are ready to spend their time and energy doing the research. Many opportunities exist to pass the focus of the research and development for new technology development (again using the examples of thread and building materials) on to the private sector provided that there is a future market for the goods. Already, there have been many improvements in the local weaving technology following the boom in *faso dan fani* production. But the technological development should have been facing the critical constraint to the sector, which is thread production. Rather than carrying out the experiments themselves and in isolation, government agencies and NGOs should be working with the most likely beneficiaries from the technology innovation (the producers of the machinery) to develop the goods. Similarly, building materials innovation has been handicapped by isolation from the knowledge of market preferences and influence on market development of government developers and private sector construction enterprises.

POLICY, AND ADMINISTRATIVE AND REGULATORY REFORM

1. Developing greater understanding of the policy environment and its impact on MSEs.

This is a complex and ongoing activity, often requiring not just changes in policy, but also changes in the approach and mentality of those enforcing the policies. Two major opportunities exist for the donors: to strengthen the capacity of local groups to carry on the dialogue and to provide resources within their projects to collect and analyze data particularly relevant to MSE development (information on tax and regulatory applications, barriers to entry, relations with authorities, and so forth). The CCIA can help to amplify the voices of MSEs, through helping ensure that the opinions of microentrepreneurs are heard by government decision makers.

2. Eliminate crowding out.

Donor pressure should be applied to ensure that donor-financed projects are supplied (when possible) from small local suppliers. The donors should take special heed to the crowding-out effect. Donor projects could often target their supply requirements from micro, small, and medium enterprises rather than falling back on imports or centralized parastatal manufacturers like CNEA to provide the equipment they need, which only helps the parastatals limp along.

DONOR AND HOST COUNTRY COORDINATION

Sorting out areas in which ministries or donor bodies are acting in an inconsistent or competitive manner and improving communications across organizations and projects would greatly assist MSE development. What is needed is an "honest broker" agency, one empowered to resolve disputes, but restrained from building its own initiatives. The Direction de l'Artisanat in the Ministry of Economic Development may be able to fill this role, but it is being tempted down the project road, and should be discouraged from proceeding further in this direction.

1. Focus coordination efforts on specific subsectors.

Considering problems and opportunities at the subsector level provides a more concrete and immediate agenda for action. The Ministries of Agriculture and Labor could be brought together to consider the future of agricultural machinery supply and demand, and to reorganize the government's participation in this area. A forum could be arranged to communicate lessons from the Ministry of Architecture and Urban Development's "building with earth" initiative to other ministries such as Health, Education, and Agriculture, which are constrained by the high costs of rural official construction and the donor support of much of this construction.

The subsector focus should provide better information to government and donor agencies on market opportunities and constraints for MSEs. Government agencies and NGOs continue to launch weaving projects for women, despite the nonviability of this activity, and the failure of many similar efforts. Karité-processing initiatives, too, lack the benefit of a more thorough appraisal of market size and opportunities for value added.

2. Develop policy guidelines for credit programs and their finance.

Financial markets, as a whole, should be liberalized, but allowing a free-for-all microenterprise credit explosion is not in the best interest of MSE growth. General principals, such as offering credit only at or above market rates, should be agreed upon by donors and implementing agencies. Limits on proportions of external/internal capital in program funds could be considered to avoid new, externally financed programs swamping local ones that are beginning to mobilize local capital through investment and savings.

An association of local credit schemes should be organized. It would meet regularly to discuss progress, share lessons learned, and modify guidelines as necessary.

STRATEGIC OPTIONS FOR THE CHAMBER OF COMMERCE

The Chamber of Commerce wants to implement a program to assist MSEs and to put some order into its approach to supporting enterprise development. The dilemma facing the Chamber is how to reach large numbers of MSEs and larger firms, while still remaining within the budgetary constraints thrust upon it, building on its strengths, and remaining within its mandate.

The Chamber is supposed to play three major roles for the private sector in Burkina Faso: an advisory role towards the government when its opinion is sought; an administrative role to manage services in support of the private sector; and a representative role for the private sector on government commissions, when their policy determinations might have an effect on the private sector.

In fulfilling its mandate, the Chamber has developed several assets that it can use to intervene in support of MSE activities. These assets should form the basis of any program that the Chamber implements in support of MSE development. The Chamber:

- Serves as a point of contact for larger enterprises, where they can meet one another easily and compare information — it could expand this role to serve MSEs. The Association of Women Entrepreneurs, which uses CCIA resources, could concentrate on bringing women microentrepreneurs into these meetings;
- Collects and disseminates information that affects enterprises;
- Is an organ of coordination, to ensure that the different members of the private sector discuss among themselves and arrive at homogenous positions (when possible) on important issues;
- Can supply pressure in support of efforts to change government policies (economic or regulatory) that may not be adapted to the reality of the business environment;
- Disposes of an infrastructure already used for training; and
- Understands the surrounding markets and business environment.

These elements combine to provide a sound basis for the Chamber to serve as a constructive, yet objective leader in promoting MSE development in Burkina. Although the Chamber is supposed to support new enterprise development, it is constrained in its mechanisms from doing so. It would be inequitable for the Chamber to provide subsidized support to one enterprise while not providing it to another (an act of favoritism that would be necessary given its limited resources). Simultaneously, it cannot justify providing standard business development services such as market studies or business plans if there are private firms already doing this; these are services that many of its members already provide, and the Chamber should not be competing with its membership.

The constraints to the interventions the Chamber can provide as representative of the private sector as a whole can actually be turned into positive aspects for determining the shape of a program in support of MSE. Given the number of MSEs and the broad range of their problems, the Chamber cannot economically justify any program that works with enterprises individually except as examples from which to learn about specific elements of the environment and difficulties facing MSEs. These constraints force the Chamber to develop a program that has the potential to benefit all MSEs equally without favoring one over another.

The first half of this chapter addressed a series of problems and proposed solutions that the Chamber can support without providing preferential service, and yet will have broad-reaching effects for all enterprises in a subsector or in several subsectors. These solutions provide structures and broad approaches around which there can be greater growth among MSEs and the private sector in general, which is the ultimate aim of the Chamber. Therefore, developing the capacity to implement solutions such as those proposed above should be at the base of any program the Chamber implements.

The Chamber must choose its interventions to match its technical capacity and resources. At present it has neither the capacity or resources to organize a well-thought-out, balanced approach to MSE development. A few simple rules that should govern Chamber strategy are:

- Have a central theme and logic to the method of intervention;
- Have a long-term perspective that can be tangibly measured by overall economic growth in a subsector, rather than by the success of individual enterprises (though this latter is often the more satisfying);
- Rely on the many existing services, wherever possible, or stimulate development of those services elsewhere rather than create a large in-house capacity to deliver those services; and
- Leverage on the Chamber's assets.

Given the limited available resources, the Chamber must identify the level of intervention it wishes to take, ranging from general hands-off and low-cost interventions such as donor coordination, down to the more concrete and expensive activities that might be required to stimulate technological change. This strategy should adopt a *subsector approach* as the central theme around which it is logically organized. The *subsector approach* focuses on the concept of making the entire subsector grow through targeted interventions that address nodes that generate the greatest leverage, rather than on providing support randomly to specific enterprises. Should a specific enterprise receive support, either from a policy or investment aspect, this support would be justified by the critical role that enterprise would play in stimulating greater growth in the subsector as a whole.

Three specific options for the Chamber are presented below. They represent three different levels of resource requirements and address the critical problems facing the development of MSEs in Burkina Faso. Each option builds on the previous one, with the most highly leveraged interventions for the Chamber coming in the first phase. All three options make substantial use of the Chamber's assets (leverage), as listed above, and fall directly within its mandate.

1. The first phase (lowest level of funding) involves understanding the situation, coordinating participants, and sensitizing the private sector members of the Chamber.

The lack of donor coordination is evident by the myriad of proposed activities that are being designed, many of which will compete directly with existing, often successful, projects for the same clientele (MSEs). The donors must ensure that their individual projects fit together to make a complete picture.

Addressing the issue of donor coordination requires dedicated resources and technicians who understand the issues. Organizing coordination among the donors is much more than holding periodic meetings. It requires someone devoted to the task. That person will need to collect the information, circulate among the different donors, talk with the NGOs, prepare position papers that summarize state-of-the-art findings from outside of Burkina Faso, disseminate information, and organize the meetings with specific issues for each agenda.

The same holds true for winning support from the larger enterprises that are members of the Chamber of Commerce.

The steps necessary are:

- Strengthening the analytical capacity of the Chamber with respect to understanding the existing situation to determine the constraints that confront MSEs within the private sector;
- Developing and maintaining an active network of contacts among the donors to have them feed a steady flow of information on intended activities in the MSE realm to the Chamber; and
- Developing an internal network of its private sector members who are seriously interested in trying to promote the MSE by providing members with tangible proof that they can benefit (profit) from greater linkages with the MSEs.

The resources required to do this are one or two qualified people dedicated to the tasks above with the credibility to execute them.

2. The second phase involves developing a greater capacity to diagnose specific problems and to promote specific solutions at a national or industry-wide level and to catch the ear of the true decision makers.

There are numerous policy and organizational issues within the GOBF that should be carefully analyzed and addressed. The Direction de l'Artisanat is charged with this role for the CIPPA, but it is limited in its activities by its position within the Ministère de Promotion Economique. The information being developed and disseminated by the DA still needs additional outside support to catch the ear of the decision makers. While the FAC and CCCE are addressing the support to enterprises within the CCIA, the CCIA has no structured method for addressing the policy and regulatory issues that should be one of its major roles.

There is a definite need for a proactive group to identify and analyze key issues as they apply to small and microenterprises, to determine their positive and negative effects. At the same time there is a need to organize and stimulate the private entrepreneurs who live this reality everyday, yet are not structured nor empowered to carry on the debate.

A unit including a macroeconomist, a trade association specialist, and a microeconomist would be an ideal core Chamber team to carry out this task. They would carry out the analysis and link the Chamber more directly into the private sector. They would interface with the donors to facilitate the role of donor coordination (developed above) and play the role of secretary to the donor's coordinating group. In addition, they would have resources to work with private trade associations and nascent lobbying groups to get them off the ground and targeted in the right direction (which each individual group would determine on its own).

This group would also be able to provide direct assistance, either from within or from consultants from outside, to work with financial institutions to develop new financial tools, provide direct advice to the government on proposed policies to determine their impact, and ensure that Chamber activities and other government institutions respect the conventions for training. Developing a credible general policy group within the Chamber with the capacity to make firm recommendations and to take proactive steps to coordinate other interventions would have a significant effect on the prospects of MSE growth.

3. Provide a structure to organize direct subsector-based interventions that may require more investment.

This final phase of intervention takes the previous one a step further. The background subsector analyses carried out in preparing this strategy highlight numerous leveraged interventions that could be developed to dynamize the individual subsectors but that require more substantial investments beyond those available in phases 1 and 2, above.

Such interventions would require consistent and competent analysis as their first step. This analysis would be supported by sufficient resources to address a range of problems. These resources would have to be flexible so that they could be used to solve problems in a timely manner or to make a new linkage occur between existing resources and entrepreneurs. They should also be targeted for investment into longer-term research and development, but through private technology firms or in association with mainstream entrepreneurs to resolve technological constraints. Carrying out some direct investments will also provide the more practical experience that the Chamber may need to reinforce its arguments for policy reform in support of MSEs and enhance its position at the policy table.

A program combining policy analysis, support to carry on the policy dialogue directly between the private sector and the government, and long-term resources to direct precise interventions in support of leveraged opportunities would provide tremendous sustenance to the MSE environment. The combination of new substantiated information, practical experience (which is lacking), and opened channels of communication will provide the optimal basis for sustainable changes in the policy environment as well as stimulation of direct economic growth.

This phase may not require much direct funding of investment in technological research or to stimulate trade links, because the Chamber should be able to draw on available resources from other donors or projects to do this. However, the Chamber should have some discretionary funds to carry out the quick efforts needed to justify its positions. From this perspective, a competent unit would be able to coordinate the activities related to MSE development and to get the institutions with the appropriate abilities to invest in the critical areas that have been highlighted.

Conclusion

By implementing any of the three different phases above, the Chamber would be leveraging its major assets while taking an impartial position vis-à-vis specific enterprises. It would serve as a catalyst to bring together the different means available or direct the interested parties to them. The Chamber would have the capacity to analyze the impact of the current policy environment, but would also need the courage to confront government with solid, well-diagnosed recommendations for its reform.

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Burkina Faso Microenterprise Sector Assessment and Strategy

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ANNEX A
SKINS AND HIDES SUBSECTOR ANALYSIS

ANNEX A

SKINS AND HIDES SUBSECTOR ANALYSIS

RATIONALE FOR ANALYZING SKINS AND HIDES

Skins and hides¹ have long been one of Burkina Faso's major exports, in their raw form, and offer potential for increased opportunities of domestic processing through to finished leather goods. This would capture greater value added within Burkina, and, more importantly, may generate employment to many small entrepreneurs and artisans throughout the country. It has added importance because leather goods, both tanned skins and finished products, are traditionally products of the Sahel region of the country, which has been most severely hit by the increasing desertification.

The 1985 census identifies more than 1,500 artisans involved in tanning and leather work as their primary activity, with another 5,589 who do it as a secondary activity. Based on estimates taken from a study on the informal sector in Niger, the Institut National des Statistiques et Demographie (INSD)² estimates that there are over 3,900 micro- and small-scale enterprises (MSEs) with an average size of 1.3 full-time-equivalent employees. The MSE total production is estimated at 1.96 billion CFA, with value added of 1.164 billion CFA, or an average of 500,000 CFA per enterprise per year in total sales.

The purpose of this analysis is to generate a greater understanding of the potential for expanded participation by the MSEs, which account for the majority of the employment within the subsector. To understand the constraints confronting these MSEs, we must first place them within the overall context of the subsector and identify their linkages and dependencies on the other major actors. The following discussion will present the market for Burkina's leather goods, the channels leading up to supply those markets. A discussion of the dynamics of the subsector, as well as the dynamics of the development of the individual enterprises, will lead us into a series of possible leveraged interventions to dynamize the subsector.

¹ The term skins and hides refer to two separate but related products. Skins come from small ruminants, most importantly sheep and goats while hides come from large animals, in particular cattle. This definitional difference is very important because the technologies applied to manufacturing the two products and the end uses of the products are often quite different.

² Jean Stoupy, *Le Secteur Informel Dans L'Artisanat Au Burkina Faso*, Rapport no. 09-C du Projet BKF/88/010 (PNUD), mars 1989, p. 14.

MARKETS FOR BURKINA FASO'S SKINS AND HIDES

World Market for Raw Skins and Hides

The vast majority of Burkina's skins and hides are exported in their raw or unprocessed form to compete openly on the world market. This is a fairly fickle commodity market that responds quickly and easily to world supply, but that also differentiates according to reputation for quality. This is also an intricate market that requires good contacts to capture the top prices. In the past couple of years, world market prices for skins have swung wildly, dropping steadily to about 50 percent of what it was in 1987. Table A-1 presents the evolution of the average price per kilogram of raw skins from Burkina between 1983 and 1987.

Burkina Faso is a minuscule player in the world market and therefore has little control over its own fate. However, Burkina enjoys a reputation for relatively high-quality skins and hides, particularly when compared to its neighbors, Mali and Niger. This is largely because Burkina's national skins and hides company, the Société Burkinabé des Cuirs et Peaux (SBCP), has maintained a steady performance record over the past decade while the national companies in Mali and Niger collapsed under weak management. In addition, in 1985, the Government of Burkina Faso (GOBF) arranged a merger with the large French multinational CFAO, through its Société Européenne des Peaux (SEP) subsidiary, to redynamize the capacity to export.

As a result of its continued good management and reputation for quality skins and hides, Burkina has been able to enjoy a solid footing in the world market. That market will continue to take as much as Burkina can afford to put into it. Burkina currently exports about 3.3 million raw skins, weighing over 1,100 tons and worth 2.2 billion CFA. In addition, it officially exports about 150,000 raw hides, worth 300 million CFA, which represents only a fraction of the total production in hides per year.

World Market for Wet Blue and Tanned Skins

Burkina Faso also exports skins and hides in their intermediate stages of finishing. The SBCP is the sole exporter of wet blue goatskins, tanned to the wet blue stage by its affiliated firm the Société Burkinabé de Manufacture du Cuir (SBMC).³ They export about 320 tons (900,000 skins) per year worth 500 million CFA.

The cost of tanning the skins in Burkina is about double that of doing it elsewhere, but since it all remains within the same companies, this becomes essentially a transfer pricing exercise, which the SEP must accept for their share of the action. The SEP then takes care of the final sale of the products.

In addition to the wet blue, Burkina also exports a fair quantity of artisanally tanned (crust level) skins to its coastal neighbors who are essentially without supply. This is an informal (illegal) trade that works its way around and through the borders. It is thus difficult to put an official value on it, though it probably peaked at about 150,000 skins worth approximately 150 million CFA in 1987. Although not going into the world commodity market, the trade in these artisanally tanned skins has dropped considerably over the past two years as the world market price has dropped.

³ While the SBCP is 51 percent CFAO/SEP owned and 49 percent GOBF, the SBMC is the reverse.

TABLE A-1

**STATISTICS ON EXPORTS AND IMPORTS OF
LEATHER GOODS AND RELATED PRODUCTS**

	1983	1984	1985	1986	1987
EXPORTS	----	----	----	----	----
Finished Leather Goods					
Quantity (tons)	11.6	177	216	149.9	289.5
Value (million CFA)	33.2	138.8	222.9	174.2	354.4
Raw Skins					
Quantity (tons)	295.5	1232.5	1619.5	1027.7	1036.8
Value (million CFA)	234.3	1284	1671.1	1239.4	1303.5
Avg cost/ton	0.79	1.04	1.03	1.21	1.26
Raw Hides					
Quantity (tons)	166.4	0.4	n/a	n/a	n/a
Value (million CFA)	55.2	n/a	n/a	n/a	n/a
IMPORTS					
Finished Leather Goods					
Quantity	33.5	32.4	14.3	40.8	39.8
Value	42.6	40.7	28.3	77.8	39.9
Raw Skins and Hides					
Quantity (tons)	45.3	44.1	67.6	34.1	9.8
Value (million CFA)	5.2	3.8	7.7	7.2	3
Shoes					
Quantity (tons)	202.4	202.7	324.1	354.2	441.9
Value (million CFA)	350.8	232.1	375.6	565.4	387.8
Avg value/ton	1.73	1.15	1.16	1.60	0.88
Shoes - Local Production					
Quantity (1000 prs)	1350.8	910.5	1317.8	889.8	666.5
Value (million CFA)	998.1	843.3	1075.5	996.7	635.1

Shoe Manufacture (Hides and Skins)

The total market for shoes in Burkina fluctuated between 1.075 and .6 billion CFA per annum between 1983 and 1987 (see Table A-1). This does not include artisanal production of footwear (shoes or sandals), or illegal imports coming, most likely, from Ghana and Togo. In 1987, the market was supplied primarily by domestic production (66 percent) compared to imports. Over the past three years, since the last official statistics were published, both of the industrial producers have faced severe drops in production and imports have increased steadily. The imports appear to be smuggled in small quantities to circumvent import duties, reflecting the lack of any centralized control of the market. This interesting characteristic presents an opportunity for increased market share for artisanally produced shoes.

Locally manufactured shoes (artisanal and industrial) are available in the market for between 3,000 CFA (\$12) and 15,000 CFA (\$60) a pair, with average prices running at 3,750 CFA (\$15)/pair of quality leather sandals and 5,000 CFA (\$20) for a pair of closed shoes. Artisan-manufactured shoes are able to compete directly with imports as well as with local, industrially manufactured leather and synthetic shoes both on price and quality. As the domestic industrial production has dropped, there has been an increase in local artisan shoe manufacture (*cordonnerie*)⁴ to capture some of this market, reflected by many new entries into the market and shifting production patterns by the *cordonniers*. Now that the SBMC produces finished leather, local artisans are purchasing about 15 million CFA/year of leather (mainly cowhide), which could be valued at 60 million CFA in finished goods.⁵ Since roughly half of the *cordonniers* use cowhide, (mostly the newer ones), this represents probably half of the supply of leather in shoes for a total market of 120 million CFA, or roughly one-tenth of the market in 1987. It is important to note that artisanal production of leather shoes probably outweighs domestic industrial manufacture of leather shoes by a ratio of four to one.⁶

Maroquinerie (Skins)

The official statistics for *maroquinerie* production capture only that of the SBMC, or about 115 million in 1990. Although this is the largest single producer (starting only in 1988 as part of their reinvestment program), it probably represents 10 percent of the total market. The estimates by Stoupy for the National Accounts put the total production by *maroquiniers* and tanners at nearly 2 billion.⁷ However, this estimate inappropriately merges two separate functions that are carried out by different

⁴ *Cordonnerie* is the French word for a leather shoe manufacture. A *cordonnier* is a leather worker specializing in shoe manufacture, originating from the Spanish city of Cordua, which was famous for the quality of the workmanship in its leather shoes.

⁵ Interviews reveal that it takes an average of 1,000 CFA of SBMC leather to produce one pair of shoes valued between 3,000-5,000 CFA/pair. Therefore 15 million CFA of finished leather equals about 60 million CFA of shoes.

⁶ The SBMC sells only 8 million CFA to the IPC and SINAC, or about half that of its sales to local *cordonniers*.

⁷ Stoupy, *ibid*.

actors in a vertical production channel, and could be divided by two to get a realistic size for total end sales (hence the market) of 1 billion CFA.⁸ This market is largely local, led by tourist purchases but with a significant Burkinabé participation at the lower end of the cost/quality spectrum.

A fair amount of the local *maroquinerie* production is eventually exported. Traders in artisanry who supply the large tourist markets in the coastal countries, which are largely devoid of leather articles, often come to supply themselves in Burkina. The traders will vary their purchases between straight cash and barter/exchange of other artisan works not available in Burkina, such as wooden masks.

STRUCTURE OF THE SUBSECTOR

The Subsector Map

Four principal sets of activities, or industries, lead to the production of finished leather goods in Burkina: butchering, the preparation and collection of the skins and hides, tanning of skins and hides, and leather work itself. In addition to the actors in the industries themselves, various collectors, merchants, and traders play an important role throughout the vertical system leading to the sale of the finished goods. This entire network is considered the skins and hides subsector in Burkina Faso. The schematic design on the following page, otherwise known as the subsector map, lays out a visual depiction of the actors and functions in the subsector. The protocol on the use of symbols, dotted lines, solid lines, and arrows is a standardized one described more fully below.⁹

Functions

Vertically, the map traces the flow of products from the supply of raw materials (butchers) through the functions within the different industries to the final consumers. The functions include slaughter of animals, flaying, curing the skins, preliminary treatment, collection and assembly of the skins, triage, tanning through its different phases to finishing,¹⁰ and leatherwork. The last function along the vertical axis is commercialization which includes wholesaling and retailing. At various points along the axis, there is an outflow of goods from the system, as products are exported onto the world markets.

The functions within the skins and hides subsector in Burkina Faso can be divided into two halves: the collection, assembly, and preparation of raw skins and hides for export; and the tanning, finishing, and production of the finished leather goods. The first is dominated by a few large enterprises using basically the same system of small collectors. It is a capital-intensive commercial activity. The second group of functions is production oriented and involves a far wider range of individual enterprises

⁸ Because census figures inappropriately merge tanners and leather workers, Stoupy has mistakenly added the intermediately consumed good, the tanned leather, into the final production figure.

⁹ See Boomgard, et al., 1986, and Steve Haggblade and Nick Ritchie, 1991.

¹⁰ Finished leather is leather that can be worked directly requiring no further preparation either in dyeing or softening.

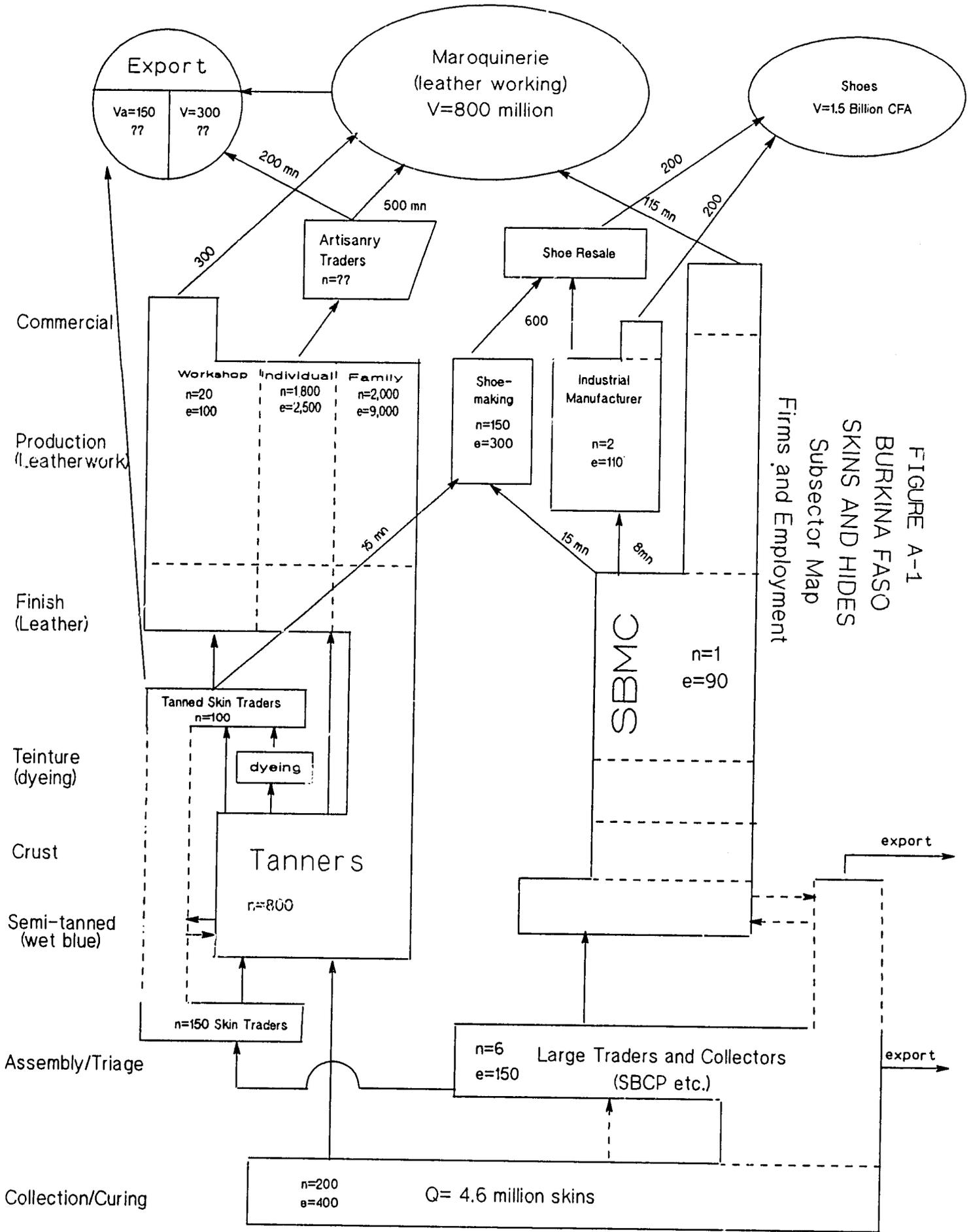


FIGURE A-1
BURKINA FASO
SKINS AND HIDES
Subsector Map
Firms and Employment

Legend: n = number; e = employment; Va = value added; v = value in CFA

with more complex linkages. This analysis is primarily concerned with the second group, but will also describe the operation of the first set of functions.

Coordinating Mechanisms

The map is comprised of a series of principal production channels. The different actors at each stage of the production channel are linked to the next stage. This is depicted in the map with the following symbols: dotted arrows indicate contract sales, double dotted lines depict subcontracting, and solid lines represent the direct sale of a product.

An elongated box depicts vertical integration within a channel, when individual firms or households perform a series of functions. In the case where a firm subcontracts out an activity, but still maintains control of the product, the sides of the box are drawn with dotted lines.

Technology

Flaying

Flaying, removal of the skin from the carcass, is the first step in the process. Professional butchers usually use air to separate the skin from the carcass. At the industrial level this is done with compressed air blown underneath the skin through an incision. At the rural levels, the butcher often inflates the area between the skin and the carcass with his lungs. Inflation lowers the risk of damaging the skin during flaying as well as making it easier to remove.

Curing

In the dry climate of the Sahel, skins can be cured simply by laying them in the sun. In more humid climates this is not sufficient, and a brine solution must be applied. With an insecticide treatment following the drying, the skins are ready for export.

The process for hides is not as simple. Though many hides are simply sun dried, these are not of export quality. The Société Burkinabé des Cuirs et Peaux treats its hides immediately after they are flayed in an arsenic solution, before stretching them to dry. This process limits the number of people who can economically collect hides to those around the major towns. This means that hides from the rural areas are largely lost for export. Therefore, Burkina's official exports are well below the number of available hides, they simply lack the technology to preserve them properly.

Tanning

Two principal types of tanning are carried out in Burkina: industrial and artisanal. Only one firm performs the capital intensive industrial tanning, while there may be up to a thousand artisanal tanners.

Industrial tanning. The Société Burkinabé de la Manufacture de Cuir (SBMC) has a capacity of 90,000 goatskins per month to the wet blue stage, but only works 11 months per year and averages slightly below that amount per month.¹¹ They are paid 643 CFA/kg of dried skins or about 215 CFA per tanned skin.

In addition to the wet blue, the SBMC also tans hides and skins through the crust to the finished stage. It is limited both in tanning capacity and finishing technology. Since the SBCP monopolizes most of its tanning capacity to the wet blue stage, it is limited in how much leather it can push through on its own. It is also severely deficient in finishing equipment necessary to maximize production and produce high quality with regularity. In particular it has no splitting equipment, which means that it is unable to produce leather of a uniform thickness and loses a third of the value of every hide because it gets no splits.¹²

The inability of the SBMC to control the thickness and quality of the hides limits its ability to produce the range of different finished leathers required by individual operations, making it virtually impossible for the SBMC to consider exporting its product.

Artisanal tanning. Traditional tanning technologies are used at the artisanal level. Hides require a different technology from skins. Skin tanning is widespread in Burkina Faso and is centered around a few hubs in Kaya and Pouytenga, with lesser amounts tanned in Dassouri, Ouaga, and Dori. The technique varies by region, as does the quality, with the highest quality coming from Kaya and commanding the highest prices. On a contract basis, tanners charge between 100 and 250 CFA per skin depending on the size and quality of the skin and the reputation of the tanner (the best tanners usually get the best skins).

The principal steps are the same between regions. For a standard load of ten skins they are:

- (1) Soaking in plain water for about one day to remove impurities;
- (2) Soaking in a dehairing solution of water, ashes, chicken excrement, meat from a fruit resembling a squash, and/or carbide for one to two days;
- (3) Removing the hairs using a knife (several hours);
- (4) Rinsing in water (one to two hours);
- (5) Fleshing by knife to remove any fatty tissues which might remain (several hours for 10 skins);

¹¹ The SBCP exported 320 tons of wet blue in 1990, or approximately 960,000 skins since the Director General of the SBMC calculates that there is an average of three skins per kg.

¹² A split is the technical term for the extra hide which is obtained when a thick central part of the hide is shaved to achieve uniform thickness. With good splitting equipment, an additional 50 percent of the hide can be profitably transformed.

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- (6) Tanning of the skins. This is where the real differences are felt in the final quality of the tanned leather. The cleaned and prepared skins are rubbed and worked in a solution of mashed fruit, shea nut butter, or peanut oil to give them a final soft texture; and
- (7) Drying.

The combination of these steps can take 3-6 days depending on the quantity and quality of the skins along with the season. The major differences appear in stages 2 and 6. In stage 2, the tanners in Kaya use carbide which is supplied by the local meat grillers. In stage 6 better skins (large and blemish free) are often given more time and worked more carefully at the final tanning stage to ensure a higher quality that will bring top price. In areas where less tanning is done, such as Ouaga, the sole tanner puts less effort into the final tanning stage, resulting in the lowest-quality product on the market (but also takes the least time).

There is virtually no commercial tanning of cowhide. Only one artisanal cowhide tanner was identified in Ouaga and none elsewhere. The *cordonniers* who make sandals tan the hides they need for their own consumption by beating them with a club on a stone, leaving them in moist sand for a day, and then repeating the process. The hides are then scraped to remove the fatty substances just as they are being used.

There is relatively little finishing done by the artisanal tanners, though some will add a red dye to the product. Otherwise the final finish (reworking the skin to obtain the desired texture, sheen, and color) is performed by the artisan. Artisans tend to use natural products whenever possible to dye their leather, made from peanut oil, milk, and bark.

Dyeing

Dyeing is usually a final stage before production. The SBMC uses very different dyeing techniques from the artisanal dyers in the finishing stages. The industrial colors are essentially painted onto the skin in the color desired: white, yellow, brown, and so forth. The artisans complain that this kind of dye does not hold well to the leather as they stretch it (for shoes), but well-trained shoe makers say that is just because the traditional artisans don't know how to work with it.

At the artisanal level, they use all natural products to dye the skins. The dyers are different from the tanners, but the leather workers themselves often do their own dyeing.

Production

Production of the finished goods takes two major forms: industrial and artisanal. The industrial method is capital intensive and involves machine driven piece work, where the patterns are cut by machine, and then sewn and glued together. Engraving is added by machine. The SBMC is the principal actor in the system using the industrial method for *maroquinerie*, but the two large shoe manufacturers also use the relatively capital-intensive piecework technology. In the piecework environment, there is little need for any knowledge of leather work, and workers leaving these workshops are rarely able to produce finished leather goods on their own.

Artisanal production of *maroquinerie* is done purely by hand and requires greater technical skill and knowledge of the leather being worked. There are only a few artisans who have any machines at all, and they are located in the capital (where electricity is available). This is primarily because of the cost of the tools and the relatively small size of their market.

The *cordonniers* work very much the same as the *maroquiniers*, with virtually no mechanical assistance. Some of the *cordonniers* will subcontract the stitching to tailors, otherwise they do it all by hand.

The *maroquinier/cordonniers*, manufacturing traditional sandals, use four to six layers of leather in each of their pairs of sandals, taking tremendous amounts of time (one pair per day) and using lots of leather. By contrast, Tuareg manufacturing sandals in Ouaga with rubber soles can make six pairs per day at one-fourth of the cost per pair (250 CFA compared to 1,000 CFA in Dori).

The first step in the artisanal production stage, which often differentiates the final product, is the finishing of the skins (in the industrial production, all finishing is done at the tannery). Higher-quality products benefit from more care and higher finishing of the leather before it is transformed, rendering the leather softer, shinier, and the appropriate colors. The more highly trained artisans with a good sense of style and design provide a better finish to their leather before producing the final good.

Alternate Supply Channels

Although there are two principal supply channels at the tanning and production phases, there is only one channel function in the bottom half of the map, at the collection and assembly levels. The channel for the collection and assembly will be described first, then the two other channels will be described.

The Collection of Skins and Hides

The collection of skins and hides up to the assembly level is carried out via the same system by all of the exporters. The five principal exporters, with good contacts on the world market, employ a network of assemblers and smaller collectors to bring in the skins from the most remote regions of the country. Given the competitiveness of the market, this is a surprisingly capital intensive activity. Supplier loyalty is acquired through financial contributions, requiring significant outlays of advances down through the system to the butchers.

The competitive nature of the market means that raw skins command relatively high prices. In the urban areas, such as Ouagadougou, raw skins cost as much as 500 CFA each.

Using this system, virtually the entire Burkinabé production of skins is collected, along with a sizable amount from neighboring countries. Based on estimates of the herd size, annual production of skins from sheep and goats should be about 2.5 million, yet estimates of skin exports from the two largest exporters in Burkina reach 3.3 million raw skins, plus another 900,000 or so in semi-tanned (wet blue).

The main purpose of the collection process is to feed the export market. A small portion, about 25 percent, of the total output is tanned at the SBMC through to the wet blue stage before being exported, but this is less profitable than direct export to tanners in other countries.

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With all of the best skins going into the export market, where they command the highest prices, the fourth-quality skins are the ones most often fed to the artisanal tanners. Accounting for 5-10 percent of the skins collected (200,000 to 300,000 skins), they comprise a large portion of the supply for the entire artisanal channel of production, and represent an important constraint to higher-quality production. Besides the fourth-quality skins, the tanners buy a certain amount directly from collectors or butchers, to ensure a stock of the sufficient quality skins to capture top prices with the *maroquiniers*. There are estimates that 10-30 percent of the entire production (250,000 to 300,00) escapes from the collectors. Therefore, our estimates place the supply of skins available to the traditional tanners at about 650,000, or an average of about 500 skins per tanner per year.

Production of Finished Leather Goods

Two channels flow from the supply of the raw material to the finished goods: one dependent on industrially produced tanned goods and one dependent on the artisanal production. There is some integration between the two, but of a limited nature. They are differentiated primarily by the technology used and form of registration (formal or informal).

Channel One: Artisanal Production

This channel is the more complex of the two and is the principal focus of the analysis. The channel is comprised almost entirely of small artisans working on their own at the tanning and artisanry levels, linked between one another and the market by traders in the tanned skins, and reaching the markets either through direct sales or through traders in artisanry.

The tanners only tan skins (no hides) and are largely supplied from the rejects of the export trade, as described above, which are commercialized by traders who specialize in this market. The traders usually purchase the skins for 50-200 CFA from the collectors and sell them at a slightly higher price to the tanners. Occasionally, a trader is also in the business of selling tanned skins and will subcontract with the tanners to tan the skins for 100-150 CFA per skin. Around Kaya, the tanners generally deal in groups of 10 skins at a time: buying, tanning, and then selling; they rarely deal at the unit level.

Closely associated to the tanning is the dyeing, though it is carried out by a different group of people than the tanners. Less than half of the skins are dyed at the tannery level before being shipped to the end users.

Though a few tanners sell directly to neighboring *maroquiniers* or to the large traders who may come to buy them at the village, they generally prefer to sell their skins in their local market where they are certain they are getting the real market price. At the market in the tanning regions, the skins are purchased by both traders in tanned skins as well as the *maroquiniers*. The tanned skins are traded southward from Dori and Kaya through the cities where there is demand but limited supply like Ouaga and Bobo, and on towards the coast.

In the tanning regions, the *maroquiniers* will supply themselves at the market directly from the tanners. In the large urban areas such as Ouagadougou and Bobo, the *maroquiniers* are usually supplied by the traders, who go door to door with their skins, selling in batches of 10. The larger *maroquiniers* and *cordonniers* in the cities usually rely on the same few traders to supply them with skins. These

traders are the largest ones and are able to ensure higher-quality skins to the *maroquiniers*, which are often in scarce supply. Occasionally, if a city-based *maroquinier/cordonnier* has a large need for skins, he will make the trip himself to Kaya to save about 25 percent on the product. Otherwise, given the time required and the cost of transport and lodging, it is more economical for them to rely on the traders to supply them.

A few of the larger traders occupy an extremely important place in the overall channel, intervening down as far as the purchase of the skins from the butcher (to ensure quality raw materials) and completing the export of the finished goods and skins to Lomé and Abidjan. Out of the 150 or so skin traders, the important ones are relatively few in number, varying between 3 and 10 each in Kaya and Tema depending on the world market. They are also the major suppliers to the workshops in Ouaga and often provide the skins on credit depending on their relations with the *maroquiniers* and the quality of their work. They are from the same *quartiers* as the tanners and often tan the best products themselves (skins they personally have selected from the butchers). They are thus integrally involved in almost all levels of the channel and could serve as a very important point for leverage.

The sale of skins at the retail level is rare; in both Bobo and Ouaga just one person in the central market retails skins on a regular basis, averaging 20-40 skins per month, mostly sold to the itinerant Tuareg sandal manufacturers.

The *cordonniers/maroquiniers* who work with tanned cowhide, primarily the sandal makers in the Seno and the Oudalon provinces, are faced with a supply constraint because all of the commercial tanners only do skins. As a result, this group has integrated backwards by purchasing hides directly from the butchers and then tanning them one by one in order to have the leather to make their sandals. They still rely on commercial tanners for the skins they use in the sandals and assert that they would prefer to purchase tanned hide than make it themselves.

Other *cordonniers/maroquiniers* working in isolated villages without a regular supply of skins from the major tanning regions of Kaya, Bokin, Dori, or Pouytenga are often forced to do their own tanning in order to have the raw material necessary to work.

The *cordonniers* in Ouaga and Bobo are a special group unto themselves, doing just shoe manufacture. They use both leather from the SBMC and goat skin for the uppers on their manufactured shoes, but use imported rubber soles for the bottoms because no leather soles are available in Burkina (one *cordonnier* makes his own).

The *maroquiniers* and *cordonniers* prefer to work on an order basis when they have a guaranteed market, but are often forced to manufacture in the hopes of finding a buyer, preferably the final consumer, but in last resort a merchant. Although they prefer to sell to the final consumer directly, if they are unable to find buyers for their products, they must rely on local merchants to buy their goods at reduced prices. Therefore the *maroquinier's* end product reaches the market either through direct sale by the artisan or through the traders specializing in artisanry, with more sales probably passing through the traders. At the *cordonnier* level, they prefer mass production and large orders, which usually come from traders to whom they will give large discounts (25-40 percent) for wholesale purchases.

With fewer than 1,000 women involved in the channel accounting for 13 percent of employment, they play a limited role in the subsector. However, three provinces (Soum, Seno, and Oudalan) account for 75 percent of the active female population in this subsector. In some cases the women perform marginal tasks to assist their husbands to produce the finished goods, but, in others, they are the principal

tanners and producers. The perceived case with women tanners, however, is that a man usually serves as the commercial intermediary to sell their products.

Channel Two: Industrial Manufacture

This channel produces industrially manufactured goods both for *maroquinerie* and for footwear. It is comprised of the three formal sector manufacturing firms in the skins and hides industry, employing about 210 people¹³ with total sales of 620 million CFA. It supplies a large percentage of the domestic *maroquinerie* (about 10 percent), and accounts for two-thirds of the local footwear production. However, leather shoes produced in this channel account for less than 20 percent of shoe production, hence about one-fourth of the artisanal production.

The SBMC is the principal actor in the channel both as a producer of finished goods but also as the supplier of raw material to the two shoe companies. All leather goods produced in this channel come through its tannery. It purchases its raw skins and hides directly from the SBCP as well as the other major traders.

About 60 percent of the SBMC's revenue comes from its tanning contract with the SBCP (around 200 million CFA), which guarantees its solvency. About one third of its sales (115 million CFA) comes from its integrated production line for *maroquinerie*, and less than 10 percent of its revenue (25 million CFA) comes from the sale of finished leather to other producers. This latter is limited by both its capacity to produce finished leather (constraint in the tanning section) and the relatively small size of the market for its finished leather owing to financially weak large companies and limited numbers of artisans. Its finished leather is of varied quality and the society can only respond in a limited way to the needs of the market.

The enterprises in the channel are characterized by high capital intensity (large investment) and low individual skill levels. To be profitable, they need to achieve high volumes which they have rarely been able to reach. The SBMC is dependent on the interests of the SEP relationship to determine whether it will be able to develop beyond its present capacity.

ENTERPRISE DEVELOPMENT AND DYNAMIC FORCES

Enterprise Development

Maroquiniers

Because of the artisanal nature with which most of the productive actors in the *maroquinerie* part of channel 1 approach their work, they are really embryonic enterprises. All the same, certain typologies appear at the different levels that are worth differentiating because this may show the tendencies towards more regular enterprise development and will point out the targets of opportunity for subsectoral development.

¹³ SBMC 100 employees, SINAC 58 employees, IPC 53 employees.

At the production level, there are three different kinds of enterprises among the *maroquiniers*: workshops, individual activities, and traditional family artisans (based on a traditional caste system).

Workshops. These are groups of artisans working together, usually led by one principal artisan who has achieved a certain notoriety in the field. They may or may not be from traditional leather working families; in fact, several of the most productive ones have only begun in the last 10 years. These are the most visible artisans who command some name brand recognition. The principal artisan provides the locale and most of the resources and orders for the other artisans working with/for him, paying them on a per piece basis.

Along with the artisan-led workshop, there is one well-known pre-cooperative that manufactures leather footballs. Although this operation has been relatively successful, it has suffered from inappropriate assistance from both donors and the GOBF, which have left it financially crippled on two occasions.

Investment within the workshops is limited to the locale (which is usually rented) and inventory. The available equipment is of a small nature: knives, scissors, files, and so forth, with only a few workshops having a sewing machine.

These workshops concentrate on the high end of the market, manufacturing top-of-the-line articles primarily for resident expatriates who are in search of quality products or for official government orders to supply special occasions (conferences or seminars, for example). They are the ones that are also always invited to participate in the international and regional trade fairs (SIAO) — hence they get relatively good publicity.¹⁴ However, since they prefer to do the high margin work, they often wait for work to come to them rather than go out and develop the market for themselves. They rarely prepare goods without a guaranteed market because they are worried about the inventory carrying costs.

This approach creates marketing problems since these workshops are rarely in easily accessible locations. They are either well out of town (like the biggest artisans around Kaya) or require great effort to find in the quarters, just to place the order. Therefore, there is a contradiction between their marketing style and their actual implementation. If they were more accessible, they would probably increase sales. It appears that they are all virtually notionless about ideas of marketing and how to go about increasing sales, approaching it as an art rather than a business with regular financial concerns.

Sales from these workshops will run between 100,000 and 300,000 CFA per month, depending on the season. Margins on the products tend to be at least 100 percent, or about three times the cost of the leather used.

Working capital needs are closely tied to their marketing strategy. Because they rarely have a steady production, their working capital needs can go from nothing to a lot (relatively speaking: 50,000-200,000 CFA) very quickly depending on the size of the order or if they are preparing for a big fair. With an irregular cash flow and vacillating financial requirements, it is very difficult for them to seek financing. It is also very difficult for them to keep track of it as well, since their notions of expenses, principal, and interest are not clearly defined.

¹⁴ The *maroquiniers* assert that their actual sales during the special occasions are very limited. However, their sales increase immediately after the event, as more people come to visit them to place special orders. This reflects their normal lack of visibility.

One of the liabilities that comes with high visibility is the attention of the government fiscal authorities. These workshops were the only workers in the channel that paid taxes, even if on an irregular basis.

Individuals. These cover a wide range of actors, from itinerant Tuaregs manufacturing sandals for the tourist market, to the semi-stable artisans who produce and then try to sell it themselves to get the resources to produce the next batch. They rarely have a formal place to work, either working by the side of the road, in a market, or in their house. When they finish a good, they take it to the market and try to sell it directly. If they have no luck, they will sell it to a merchant; some have stable supply relationships with merchants. These individuals are often trained by the higher-quality artisans and then set out on their own. Most would aspire to the higher end of the market, but they have neither the resources nor the recognition required to reach it.

Family enterprise. At the other extreme, in between the workshop and the individual level, is the family enterprise. These are often traditional operations found in the far north or in isolated villages, which run along caste lines. Their principal product is sandals,¹⁵ produced by the men, but the women also do leather work, specializing in making poofs and cushions. Though it is a family activity, each member works for himself, collecting his own orders, or manufacturing his own product which he is then responsible for marketing. Though they are all in a common work area, the supplies belong to individual household members. Only in the event of a large order do they pool their efforts.

These traditional family enterprises tend to be more vertically integrated, including some tanning of hides, though even they would prefer to specialize just in the manufacture of leather goods and buy all of their tanned leather. Margins on the products tend to run at about 25 percent, but since the volume is low, about 1,000-2,000 CFA/day, individuals earn relatively meager monthly wages.

Although these classifications are not ironbound, they help create a framework for analyzing the needs of each group and place a framework around the potential to increase entrepreneurial activity. The first group, and some of the second, are the most susceptible to any sort of assistance.

Cordonniers

The *cordonniers* are generally distinct from the *maroquiniers*, though a few cross the line between the two. There are generally two groups of enterprises, those with nascent aspirations and those with established reputations.

Levels of investment are higher in *cordonnerie* than in *maroquinerie*, but primarily in shoe forms. For many *cordonniers*, they represent a significant investment of up to 150,000 CFA, but since they are a highly divisible item (currently costing 3,500 CFA/pair), *cordonniers* are able to collect them gradually over time. Heavier machinery, however, such as leather cutting tools or sewing machines, which are not divisible, are rare among the *cordonniers*, though they will often subcontract out the sewing portion of their shoe production.

¹⁵ Though sandals may be considered as footwear, it really falls more into the category of *maroquinerie* because of the styles and decorations used. Besides, the working styles of those making just sandals are not comparable in any way with the *cordonniers*, discussed below.

One *cordonnier* workshop was identified with over a million CFA of used machines. This workshop is staffed by three ex-employees from Bata, who used their severance pay as start-up capital. It produces a line of shoes, styled after Bata shoes, worth over 1.5 million CFA/month. These shoes are indistinguishable from industrially manufactured shoes. It is the single largest artisan consumer of SBMC leather, accounting for one-third of all their sales to artisans, and nearly half as much as the SBMC sells to SINAC and IPC combined. Contrary to other artisans, however, this workshop stays out of the limelight, selling solely to wholesaler/retailers who place their orders on a regular basis. Less than two years old, this enterprise's main constraint is working capital and its general understanding of financial operations. This enterprise serves as a model small enterprise to show how, when well run, they can produce more efficiently than larger firms and could be the basis for sound, viable small-scale industrial growth.

Driving Forces

If there are to be changes in the subsector we must examine the forces that will drive those changes, to help us understand how much control we can have on them and to indicate possible avenues for effecting change.

Demand

World market for raw skins and hides. Demand is the principal driving force in the skins and hides subsector in Burkina, at both the raw material and the finished product stages. The skin and hide exporters are such small players that they are market followers and cannot have an impact on changing the market. The world market for raw skins and hides has been on the decline over the last two years and the current crisis in the Gulf is exacerbating the problem. Fortunately for Burkina Faso, despite its small place in the world market, it is integrally linked into the market through its principal exporting company, the SBCP, with its partner SEP, which has maintained a firm position for Burkina's product over the years. The dropping world market is more likely to hurt Burkina's neighbors, Mali and Niger, which have not been able to maintain quality and regular supply relationships with the world market. It is possible that there will be continued escape of Malian and Nigerien skins and hides for export through Burkina Faso.

World market for tanned skins and hides. As with the raw skins and hides, the world market for tanned leather is also receding. Burkina will be able to continue its exports of semi-tanned (wet blue) skins through the SBCP/SEP channel, but its profitability will most likely not justify the investment needed to increase production or improve the finished product.

Export of locally tanned skins to the coastal countries has been affected by the drop in world prices, but continues at a reduced level through the most experienced exporters. The skins appear to be competitive on price, but their quality is erratic. Relatively little is known about the channels, about the precise nature of the demand along the coast for Burkinabé skins, or about the competition, but it is possible that this could represent a target for expansion if the quality could be improved.

The reduced international demand and drop in prices makes more product available at the local level. It is difficult to ascertain the true supply constraints that exist in periods of peak international demand.

Local demand for *maroquinerie*. Since Burkina Faso has virtually no regular export market for its products, it is dependent on local consumption generated by tourists, expatriates living in Burkina Faso, and more affluent Burkinabé, primarily civil servants. The portion of the market that targets the tourists is generally the lower end of the market, while the high-quality products of the workshops are reserved for the connoisseurs who know where the best artisans hide. Better marketing of the higher end products should lead to some increased sales.

There are about 75,000 visitors to Burkina every year, a figure which has been increasing steadily over the past five years.¹⁶ Mixed with the 2,000-3,000 expatriates resident in Burkina, these make up a significant portion of the market for *maroquinerie* products. Since this market will not increase much in the near future, increased sales to this group will depend on better marketing and developing better quality perceptions.

Local demand for leather shoes. The direction of the market for leather shoes in Burkina is not certain, but it appears that local artisanal production has been capturing a greater share over the last couple of years. This trend could continue into the near future as the number of artisans increases and the quality of the shoes improves. The collapse of formal sector shoe manufacturing leaves a wide, unsatisfied demand for leather shoes that the artisans can fill more cost effectively than anyone else.

Although demand is unsatisfied by local production, it is likely that there will be continued fraudulent imports from neighboring countries to compete with Burkinabé production. The principal competition appears to be from synthetic imports smuggled in from Ghana. However, the Ghanaians have no capacity to produce leather shoes, leaving this niche wide open to Burkinabe artisans.

With the withdrawal of Bata from all across West Africa, a supply void was created all over the continent. Other countries, such as the Côte d'Ivoire, have been quicker to fill this void. As their production reaches capacity, imports (legal or illegal) from those countries will also increase to meet the market needs in Burkina.

This is probably the area with the greatest potential for expansion by the local artisans. Given the financial and managerial problems facing SINAC and IPC, it is likely that the qualified artisans could capture and maintain market niches with their lower costs and comparable quality to manufactured products.

Other products. Leather work in Burkina has been channeled into fairly traditional articles and there has been limited development of new products, such as seat covers for furniture, jackets, sports equipment, and other accessories. The demand for these products is unknown, but could prove to be substantial, as was the case with the leather footballs produced by the *bourelieurs* in Koungoussi. Generating demand for these new articles remains a challenge to be pursued.

Technological Change

Technological change is important for increasing the quantity or improving the quality and range of products being made. A corollary to this is that increased production and improved quality may lead to lower costs, hence greater sales. However, at present, there is a surplus of products, so the

¹⁶ Ministry of Tourism.

preliminary efforts on the technological level could focus on improving the quality, which may lead to increased sales.

Tanning techniques. Tanning appears to offer the greatest potential for improving the quality of the product through use of improved technologies. This does not necessarily mean bringing in new technologies, but rather transferring existing ones between regions, if this is feasible. The tanning technique in Kaya appears to be the best in the Burkina, and skins from Kaya command the highest prices from the artisans. So it is safe to assume that if the technique and quality could be replicated elsewhere, it would increase the quality of the skins available.

Leather working skills. The *maroquini*ers use traditional techniques for leather work, and very few have received formal training. This is most apparent in the contrast between the workshops, which appeal to the highest-quality end of the market. The only infusion of new technology, at the hand level, has come from the training center for the handicapped at Tenganado, which trained 25 artisans. It is not surprising to note that nearly all of the *maroquinerie* workshops in Ouaga are successfully managed by graduates of this school.

Design and product conception. This is important for trying to develop new markets. There is no infusion of new ideas or products. This is evident at both the *cordonnier* and *maroquinier* levels.

Machinery. Though it is conspicuously lacking at nearly every level of artisan production, the lack of machinery has not posed a major problem because there are rarely time constraints placed on the artisans to finish their work and they are rarely occupied full time. Machinery may simplify some tasks, but would not lower the cost of the products. Rather it would most likely increase the level of fixed costs while getting only occasional use, and provide the artisans with even more spare time.

Marketing techniques. Though this is rarely considered a technology, it is a skill that is totally lacking in the *maroquinerie* and *cordonnerie* fields. The marketing technology being used is completely out of synch with increasing sales and is the primordial element that must be changed if there is to be an increase in the activity of the subsector. The best producers use no marketing technology; rather, they wait for the orders to come to them and do nothing to produce demand for their product. The only people with a real understanding of marketing techniques are the artisanry traders, who are rarely involved at the production level (though some maintain pools of artisans who produce for them).

Input Supply Constraints

At both the tanning and the production levels, the overall supply of inputs is generally not a major constraint at this time. The poor quality of the raw skins available to the tanners presents a problem on the surface, though the artisans claim they are able to get good skins if they pay for them. In fact, in Bobo, there is even a ready supply of Nigerian and Malian skins, which the artisans there claim to be of higher quality.

If the demand for quality leather products were to increase significantly, the available supply of top-quality skins will present a problem, but it has not to date. If it appears that the market is changing (growing significantly), then market prices will have to change to reflect the increased demand for quality tanned skins, assumedly leading to increased supply.

There is a constraint on the leather requirements for the shoe industry. If local artisans are to increase their production and their quality, there will be a heavier demand on the SBMC to produce a variety of finished leathers than it can meet. This will become a major constraint. In addition, the cost of the leather supplied by the SBMC is high compared to world market costs. This puts the local shoe industry, much of which is dependent on the SBMC leather, at a disadvantage from some imports, particularly artisanally manufactured shoes from the coastal countries.

OPPORTUNITIES FOR SUBSECTORAL EXPANSION

From the above analysis, several opportunities appear for expanding the subsector, particularly at the *maroquinerie/cordonnerie* level.

Improved Local Marketing Skills and Techniques

As noted above, there are some very high-quality leather goods produced in Burkina. Yet the artisans produce almost uniquely for order, very little for eventual sale. The contradictory factor is that the artisans who work only to order are in the most out of the way places, buried in the *quartiers* or living and working in little villages far from the markets. This approach to selling the products must change if there is to be any expansion of the subsector. Making the products more visible and accessible to the public will most likely lead to increased sales. There has been no systematic attempt to get the high-quality leather products into the formal commercial marketing channel, beside the lower-end tourist trade.

Considering the GOBF's interest in preventing the rural exodus, a marketing solution must be found that will allow the artisans to maintain their current workplaces, and not force them to relocate into more visible locales.

Expanded Market through Increased Exports

The capacity to test-market is critical if regular links to export markets are to be developed. To date all test marketing has been done either by individual artisans, the rare expatriate who will try to sell some bags in his/her home country, or regular dealers in african art. There has been no systematic attempt to develop the export market by supplying top-quality finished product to dealers in other countries and seeing if they will sell, or tapping into the traditional export channels.

If this does work, then the subsequent problems arising from getting sufficient supply of product at acceptable quality levels will need to be addressed.

Product Diversification

Diversification into new products beyond the simple bags and tourist articles being mass produced presents a real opportunity for expansion. However, the market for these products must be carefully identified and the skills developed. Major articles include garments (clothes and jackets) and other

accessories or sporting equipment (footballs). Some of these are already being made in limited quantities, but are not near to capturing the potential market.

Garments are a high-quality/high-price niche, so the best approach may be through association with other articles produced in Ouaga (high-fashion dresses or clothes). This will require a learning curve, but the best artisans can probably adapt to this. Quality, style, and design are critical at this level. They will depend heavily on the quality of the tanned leather available as well as the skill of the artisans and their sense of design. Imitation will be the best learning ground, but artisans must be prepared to fail in many of their first attempts before they can reach the quality necessary to begin to develop this market successfully.

Sporting equipment and other accessories also require skills in how to manufacture the articles. One investigation has been made, but has not been followed up with the appropriate assistance.

Improved Tanning Technology

Spreading the use of improved local tanning techniques will make Burkinabé skins more competitive on the regional level, as well as improve the quality of the skins consumed by the local *maroquiniers*.

LEVERAGED INTERVENTION

The concept of leveraged interventions is a fundamental element in the subsectoral approach to economic growth. This concept is explained at depth in the literature,¹⁷ but rests on the fundamental question of how to get the greatest impact (growth of the subsector) with the limited resources which are available. Leveraged interventions are those that reach the greatest number of operators at the lowest cost, usually by identifying nodes where technological change can be most easily effected or the greatest numbers of beneficiaries reached with the fewest concentrated interventions.

Geographic Clustering

Focusing on areas where there are already large concentrations of beneficiaries allows greatest coverage. This would be particularly effective for transferring improved tanning technologies, because they are clustered into just a few villages. Male leather workers are concentrated in two provinces (curiously enough these are different from the concentration of female leather workers), where they perform their work primarily as a secondary activity; there is also a heavy concentration of primary activity leatherworkers in Ouaga and Bobo.

¹⁷ See Boomgard et al. (1986, 1991), Haggblade and Ritchie (1991).

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Key Actors: The Large, Integrated Skins Traders

As noted above, there are a few, large skin traders in each of the principal producing towns: Kaya, Tema, Pouytenga. These traders, four or five per town, intervene at all levels of the channel dealing with butchers, tanners, *maroquiniers*, and the foreign markets in Lomé and Abidjan. They provide supplier credit to many of the *maroquiniers* and know the quality entrepreneurs with whom to work. For example, rather than seeking to provide credit directly to the individual *maroquiniers*, it would be far more efficient to provide the key traders with the funds to then pass along to those artisans they would select. These traders can also fill the role mentioned below in identifying new market opportunities and could use specific assistance to develop those markets.

Traders Specializing in Finished Articles

There are already a few groups with established ties to export markets: traders in artisanry goods. However, since this trade is considered largely illegal, very little is known about it. And yet these are the people with the greatest capacity to make a lasting impact on the market. These traders often have regular relationships with dozens of artisans, purchasing their goods on a regular basis. Working with a few of them provides access to large numbers of the most productive artisans at both the tanning and the *maroquinerie* levels (as with the skins traders above). They can serve as the principal source of price signals to the producers, giving them indications on what products are in demand or how production could be improved.

Lead Enterprises: The Workshops

The complaint is always heard that there is too much copying in Africa. This is an ideal chance for that to be used to help develop a new market. By working with a few carefully selected lead enterprises, initial markets and clients may be identified or new product lines developed, which can then be poached upon by all the other artisans in Burkina.

There are already a few enterprises that have shown themselves to be leaders in the field. Assistance should target those workshops since they will often have the greatest existing capacity and be the most amenable to change. In particular, they are the likeliest sources of supply if an export market is to be developed. They will be the ones with the greatest capacity to produce high-quality fashion articles if there is to be a switch to that field. New approaches to local marketing also need to be researched and developed and they will probably have the greatest capacity to supply those channels, at least in the short run.

One advantage to using the lead-firm approach is to finance the learning curve for the group as a whole. Though a few firms may benefit in the immediate future, the information that is being generated and the new markets that are opened will be for all to use.

Government Policy Change

Since there are relatively few government policies that have any impact on this subsector, there is limited room for government policy intervention. However, there is a clear need for an effective overall government approach to assisting artisans that is based on their financial interests and on

assistance in the actual sale and export of goods, rather than just talking about it. Several groups are simultaneously trying to put together such programs; unfortunately these solutions appear to be along traditional government lines, which are not adapted to support private entrepreneurs successfully.

ANNEX B
WEAVING SUBSECTOR ANALYSIS

ANNEX B

WEAVING SUBSECTOR ANALYSIS

This section analyzes the weaving subsector through the various production channels, from beginning (for example, basic material production) to end (marketing the finished product). The analysis will focus on the dynamics that exist between the various production processes leading to different markets.

The dictionary¹ defines weaving as the process of interlacing warp (lengthwise) and woof (widthwise) to make cloth. For us, therefore, the weaving subsector (in this analysis) will include, as mentioned earlier, production of the basic material (the thread) and end with the making of the woven cloth and its marketing. In Burkina Faso, as in many other West African countries, the standard unit of cloth measure is the *pagne*, which measures approximately 1.9 meters long by 1.2 meters wide, though this may vary.²

SIZE OF THE SUBSECTOR

Employment

Since 91 percent of the population is rural in Burkina Faso, a very large number of people work in this subsector. The distribution is as follows:

Cotton Picking and Ginning	
- Industrial:	1,906 people, of whom 816 work full-time (1988-89)
- Traditional:	20,488 people ³
Spinning	
- Industrial:	744 people, full-time
- Traditional:	173,890 people, 6,197 for whom it is the main occupation
Dyeing:	4,293 people, 471 for whom it is the main occupation

¹ *Dictionnaire de la langue française* - Vol. II, Editions Bordas, Paris, 1976, p. 2941.

² The stages that follow the production and marketing of the woven cloth are addressed in the subsector analysis covering the garment/clothing subsector.

³ This figure comes from the 1985 general population census. According to our estimates, approximately 60 percent of the spinners, for whom this is the main occupation, are ginning the cotton they purchase or produce. To this figure, we must add about 10 percent of the spinners for whom this is a secondary occupation.

Weaving

- Modern Weavers: 12,030 people, 3,875 for whom it is the main occupation
- Traditional Weavers:⁴ 76,178 people, 6,036 for whom it is the main occupation

We estimate that 289,559 people work in the weaving subsector. Thus, this subsector employs more human resources than any other processing sector in Burkina Faso. It is important to note that women are the principal actors among the traditional spinners and among the modern weavers.

The Market

In Burkina Faso the weaving subsector produces three distinct finished products: traditional woven cloth (*dan fani*), modern artisanally woven cloth (*faso dan fani*), and printed cloth. The markets for these three products amount to approximately 15 billion CFA. Lacking an official figure, experts in this subsector estimate that the total market value for all woven cloth (imported and domestically produced) amounts to 25 billion CFA, with domestic production accounting for just over half of this value.⁵

Woven Cloth

Traditional woven cloth and blankets. Tradition woven cloth (*dan fani*) is produced mainly in rural areas and generally purchased by women. The market for this type of cloth seems to be steady. According to Stoupy, the value of the production of woven cloth and blankets using traditional threads exceeds 7 billion CFA. One *pagne* is made from sewing together 12 to 14 strips of traditionally woven cloth. Of the total value of traditional cloth, the value of the spun thread is 1.7 billion CFA.

Faso dan fani cloth. The *faso dan fani* cloth became an important market in the mid-1980s. The cloth resembles the traditional weave (*dan fani*) but uses locally produced industrial thread and some imported thread. An official decree requiring people to wear traditional dress at official events (political succession, receptions, weddings, official ceremonies, and so on), necessitated the production of a more modern woven fabric of higher quality that could be used by the upper classes. A *faso dan fani pagne* is completed by sewing together some six strips of the cloth.

⁴ We must make a distinction between modern weavers and traditional weavers since modern weavers use industrial threads only, while traditional weavers use either industrial or traditional threads. Moreover, modern weavers generally sell their products at urban markets.

⁵ The national statistics estimate the total production of local cloth to be about 9 billion CFA but these figures are roughly half of similar estimates in Mali, which should be considered comparable. Of the estimated total market of 25 billion CFA, 7 billion is local woven (*dan fani*) cloth, 3.5 billion is *faso dan fani*, 5 billion is Faso Fani production, and 10 billion, legal and illegal imports.

In March 1986, a unit was established to upgrade the quality and marketing of the modern cloth woven by women. This unit was called Faso Dan Fani after the name given to the modern woven cloth.⁶ It now competes with other production units such as the Unité Artisanale de Production (UAP-Godé) [Craft Production Unit], and COPAFO, which were created to respond to the market opportunity.

The *faso dan fani* cloth manufactured by the cooperatives for traditional markets or for Faso Dan Fani is in the most expensive market niche, the same niche traditionally occupied by *bazin* and imported Dutch Wax. Considering the price, customers for *faso dan fani* cloth are urban and are mainly civil servants. Already lacking the reputation of the comparable products, the market for *faso dan fani* shrank considerably after ceremonial dress requirements were relaxed following the events of October 15, 1987. The drop in sales constitutes a serious problem for the producers.

The annual market value for *faso dan fani* cloth was estimated at 3.5 billion CFA in 1987, before the slump. Most of the market remains, but it is mainly served by individual weavers rather than by companies. The sale of thread by the Faso Fani factory to produce the *faso dan fani* cloth amounted to 1.6 million CFA.

Industrial woven cloth. To diversify its production, the Faso Fani textile factory produces woven *pagnes* and blankets in addition to its standard printed cloth. These woven *pagnes* are produced to compete with the *faso dan fani* cloth, but they have never exceeded 500 million CFA in value, even though their price is far lower than the price of handwoven *faso dan fani* cloth.

Printed Cloth

Printed cloth is the second type of finished product; it is only produced by Faso Fani. In 1989, production of printed cloth amounted to 75 percent of the factory's turnover, or approximately 3.375 million CFA. Printed cloth (also called fancy) is sold in Burkina Faso and neighboring countries. It is interesting to note that, although the price of printed cloth cannot compare with the *faso dan fani* cloth, the market for thread used in the production of *faso dan fani* fabric and the market for printed fabric have an inverse relationship (see Figure B-1 for Faso Fani market development).

SUBSECTOR ACTIVITIES AND TECHNOLOGY

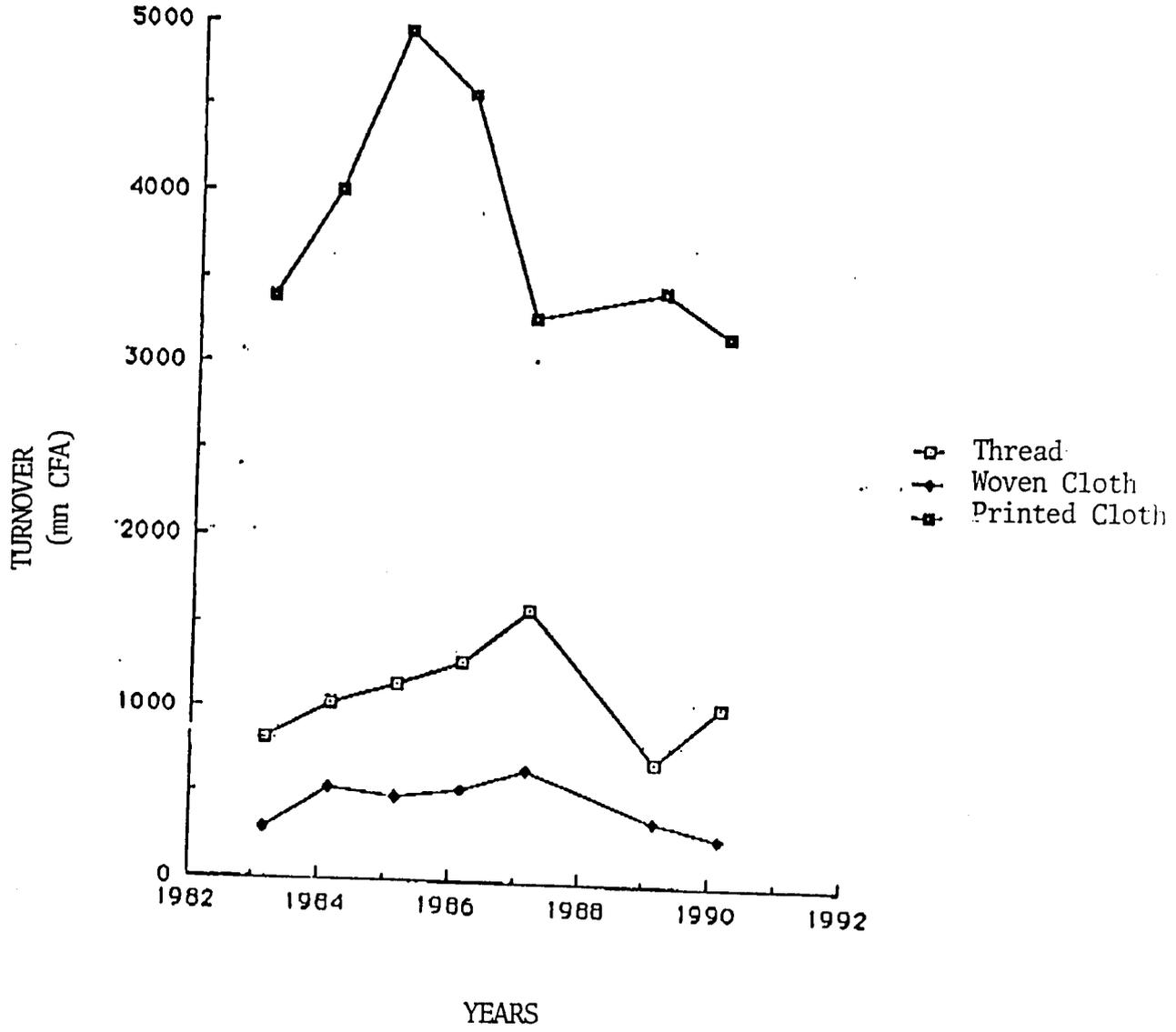
Tasks in the weaving subsector include spinning, dyeing, and weaving activities.

Spinning

Spinning consists of all the activities that transform the basic material (cotton, for example) into threads for weaving. As mentioned earlier, two types of threads are produced in Burkina Faso: industrial thread and traditional thread.

⁶ It is important to distinguish *faso dan fani* cloth, which is the traditional dress in Burkina Faso, from Faso Dan Fani, the parastatal organization, which promotes and markets the *faso dan fani* cloth, and Faso Fani, the textile mill.

FIGURE B-1
MARKET SIZE FOR FASO FANI PRODUCTS



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Industrial Spinning

There is only one spinning-weaving factory, the Faso Fani. Each year, this factory purchases an average of 1,000 tons of ginned cotton from Sofitex at world market prices.⁷ Sofitex cotton is stored in warehouses where it is processed in humid conditions to facilitate the working of the fibre. At this level, coils of cotton are made with a scutcher. These coils are then transformed into cotton slivers with a carding machine. Faso Fani has 11 spinning frames producing five varieties of thread.

Faso Fani employs 744 people and, in 1989, the sale of thread amounted to approximately 15 percent of its turnover, or 825 million CFA. This is almost 50 percent less than during the heyday of the *faso dan fani*. The factory produces white, black, and color threads, as discussed below.

Traditional Spinning

Traditional spinning is generally done by old people who are no longer active in the fields. Traditional thread is thick, uneven, and not as strong as industrial thread.

Weavers buy ginned and unginned cotton at the local market, or directly from the growers. Spinners manually gin the cotton purchased from the growers with a bottle or an iron rod; it is then carded.⁸ After carding, cotton slivers are hand spun with a bobbin less than 30 centimeters long that spinners hold with their fingers. The technology used is among the most archaic in the world. The production of thread for one *pagne* requires 2-3 days (it is rarely done full-time), and costs approximately 600 CFA, and yields a profit of 300 CFA to the spinner.

In rural areas, spinners produce traditional thread manually. This thread is sold to weavers and dyers. According to our estimates, the turnover for traditional thread was about 1.7 billion CFA in 1990 for the 168,000 women spinners.

Dyeing

There are three types of dyeing: industrial, semi-industrial, and traditional (indigo).

Industrial Dyeing

Industrial dyeing is done at two levels:

- Threads produced by Faso Fani are dyed with several dyes. Faso Fani prefers to avoid expensive dyes that raise the cost of the finished product. Cheaper dyes with acceptable dyeing power are preferred by the factory.

⁷ Cotton is produced locally. Burkina Faso does not import any cotton.

⁸ Cotton is hand carded with brushes of bent wire teeth set closely in rows which comb and lighten the cotton.

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- Woven fabric (cretonne) is dyed (printed fabric) in design shops where patterns are created.

Semi-Industrial Dyeing

Dyers buy dyed thread from Faso Fani to make the *faso dan fani* and also white thread, which is then dyed with imported chemicals purchased at the market. Imported fabric (*bazin*) is also dyed; most dye is imported from Mali, and the top quality necessary to make quality cloth is very expensive.

Traditional Dyeing

This kind of dyeing is done at two levels:

- First, traditional thread is dyed using a mixture of a chemical to get the indigo color and crushed leaves used as adhesive. Dyers purchase threads from spinners or retailers. Dye required for one *pagne* costs 300 CFA.

- Second, the finished product (the *pagne*) is dyed to obtain a darker color. This second dyeing is done using a mixture of indigo and leaves. A dyer receives 200 CFA for this activity. Traditional dyeing gives essentially two colors: light blue and navy blue (or dark blue), according to soaking time and whether the strips of cloth had been dyed before. If we consider that a dyer performs these two tasks on 10 *pagnes* (monthly), we can conclude that she earns 12,000 CFA/month, or 144,000 CFA/year. The turnover would therefore amount to 573 million CFA, with a added value of 286 million CFA.

Weaving

Industrial Weaving

Industrial weaving produces printed cloth (fancy) and Faso Fani woven cloth, which resembles the *faso dan fani*, except that it has only one band (strip) instead of the multiple strips in the *faso dan fani*. Faso Fani's machines date from the 1960s and are old compared to competitors in neighboring countries. This fabric is less expensive than the *faso dan fani* but also less durable.

Faso Dan Fani Weaving

Faso dan fani weaving is done primarily by women. They use simple, modern looms costing 40,000-50,000 CFA (five strips per *pagne*) or in reeds (with or without cylinder) costing about 100,000 CFA (two strips per *pagne*). All *faso dan fani* weavers use only Faso Fani or imported thread.⁹ On average, a full-time weaver needs one day to produce enough cloth for one *pagne*.

⁹ In Burkina Faso, the only imported threads used by weavers are glossy threads that are mixed with Faso Fani threads.

Traditional Weaving

Although in large urban centers weaving is mostly done by female modern weavers, in semi-urban and rural areas weaving is done by traditional weavers who use either traditional or Faso Fani threads. Traditional weaving is a male-dominated activity. In some villages, weaving is reserved to one caste: a case in point is *griots* (story teller-musicians) in Dédougou; in Bobo-Dioulasso, the craft is entirely controlled by immigrants from Mali. Weaving is done on traditional looms, and the quality of the finished product is not always very good. Given the narrow width of the artisanal combs on the looms, 12 to 14 strips are required to produce one *pagne*.

Marketing

Marketing of woven products is done either by wholesalers licensed by Faso Fani, or organizations such as Faso Dan Fani, UAP-Godé, COPAFO, or merchants/retailers who buy the cloth from weavers for resale at the market. In traditional cloth marketing, the sale of cloth is controlled primarily by the dyers and spinners. Each channel has its own marketing agents, as will be described below.

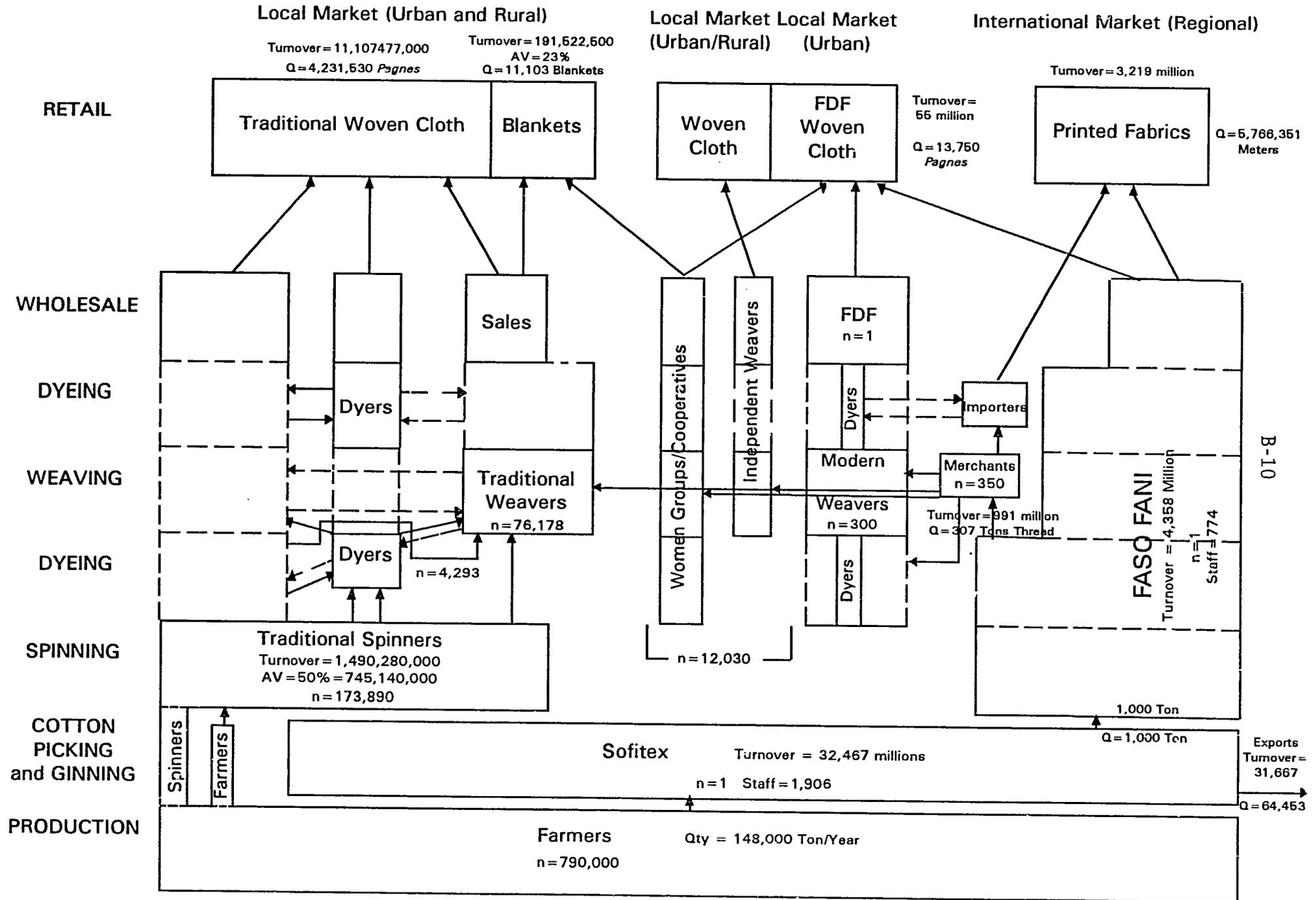
PRODUCTION IN THE WEAVING SUBSECTOR

Subsector Map

The diagram (Figure B-2) shows five existing production and marketing channels in the weaving subsector in Burkina Faso. These five channels require the services of several actors. Vertically, the diagram shows the sequences of the activities performed in each production channel. The process starts with procurement of the basic material (bottom of the diagram) and ends with delivery of the finished product, going through transformations of the basic material at each level of the production process.

Throughout the production process, we note a number of actors performing several specific tasks. For example, we can start with the cotton ginning mill (Sofitex), which gets cotton from the farmers, processes it, and delivers it to Faso Fani. In this example, Sofitex's intervention is limited to cotton procurement and ginning. Simultaneously, traditional spinners also gin and card the cotton before spinning it.

**FIGURE B-2
WEAVING SUBSECTOR MAP**



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Production Channel #1: Traditional Production

Traditional production of woven products in this subsector includes a complex number of actors and of relationships with several alternatives. Cotton is ginned and carded, it is then spun by the spinner. The thread is then dyed by the dyer, woven by the traditional weaver, and perhaps dyed a second time by the dyer, and finally marketed. The process is always the same, from procurement of the basic material to sale of the finished product, except that control of the process may vary.

The spinner can control the process. In this case, the spinner buys the cotton, spins it, has the thread dyed, gets it back from the dyer, has it woven, gets it back again from the weaver, gives it to the dyer for a second dyeing, and eventually sells it to village women. When the process is controlled by the spinner, only traditional thread is used. Also, production per person is low due to the use of a technology little suited to mass production.

The dyer can control the process. Here, the dyer buys thread at the market, dyes it, and pays to have it woven. She often dyes the woven fabric a second time and then sells it herself or through retailers. Obviously, if she makes the final sale, she gets more proceeds.

The traditional weaver can control the process. The traditional weaver buys thread at the local market (in some regions, thread is provided by the women of the household). He weaves the cloth and pays to have it dyed, then markets the *pagnes* from house to house.

For financial reasons, most traditional weavers and dyers prefer to act as "service agents"; they weave and dye the fabric, and get paid by spinners and dyers instead of trying to market the finished products themselves. In contrast, the spinner often controls the process because it is the only way for her to earn enough money from the activity. If she must pay 300 CFA for cotton, she only earns approximately 150 CFA per day of work to spin the thread required for one *pagne* (about two complete days of work).

Fabric woven on a traditional loom sells for 1,750-2,500 CFA. This includes 300 CFA for cotton (twice the Sofitex price) and 600 CFA for spinning (3-4 days). Weaving costs 750 CFA (2 days), and dyeing costs 200-1,000 CFA. Blankets sell for 3,500-20,000 CFA. The added value to produce a blanket is estimated to be 23 percent.

Production Channel #2: The Cooperatives

In this production channel, modern weavers are organized in groups or in cooperatives for the marketing of their products. The cooperative controls the production. The cooperatives buy the cotton or the thread and the weavers and spinners are paid according to the quantity and quality of *pagnes* woven. They are, in effect, only employees of the cooperative. Among these cooperatives, we can mention UAP-Godé, COPAFO, Goundi Center for the Handicapped, and so forth.

Generally speaking, cooperatives address both economic and social aspects. In other words, the main objective of these centers and cooperatives is not to make money, but rather to teach their members a trade. Here, the cooperative buys the thread and the women are paid for the quantity of *pagnes* woven (an average of 400 CFA/*pagne*). The cooperative is responsible for marketing the finished products.

In some cooperatives, the focus of the activity is around spinning, so they purchase cheap cotton directly from Faso Fani. However, in most cases, they only use Faso Fani thread.

Pagnes made in cooperatives and groups usually sell for 3,000-5,000 CFA, according to their quality. However, weavers who supply the cooperatives with *pagnes* are paid 2,250-3,250 CFA per unit, for which they have already paid at least 2,000 CFA for thread. Therefore, a commercial weaver earns about 250 CFA for a *pagne*, which takes one day to weave. In cooperatives and Craft Production Units, weavers were earning about 7,000 CFA monthly.

Production Channel #3: Independent Modern Weavers

Here, women who have learned how to weave either in training centers or with friends or neighbors buy Faso Fani thread at the market, produce the woven cloth, and sell it to retailers. The quality of these *pagnes* is lower than that in channels 2 and 4, but they are reasonably priced since less thread is being used. These *pagnes* sell for about 1,800 CFA.

Production Channel #4: Faso Dan Fani

Faso Dan Fani is a state-owned enterprise (parastatal) responsible for the marketing and promotion of the *faso dan fani* cloth. Created in 1986, Faso Dan Fani contracts with modern weavers to supply *pagnes* woven according to predetermined patterns and design. Weavers are in turn paid when Faso Dan Fani sells their products. On average, each woman receives 300 CFA per unit. Faso Dan Fani works with seven women's groups throughout the country. Each group is organized around one representative who receives the purchase orders and allocates tasks and money. In the majority of cases, this representative is the dyer.

The weavers use only Faso Fani or imported thread. They buy the required thread (on average 14 hanks for one *pagne*; one package of thread includes 12 hanks), weave it, and the *pagnes* are sold by the Faso Dan Fani. Faso Dan Fani executes strict quality control both on the design and on the weave of the cloth, in an attempt to sell the cloth at a higher price.

Channel 4 is similar to channel 2, differing primarily in the relationship between the weavers and the unit.

Production Channel #5: Industrial Production

The Faso Fani factory produces finished items such as printed cloth, woven cloth, and bits (napkins, compresses, tablecloths, and so on).

Ginned cotton is supplied by Sofitex. The cotton is processed, carded, then spun in spinning frames. At this stage, Faso Fani has obtained threads of various qualities, which are an intermediate product sold by retailers to modern weavers, dyers, and traditional weavers. The same threads are used by Faso Fani to produce the woven fabrics mentioned above.

The industrially woven cloth is usually lighter weight and of an inferior quality to the *faso dan fani*. It is a much broader weave, and has only one band (strip) as opposed to the 5-8 bands in the

traditional *faso dan fani*. As a result of its lighter weave and the economies stemming from the vertical integration of Faso Fani, it sells for less than the *faso dan fani*.

DYNAMICS BETWEEN PRODUCTION CHANNELS

The team determined that the production channels are markedly interdependent; for example, the Faso Fani thread is used by almost all the production channels. Thus, the price for thread set by Faso Fani has an impact on production cost in all the channels, on the competitiveness of the different products, and consequently on its sale potential.

The Market

To the extent that the finished products in this subsector are basic necessities, they have a guaranteed market. We examine here where the three markets for locally produced cloth may be going.

The Market for Traditional Fabric

In rural areas, traditional woven cloth sells relatively well, better than in urban areas. Considering that *faso dan fani* cloth is too expensive for most people's budgets, the rural market is dominated by cheaper printed and traditional cloth. Because of tradition, in rural areas women prefer the traditional woven *pagnes*. For example, in some regions of the country (Center and Center-North), the bride must be provided with a basket of traditional *pagnes*. Even if such traditions seem to be disappearing, the symbolic system remains, and the bride's basket always includes a few traditional *pagnes*, proving her capacity to clothe her family. In addition, traditional *pagnes* are long-lasting — they withstand the rural environment better. Based on this information, the market for traditional woven cloth will likely remain fairly stable in the immediate future.

The Faso Dan Fani Market

Market estimates for *faso dan fani* woven cloth show that it may well have reached 3.5 billion CFA in its apogee in 1987, but this figure has dropped considerably in the last few years. Reasons for this decline in market share, apart from the relaxation in the requirement to wear the traditional *faso dan fani* dress, revolve around the price of the material in relation to the purchasing power of Burkinabés, the quality of the fabric, the styles offered, and competition.

Faso dan fani pagnes produced by formal production units, or under the supervision of the Faso Dan Fani organization, are relatively expensive because of the high cost of basic material (a minimum of 2,000 CFA for thread per quality *pagne*). Because of the cost of dyes, glossy threads, and shop labor costs, the selling price of Faso Dan Fani products increases rapidly, exceeding the budget of the average Burkinabé. Given the high price, the formally produced Faso Dan Fani *pagnes* must compete with Dutch Wax and woven fabrics sold at the market. Therefore, the market for *faso dan fani* cloth is limited to large urban centers.

Moreover, there is also parallel production by women who work for cooperatives, groups, and centers (channel 2). The quality of their products is inferior, and they are far cheaper. Therefore, when women do not receive orders from Faso Dan Fani, or when cooperatives are overstocked, women (members of cooperatives and groups) make reasonably priced *pagnes* for private customers. Without realizing it (but because they need money), they are competing with themselves, thereby undermining their own market.

In 1990, the turnover of the largest formal structure producer of the *faso dan fani*, the Faso Dan Fani, was approximately 55 million CFA. As this represents only 1.6 percent of the total market for *faso dan fani*, it is clear that the majority of the cloth is being produced informally.

The Market for Faso Fani Products

In Burkina Faso, the total market value for products of the weaving subsector is approximately 25 billion CFA, including local production and imports, of which Faso Fani accounts for approximately 5 billion CFA.

Burkina Faso's woven products do not sell very easily. The local market value of 15 billion CFA for modern fabric/printed cloth divides into imported and local products. Among other things, printed fabrics from neighboring countries, such as Nitex, Togotex, *bazin* from Mali, and Dutch Wax, compete with Faso Fani products. Official figures for fabric imports was 6,119 million CFA in 1986 and 3,701 million CFA in 1987 (see Table B-1), of which about 50 percent is the value of cotton fabric imports. Moreover, experts estimate that illegal imports total 8 billion CFA.

Faso Fani products are the least expensive products on the market. One *pagne* (printed fabric) sells for 1,350 CFA, which is by far the lowest price. It is worth noting the trade-off that exists between the sale of thread for weaving *faso dan fani* cloth and the sale of printed cloth. This seems to show that there is a very strong trade-off among local products, in spite of differences in their price.

The Technology

The technology used in the weaving subsector is archaic. In rural (traditional) areas, looms are primitive, and weaving and dyeing techniques haven't changed in centuries and can be vastly improved. This is especially true for spinning, which employs more than 160,000 people; spinning is a very slow process, and the quality of the threads is questionable.

Machines in the Faso Fani spinning-weaving factory are very old (they were acquired in the 1960s), slow, and their operation requires too many workers; consequently, production costs are high. That is why all products made with Faso Fani thread, on which modern weavers, dyers, and traditional weavers depend, are not reasonably priced.

In spite of our estimates, which indicate that the added value for traditional weaving is approximately 50 percent, traditional weaving is a very slow process yielding a low daily income. Replacement of the archaic technology used by spinners presents a strong potential for increases in output and improvement in quality. This will depend mainly on the possibilities for social change that would lead to changes in the sharing out of tasks in rural areas.

Table B-1
 Statistics on Import and Export of Cotton Products

Quantity

	1983 ----	1984 ----	1985 ----	1986 ----	1987 ----
IMPORTS					
Cotton Cloth	2840	2281.4	2873.4	3736.8	3047.8
Total	5780.7	5471	7456	9576	6867
EXPORTS					
Cotton Products	n/a	n/a	n/a	n/a	n/a
Total	n/a	n/a	n/a	n/a	n/a
Raw Cotton	22802.4	29077.8	24811.3	44567	64699.5
DOMESTIC PRODUCTION					
Thread (tons)	373.1	393	391.8	237.5	534.4
Woven Cloth (tons)	152.7	141.5	136.7	49.5	152.7
Printed Cloth (meters)	7293.7	8224.7	10884.5	4125	5591

Value
(Millions CFA)

	1983 ----	1984 ----	1985 ----	1986 ----	1987 ----
IMPORTS					
Cotton Cloth	1952.4	1499.6	1925	2913	1758
Total	3401.1	2765.2	3871.9	6119	3700.6
EXPORTS					
Cotton Cloth	n/a	n/a	n/a	n/a	n/a
Total	n/a	n/a	n/a	n/a	n/a
Raw Cotton	11898.2	19178.8	11659.6	10632.8	20138.4
DOMESTIC PRODUCTION					
Thread	756.4	967	1090.1	1231	1542
Woven Cloth	236	477.6	434.9	471	597.8
Printed Cloth	3325.6	3947.8	4889.1	4526.8	3225.2

Design and Patterns

At the industrial level, efforts are made to create styles and patterns likely to suit customers' taste and able to compete with imported styles. Faso Fani imitates Dutch Wax patterns to create what is commonly called *imitation wax*. The objective of Faso Fani is to compete with imports, and to strengthen its domestic market.

Traditional woven fabric patterns and styles remain unchanged. There is very little creativity and innovation. Colors other than white and blue (and blue variants) are used only for blankets.

The dyeing of threads and *bazin* allows a variety of styles, but here again dyers are faced with problems linked to availability of basic material.

Exports Markets

The foreign market for printed fabrics is limited to the neighboring countries, especially Côte d'Ivoire and Mali. This market is small and offers little opportunity for growth because of the price of woven fabrics and blankets, and because these countries have similar industries producing the same type of product.

Other products from this subsector are purchased by tourists. According to estimates, 75,000 tourists visit Burkina Faso each year. Tourists prefer to buy dyed *pagnes* and blankets; they show little interest in woven *pagnes*. If we assume that half the annual number of tourists (37,500 people) buy one *pagne* each for 3,000 CFA, the annual market value is only 112.5 million CFA.

Policies and Regulations

Tax Regulations

Craftsmen in the weaving subsector are exempted from taxes, as in the other subsectors. Such exemption does not apply when craftsmen open their own shops, however. In that case, they must pay TCA and IMF taxes in addition to their license. Because the majority of weavers work in cooperatives, they can market their products without having to pay taxes.

Policies

Several steps have been taken to promote the activities of this subsector: among other things, protection against imports and the requirement (now abandoned) to wear the *faso dan fani* dress.

Policy to regulate imports. Textile importers (of printed fabrics, thread) must obtain Faso Fani's approval prior to being given an import license.

Requirement to wear the *faso dan fani*. This policy was instituted by government authorities in the days following the Revolution to support the slogan "Produce and Consume Burkinabé." People had to wear the *faso dan fani* dress at official ceremonies. However, since the events of October 15,

1987, this policy has been ignored; consequently, Faso Dan Fani and all of the producing cooperatives and most merchants have a sizeable stock of products to sell off.

OPPORTUNITIES FOR SUBSECTOR IMPROVEMENT

Before moving on to the opportunities for improvement, we should mention the following facts:

- Many people are working in this subsector;
- The market is limited;
- The price for thread is too high compared to that of the finished product; therefore, *pagnes* are very expensive and difficult to sell;
- Overproduction of *faso dan fani* cloth is a direct consequence of the three facts above;
- The quality of the finished products could be improved;
- The technology is rudimentary; and
- The majority of people working in this subsector are illiterate.

Faced with these realities, some great opportunities for action exist, which would give new life to this subsector.

Reduction of the Price of Thread

As mentioned above, the market for woven products is limited. Because of Faso Fani's high basic material production costs (excessive labor, machines ill-suited and too old, and so on), thread is relatively expensive (and accounts for about 90 percent of the finished product). This impacts on thread by-products. Therefore, the selling price of *pagnes* woven and sold by cooperatives and weavers' groups, generally of high quality, exceeds the purchasing power of Burkinabés.

Yet the subsector diagram (Figure B-2) shows that there is only one thread supplier for *faso dan fani* cloth — Faso Fani. A great opportunity would exist if the spinners' technology could be changed or improved. This would increase their production capacity, and they could supply weavers with less expensive thread. In turn, it would solve the price problem and offer the possibility to create new jobs for women.

Decrease in the Number of Weavers

Under the supervision of several NGOs and projects, far-reaching programs for training of women and creation of cooperatives were implemented to help the most underprivileged sections of the population. We estimate that more than 2,000 women have been trained to weave in the past few years. One UNESCO project will finance the training in a variety of activities of more than 1,000 women in

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the BAM Province. The market is saturated because of this socially oriented production, which pays little attention to its economic effects. Thus, many women learn how to weave, save money to buy looms, then face the harsh reality of the saturated market. In the long run, this training has a negative social effect. Therefore the number of weavers must be reduced.

Enhanced Distribution Channels/Marketing

One of the weaknesses of this subsector is the lack of marketing channels for finished products. Except for trade fairs and events such as SIAO and FESPACO, there is no distribution channel for products and very little marketing. It is the customer who goes to the products and not the products that look for customers.

Similarly, there is a lack of programs that could, on a continuous basis, establish contact between weavers in rural areas and national/international urban markets. To this, one must add the lack of advertising. Existing advertising, when on television, reaches a tiny proportion of the population.

Product Improvement

The long-standing bad reputation suffered by the Faso Fani mill turns customers from printed cloth to Dutch Wax fabric and *pagnes* from neighboring countries. Consequently, while the total market value for all products in this subsector is 25 billion CFA, Faso Fani's printed fabric accounts for only 12 percent.

Financing

Artisans are virtually excluded from obtaining finance from the banking system in Burkina Faso. The banks require collateral and personal capital, which artisans do not have. Also, an accounting system enabling banks to follow up on an investment is lacking. Moreover, the government has not provided specific provisions to encourage banks to finance artisans' activities.¹⁰

However, the problem of lack of funds for artisans is secondary to the problem linked to the marketing of finished products, which should be solved before financing is considered to stimulate this subsector.

¹⁰ Provisions have been taken to force banks to allocate a percentage of their turnover to SME/SMI, but such provisions do not currently exist for microenterprises.

POTENTIAL FOR INTERVENTION (LEVERAGE)

Faso Fani Thread

In this subsector, several products depend on Faso Fani thread. Therefore, the high price for thread leads to expensive finished products. The price authorization system, which sets the margin for Faso Fani, must be reviewed to see if the price for thread can be lowered.

Key Actors

The Dyer. As mentioned above, some people play major roles in the production process. In the production of *faso dan fani* cloth, a woman dyer is the link between the *Faso Dan Fani* organization and the other women in the group. She organizes and coordinates group activities, including, sometimes, the purchase of the thread required for weaving. As the dyer fares, so fares the whole group. Any change in the conception of the work will pass by her. The dyers, then, are a relatively small audience with whom projects or programs can share information for further dissemination throughout the system — information such as news about new markets, new technologies, or other material of significance relating to the weaving subsector.

NGOs. NGOs have successfully launched women in the weaving trade; they can also try developing a spinning industry using new technology. Their capacity to reach down to the individual level is extremely important. In addition, they must be sensitized to the impacts of the different activities they undertake, as history shows us that they will intervene with or without informed assistance from the outside.

Faso Dan Fani. Although Faso Dan Fani has only a small share of the market for woven cloth, it still plays a very important role in the definition of woven fabric standards and quality. Faso Dan Fani could also play this role experimenting with new threads and a new production technology.

ANNEX C
GARMENT SUBSECTOR ANALYSIS

ANNEX C

GARMENT SUBSECTOR ANALYSIS

RATIONALE FOR THE GARMENT SUBSECTOR

Garment manufacture is the second largest productive employer in the urban areas of Burkina Faso. It is largely the domain of the micro- and small-scale enterprise. The INSD and the Direction de l'Artisanat estimate that there are 11,542 people who work as tailors as their primary activity and another 9,262 who do it as a secondary activity. This equates to 18,000 full-time equivalents. Among those employed in tailoring, 22 percent are women doing it as their principal activity and another 9 percent as their secondary activity. Basing his estimates on the Charmes survey in Niger, Stoupy (see TES, 1990) estimates that there were 9,056 garment manufacturing microenterprises in Burkina at a rate of 2.1 employees per enterprise. Now, five years later, it is likely that there are many more.

In addition to garment manufacture, Burkina Faso, like most other African countries, has a dynamic used clothing industry, called frippery. This industry competes directly with locally manufactured garments, particularly targeting members of the lower economic levels. Though not covered in most of the employment and enterprise surveys, a simple visual tour of Ouagadougou demonstrates that the industry is a major employer of people and accounts for a large amount of economic activity. This study will try to estimate the level of economic activity actually generated by the industry

A series of critical questions must be examined to determine the relationship between frippery and locally manufactured (tailored) clothes. Are they substitutes? Will a policy measure that increases the cost of frippery lead to a decrease in frippery sales and a subsequent increase in demand for locally made clothes? Can tariff policies be effectively implemented, or will an increase in tariffs for frippery in Burkina simply lead to greater smuggling of frippery from neighboring countries like Togo, which still have very low import tariffs?

MARKETS FOR BURKINA FASO'S GARMENTS

Garment manufacture in Burkina Faso is strictly for domestic consumption. The relatively high cost and low quality of domestically produced cloth is one factor that eliminates the export potential for Burkinabé products; the other is that there is no developed ready-made clothing industry that could be exporting.

With no consumption data and erratic customs data, it is difficult to estimate the size of the clothing industry in Burkina. The best estimate for the size of the locally manufactured garment market is 30 billion CFA. Total cloth sales are estimated to be 20 billion CFA by Faso Fani and we can, as a rough measure, multiply that by 50 percent for total garments, taking into consideration value added and marketing costs. The market for frippery is a little more elusive, but is at least 8-10 billion CFA, taken from the official imports of frippery (4 billion CFA in 1987), adding on 2 billion in duty paid on that added through the marketing chain. This does not include the illegal imports of frippery reported to be increasing considerably since the government instituted the new import tariff. On top of this is a

relatively small amount of imported ready-made clothes.¹ Therefore, the total market is probably well under 40 billion CFA.

The market for garments is divided into three major segments: institutional clothes (uniforms and workclothes), stylish clothes that can include ready-made and imports, and the general rural and urban market-place sales. The characteristics of the first segment are capacity to produce a large volume of standard-quality clothes at a low price. The emphasis is on reliability and cost. The second segment (stylish clothes) is targeted on quality, but there are cost trade-offs. The third market segment is characterized by cost competitiveness and functionality, where the goods are of much lower quality and where cost is the principal determinant.

STRUCTURE OF THE SUBSECTOR

The Subsector Map

Because we have separated textile manufacture from the manufacture and sale of garments, the garments subsector is simple. It comprises only two distinct sets of activities: manufacturing and the processing of used clothing. As will be seen below, the tailors who are at the core of the garment manufacturing industry have limited contact with marketing agents. Meanwhile, the frippery industry is composed primarily of a complex marketing channel to deliver the used clothes to the consumer. These two distinct industries, with minimal cross fertilization, comprise the garments subsector, which is visually depicted in the subsector map on the next page.

Functions

The principal functions within the manufacturing side of the subsector are purchase of material and accessories, measuring and cutting the cloth, sewing, and in some cases embroidery. After that the garment is marketed.

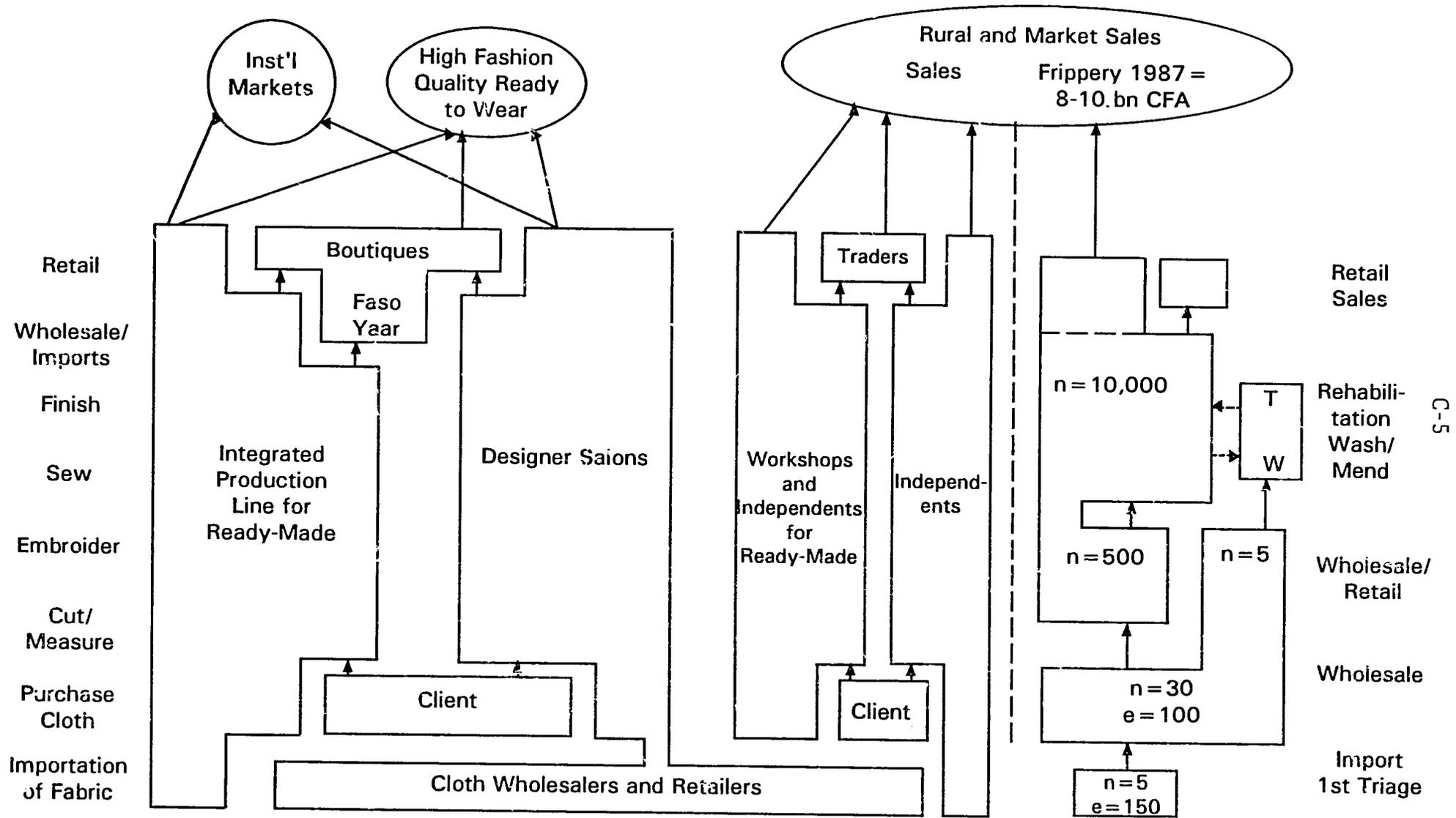
The functions on the frippery side of the subsector really begin with marketing. They are carried out in a distribution system that employs a large number of people, primarily men, and is capable of reaching the most inaccessible locales with clientele. The functions include breaking down the containers and repackaging them into bales, moving the bales, breaking down the bales, and finally rehabilitating and selling the clothes. The main actors to provide these services are the importers, wholesalers, distributors (*demi-grossistes*), and the retailers.

Alternate Supply Channels

Four distinct kinds of enterprises exist among the garment manufacturers, defined primarily by their target markets. There is some movement between the channels, but, as will be shown later, there is a sharp reduction in movement after the second channel. The fifth channel in the subsector is the

¹ Customs data indicate 2 million CFA in ready-made imports. This is so low that it cannot be correct, but no accurate estimation can be made.

**FIGURE C-1
GARMENT SUBSECTOR MAP**



C-5

frillery channel, which is primarily a marketing channel but which accounts for a large percentage of overall employment.

Production Line and Diversified Workshops

One workshop is organized around a permanent production line that specializes in making ready-made clothes, filling institutional contracts (work uniforms), and manufacturing articles for big events (bags, canvas briefcases, and so on). The employees are almost entirely men.

The workshops's ready-made clothes compete directly with imports and some of the tailor-made clothes. It concentrates on undergarments and children's clothes, where the margins are largest, but often runs into market or supply constraints forcing it to diversify its activities. It has diversified beyond garments to include publicity articles (silkscreening, which allows it to leverage the existing production line) and the retail sale of clothing accessories (such as buttons and thread), which it imports for its production line and some of its production.

High-Quality Made-to-Order Workshops

This group of relatively organized workshops targets the higher income population and specializes in higher-quality (and price) clothes. Although they may carry a few articles in stock, most work is done to the client's order, with the client providing the cloth. Orders can be placed for any style and embroidery design. In a few cases, the shop will provide a service of selling the cloth to the client.

The workshop is owned by one person. His or her investment is comprised essentially of the machines. Within the shop, there is usually one person specialized in cutting the material for high-quality dresses (often the owner), one or two people who do the embroidery (maybe more depending on the size of the shop), and the tailors who assemble the clothing. Finishing touches (hems, buttons) may be put on by an apprentice. The vast majority of the labor in these shops is male, though there appear to be quite a few female owners, often the wives of civil servants, with the investment capital and education necessary to open a more formal shop.

The largest of these workshops have the capacity to compete for institutional contracts (especially military uniforms). With as many as 20 sewing machines belonging to the owner, mobilizing for an institutional contract simply requires hiring the tailors, who are in abundance in the labor market. The client supplies the cloth and the workshop cuts and assembles through a rapidly created production line. Working capital requirements are minimized because the client supplies the raw materials.

Several of these shops will produce a clothing line of up to 100 different articles for some of the high-quality boutiques, such as Faso Dan Fani (FDF), but still depend on the client to supply them with the material to carry out the job (FDF supplies the cloth and all they do is the design, cutting, and sewing).

These shops are able to differentiate themselves from the cheap ready-made/tailor groups (channel 2) by the quality of their product. In almost every case, these higher quality workshops are run by foreigners (Ivoiriens, Senegalese, Togolese, or Malians) who have moved to Burkina. Among the foreigners, there is a healthy representation of women, especially at the ownership level. In a few cases they are run by Burkinabé who were all trained abroad (mostly in the Côte d'Ivoire) and who apprenticed

with highly skilled tailors. The most successful Burkinabé tailors first apprenticed abroad and then pursued further education in design and cutting in France.

Cheap Ready-Made

One step up from the individual tailor is the ready-made market. These tailors either work alone or in groups of up to three (if they are doing embroidery). They generally purchase their own cloth and produce a finished product. There is differentiation of task for the embroidery, but not for the cutting and sewing. The principal market for the cheap ready-made clothes are the roving merchants who sell to the rural populations and, to a lesser extent, poorer sections of the urban areas.

Along with the male-dominated production, cited above, women are also active in preparing ready-made clothes. But they target specialized segments of the market associated with baby clothes and specialized outfits such as for communion. Although the men, cited above, work openly in the markets, these women usually work at home, out of sight, and bring their finished products for sale through retailers in the market.

Individual Production

Individual tailors perform most of their work on order from individuals. This usually consists of mending clothes or preparing simple articles of clothing for a client who provides his/her own cloth. Occasionally, the tailor will purchase his own cloth to manufacture some clothes that he then sells as ready-made. This group is primarily made up of men.

Frippery

The frippery reaches the market through a single channel that has several small variations. In all places, the channel is dominated by men, with just a few women selling undergarments.

The factories. At the bottom of the channel are the importer/repackagers, often referred to as the factories. These enterprises have the critical links with the bulk suppliers in Belgium and the United States. They import the product in containers with bales of 300-500 kg, already sorted by type of clothing (pants, shirts, and so forth). The clothes are purchased by the kilogram. The factories break down these packages, sort the usable clothes from those that are no more than rags (which are sold to industrial users). The usable clothes are then repackaged into homogeneous bales with a predetermined number of items (such as 100 pairs of men's pants or a fixed number of kilograms of smaller items) that are easier to manipulate.

There are five factories in Burkina Faso, two in Bobo and three in Ouaga. The factories repackage the bales using hydraulic presses imported from Europe that are worth 40 million CFA each. Each factory employs a handful of permanent employees and 20-40 temporary employees depending on the volume of business. Each importer has 5-10 regular wholesalers with whom he does business.

The wholesalers. There are probably 25-30 wholesalers in the channel. They are responsible for moving the product. They often enjoy close relations with the factories, sometimes having worked with the owners in earlier days (particularly true of those with links to the older Lebanese factories).

They serve primarily as financial intermediaries between the *demi-grossistes* and the factories and take a markup of about 10 percent on each transaction.

The Distributors. The *demi-grossistes* purchase bales from the wholesalers, a dozen or more at a time. Each wholesaler deals with 20-30 distributors so, taking into consideration a 50 percent overlap, there may be as many as 500 distributors in the country. They break down the bales and sort the clothes into piles of individual articles, sorted by quality and usually sorted at a fixed cost per item in each pile. Occasionally the distributors will integrate downwards into the retail level. Margins at the distributor level run about 10 percent, but can vary upwards depending on how isolated the market is.

Retailers. Retailers select the clothing they will sell, article by article, from the *demi-grossistes*. Retailers provide the greatest amount of actual labor in adding value to the product. They will take the clothes, mend them, wash them, and iron them before putting them up for sale.

Sometimes they will contract out with clothes washers and tailors to fix the clothes for them, with a standard cost of 25 CFA per outfit for washing and ironing and 25 CFA for mending.

The retailers usually work from stands costing about 4,000 CFA, for which they pay a *patente* of 6,000 CFA per annum. Usually two or more individuals work at each stand, each with his own clothes for sale. Sharing the stand allows them to pool resources and to share costs on a limited basis, while still maintaining their autonomy. Margins at the retail level are 30-35 percent above purchase price, but net receipts are rarely more than 500 CFA per day.

The number of retailers is uncertain, but there are probably upwards of 5,000 working around the country. They are found primarily in the urban areas, where demand is sufficient to keep them going on a regular basis, leaving the distributors to supply the rural areas through the weekly markets.

ENTERPRISE DEVELOPMENT AND DYNAMIC FORCES

Enterprise Development

Tailoring

There appears to be a highly segregated process of enterprise evolution. On the one hand we have the low-quality market suppliers in channels 3 and 4, and on the other hand we have the higher-style producers in channels 1 and 2.

Evolution from channel 4 to channel 3 can be achieved, but it is extremely difficult for a small firm in channel 2 to cross the line to channel 1. The differences are too great in quality, training, and resources.

There is often a desire to move up from channel 3 to channel 2, where the flow of resources is steadier. However, there are complex management issues revolving around market identification and developing working capital to cover the costs of inventory. The enterprise employees in channel 3 do not need to be as qualified as the people in channel 2, because they are doing primarily piece work rather than quality tailoring, so there is an additional managerial problem related to changing personnel requirements.

Frippery

Evolution in the frippery channel goes both from the bottom up and top down. As noted above, there are only five frippery factories and these require industrial investment. All the actors at this level started as importers with a substantial capital base behind them and good relations with the foreign suppliers, which is the major constraining factor. At the other levels of the channel, however, there is significant evolutionary potential, with retailers working their way up to distributor and wholesale, or with trusted employees of the factories being granted the equivalent of franchises to market the product.

Driving Forces

Domestic Demand

Consumption patterns around the world show that marginal propensity to consume clothing is highest among the poorer levels of the population, but maintains an overall elasticity of about 1.² This has important implications for the demand for microenterprise-manufactured garments in Burkina Faso. The majority of the production from the small tailors is consumed by the poorer rural consumers, along with the frippery.

Assuming that income levels will be increasing gradually (which may be a false assumption), there will be an increased demand for cheap clothing among the bottom third of the population. The critical question is whether that increased consumption will come from locally manufactured goods or from frippery. At present, the price to quality trade-off is generally much better with the frippery, which makes it a very big seller in the rural areas. The cloth available to the local tailors is just not appropriate to compete with the frippery (see below). For the local tailors to compete effectively, they will have to lower their cost of production significantly, which can only be realistically done by increasing their efficiency. If they can become more efficient, they will capture a larger share of the market.

Consumer behavior in Africa is an extremely important factor in shaping the market for clothing. Traditionally, high-quality clothing is handmade by tailors, not ready-made. One of the reasons garments were separated out from textiles is that most people prefer to purchase the cloth and then take it to a tailor to have it made into clothing. There is an aversion to ready-made clothes among the better-off

² Recent calculations in Lesotho put the elasticity of demand among the poorer third of the population at 1.57 (see Grant, et al., *Lesotho Subsector Study*, 1991); calculations in 1988 in Mali estimated the overall elasticity of demand for clothing to be 1.39, while worldwide estimates are around 1 (see Grant and Hanel, 1988).

consumers, unless it is for specialized clothing, like undergarments, children's clothing, or t-shirts. Only the poorer consumers regularly consume ready-made clothing, usually in the form of frippery.

The fact that the cloth for much of the specialized clothing is not manufactured in Burkina presents a supply constraint to the local manufacture of these ready-made clothes. It is difficult to get access to proper cloth on a regular basis. Meanwhile, the frippery, which is imported, is significantly cheaper, though often available in respectable quality.

International Demand

It is unlikely that Burkina Faso will be able to compete on the international market for garment manufacture; the constraints in supply of raw materials, quality and volume of production, and transport are just too great. However, according to the official frippery importers in Burkina Faso, an increased world demand for frippery has led to higher prices for their product, which is hurting their cost competitiveness. This factor, added to the impact of the increased customs duty on the frippery, may open more room for local tailors to compete.

Technological Change

Options for technological change in garment manufacture are limited at the engineering level in Burkina Faso: hand sewing machines will continue to be the rule. However, there are important process changes and marketing techniques that can be adapted to improve the position of the tailors in channels 3 and 4, which may allow them to capture a greater portion of the rural and small market clothing from the frippery.

Production processes. The current production process for the cheap ready-made clothes is simple and inefficient. And yet the product is ideally suited to a production line process that would lead to lower costs and ideally greater market share.

Marketing techniques. The mass of the tailors at both the small workshop and boutique levels employ almost no marketing techniques beyond putting out a sign or hanging their product up for display. This is in direct contrast with the frippery distribution channel, which enjoys a tightly organized marketing network and where the premium is earned from improved presentation of the product. Changes and improvements on the part of the tailors in their marketing techniques could lead to increased sales of their products.

Government Policy and Input Supply Constraints

Current government restrictions on the imports of cloth, requiring Fasc Fani approval, favor the import of small quantities of cloth either illegally or as rejects. This poses problems for the larger firm producing ready-made clothes because it is difficult for them to get consistent cloth in sufficient quantities.

Government Interventions

The Burkinabé government has tried three major interventions to date in the garments industry, which have met with minimal success, as outlined below.

Organizing Tailors: Société Soulga

Under the Sankara government, a mandatory school uniform policy was enacted to stimulate production opportunities for tailors in the country. The Société Soulga was created to manage the process. It worked with hastily (and artificially) organized tailor cooperatives in all of the larger towns. Each cooperative had 20-30 members who sewed school uniforms with cloth provided by the Société Soulga. They received fixed salaries of 25,000 CFA/month in return for their services. The Société Soulga then took on the responsibility of marketing the uniforms to the schools, where school staff were responsible for collecting the payments from the students. The program was to expand to reach the rural areas in its later years.

The program encountered many practical problems on the production and distribution ends. It had inadequate supply of material from the Société Soulga. It was plagued with poor quality uniforms from the cooperatives since they had little incentive to produce quality goods, and the production cost of the uniforms exceeded their market prices. Many students were unable to pay the relatively high price for the uniforms (ranging up to 4,000 CFA per uniform for high school students), and the poorly organized collection process at the schools led to many unpaid uniforms, as well as a fair amount of money collected by the school staff that never made it to the Société Soulga.

With the arrival of the new government in the fall of 1987, the program was terminated. The Société Soulga was liquidated and a committee in the Ministry of Commerce is charged with tracking down the outstanding payments.

Stimulating Local Production: the Faso Dan Fani Experience

The textile subsector analysis reviewed the requirement to wear *faso dan fani* until the requirement was rescinded in the Fall of 1987. One store was organized by the government to promote the production and sale of the material (Faso Dan Fani) by establishing contract relationships with local producing groups. A set of artisanal production units were also authorized (the UAP) by different ministries, of which only one, UAP GODE in the Ministry of Social Affairs, became operational. Both stores are still functioning, but are losing money steadily since the mandated requirement to wear *faso dan fani* was rescinded. The stores are overstaffed, and have poorly adapted operating structures. In addition, the markets and prices for their product are declining.

From these two experiences, mandated school uniforms and the faso dan fani requirement, we can conclude that the government has not succeeded in forcing increased demand to lead the growth of a market to favor small enterprises and artisanal producers. The demand must be genuine, or it will not be sustainable and may lead to failed enterprises. In addition, government intervention in trying to manage the production and marketing process has failed.

All NGO involvement in the domain of clothing manufacture has come about in conjunction with the Faso Dan Fani movement (see the spinning and weaving subsector analysis). There has been no other concentrated activity to assist the garments subsector.

Import Taxes on Frippery

To try to reduce frippery consumption in Burkina Faso, the government recently (Fall of 1989) increased the import tariff from 125 CFA/kg to 300 CFA/kg. There has been an impact at the factory level, with decreasing official imports of the products due to the higher cost. However, it is uncertain whether there has been a real decrease in the availability of frippery. In neighboring Togo, the import duty is only 75 CFA/kg, and given the porous nature of the border, the traders claim that there is a steady flow of bales of frippery up from Lomé.

OPPORTUNITIES FOR SUBSECTORAL EXPANSION

There are three main opportunities for expansion of the manufacturing subsector, which revolve around the principal characteristics of most markets: quality, distribution, and cost of production.

Increased Number of Quality Burkinabé Tailors/Dressmakers

It is clear that the majority of the entrepreneurs owning the quality tailor shops are either foreigners or a few Burkinabé who have worked abroad and received training from qualified tailors and then returned to Burkina Faso. Only recently has there been a slight increase in Burkinabé tailors who have opened their own shops after years of apprenticeship within Burkina Faso. Increasing the opportunities for tailors to increase their skill level as well as be exposed to the elements of running a tailoring shop will stimulate an increase in the development of Burkinabé-owned shops.

Lowering Costs of Production

At the low end of the market, the cheap tailor-made clothes are still more expensive than the frippery. This is in part due to the high cost of cloth, but is also related to the method of production for the clothes: there is no mass production of the low end ready-made clothes. Further study needs to be done to determine whether the costs could be dropped through production line manufacture of clothes and whether those cheaper clothes would be more readily consumed at the rural levels. This intervention can only be undertaken by private operators who are seeking to make a profit and cannot be implemented by government agencies or initiatives.

Better Distribution Channels for Cheap Ready-Made Clothing

The frippery channel is essentially a well-organized distribution channel with thousands of points for retail sales. Can the low end, ready-made clothes be hooked into this channel? The present linkages from the tailors to the commerçants appear to be fairly weak, but if strengthened and supplied with a cheaper product might be an excellent combination for increasing sales to the rural areas.

LEVERAGED INTERVENTION

Geographic Clustering

Most of the more qualified tailors are located in the urban areas where they have greater access to the markets for their products. Anyone wishing to put together a production line operation would be advised to concentrate on the urban areas first to find the qualified personnel. At the same time, the active markets in the urban areas that are attracting highly qualified tailors provide the potential for the base necessary to start more fee-based training activities to develop skilled tailors.

Improved Linkages Through the Wholesalers/Distributors

The wholesalers and distributors operating in the frippery channel provide an opportunity for reaching large numbers of people with their distribution network. Improving links from enterprises mass producing cheap ready-made clothes to this distribution network would expand the market for locally manufactured ready-made.

Government Policy

There are numerous problems that need to be studied more fully but which could probably be addressed through policy changes. In particular, these relate to import duties on frippery (are they doing any good?), clothing imports that might compete with Faso Fani, and tax policy in general as it relates to small tailors in the markets, and to people running schools to train new tailors.

1:9

ANNEX D
CONSTRUCTION SUBSECTOR ANALYSIS

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CONSTRUCTION SUBSECTOR ANALYSIS

RATIONALE FOR ANALYZING THE CONSTRUCTION SUBSECTOR

Construction is a critically important subsector for Burkina Faso for two reasons. The production of building materials and the provision of services for building homes, offices, and other edifices provides the livelihood for nearly 27,000 artisans. "Housing for all" has been a major plank of the GOBF's development policy since the 1983 revolution, and the development of a strong construction industry is a national priority. Construction projects alone accounted for over 20 percent of all government spending during the 1986-1990 Five Year Plan, an investment of 80 billion CFA.

Yet, the provision of good, affordable housing remains one of the major problems confronting the country. Partially (often poorly) constructed houses are an obvious feature in both the large cities and the rapidly growing small towns. The government's active intervention has spurred a boom in the subsector that has led to the creation of numerous new enterprises, but that has also created a perilous dependency on the state market. This analysis considers how MSEs can cope with a subsector in which demand remains high, but in which the market is changing radically.

THE MARKET

Five different market types exist. These are:

1) **"Rural traditional" housing**, a diverse set of dwellings serving the bulk of the rural population. Material content and design vary, but all tend to be owner built. Stoupy estimates the annual value of this market (considering the opportunity cost of labor to collect materials and to construct) at 18.5 billion CFA, but little of this is payment for products or services.¹ Construction work of one sort or another (building or renovation) occurs on 500,000-800,000 of these houses each year.

2) **"Improved housing,"** the flat-roofed, small (18-30 square meters floor space) homes sought by those who have some capital to invest. Most are found in the two big cities and in provincial centers, but at least one or two examples can be found in any population center with more than 100 homes. The market's value is approximately 16 billion CFA.² Less than half of this market consists of payment for materials and/or services. Work occurs on 80,000-90,000 of these homes each year.

3) **"Villa" housing**, larger homes in the colonial (more Western) style sought by higher income buyers wishing to demonstrate their elite status. Fewer than 300 of these are built each year. GOBF housing expenditure accounted for over 70 percent of this market until recently, but this is unlikely to

¹ Stoupy, 1989, p. 48. Assumes rebuilding every 15 years, and roof and wood bracing renewal every three years.

² Stoupy, pp. 43-49.

continue. Market value was 8-10 billion CFA in 1990, but is projected at only 1.2-2.5 billion CFA for 1991 (GOBF less than 20 per cent of total).

4) "Office/Commercial/Apartment" space, larger buildings sought by developers for business use or for investment. The GOBF provides approximately 80 percent of this market.³ Some 6-10 GOBF projects and perhaps 3-5 private projects are initiated each year. Market value was approximately 1.2 billion CFA in 1990, but should rise to near 3 billion CFA in 1991, due in large part to the GOBF FESPACO cinema festival project.

5) "Rural official" buildings, the schools, hospitals, police posts, and other edifices erected to provide basic administrative and social services on a regional and local level. The GOBF and NGOs account for virtually all this market, which comprises 20-50 projects per year, with a value of 3-4 billion CFA.

The first two markets are large in total value, but made up of many small transactions. The latter three are far smaller in value, but are made up of a few large transactions. The former depend on individual demand for housing, which is and should remain strong. The latter depend on government and NGO spending on construction projects, which varies greatly from year to year. GOBF direct spending on construction should drop to less than one-fourth of its 1983-90 levels under the new priorities of the structural adjustment program. Its 1991 plan calls for 52 percent of the expenditure made in 1990 on construction.

STRUCTURE OF THE SUBSECTOR

The Subsector Map

Construction is a difficult subsector to map. It does not contain a straightforward progression from raw materials to products to markets. Although buyers enter a manufacturing industry map at the top of the process, the buyer in construction, the developer, participates in the entire process, whether or not s/he physically executes the individual tasks involved. This creates a large number of horizontal linkages that make it difficult to see the main vertical channels within the industrial system.

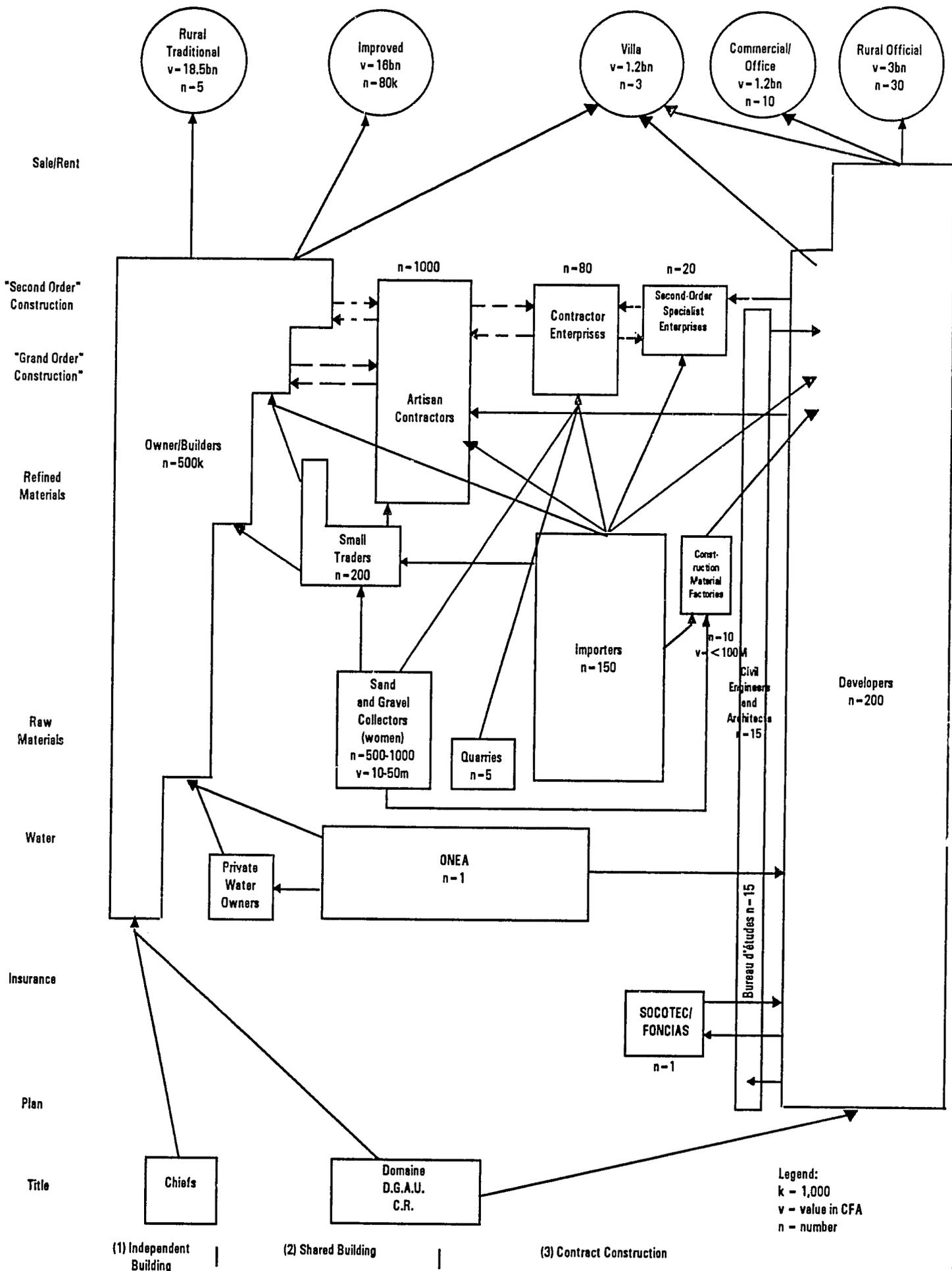
Functions

The functions for the construction map were determined according to the actions required over time to erect a building. Thus, the first steps (acquiring title, making plans) are those necessary to consolidate the idea of the building, the next (assembling raw materials, assembling and producing construction materials) are those that amass the physical resources to build, the next (construction *grand oeuvre* and construction *seconde oeuvre*) erect the building, and the final step is to dispose of the building by occupation, sale, or rental.

³ The government's requirement for all Ouagadougou town center property owners to erect at least one more story artificially expanded this market until recently, with private investment now sharply reduced. Much of the new space created remains vacant.

FIGURE D-1

CONSTRUCTION SUBSECTOR MAP



In practice, construction rarely follows this smooth linear course. Certain parts of a building may go up almost immediately, and some titular and materials affairs may not be resolved until near its completion. Nonetheless, presenting the map using this vertical structure illustrates the major relationships involved, and highlights several focal points within the system.

Coordinating Mechanisms

The map contains three principal production channels that are described below. The different actors at each stage of the channel are linked to the next stage. This is depicted in the map with the following symbols: dotted arrows indicate contract sales, double dotted lines depict subcontracting, and solid lines represent the direct sale of a product.

An elongated box depicts vertical integration within a channel, when individual firms or households perform a series of functions. In the case where a firm subcontracts out an activity, but still maintains control of the product, the sides of the box are drawn with dotted lines. The abundance of subcontracting relationships in construction makes this feature particularly prominent on the map.

One aspect of construction that is difficult to illustrate in this manner is the multiple roles played by many of the actors in this system. For example, many wholesalers of construction materials also are developers or construction firm proprietors, but it is difficult to depict this structural integration while still showing the important functional integration of the different firms.

Women in construction

Although there are no legal barriers to the entry of women into this subsector, there are considerable sociocultural barriers to women entering its more profitable areas. The survey identified only one female head of a general construction enterprise, one female head of a metal construction components manufacturing firm (welding shop), and two female wholesalers of construction materials.⁴ A larger number of old women (perhaps several hundred) earn small amounts gathering sand and gravel for sale on the periphery of the two large cities. A still larger (but difficult to quantify) number support family household construction through supplying water, sand, and gravel to male family members, and through plastering (in some areas only).

The basic obstacle confronting women is the conception held by virtually all Burkinabé that houses and construction belong to men. Although women have equal rights to housing under current law, banks generally do not provide housing loans to women without their husband's or father's consent, even if they

⁴ The woman director of the general construction enterprise, Mme. Nikiema, knew of one woman architect in public service, but was not sure if she was working on construction or public works. The consultants were unable to locate this architect. The Direction Générale de l'Artisanat cites 223 women employed in the subsector, most in masonry (143). The consultants were unable to locate a woman mason, and none of the persons interviewed knew of a woman mason. It is likely that old women who are sand and gravel collectors have been included in this category.

possess a guarantee.⁵ Virtually all work within the subsector takes place outside the home, in a country in which, while values are changing, many still believe women should remain in the home. Most Burkinabé find it difficult to believe that women could be interested in the construction industry. There is no program in existence to train women in construction, or to encourage them to enter the construction industry. The few women in the industry report that officials sometimes question whether their licenses to trade are merely a vehicle for carrying out illicit importation in "women's" items, such as jewelry.

Although the women construction entrepreneurs interviewed came from varied social and economic backgrounds, they all stated that the "productive" nature of the construction industry attracted them into this area. They all note that while, in principle, the present male-dominated nature of the subsector should not keep other women out, in practice, this is a major deterrent to increased women's participation in construction. The women entrepreneurs tended to be more optimistic about future growth prospects for the subsector than their male colleagues, perhaps because they are involved in some of the most innovative work now underway within the construction industry.

Processes and Technologies

As construction involves considerable negotiation as well as production, this section covers the conceptual and legal aspects as well as the physical aspects of erecting buildings.

Acquiring Title

Officially the state controls all land and its allocation. Traditional chiefs still have considerable influence over land use allocation in rural areas. Burkina's different ethnic groups have different traditional means for bestowing land titles in these areas. Many of these exclude women from land ownership.

From 1984, all towns and cities were divided into allotments (*lotissements*), with some 90,000 in the two major cities of Ouagadougou and Bobo-Dioulasso and 120,291 overall. The goal was to provide land to all who wanted it. By 1986, 45,000 new allotments had been demarcated in Ouagadougou, and 30,000 of these were allocated. Some 15,000 low income dwellings were razed during this process, and their inhabitants forced to rebuild outside the allotment area.⁶

The Ministry of Housing and Urban Development (DGUT) demarcates the general boundaries and connecting infrastructure (roads, sewers, and so forth). The Ministry of Finance (Cadastre) archives these plans and transmits them to another part of the Ministry (Domaines), which coordinates the demarcation and award of allotments. Ad-hoc commissions, including the High Commissioner, representatives of various ministries, and revolutionary committees, make the individual awards and notify Domaines and DGUT. This complicated path has caused some information problems and title disputes, and the Office of the President intervened in 1988 to review all allotments and titles, and to prepare new

⁵ This was reported to the team by a representative of the Burkina Association of Women Heads of Enterprises, who cited her own experience of this as an example.

⁶ BCEOM et al., *Politique de l'Habitat au Burkina Faso: Financement de l'Habitat Urbain*, July 1990, p. 17.

dossiers on each holding. This has added another institution to the picture, but much uncertainty remains. A new title regulation was issued in March 1991, which may replace the old awards.

The GOBF has sought to maximize new housing ownership through keeping parcels small and through establishing a fixed price (300 CFA/square meter) for all land rights. Those awarded plots have three months to pay 25 percent of this sum, and four years to pay the rest and to "develop" the allotment. The erection of a building of at least 18 square meters coverage plus a septic tank is necessary to satisfy the latter condition. The state retains ownership of the land itself.

Building Plan

Most construction in Burkina Faso occurs without a written plan. General decisions are made about land coverage, and construction begins. Villa, office, and rural official construction use formal plans, prepared by architects or civil engineers, who work either in independent *bureaux d'Etudes* or directly for the developers. Both professions are in short supply in Burkina Faso. There are only 10 independent architecture firms, and some 60 qualified civil engineers, and many of the latter work mainly on roads and other public works projects, not on construction of buildings.

Insurance

This is used only for the most expensive villas and office/commercial buildings. Insurance provision depends upon certification from a French *controleur*, due to the dependence of local insurance agencies on French capital. SOCOTEC (Société du Conseil Technique), a Togo-based multinational linked to the French insurance company FONCIAS, exercises strong control over insurance provision in Burkina Faso. Plans approved by SOCOTEC can receive FONCIAS insurance. The alternative is to apply to another insurer, who will require overseas review of building plans and construction enterprise resources. New insurance companies like the Union des Assurances Burkina (UAB), which began in January 1991, might provide an alternative, if they can establish the same local capacity to review and approve plans to the satisfaction of their French and other overseas sources of capital.

Water Supply

All construction requires water for the preparation of building materials and to support the construction crew. Rural traditional construction tends to make use of traditional water sources such as wells, cisterns, and other catchments. The other two construction markets use both developer-controlled and state water sources. Larger projects tend to arrange dedicated supply systems with the ONEA (Office National pour l'Eau et l'Assainissement), while smaller ones will purchase water from ONEA and private wells, or from small water traders who purchase from ONEA and transport water by animal cart or tanker to the construction site.

Primary Materials

Construction uses a wide variety of primary materials. Sand, gravel, clay, stone, straw, and some wood are obtained locally. Burkina Faso possesses deposits of feldspar, granite, and kaolin of building

grade, and can obtain significant supplies of silica through bottle recycling, but there has been little exploitation of these resources to date.⁷

Women and children "miners" account for the bulk of these supplies. They produce mounds of sand and sorted gravel (by particle size), using straw brooms and crude sieves made from metal bowls. The sand and gravel are sold directly, or through local male intermediaries, to construction enterprises or to wholesalers.

Higher-grade sand, gravel, and other minerals required for multistory construction is obtained from formal quarries. Prices are 1000-2000 CFA per cubic meter for low grade supplies, and 10,000-14,000 CFA for formally quarried materials.

All other primary materials, including cement, iron bar, galvanized iron (flat and corrugated), and much building timber, are imported. Import trends are presented in Table D-1 and Figure D-2 below. Cement is by far the most important single import, supplied from factories in Togo and the Ivory Coast.

Secondary (Refined) Materials

These materials are building components made from the transformation of primary materials. They include bricks, blocks, tiles, and doors, windows, grills, and other frames made of metal and wood.

The most important of these are bricks, blocks, and frames. Over 90 percent of all construction uses bricks or blocks. Lower cost construction relies on sun-dried solid earth bricks (*banco*), formed with locally made wooden molds. Those with higher means substitute concrete blocks (*briques*) made of cement, sand, and gravel, and formed to varying sizes and patterns (of air spaces) with local and imported metal molds. Production of both is labor and land intensive, involving the collection of raw material, mixing with shovels, and molding and drying the product in lines. A team of three workers (two mixing, one molding and laying out to dry) produces 400-500 bricks/blocks a day, which are sold at 100-125 CFA each.

Some NGOs and the Ministry of Architecture and Urban Development produce solid stabilized soil blocks, mixing earth and cement (or lime) and molding with a ram press. This process, too, is labor intensive, with a team of five workers (two mixing, one filling the press, one molding, and one stacking) producing 1,000-1,200 blocks per day. The Belgian Terstaram press design is most commonly used. A local workshop assembles these from imported parts (provided by a women-run building materials equipment business) and some locally manufactured components. Stabilized soil blocks account for less than 1 percent of total brick/block production and use. As none of these bricks are actually sold, no prices are available, but Ministry technical staff say that pilot production results indicate prices of 30 percent less than concrete blocks are possible.

Aside from a Chinese project in Banfora that is producing a small supply of fired clay bricks, fired brick is not used in construction in Burkina Faso. Energy shortages make it difficult to sustain a fired brick industry of any size. One group located south of Bobo-Dioulasso is producing solid laterite bricks cut by hand from a quarry face (in association with a woman-owned general construction enterprise).

⁷ Findings of geological survey work carried out for SONACAB, discussed in personal conversation with Director General, 24 April 1991.

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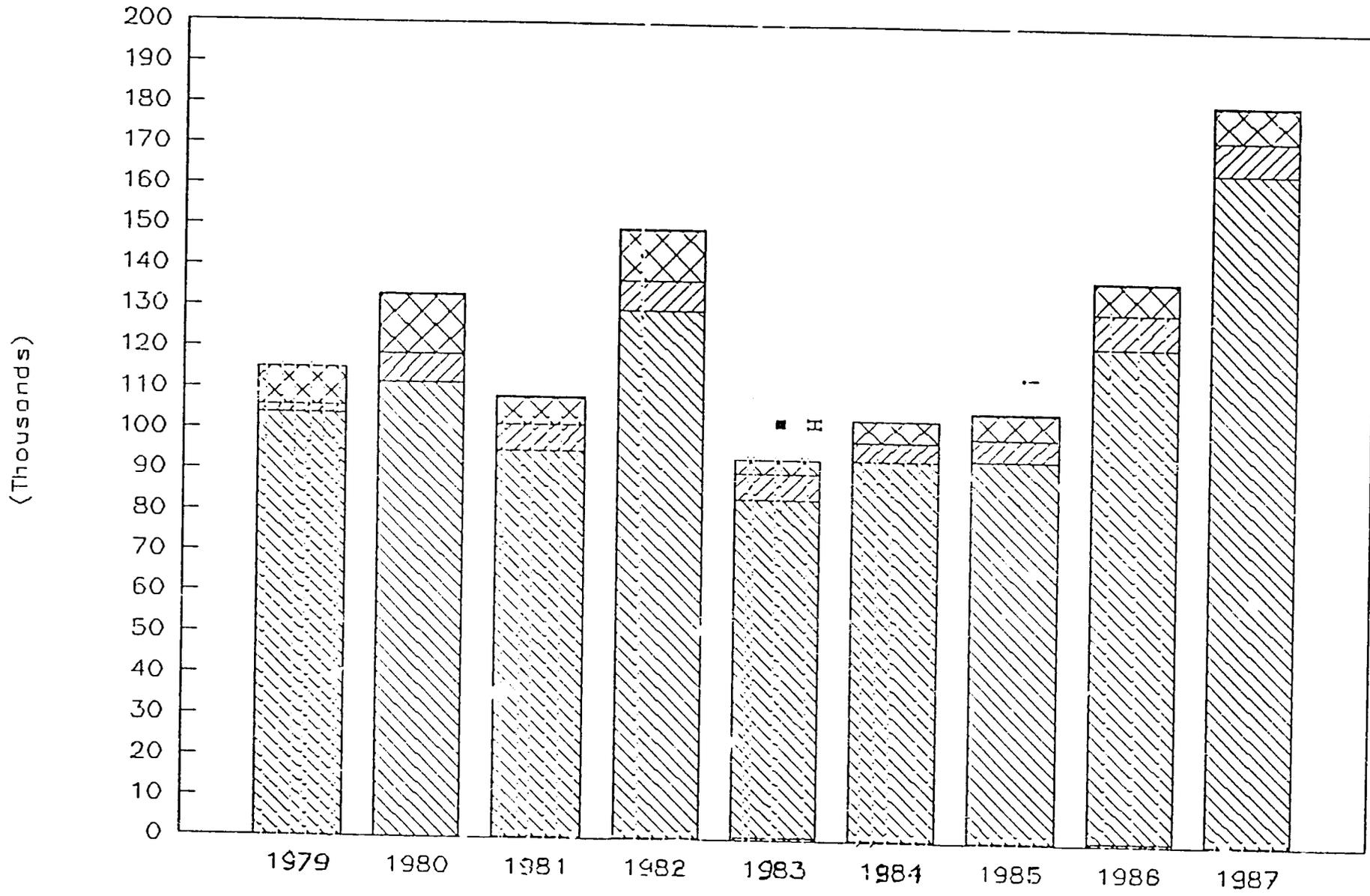
TABLE D-1
BURKINA FASO CONSTRUCTION MATERIAL IMPORTS
(1979-1987)

Description	1979	1980	1981	1982	1983	1984	1985	1986	1987
Imports (Tons)									
Paint	155.6	169.8	300.5	464.1	827.5	439.3	390.3	942.1	556.5
Cement	103836	111478	94694	129078	82951	93236	93767	121162	164375
Bars and Rods	1982	6950	6638	7436	6421	4626	5021	8416	8169
Tile	8540	14134	6444	12368	3392	5125	6454	7230	8350
Furniture and components	173.4	235.5	525.2	289.3	230	210.1	354.2	411.8	278.6
Imports (Millions of CFA)									
Paint	87.6	112.4	158.6	232.2	318.5	287.6	214.8	456.6	341.2
Cement	2093	2652	2548	4219	2909	3353	3340	4052	5957
Bars and Rods	230	844	909	1133	1006	906	909	1150	1472
Tile	1162	1854	972	2258	1537	1208	1585	2032	2195
Furniture	143	182	756	384	543	318	596	435	309

1987

FIGURE D-2

CONSTRUCTION IMPORTS
(in units of 10 million CFA)



■ pertures ■ ciments ■ barres ■ toles ■ meubles

The blocks are not uniform, but sell for 65 CFA each, delivered to town, which is roughly half the cost of concrete blocks.

Poured concrete (*beton*) is the most sophisticated refined material, for the Burkinabé. It is produced using imported mixing and pouring machinery. Ability to work in poured concrete is an important asset for a builder, as it grants access to the three highest cost construction markets.

Tiles are very popular for both floor and wall finishing in higher income housing. They represent a status symbol, perhaps a more overt transition from rural earth housing than that shown by concrete blocks. Most tiles are imported, even though the raw materials necessary for their manufacture are present locally. In 1987 the state enterprise SONACAB (Société Nationale de Carreaux du Burkina) was created to rehabilitate a liquidated tile manufacturer, but packaging and financing difficulties have left it struggling to survive, producing at less than 3 percent of its operating capacity in 1989. The Director General of SONACAB claims that with sufficient capitalization it could produce tiles for 63 percent of the price of imports, but it was not possible to investigate the economics of this operation in great detail.

The Applied Technology Center of the Ministry of Labor (CTA) has helped one entrepreneur (M. Zourit) to obtain Parry and Co. (U.K.) equipment to manufacture fiber-cement roofing tiles. The equipment consists of fiberglass molds and a vibrating table powered by a small electric motor. Some of the Terstaram presses have been fitted to make stabilized earth tiles. Tiles can provide a high-quality roofing material at about the same price as corrugated galvanized iron. However, they require pitched roofs in a country that has a tradition of flat roofing in urban zones. Also, over twice as much wood is necessary to support the tiles as is required for a galvanized iron roof of the same size, a serious shortcoming in a country that imports most of its building timber. Stabilized earth tiles decompose rapidly unless the correct soil/stabilizer mix is used in their production.⁸

Wood and metal doors and window frames are an essential part of "improved" rural and virtually all urban housing. Doors come in many sizes, but in two basic styles, solid or *persienne* (slatted). Window frames come in various grill or slat patterns. All are produced to order by artisan welding and carpentry shops, with only two or three larger metalworking establishments for competition. The lack of standard door and window sizes greatly assists the small operators, and discourages mass production. High cost construction projects for the "urban modern" market import prefabricated door and window components, and there is some trade in these at large hardware stores such as PERISAC.

Construction *Grand Oeuvre* and *Seconde Oeuvre*

Construction *grand oeuvre* consists of the erection of the basic structure of the building (walls, floors, ceilings, apertures). For rural traditional and some rural improved/urban traditional construction, this represents the entirety of the construction process, while in the rest it represents the first stage of a two-stage process.

Brick/block masonry lies at the heart of most *grand oeuvre* work. The same basic tools and techniques are used for the different components. Masons use plumb bobs and line levels to place the materials. Masons working on villas need to be able to read and work to a plan. Poured concrete work requires special skills

⁸ This decomposition in some early alternative materials construction projects (circa 1985) has caused extreme suspicion of earth construction in general by many builders and developers.

possessed by only a small number of masons, many of whom learned this trade in road construction and do not fully appreciate the requirements of building projects.

Seconde oeuvre work consists of one or several operations to refine the general frame of the building. At its most basic, it consists of plastering. At the upper end of the market, it involves many separate skilled workers including electricians, plumbers, tilers, and painters. Plastering is a critical function, as improperly plastered surfaces wear rapidly in this harsh environment. The work is largely a male preserve, but some rural women plaster rural (banco) housing in some southern ethnic groups, using a residue from the production of karité butter and other materials with sand to form a surface resistant to wind and rain. Ghanaian systems of mixing waste oil with sand and dung are being adopted in southern areas. Much plastering in urban housing is of poor quality, due to poor materials selection and the lack of proper pretreatment of surfaces to be covered.

Building Occupation

Buildings completed in rural areas are generally occupied by their owners. In urban areas of Burkina Faso, three types of occupancy exist: owner occupancy, hire purchase, and rental. Individual developers generally occupy the residences they build, and divide their offices and commercial facilities between their own occupancy and rental. The vast majority of the housing developed through government and state enterprise construction projects in the major cities (such as the Cite An 1, Cite An 2, and so on) is hire purchase. SOCOGIB (Société de Construction et de Gestion Immobilière du Burkina-Faso) housing projects are hire purchase, while the CNSS (Caisse Nationale de Sécurité Sociale) has, to date, been constructing for rental.

Alternate Supply Channels

There are many kinds of buildings constructed each year in Burkina Faso, for families, communities, private enterprises, and the government. However, when one looks closely at what is involved in the construction process — in particular at what is done by the party the building is for, and what is done by others providing products and services — one sees three basic types of markets in operation.

Independent Building (Autoconstruction)

All construction for the "rural traditional" market, 25-50 percent of that for the "improved" market, and less than 5 percent of that for the "villa" market takes place in this channel. Sand, clay, straw, water, and other basic materials are gathered from the vicinity. The building is erected in the time not required for agriculture or other activities, usually within the dry season. Different groups have different architectural traditions and materials preferences, but concrete blocks are regarded as superior to earth blocks, and poured concrete has the highest status. Men perform most of the building materials formation (brick making, thatching, and so forth) and construction. Women and children supply raw materials. Women carry out some *seconde oeuvre* activities.

Shared Building (Construction *Tâcheronnat*)

In this channel the owner still carries out much of the work in providing building materials and in construction, but some materials are purchased and some expert help is retained from artisan builders (*tâcherons*). Masons are the most commonly employed artisans. They can be involved in the acquisition of

sand, gravel, and cement, in blockmaking, and in blocklaying. The next most common help obtained is from welders or carpenters, who produce the frames required. Metal structures are more expensive, but are preferred in urban areas for security reasons.

It is difficult to estimate how many artisan enterprises perform this work, and how many they employ. They number 500-1,500 enterprises with 1-10 employees each, most located in the two major cities. More than 75 percent are unregistered.⁹

Individual agreements are made between the owner and the contracted artisans, generally for a fixed fee for services rendered. Payment in advance will vary between 25-50 percent, with a higher advance given if the artisan is asked to procure materials.

The channel accounts for 50-75 percent of construction for the "improved" market, and for perhaps 50 percent of the "villa" market.

Contract Construction (*Construction à l'entreprise*)

In this channel, the owner/developer undertakes little direct construction work, delegating the tasks to one or more organizations through contracts. In many cases, contractors further delegate tasks through subcontracts. Virtually all materials and labor are paid for.

Contract construction proceeds through the award of work through one or more contracts, an award made by the developer with the advice of an in-house or contracted *concepteur*. There are three different ways of awarding building contracts in Burkina Faso: direct agreement between developer and enterprise (*gré à gré*), restricted tenders (*consultation restreinte*), and general tenders (*appels d'offre*). Whether the award is made by tender, restricted competition, or direct agreement, the contractor is bound by a fixed price for specified services. A financing schedule is agreed, which often is not adhered to. Contractors often have to fund operating costs out of their own resources to avoid even greater losses caused by one key input holding up the entire site's work.

The number and complexity of contracts and subcontracts depends upon the developer and the size of the project. Different developers adopt different patterns for organizing construction. The state enterprise SOCOGIB, for example, has a policy of parcelling out work to many small firms (both construction and artisan enterprises, by our definition). Its last project, a 150-house development, contained 81 separate contracts. SOCOGIB negotiates a price for services with the individual firms, and provides them with materials and with on-site supervision from its foremen (*chefs de chantier*), engineers, and architects. The CNSS, on the other hand, allocated recent projects to individual, large firms, which then may opt to subcontract with one or more smaller firms. Government building contracts are administered by the Direction de l'Architecture et l'Urbanisme, which needs special permission to award any contract of greater than 10 million CFA to a single firm. Smaller work is awarded both to large and small building enterprises, but generally not directly to artisan contractors.

There are approximately 500 officially registered artisan contractors and construction (general and *seconde oeuvre*) enterprises in Burkina Faso, of which 100 belong to the official construction entrepreneurs association.

⁹ The recent review by GOBF and the World Bank estimated at least 200 unregistered artisan contractors in Ouagadougou alone. See BCEOM, p. 103.

Most are based in Ouagadougou. Approximately 20 have a serious and solid reputation.¹⁰ None are large enterprises. Only 22 have more than 100 million CFA in annual business (10 doing less than 10 million CFA), and 28 have fewer than 10 permanent employees. The smallest are indistinguishable from the artisan contractors described in the above channel (except in being registered), and some of these operate in both channels.

These contractors are, in theory, agencies that can take on all types of construction projects. On paper the largest possess a civil engineer, an architect, a surveyor, a senior engineering technician, a few foremen, and one or two specialists in many or all of the building trades (such as masonry, tiling, painting, metalwork, carpentry, or ironwork). All hire temporary skilled and manual workers when they are awarded large contracts. There are approximately 60 of these larger firms in Ouagadougou, but fewer than 10 really possess the experience and the financial means to take on large construction projects (like office buildings or estates) without professional engineering and management assistance. Two are wholly foreign-owned, and the rest are either majority controlled or totally controlled by local entrepreneurs.

Three actors play a key role in this channel, the *concepteurs* (civil engineers or architects), the wholesalers, and the site foreman. The *concepteur* produces the plan and monitors every stage of construction against this plan. He inspects materials and work. The *concepteurs* should monitor the project against its budget, but in Burkina they are not always privy to this information. Some developers, like SOCOGIB and some ministries, keep this role in-house; others retain private *Bureaux d'Etudes*.

The wholesaler provides vital imported materials. In contract construction the material requirements are larger and more diverse. Interestingly, the wholesalers usually do not provide the supply of local raw materials, such as sand and gravel. These are collected by general construction enterprises using their own transport. Generally, the wholesaler provides materials to construction contractors according to specifications made by the *concepteur*, but on SOCOGIB projects the wholesaler (Faso Yaar) provides material in bulk to SOCOGIB, which then makes it available as its *concepteurs* have specified for specific contractor tasks.

The government until recently required a special import license for key construction materials such as cement and iron bar, which effectively made them impossible to import. Wholesalers and construction enterprises were directed to seek these materials through Faso Yaar, the government's importing body. This caused delays that severely disrupted some projects, and the government, after lobbying by the construction wholesalers' union (GIE MATECO), dropped the special license requirement, opening the way for much wider wholesaler sourcing of these materials. At the same time, the government has permitted clearance paperwork to be done after the release of imports (up to 15 days), which has reduced delays even further.

Site foremen come from varied backgrounds. Most have technical (as opposed to academic) qualifications. They need to be familiar with the requirements for all the major tasks in the construction project, so that they can ensure quality workmanship and maximum coordination between the diverse operations involved. Whether there are one or many enterprises working on a site, there can be only one site foreman. The site foreman is the main point of contact for both the *concepteur* and the wholesaler.

¹⁰ Lubell, p. 64.

(3)

ENTERPRISE DEVELOPMENT AND DYNAMIC FORCES

Enterprise Development

The construction subsector consists of such a large number of different enterprises that it is difficult to review them all in detail. Two general enterprise development patterns, increasing numbers and increasing vertical integration, characterize changes in most of the actors (most boxes on the map).

Increasing Numbers

It is not possible to quantify the magnitude of the changes for most classes of firms, but it is certain that the years 1983-90 witnessed an explosion of new enterprises across the subsector.¹¹ The high priority given to housing in government spending and the relatively low cost of entry in many of the functions has made construction a high priority for those wishing to invest their capital in productive activities. With the exception of welding, which requires a minimum 800,000 CFA investment in equipment, the building trades mostly use hand tools and considerable quantities of manual labor.¹² Construction enterprises have begun with a minimum investment in a core work force and transport, using advance payments on projects to fill skill and resource gaps.

Most of the new general construction enterprises are second or third businesses begun by established entrepreneurs, not first business efforts. Many of these entrepreneurs have spread into construction from a wholesaling or transport base. They acquire a small complement of skilled building staff and use their knowledge of import and tendering procedures to compete for large government and private construction in the two major urban centers. If they are successful, they use the advance payment to expand their operation to undertake the task. Compared to establishing a manufacturing firm, the up-front investment and risk is small, and the returns are rapid.

Increasing Vertical Integration in Contract Construction

This pattern of development has occurred across many enterprise types. It consists of the assumption of new functions by those participating in the contract construction channel. This integration is taking place both backwards and forwards within the system, as building enterprises start making building materials, and wholesalers begin building enterprises. It also is taking place on both large- and small-firm levels.

Backwards integration takes place mainly in the manufacture of building components such as blocks and wood and metal pieces (doors, windows, lintels). Block making by large and small builders on site is not new, as the high cost of block transport and the low level of skill required to produce blocks has encouraged this practice. Virtually all artisan masons will offer to fabricate bricks on site. Small projects in this channel that

¹¹ The only exception to this has been the withdrawal of three of the five wholly foreign owned construction enterprises from Burkina Faso during 1987-90.

¹² By contrast, a mason's basic equipment costs only 10,000-24,000 CFA, a blockmaker's 50,000-100,000 CFA, and a carpenter's 50-75,000 CFA. The only comparable trade is the *seconde oeuvre* plumber, which requires an investment of 1-2 million CFA (including cutting and welding tools).

acquire blocks from block makers do so because of problems of space, transport, and (less often) time. However, some block makers complain that large builders that used to obtain bricks from specialist fabricators through subcontracts now hire their own manual workers for this task.

Large and small enterprises that have initiated their own metal and wood components fabrication state that they have done so because of delays caused by supply problems and because of concerns with building component quality. Some of this was because of delays in raw materials supply that occurred during Faso Yaar's effective monopoly of building materials imports, and some was due to welding and carpentry workshops being overstretched during periods when demand peaked. Some may have been because of limitations in the construction process management skills of enterprises getting into more ambitious projects. The receipt of poor quality material, and problems in component performance once installed, may have been the result of key actors (like site foremen) not adequately understanding and communicating plan specifications, or not adequately inspecting material arriving on site.

The forward integration of wholesalers into construction proper and into building components manufacture is a product of the dependence of the subsector on imports. Seeing a booming trade in building materials, they have pressed their supply advantages in the search for further value added.

The integration of wholesalers into block making and wood/metal components manufacture has provided difficult competition for dedicated artisans. The latter claim that the former use their position up the import supply line to achieve an unbeatable edge in production costs. The relatively high cost of materials in total production costs greatly aids those with cheaper access to imports.

Flow into The Contract Construction Channel

The vast majority of firms, large and small, old and new, have been seeking to operate in some aspect of contract construction, whether on-site or as a materials supplier. Some artisan contractors, blockmakers, and wholesalers straddle the shared and contract construction channels, but their prime objective is to provide in quantity for the three higher-cost construction markets served by this third channel. The rapidly changing nature of demand (see below) may already have stemmed this flow, and may in time cause a "backwash" into channel 2 by many actors.

Departure of Larger Firms

However, many of the larger construction enterprises are curtailing building activities, concentrating on the greener pastures of public works (roads, barrages, and so on) contracts. The markets offer few new construction projects of a large enough size to support the overhead costs of these larger firms, while public works spending remains strong. The largest locally owned construction firm now does only public works projects, and many are seeking to follow this example.

Driving Forces

Demand

Although housing, in particular, remains a high priority, there is no doubt that the demand for construction has dropped dramatically. The boom of the 1980s, stimulated by the allotment of parcels and heavy government spending, has peaked. Government spending in 1991 will be only half of that for 1990, and state developer-enterprises have suspended new building activity. Their completed housing is occupied, but it is suspected that they are not recovering sufficient costs from tenants and hire-purchasers to cover construction costs. For example, 100 CNSS apartments were recently completed for a cost of 8,000,000 CFA each and let at 30,000-40,000 CFA per month. The CNSS obtains its capital at the concessionary rate of 10 percent (as opposed to the commercial rate of 16 percent), but even at this rate the rental accounts for less than half of the amortization costs over 15 years.¹³ Raising rents, however, would put the apartments beyond the means of even the senior civil servants they now accommodate.

Only a fraction of the 45,000 public allotments for Ouagadougou dispersed since in 1985 have been developed. The GOBF has received less than a third of the titling fees due. Many of those who have paid their titles have not completed the required level of development on the property. Best estimates are that the GOBF has supported the construction of 1,500 homes through its *cités de la révolution* and state enterprise projects, private developers have provided 500 rental units, and owner builders have erected another 10,000 new homes.¹⁴ This leaves over half the original 60,000 allotments undeveloped.

Lack of owner capital is the central problem. Half the population of Ouagadougou has a monthly household income of less than 50,000 CFA. Housing erected by parastatal developers, costing 3-8 million CFA per unit, is beyond the means of even the most senior civil servants, and has proceeded only through massive state subsidy of rents and hire purchase fees. It is estimated that the cheapest 18-square-meter owner-built dwelling costs over 200,000 CFA (330,000 CFA with artisan help), and the cheapest construction using cement blocks costs over 600,000 CFA (800,000 CFA with artisan help).¹⁵ Few can afford to build under these conditions without some form of external financial support. Those that can find the means will build on their own or with artisan contractor support. Virtually none will be able to bear the extra costs of larger general construction enterprises.

Commercial bank finance is rarely obtained, because the banks request that 20 percent of the value of the fully planned development be completed (such as construction of the full building up to the windows) before granting a loan. With the state retaining title to the land, the allotment owner has no security to offer, and can prove credit worthiness only by building the gross frame of the building. For most allotment owners, this is a Catch-22 situation: they need capital to build, but they need to build to get capital.

¹³ Staff at CNSS recognize that there is a social cost to building affordable housing, but as a financial institution they cannot sustain the practice of building low rent apartments in the way they have. This is why the organization recently suspended all construction projects and initiated a review of its role in the construction subsector.

¹⁴ BCEOM, p. 20.

¹⁵ Based on calculations prepared in BCEOM, Annex 2, confirmed by field interviews.

Bank liquidity (and willingness to lend) has decreased since the GOBF mandate for all town center building owners to erect at least an extra story on their properties. Much of this construction was financed through withdrawal of capital from the commercial banking sector.

Technological Change

The import-dependent technology that drives present construction in both the contract construction and shared help channels produces buildings at a higher cost than can be afforded, especially for individual housing. As has been described above, technological alternatives exist and some pilot work has been undertaken. This has occurred largely in isolation from key actors and markets in the subsector, as NGOs and individual donor projects have used alternative materials like stabilized soil bricks, and have employed alternative architectural designs in construction that they have undertaken without involving established concepteurs and construction enterprises. This going-it-alone has raised suspicion more than interest, and has helped to magnify the negative effects of any imperfections found in this early work.

Perhaps even more important, it has retarded the adaptation of the technology to local conditions by insulating it from the practical concerns of producers (construction enterprises and artisans) and consumers (owners and tenants). Producers cite slow production rates, continued high use of cement due to the compact nature of the bricks, and limited availability of presses as disincentives for wider use. Both producer and consumer note that many of the model buildings produced, while intriguing for foreigners and (perhaps) representing a return to design traditions, do not provide the sort of housing most Burkinabé want.¹⁶ Most, if not all, of these problems may be surmountable, but the present institutional isolation of technology development reduces the knowledge and skills that can be brought to bear on seeking solutions.

The new "building with earth" initiative of the Ministry of Architecture and Urban Development, which consists of using the same basic ram press and earth brick construction technology in a more mainstream manner (involving GOBF housing projects and private construction enterprises), could improve the prospects for innovation in the subsector. Much will depend on the costs of the pilot project, and on the quality of the finished homes.¹⁷

It is interesting to note that women-run businesses, although a tiny minority in the subsector, play a significant part in the technological innovation now underway. Techn-Eau-Terre, run by two women, is the only firm importing machinery for alternative building materials. Entreprise Nikiema & Compagnie, run by Chantal Nikiema, is experimenting with laterite brick construction and is considering establishing a brick production facility. Another woman entrepreneur is involved in metal furniture design.

¹⁶ Specific complaints were made against dome shapes and against the excessive resonance of the solid brick construction.

¹⁷ Some 20 "improved banco" houses have been completed and await disposition by the GOBF. Three stabilized earth houses are under construction.

Input Supply Constraints

Problems of raw materials inputs have been dealt with above. Equal problems exist for the supply of key skills and services. Any person can claim to be a mason, a carpenter, or the director of a capable construction company, and all can compete for work.

Many of the general construction enterprises, whose owners began as wholesalers or transporters, approach competition for contract construction as traders. Aware that the government (and many private investors) awards tenders to the lowest bidder, regardless of the technical content of the firm and its proposal, they review prices for adjacent or similar buildings and attempt to undercut the competition. Many recent contracts have been won with bids that proved below cost, resulting in losses for both the enterprises involved and the developer.

Responding to this, the Ministry of Architecture and Urban Development and the general construction entrepreneurs' union agreed in September 1990 to create a new tendering procedure based on a ratings system for construction enterprises. Based on capital resources and experience, a firm will be rated to tender for projects at or below a certain level, or will be rated to serve as a subcontractor for certain tasks.¹⁸ Firm rating is now in progress.

The new enterprise classification system should bring some order to what has been a disastrous free-for-all, and could facilitate subcontracting by private firms. However, most artisan contractors will remain outside the system because they choose not to pay their registration fees and taxes. When asked why this is the case, most respond that the requirement to pay six months' registration fee up front is impossible.¹⁹ Most have no guarantee of work beyond their present contract, and many (masons, in particular) have spent several months without work in the past year. Under the present regulations, most will continue to seek small assignments from individuals, rather than registering to compete in the official market. Unless the government also develops a system for assessing minimum and maximum bids permissible for its projects, and for evaluating bids on more than a least-cost basis, it will still be vulnerable to the "low balling" that has characterized many recent tenders.

Government Policies

Strong but inconsistent government intervention in the construction subsector has caused its past boom and its present bust. The "housing for all" allotment distribution created much potential demand, but the replacement of property rights by development rights alone (with the state retaining control of the land) denied the new title holders security needed to raise funds to build. The titling system has created further confusion

¹⁸ There will be three enterprise types (*générale*, *gros oeuvre*, and *seconde oeuvre*); four enterprise categories for the former two types (capable of undertaking work of 50 million CFA or less, 100 million CFA or less, 200 million CFA or less, and over 200 million CFA); and classification of the latter based on the number of skills they possess (requiring two skilled workers, two administrative staff, and a workshop for each classification point awarded).

¹⁹ The *patente* system is complicated, and these artisans may not have to pay such a lump sum up front. Much seems to depend on the particular official consulted at the time of registration. The artisans believe they will have to make an up-front payment, and as long as their rights are not made clear, they will continue to avoid registration.

due to interministerial problems in communication. Although some 10,000 new homes may have been constructed in Ouagadougou since land redistribution, 15,000 homes were razed during this process.

Much of the allotted area remains undeveloped, and potential private sector developers have been made wary by uncertainty over development rights under present titles, and by capricious and draconian government interventions in the subsector, such as the one-year rent moratorium and the mandatory upward extension of town center buildings. The latter measure also reduced demand sharply through tying up much of potential developers' capital.

Heavy spending on housing through ministries and state enterprises created a small number of expensive (to build) properties, and a large number of enterprises seeking a market that has virtually disappeared. On the other hand, GOBF and state enterprise initiatives to involve smaller firms in large projects have helped a small number of artisan contractors to develop their enterprises and their skills.

OPPORTUNITIES FOR SUBSECTORAL EXPANSION

Although the construction subsector as a whole may expand, the channel that has received the lion's share of attention from government, larger enterprises, and many artisan enterprises is contracting and will continue to contract as the GOBF pulls out of construction markets. Many of the larger enterprises have moved over to public works activities, leaving artisan contractors and a few established firms to seek what markets remain. The future of the subsector will depend upon activating the latent demand in these markets. Many people want housing, but few can afford to build. Capital scarcity inclines those that can build to build as much as possible on their own, minimizing opportunities for construction firms and artisans alike. The GOBF created this situation through direct intervention as a builder. Resolving its problems will require its more indirect, but more cost-effective intervention at the policy level.

From Shared-Building to Artisan-Contract Construction

The shared building channel offers chunks of work that are too small and too short term to sustain even most MSEs. This need not be the case. If owners had greater resources, they would build larger, and would build in a more concerted manner that would give artisan contractors the stability they need to grow.

Reduced Dependence on Imported Materials/Greater Use of Local Resources

Traditional rural construction in Burkina Faso makes almost exclusive use of local resources. Modern construction abandons almost all of these (with the exception of sand and gravel). The Burkinabé aspire to the general form and finish of the modern houses constructed in the government estate developments of the past decade, but the cost of homes produced to this design and materials content is beyond the means of the vast majority of allotment owners.

Burkina Faso possesses mineral and other resources that could provide substitute building components. Local plastering and weatherproofing technologies may improve the presentation and durability of soil blocks and other alternative materials for wall, roof, and floor construction.

Local resource use will increase only if the alternative building components can be incorporated into designs that the Burkinabé consider both robust and modern, and if supplies of these components are reliable and of consistent quality. Neither of these conditions have been met by work done in this area to date.

Requirements

Modifying land acquisition procedures and/or usufructuary rights. Although the social aims of the state's allotment system are noble, the distribution of parcels of equal value, regardless of location, and the granting of rights of land development, but not of land redistribution, have left parcel holders without a firm asset to use to secure capital for construction. The state has several options. It could grant property development rights *ex ante* instead of *ex post*, which would make holdings more secure.²⁰ It could permit the development of a secondary market in development rights, with regulations to govern land valuation and transactions. It could repossess lands not built upon to the required level of value and offer them to developers. It also could permit private ownership of land.

Housing finance development. The GOBF and the World Bank have been discussing the formation of a dedicated housing finance institution since 1987. Without reforms in land tenure, any such institution would have difficulties attracting the private sector capital desired. With land reform, the way would be opened for both this and other private sector initiatives, including community based lending programs.

The provision of long-term housing finance would enable many allotment holders to complete their homes. This would increase the demand for the services of construction enterprises, artisan builders, and building component fabricators.

Further investigation of local building materials resources, and of technologies for their transformation. Work to date has been handicapped by institutional isolation. Rather than trying to replace established construction enterprises and *concepteurs* with new, usually NGO-led initiatives, new initiatives should be developed using these participants from the subsector. Emphasis should be placed on responding to builders' (general construction enterprise and artisan level) needs for an adequate and consistent quality supply of materials, and on materials substitution possibilities within the modern designs familiar to builders and desired by consumers. As cement constitutes the bulk of import volume and cost, priority should be given to identifying natural reserves of cementitious materials. One simple measure to begin this work would be to provide small loans to help women sand and gravel suppliers purchase shovels and sieves to improve the quality and supply of these essential construction materials.

General construction enterprises and building materials wholesalers already invest in concrete block manufacture. They should be encouraged to consider other initiatives, such as stabilized soil block production, lime production, and laterite brick production. The SONACAB tile company could be offered for private investment, which could supply badly needed working capital and marketing assistance.²¹ The extruded block

²⁰ However, with the state retaining title over the land, and therefore the right to appropriate it (and the property on it) at any time, this measure probably would not, in itself, be sufficient for commercial banks to regard the land as a secure asset.

²¹ This matter would need further study, as it was not possible to consider the viability of this operation in any detail. No information could be obtained on the raw material resource base and on the capability of existing distribution systems to ensure factory supplies. Consideration also needs to be given

process that SOCOGIB and the French will introduce may provide a useful new component to the construction market, but the SONACAB experience does not augur well for this initiative. Revenues from SOCOGIB properties might be used better as investment in a new housing finance institution.

Training through coordination. The SOCOGIB system of maximizing the number of subcontracts with small firms for a project has provided a valuable means for training MSEs in the technologies of higher income housing construction. The state retreat from the developer role should not result in throwing out the baby with the bath water. A relatively small amount of money (compared to that invested from 1984-90 by SOCOGIB) could be retained in a fund for training and subcontract facilitation, which could be administered by the GOBF institution charged with the registration and classification of construction firms, perhaps in cooperation with the Construction Enterprise Union or the Chamber of Commerce. It could be used to support on-site assistance by architects, engineers, or site foremen to artisan builders and owner-builders working on individual, low income housing. It also could be used to compensate general construction firms for the costs of training and supervising smaller firm subcontractors on large new developments funded by government or by private investors.

This form of cooperation subsidy could greatly assist MSEs to develop the skills and resources necessary to provide the modern, affordable housing desired by the Burkinabé. It also would facilitate the transformation of an industry geared up for a few big money, long term projects that are no longer around, into that can respond to the large, unsatisfied demand for many small money, short-term projects for low income housing construction and home improvement.

The new GOBF/World Bank urban development project is considering including a fund for construction industry training. This training would be most effective if implemented through established industry bodies such as the Construction Enterprise Union or the Chamber of Commerce.

LEVERAGED INTERVENTION

Geographic

Virtually all attention to date has been paid to construction in the two large towns of Ouagadougou and Bobo-Dioulasso.²² Their populations continue to grow rapidly, and will continue to represent the major opportunity for MSEs in the construction sector. Attention might also be paid to smaller and intermediate towns such as Tenkodogo, Koudougou, Ouahigouya, and Banfora. Demographic trends elsewhere in Africa suggest that these new towns could grow more rapidly over the next 10 years than larger, established cities.²³ The higher-cost of supplying cement and other imported materials to the small towns makes the development

to the costs of back-up power supply, as the Ouagadougou Industrial Area suffers frequent power cuts, and the tile manufacturing process is extremely sensitive to supply interruption.

²² Firms responding to demands from the "rural official" market also have focused on the large towns, as rural construction projects have been developed by civil servants based in the large cities.

²³ The population of Sissili province, in which Leo is located, grew faster from 1975-85 (103 percent) than that of Houet (89 percent), where Bobo-Dioulasso is found. Kouritenga province grew at 87 percent over this same period (Source: INSD official census, 1989).

of lower-cost materials and designs imperative for their continued expansion. The UNDP-supported regional planning program for intermediate towns (Programme Sectoriel de Développement Urbain et Régional des Villes Moyennes au Burkina Faso) of the Ministry of Planning could provide valuable information on resources and market development opportunities in the 10 towns under its remit.²⁴

Sand and gravel supplies come from limited areas, such as the zone around Kombissiri, approximately 40 kilometers from Ouagadougou. A women's credit and enterprise promotion program based in such areas could reach hundreds of building materials suppliers.

Potential System Node — SEHU

If the government's drive to reclassify construction enterprises is successful, the Secrétaire d'Etat à l'Habitat et à l'Urbanisme (SEHU) will become the place where all firms seeking government contracts will come to present their credentials. Artisan contractors, for the most part, will be omitted by this system, but SEHU could make information available to these MSEs on larger firms seeking skilled labor. It could administer the "cooperation fund" described above.

Key System Actors — Construction Engineers, Architects, Site Foremen

There are very few qualified, experienced people in these positions in Burkina Faso. The best individuals are in high demand, and are in contact with a large number of construction enterprises (large and small), wholesalers, and developers. Involving these people in the search for building materials and design alternatives would enable the results to be transmitted throughout the subsector.

²⁴ These are Ouahigouya, Dori, Kaya, Fada N'Gourma, Tenkodogo, Po, Dedougou, Koudougou, Banfora, and Gaoua. Source: Hurtado, pp. 5-6.

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ANNEX E
THE COSMETIC PRODUCTS SUBSECTOR ANALYSIS

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RATIONALE FOR ANALYZING COSMETIC PRODUCTS

The cosmetic products subsector in Burkina Faso encompasses a diverse set of productive and service activities from natural resources utilization to hairdressing. It is an extremely important subsector for women and may involve up to two-thirds of the entire female population of Burkina Faso when the natural resources utilization aspect is taken into account. This subsector is also interesting from the point of view of its potential to further create and supply growing markets, create an economic link to natural resources management by adding value to a raw material, and assist a small but dynamic source of urban employment for women in the service sector.

The raw material level involves the collection and processing of karité (or shea nut) from the karité tree. This activity involves a very large, but undetermined, majority of the female population of Burkina Faso. In 1990, official purchases of karité nuts alone came to over 540 million CFA. The actual level of economic activity, including rural markets for almonds and the production and sale of the butter derived from karité nuts, is much higher.

The higher level of the subsector — cosmetic production and hairdressing salons — is a much smaller, but apparently growing, area for women. There is one cosmetic production enterprise based on karité, owned and operated by women, that appears promising. The cosmetic products sector in general (all but a tiny fraction of which is composed of imports) amounts to approximately 1.5 billion CFA annually, not counting a large and growing illegal trade in cosmetic products. The possibility of breaking into that market with domestically produced cosmetics based on materials like karité has not yet been adequately explored.

Linked weakly to the cosmetic products sector but with the potential for stronger ties and improved cosmetics marketing is the service area of hairdressing. In 1985, there were over 2,000 women in Burkina Faso working as hairdressers, from simple hairbraiding in rural areas to elaborate salons in urban areas. The value of the hairdressing salon industry was estimated at over 1 billion CFA, with an added value of over 800 million CFA. Given the nature of the subsector, however, it is likely that these values are much higher.

Finally, the karité tree itself is extremely important in the preservation of the natural resources base in Burkina Faso, particularly in the south and southwest, which have not yet been destroyed by drought, slash and burn agriculture, and overpopulation. Traditionally, in these areas, the karité tree is appreciated and to a large extent protected in the wild and in farmers fields largely because of the importance of its oil-giving nuts. Together with Nere trees, karité forms the basis of a traditional agroforestry system important in soil conservation and fertility enhancement. Women are able to control the production of karité butter, which is used by the family but is also one of the few sources of income for rural women.

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MARKETS FOR COSMETIC PRODUCTS

Domestic

Women make up the largest part of the market for cosmetic products. Men will buy products such as soap and hair coloring (to hide grey hair), but in general are insignificant purchasers of cosmetic products.

Urban

There are approximately three urban markets for cosmetic products in Burkina Faso: high quality and price, midlevel, and low quality and price. The high-quality market is extremely limited and supplied directly from France by small importers and pharmacies. Products are expensive; a product such as a 300 ml bottle of skin lotion might sell for 3,000-4,000 CFA for example.

The midlevel market is larger and more diverse. Again, products are imported primarily from France (usually legally) by both small and large importers. Products are sold wholesale (by one large wholesaler) and in supermarkets, small cosmetic supply stores, and in general stores like Faso Yaar and Perisac. Prices here are more variable, however; an average price for the same size skin lotion would be 2,000 CFA. These products are used by expatriates and Burkinabé women alike and are occasionally bought by hairdressers for use and sale in their salons.

The low end of the market is composed of illegal imports of products produced in the Côte d'Ivoire and Nigeria. These products are sold in the general markets and on the streets. Hairdressers often use these products because of their cheap price. A price for skin lotion here might be 800-1,000 CFA. According to several sources, competition from these illegal imports is increasing.

Finally, there is a very limited market for locally made products in the midlevel market. Currently there is only one viable enterprise (Phycos) producing medium-priced, good-quality cosmetic products. Their market is largely expatriate (Italian), although the Burkinabé market is slowly growing. Phycos has emphasized a completely natural product based on karité, which is no doubt part of their success in capturing the expatriate market.

Rural

As one might expect, the rural market for cosmetic products is much less complex than in urban areas. Here, there are primarily two, closely related, levels — medium and low. The medium level of the market will buy illegal imports from Nigeria and Côte d'Ivoire similar to the low end of the urban market. The low end of the market may buy products (primarily soap) made by women in the villages. In many areas soap is made from karité butter mixed with potash; however, in the north and east it is often made of milk by Peul women. There has also been some soap making from cotton oil. The two, large soap manufacturers in Burkina Faso — SOFIB and CITEC — are the largest soap producers for the rural market.

Export

The export market in this subsector has not yet reached the point of exporting cosmetic products. Phycos is actively pursuing this possibility and has engaged in small-scale, informal exports through traveling expatriates and individuals overseas who order for their own use. However, the potential to capitalize on the current Western interest in natural products, together with karité's special qualities, might make this a promising area.

The real export market is for karité almonds and karité butter, the former being more important than the latter. Burkina Faso is one of the most important producers in the world. Between 1985 and 1990, Burkina Faso officially exported 65,510,380 tons of karité almonds. In 1985, an exceptional year for karité, one private exporter sold almonds at 250,000 CFA/ton, although 125,000 CFA/ton F.O.B. Abidjan is perhaps more common. As with many primary products, the world market for karité fluctuates. It generally follows the price of cocoa butter. The principal use of karité is as a cocoa butter improver in chocolate production. Only a tiny percentage of karité is used in cosmetic production. Clients for karité nuts are some of the large oil companies in Europe and Japan such as Unilever and Aarhus in Denmark. Karité is exported by the Caisse de Stabilisation des Prix des Produits Agricoles (CSPPA), which sets export quotas, and by private merchants.

Karité butter is exported at a much lower level and official statistics are not easily found. In 1985/86 the selling price for karité butter was 900,000 CFA/ton; however, as mentioned above, this was an exceptional year. Last year, one private merchant sold a Japanese customer 220 tons of butter at 260,000 CFA/ton. A standard price will average around 375,000 CFA/ton F.O.B. Abidjan.

STRUCTURE OF THE SUBSECTOR

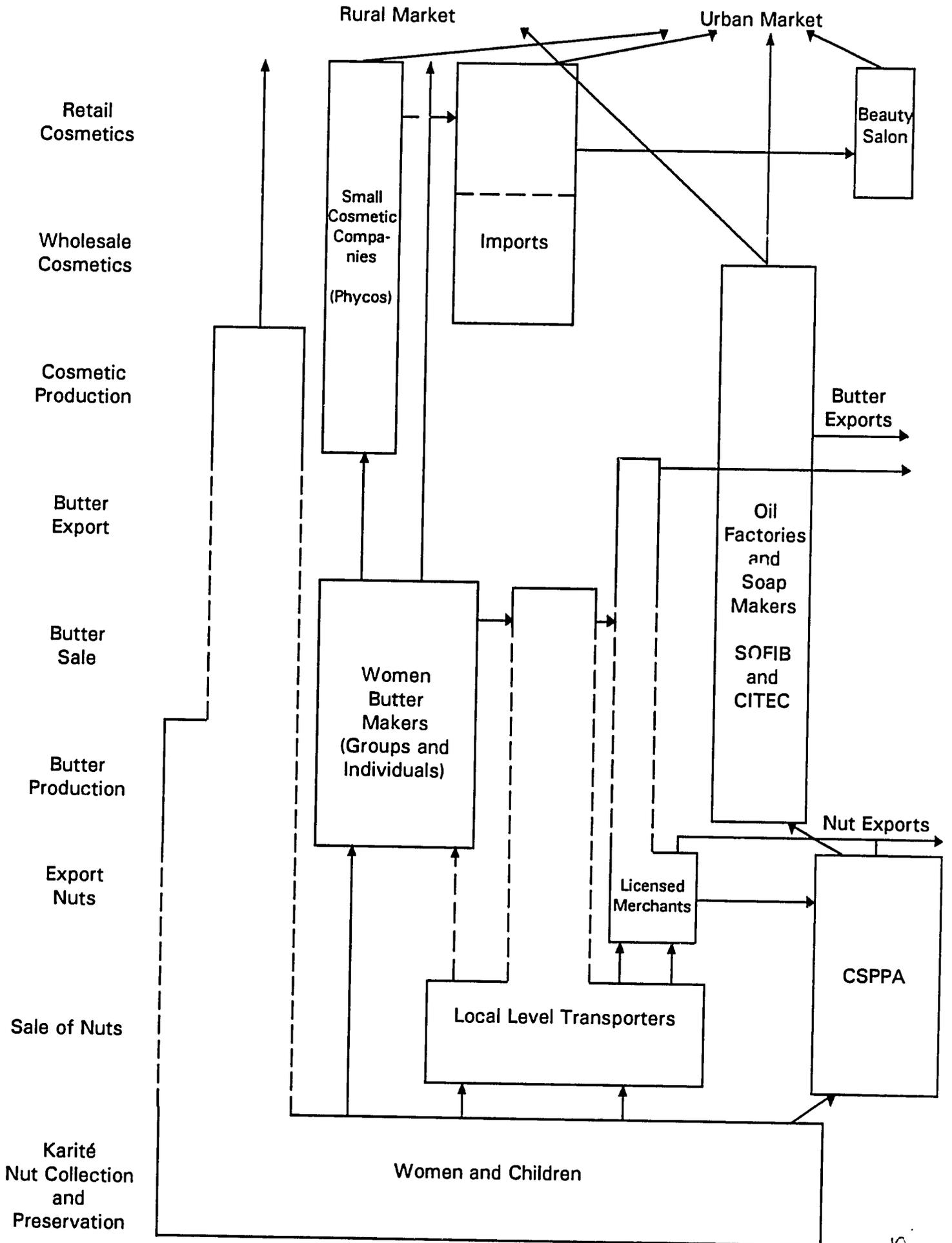
The Subsector Map

Due to our interest in locally produced cosmetic products and the service end of the subsector, the subsector map (Figure E-1) for cosmetic products can be divided into three distinct parts connected by slender threads of interest. The first is the whole karité market, including export, commercialization, and transformation. This part is linked by a few minor enterprises to the local production of cosmetic products. The second is the cosmetic products themselves, the overwhelming majority of which are imported. And the third is the service industry of hairdressers and beauty salons, which are linked only weakly to cosmetic products. The concept of using salons as product promoters is still extremely limited in Burkina Faso.

Functions

The subsector map illustrates the flow of raw materials (karité) through various productive functions: collection and preparation of nuts, transformation of prepared nuts (almonds) into butter, and finally the transformation of butter into soap and other cosmetic products. Simultaneously, important commercial transactions are taking place: official commerce in almonds controlled by the CSPPA, commercialization of almonds for export and for butter production, export of butter, and sale of butter for cosmetic production.

FIGURE E-1
COSMETIC SUBSECTOR MAP



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Farther up the subsector map, commercial activities take over with the import, both legal and illegal, of cosmetic products, and their wholesale and retail sales. Finally, the service sector of hairdressers is currently a small player in the use and retail sale of cosmetic products, but given their increasing numbers the potential for growth in this area makes it important.

Technology

With the exception of two large oil factories and the introduction of grinding mills in many locations, the domestic technology of transforming karité fruit into nuts into smoked almonds and finally into butter and soap has changed very little over time. Some small oil presses have been introduced on a pilot basis by the Burkina Institute of Energy and donor and NGO projects. These have been limited at best and have met with mixed success. In addition to technology, improved techniques are also important in quality nut and butter production. Certain traditional methods produce better results than others and increased precision within traditional techniques can further increase quality and productivity.

Collection and Preparation of Smoked Almonds

Fruit collection and nut preservation is almost exclusively the domain of women and children. Nearly all rural women in karité-producing areas have some involvement in the sector. The karité tree starts producing its fruit at the beginning of the rainy season (May), comes into full production in June and July, and starts to taper off in late August. This of course coincides with the most active agricultural season making it difficult for women to devote full time to collecting fruit.

Optimally, as soon as the fruit is ripe and falls to the ground it should be collected. Depending on their responsibilities for cultivation, women often spend one to two hours in the morning gathering fruit before going on to their field work. In a full day a woman can collect five to seven 100 kg sacs (interview in Niangoloko); most women cannot devote a full day to this activity. Once the fruit is collected (and transported to the compound if necessary), it is left to ferment to rid it of its pulp (the fruit is also eaten). This is done either by gathering the fruit in a heap, covering it and leaving it to decay, or putting it in a hole to decay, sometimes adding water. Leaving the fruit in a heap causes the nuts to acidify, thereby producing a much lower quality nut and butter.

Once the nuts are separated from the pulp, they are either boiled for a short period of time or heated, the former producing a better-quality nut. After this they are dried in the sun or in an oven — the oven method being far preferable both for quality and for quantity of oil. The nuts are now called almonds and are ready to be sold to traders in the local market, or stored in a dry place. This season is also the period when people have the least amount of money and food while they await the harvest. Women who collect and preserve almonds are often forced to sell to traders at low prices to carry their families through this period. The prices that women can get for their almonds varies according to the year (tied to world market prices and the official producer price set by the CSPPA), the region (near the border with Côte d'Ivoire, for example, prices being paid by illegal exporters were 30 percent higher than the official price in 1990/1991), and the time of year.

Preparation of Butter

Butter is made by women who collect karité, usually for home consumption or market sale, and by women in larger villages and towns for whom butter-making is an important enterprise. As with nut collecting, the time involved in making butter during the height of the agricultural season limits the amount of butter that can be prepared. Women who do not have as much agricultural responsibility (such as women in towns) are able to devote more time to butter preparation. These women often buy most of their almonds and sometimes the raw fruit, which allows them to control the quality of almond preparation.

The women's group in Niangoloko reported that, in a week, each woman could process about three sacks of almonds (approximately 100 kg. sacs) and obtain about 120 kgs. of butter, a fairly low transformation rate. By contrast, the karité project in Koudougou reported transformation rates of 30-40 percent. It is possible to reach 35 percent extraction rates using traditional methods. Women remove the thin hull of the nut and take them to a mill to have them ground. Originally they were pounded in a mortar; however, most women who make any quantity of butter have access to a mill.

After grinding, oil is extracted from the resultant paste by adding alternately hot and cold water and beating by hand. This exhausting task may take several hours before the final cold water is added and the oil begins to coagulate. The paste is then washed several times to remove impurities and finally heated while stirring to achieve the final separation of the oil.

Oil presses have been tried in several places in the country with notably limited results. One such effort, organized by a church group in Ouagadougou, involved five German-made hydraulic presses and a large women's group. Although the group had some problems buying and selling at good prices (primarily due to involvement with the CSPPA), the major problems were technical. The presses had major flaws, broke often, and the parts had to be ordered from Germany. This group stopped working after one year.

By contrast, a project in Koudougou has had relatively good luck with a simple, hand-turned screw press. This Belgian-made model was the most successful of the five models tested. The project is currently importing material to assemble the presses in Koudougou.

Finally, karité butter is made at an industrial level by CITEC and SOFIB and possibly at a semi-industrial level by smaller entities. There is a complex process of grinding, heating, mixing, and washing, and using chemical solvents that produces a butter of poorer quality than good quality artisan butter.

Cosmetic Production

Artisanal Soap Production. Artisanal soap production is a fairly straightforward process of working potache into karité butter. It is primarily for home consumption or for sale exclusively on the local market where it fetches a price of 25 CFA for a 5 cm ball.

Neither of the two large soap producers in Burkina Faso currently use karité in their household soaps because of its relatively high cost and high insaponifiables, which make it unsuitable for laundry soap. Karité is more expensive than ingredients such as palm oil and animal fats. CITEC quoted prices of 185 CFA/kg and 200 CFA/kg for palm oil and animal fats, respectively, while karité butter was selling for

300 CFA/kg. Even if karité were cheaper, the higher levels of expensive ingredients such as caustic soda and perfume required for karité soap would make it unprofitable for the low end of the market that SOFIB and CITEC currently serve. Phycos makes an almost 100-percent karité hand soap for the higher end of the market. Karité's level of insaponifiables makes it excellent for dry skin as it leaves a protective coating that protects the skin.

Other cosmetic products made with karité include hair treatments (pomades) that are made by Phycos and have been made by Prochimie and SOFIB. These are usually simple compositions of karité butter, cocoa butter, and fragrance. Phycos has gone the farthest with cosmetic products using karité. In addition to soap and hair pomades, they produce several types of skin lotion, massage oils, and shampoo. Phycos is able to refine karité butter to a very high level, at which point it is more transportable and more marketable to European cosmetic producers. What Phycos currently lacks is the ability (both technically and managerially) to do this on a larger scale.

As noted in the introduction, karité butter is used in Europe and elsewhere in the production of high-quality cosmetics. The bulk of karité, however, is used in chocolate production.

Alternate Supply Channels

As was discussed above, the cosmetic products subsector is really two very distinct channels — the karité channel and imports. Aside from the fact that they compete with one another, there is no interaction between the two channels. The karité channel can be divided into several subchannels. What follows is a review of some of the major commercial channels. Further study would be essential to clarify certain points and verify information obtained from just one or two sources.

Home Production and Consumption

This channel is a fully integrated, primarily nonmarket channel controlled by women and children. Women and children collect the fruits — some of which are consumed — conserve the almonds, make butter — much of which is consumed as cooking oil — and make soap. Small parts of this production may enter the market at any stage; most is for home consumption. Rough estimates put the total amount of karité consumed locally at around 4 kg/person/year. The amount that the CSPPA lists as commercialized but not exported is around 3 million tons in an average year, a fraction of the estimated local consumption.

Commercialization, and Export of Almonds

All karité that enters the market in Burkina is regulated by the CSPPA. The Caisse sets producer prices and factory gate prices for the 100 or so merchants that are licensed to deal in karité. In 1990, for example, producer prices were set at 18 CFA/kg and factory gate prices were set at 31.24 CFA/kg. The bulk of the karité that enters the market in Burkina Faso is exported as smoked almonds (see Table E-1). This channel begins with village women and moves rapidly to small-scale collectors (usually men) who subcontract with the licensed merchants. These small-scale collectors are required to pay the official producer price, however, it seems clear that prices vary according to several factors and may indeed be higher than the official price when supplies or the world market warrant it.

TABLE E-1

MARKETING AND EXPORT SITUATION OF SHEA NUTS IN BURKINA FASO

CAMPAIGNS	MARKETING (TONS)	EXPORT (TONS)	PRODUCER PRICE CFAF/KG
1964/1965	694	150	7,00
1965/1966	18 658	14 871	7,00
1966/1967	90	—	7,00
1967/1968	20 819	14 549	7,00
1968/1969	14 982	12 128	7,00
1969/1970	19 784,470	16 875,470	7,00
1970/1971	13 407	9 363,220	7,00
1971/1972	15 804,332	13 401,220	7,00
1972/1973	4 875	3 373,200	7,00
1973/1974	10 380,330	7 300,360	8,00
1974/1975	15 635	750	20,00
1975/1976	48 617,920	41 115,920	20,00
1976/1977	32 402	32 402	20,00
1977/1978	56 653,786	40 591,120	22,00
1978/1979	7 263,280	4 869,280	23,00
1979/1980	39 569,648	37 634,713	24,50
1980/1981	49 606,400	49 606,400	27,00
1981/1982	26 614,800	25 484,160	43,00
1982/1983	24 019,647	20 491,200	46,00
1983/1984	66 674,070	59 598,507	58,00
1984/1985	1 646,395	990,640	58,00
1985/1986	71 317,059	26 173,000	70,00
1986/1987	8 376,800	5 911,400	40,00
1987/1988	10 140,075	6 500,000	15,00
1988/1989	4 301,469	—	15,00
1989/1990	30 168,365	26 925,980	18,00

- 1) The difference between quantities marketed and quantities exported is the quantities delivered to CITEC.
- 2) The quantities in tons represent the overall national production on the market, which is handled by CSPPAB and authorized merchants.

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The CSPPA also buys directly from individuals and groups in a few areas. Women who sell in groups are entitled to a bonus on sales to CSPPA. Currently, CSPPA's buying activities are extremely limited; however, the organization is hoping to expand its operation.

The licensed merchants can either sell directly to the CSPPA or to the two large factories, CITEC and SOFIB, via the CSPPA — the price for both is the same. The CSPPA is required to supply these domestic industries before exporting almonds. In 1989/90, for example, merchants were allowed to export 50 percent of their almonds. In 1988/89 no almonds were legally exported. There is, of course, an illegal traffic in almonds primarily along the Cote d'Ivoire and Malian borders. In years of high world market prices, this traffic can be significant and can alter the local markets and those depending on them in the border regions.

Artisanal and Small-scale Butter and Cosmetic Production

The production and use of artisanal butter, leading to the small-scale production of soap and cosmetic products is one channel, if the smallest one in the subsector. It is nonetheless the channel that adds the most value to the raw material. For example, Phycos buys high-quality butter at 400 CFA/kg, further treats it and resells it at 3,000 CFA/kg. SOFIB produced a hair pomade that was 90-percent karité butter that sold at approximately 3,000 CFA/kg. At present, this channel is very poorly documented and it is unknown how many people it may employ. The number is undoubtedly minute.

The channel starts, as do all channels, with the collection and preparation of almonds at the village level. Although butter makers, that is women that undertake butter making as a major economic activity, collect some of their own nuts, they must buy a large part of the nuts given their production requirements. Women generally buy their nuts at the market, either from individual women who have collected them or from small-scale collectors/transporters who have bought nuts in the villages. Women in Niangoloko bought or took almonds from traders and then were obligated to sell those merchants back the same value in butter. This was often the only way they could get enough nuts.

Once produced, butter is sold at the local markets in small balls or in 2-5 kg containers, the latter selling for 375 to 750 CFA in Ouagadougou and Tenkodougou during the dry season. The women's group in Niangoloko sold butter to merchants for 150-200 CFA/kg during the rainy season, depending on quality, and 200 CFA/kg during the dry season regardless of quality. They said they could make 300 CFA/kg selling small balls in the market but they wouldn't get the money as quickly. The CSPPA also buys a small quantity of butter but this is more the exception than the rule.

A few soap makers buy butter directly from women's groups. Sya soap maker in Bobo has done this. Phycos currently buys approximately 750 kg/week from five regular suppliers whom they have trained to make high quality butter. They pay a premium of 350-400 CFA/kg for this butter because of its consistent high quality. A few merchants also buy butter, as mentioned above, much of it for export. According to one exporter, high-quality butter is worth a premium of 30-50 percent more than poor-quality butter.

Industrial Processing of Karité

This channel obtains its raw materials either directly from the Caisse or from a licensed merchant who must go through the Caisse. It involves two entities — SOFIB, a private company, and CITEC or

SHSB, a parastatal. SOFIB is also a licensed merchant and can buy both butter and nuts directly (although its collectors must also go through the Caisse); however, it buys almonds from the Caisse. It has discussed buying butter directly from women's groups.

CITEC makes a limited amount of butter for export. The last two years they have had orders for butter from a European customer but have had trouble fulfilling the agreement. In both years, their oil refinery was too busy with production of cotton seed oil to process the karité.

SOFIB has produced a limited amount of cosmetic products (hair pomades) using karité. At one point they also used karité in their soap, but they no longer do. They have had both technical and financial difficulties and are currently not producing the hair product. They plan to recommence production in 1992 as the hair pomade sold fairly well.

Imports

Although this channel starts at the wholesale level and therefore is not very interesting from the process point of view, it must be considered as the dominant channel in the supply of cosmetic products in Burkina Faso. Two channels are evident: legal and illegal imports.

Legal imports. These come primarily from France, other European countries and the United States. The duty on imported cosmetics is 80 percent of the value. Price controls allow a total markup of 100 percent of the import value.

There is one large wholesaler (SIMAS), which is an agent for nearly all the major cosmetic lines sold in Burkina - such as L'Oreal, Mixa, Goldys, Nivea. SIMAS figures they import approximately 600-700 million CFA in cosmetic products a year and that the total market is 1 billion CFA/year. Their profit margin on cosmetics ranges from 10-15 percent, a decrease from earlier years due to increasing competition from illegal imports. SIMAS employs approximately 100 people and works with 10 wholesale merchants on a regular basis. As they are the only significant wholesale importer, they supply most of the supermarkets, pharmacies, and other general stores.

Smaller, legal imports are generally by women who own beauty salons or cosmetic supply boutiques. These women either travel to France, Abidjan, or Lomé to buy or they order directly from France.

Illegal imports. There are no data on the level of illegal imports of cosmetics. According to large- and small-scale importers, however, this problem has been on the rise for the last five years. Apparently, illegal importers had never paid much attention to cosmetic products, but are now becoming more and more involved in their traffic. These cosmetic products end up in shops, in the markets, and, finally, in hairdressing salons as that is where most hairdressers report buying products that they use in their salons. Hairdressers that resell products say that they import European products themselves.

ENTERPRISE DEVELOPMENT AND DYNAMIC FORCES

Enterprise Development

There are three types of enterprises in this subsector that will be analyzed: butter production at the village level, cosmetic production, and hairdressing salons. It is difficult at best to analyze these enterprises in relation to one another as there is almost no movement among the channels and even very little connection between one channel and another.

Karité Butter Production

The production of karité butter occurs primarily at the village level using the same techniques that have been used for centuries. Most consumption of karité butter also occurs at the village level; some is sold in local markets and some consumed directly by the producers and their families. It is estimated that well over half the total production of karité of Burkina Faso is used domestically.

Although it is not documented, it seems that most women are involved in all steps in the butter production process: nut collection and preservation, butter preparation, and butter selling. These women are limited by time and labor constraints. Their commercial activities are extremely limited and do little more than supplement their subsistence production.

In some areas, however, the production and sale of karité butter is an important source of income for women and is treated more or less like a small enterprise. The research for this report uncovered no documentation of karité butter enterprises; therefore, it is impossible to know the extent to which butter is produced at this level as opposed to a subsistence level. The most important factor involved in turning a subsistence-level butter production into a microenterprise seems to be the supply of raw materials, or karité almonds. A second important factor could become the supply of labor-saving technologies such as karité presses. Finally, certain entrepreneurial skills and strategies that are lacking might help women deal more effectively with merchants, middlemen, and their own production and marketing strategies.

Cosmetic Production

There is currently only one enterprise in Burkina Faso that can be called a going concern in the production of cosmetics — Phycos. Others, such as Prochimie and SOFIB (to a very limited degree), have experienced a number of problems but may still return to cosmetic production in the near future. All Burkinabé cosmetics enterprises use varying amounts of karité butter depending on the product. Phycos in particular has specialized in producing all natural products emphasizing the use of karité. Phycos buys its butter directly from a limited number of women whom it has trained in improved artisanal techniques. SOFIB is interested in buying from women's groups and may do so if it recommences cosmetics production. Prochimie bought its butter at a Ouagadougou market where individual women come to sell the butter they've made using traditional techniques.

Both SOFIB and Prochimie were started by male merchants who had a number of different enterprises and saw cosmetics as a growing sector. The problems they've experienced have ranged from technical production of the products to commerce to competition from cheap imports. Phycos, on the other hand, was started by a woman who was formerly a professor of chemistry at the university and

went to France for further training in cosmetology. Phycos was started as and remains a family enterprise with no outside assistance or credit.

Hairdressers

Burkinabé men traditionally have not allowed their wives to work outside the home. This practice varies by region and ethnic group, but as a general rule it seems fairly consistent. Although Burkinabé women often styled hair in their homes (particularly braiding) in the early 1980s and before, most hairdressers in salons were women from Ghana. Gradually, for both economic and social reasons, Burkinabé women are working outside the home. Perhaps they have entered this field because hairdressing is a culturally acceptable activity for women and allows them to deal primarily with other women.

Beauty salons are a growing source of employment for women in urban areas in Burkina Faso. At present they are tied weakly if at all to the cosmetics sector. Many salons use cosmetic products such as shampoo, conditioner, and relaxers (although many clients also bring their own products); however, very few salons sell products.

To open a salon costs 150,000-200,000 CFA. As in other women-run enterprises in Burkina Faso, most women start out using their savings and help from their husband or other family members. Equipment includes chairs, tables, hairdryers (usually two or three), sinks, mirrors and small items such as scissors, rollers, and the meche used for braiding.

Dynamics of the Subsector

Karité

Demand for karité can be separated into four parts: almonds — international and domestic, and butter — international and domestic. Although the international demand is much more fickle than the domestic demand, it is also more interesting and potentially profitable. It is also important to domestic enterprises (from butter makers to cosmetic producers) because exporters compete with domestic users for the resource. As the exporters (local merchants and transporters) are better capitalized and organized than local butter makers they have a distinct advantage in gaining access to the resource.

Most merchants contacted preferred to export because the price was more attractive and the payment arrangements were more satisfactory. A merchant in Bobo reported that for both almonds and butter he received about a 10-percent profit on karité. However, exporters are hampered by the CSPPA which controls export levels. It is difficult at best for merchants to satisfy international clients on a reliable basis when export quotas change from year to year. The CSPPA also would prefer to export, but they are constrained by the requirement to supply CITEC and SOFIB before exporting. In brief, then, the international market for karité will probably continue to be attractive, although government regulation will continue to cause problems in the stability of supply and quality.

Although international demand for karité butter as opposed to almonds is lower, the possibility exists to add value through efficient processing. Buyers would be interested if the quality were high and transport problems could be resolved. If the transformation rates currently achieved in Europe (50

percent) could be replicated in country, the economics of butter export as opposed to almond export would be attractive.

In addition, there is a small but growing area of natural cosmetics in the U.S. and Europe (and in some African countries). Numerous companies, both small and large, are interested in exotic, natural ingredients for their own products and possibly in selling products made in developing countries. Companies such as Phycos could capitalize on this interest by selling highly refined karité butter or finished products.

Domestic Demand

The domestic demand for karité will probably remain somewhat stable depending on the further development of cotton seed oil, which is slowly becoming a substitute for karité butter. Producer prices seem to vary widely from year to year and region to region. The official price set by the CSPPA has varied from a high of 70 CFA/kg in 1985/86 to 15 CFA/kg in 1987/88. The 1990/91 season had producer prices at 30 CFA/kg. In a Ouagadougou market at the end of the dry season, almonds were selling for 1,400 CFA/tine. In the village of Mogo Basso (near Sala on the road from Bobo to Dedougou), women reported prices of 800-1,000 CFA/tine during the rainy and dry season, respectively. In Niangoloko, women reported paying 27 to 30 CFA/kg for prepared almonds during the rainy season. The karité project in Koudougou has collected some useful data on karité and karité butter prices that should be expanded upon and thoroughly analyzed to uncover the causes and effects of price fluctuation.

What remains to be seen is whether or not the domestic cosmetic industry can compete with imports, use karité economically, and grow to the point where it has an effect on the domestic market for karité butter. At this point it is far too early to predict the way this industry will develop.

Karité Butter Production

The large-scale butter makers often have less field work (because they live in towns) and therefore more time to make butter. However, this also means they must buy much of what they need. Also it is time-consuming to gather fruit themselves, and this involves traveling to communal bush areas at great distances. Lack of transport is a problem. The women in Niangoloko were tied to merchants for both their supply and their market although, considering official prices and world market prices, it must be said that the women were getting a pretty good deal. Women in both Niangoloko and Reo preferred to sell on the local market because they could get a slightly higher price and said they were always able to sell their butter.

The traditional technology currently being used is extremely time-consuming and labor intensive. This factor alone makes butter production prohibitive for women who are too young, old, or weak to undertake the arduous task or for women who have too many agricultural responsibilities. A key issue, which will be discussed in more depth below, is the possibility for improving almond preparation and storage so that more butter making could take place during the dry season when women have fewer activities. Another important innovation is the introduction of appropriate karité presses that can reduce the work of several hours into 30 minutes. The introduction of the grinding mill saves women time. Grinding mills, operated by men, charge 10-16 CFA/kg, the higher price in the market in Ouagadougou, the lower in Niangoloko.

Cosmetic Production

The biggest challenges to cosmetic production in Burkina Faso seem to be competition from legal and illegal imports. Karité-based products (and even many products not based on karité) cannot compete with the cheap, low-quality illegal imports from Côte d'Ivoire and Nigeria. They can compete in price with legal imports from France and elsewhere; however, there is an image problem in the domestic market. Most Burkinabé women selling cosmetics will say that Burkinabé do not want things made in Burkina because they are inferior to imported cosmetics. Domestic producers have not advertised or marketed their product to combat this bias, although Phycos is interested in advertising and feels strongly that it would make a difference. They plan to advertise when they can afford it, saying it is very expensive.

The passive acceptance of this bias by everyone the team talked to is not terribly surprising in a female-dominated subsector. Women have only recently entered the field of commerce in Burkina Faso. Many of them seem to have no entrepreneurial skills, and make little effort to promote their products or services. That is not to say that they do not work hard, but the idea of changing someone's mind or convincing them they need/want something additional (a mastered art in many countries) seems to be absent.

Hairdressers

Beauty salons have experienced a real boom in the last five to six years. Although there are no formal studies to refer to, conversations with Burkinabé women, hairdressers, and project staff of a new women's credit program reveal some interesting dynamics in this area.

Expenses for salons are relatively high, especially taxes, and vary from salon to salon. They range from 30,000-100,000 CFA/year with an average being near 45,000 CFA/year. Other major expenses include electricity at 11,000-15,000/month and rent which can range from 10,000-25,000 CFA/month. Only the biggest salons have paid employees; most have apprentices who are often young women and girls who are members of the family. These apprentices are not paid on any regular basis. Another, somewhat less common, arrangement is for workers to be paid by the piece or for the proprietor to share a percentage with her workers depending on the level of business.

Initially, salons were opened by Burkinabé women who had the means to open them (usually with support from their husband or family) but did not necessarily know how to style hair themselves. These women hired (either as employees or apprentices) both Ghanaian women and Burkinabé women to work for them. The recent boom seems to be the result of these employees and apprentices going into business for themselves and taking their old clients with them.

It is difficult to know whether or not there is now a second generation of hairdressers in Burkina Faso who are more skilled and perhaps more stable as entrepreneurs. The competition seems stiff. Ghanaian women are accused of being cheaper and using cheap, occasionally unsafe hair products. However, Burkinabé women also claim that the Ghanaians are typically more skilled and show a better entrepreneurial spirit by making more of an effort to please their customers, showing an interest in them, and generally creating a pleasant atmosphere.

The market for hairdressers in the urban areas will probably remain stable or increase. It seems likely that increasing competition will lead to a shakeout and increasing professionalism. However, the

practice of using unpaid apprentices gives very little incentive for skilled hairdressers to stay in someone else's salon. Until more salons create viable employment for hairdressers, significant turnover in the industry will probably continue.

Currently, most hair salons do not sell cosmetic products of any kind. However, several we spoke with would be interested. They saw it as a way of diversifying their business. Some mentioned that they had sold cosmetics but that they were taxed extra for this activity making it unattractive. Most share the bias against locally made products, but it seemed to be based not upon any deep-seated prejudice but rather a lack of information and experience.

OPPORTUNITIES FOR SUBSECTORAL EXPANSION

Referring back to the subsector map, there are perhaps two boxes that one could attempt to enlarge and several links that could be strengthened, created, or at least studied to determine their potential.

Improved Production of Karité Almonds and Butter

There is definitely an opportunity to improve production quality and quantity of karité almonds and butter. The question that must be further analyzed is, for what market and for what price? Local women prefer to sell on local markets because they get the best prices there. Our research was unable to find any women who could not sell their butter, but it is unlikely that local markets could absorb a significant expansion in butter production at current prices. The domestic cosmetics sector is still too small to have a significant impact on demand. Therefore, the relatively large market that remains is the international market.

Although the international market is currently dominated by a demand for almonds, there seems to be a demand for quality butter if transport can be worked out. According to one experienced European buyer, many companies would prefer to buy the butter because industrial processing is a difficult, dirty operation.

There are several constraints besides the question of markets that would need to be addressed for increased export of butter to occur. The timing of the karité harvest presents problems for rural women active in agriculture. Although the preservation of the nuts must be done immediately, the production of butter can wait for many months — if women are able to stock the nuts in a dry place. The women's group working with the project in Koudougou is treating karité storage like the model cereal bank approach. They are selling (or stocking) when prices are low and reselling to members at a higher, but less than market value, price during the period when women have time to produce butter. This approach is promising and it is rather surprising that it is not more widely spread.

It's not worth producing butter unless it is good-quality butter. The most critical step in good butter production actually occurs in the preservation of the almonds. If they are preserved correctly, not only will the butter be good, but the almonds will last longer and they'll produce more butter. Butter production itself can be improved through the use of simple presses. Presses reduce the time spent making butter and can improve extraction rates. Current projects visited are attempting to increase production and quality but are having limited success in their attempts to create markets or even to efficiently utilize existing markets.

The Karité Market — Policy Opportunities

Liberalization of the karité market in Burkina Faso has been discussed for several years now. All of the major exporting countries — Mali, Cote d'Ivoire, Togo, Benin, and Nigeria — have deregulated their markets. The opportunity to increase exports of both nuts and butter through deregulation of the karité market should be examined and pursued.

Cosmetic Products

There is definitely an opportunity in the area of cosmetic production in Burkina Faso. By all accounts, however, the domestic market is both limited and conservative in its current habits. This is why Phycos is looking into export possibilities that seem to hold promise for finished and semifinished cosmetic products such as highly refined and conditioned karité butter. The export potential for such products is untried but seems to be promising. The domestic market too should not be written off as a lost cause but will require more sophisticated and expensive packaging and marketing than is currently used.

Hairdressers — Training Opportunities

Currently, hairdressing is like the high fashion subsector in Burkina Faso: there is no training center in Burkina and the most successful entrepreneurs are people from elsewhere or Burkinabé who have studied elsewhere. There are, however, possibly enough qualified hairdressers now in Burkina's large cities to consider the possibility of a training center in this area.

The other area of training needed in this sector is in general entrepreneurial skills that are closely adapted to the specific nature of the subsector. According to Burkinabé women, Ghanaian women are much better marketers and managers than Burkinabé women. They pay more attention to their customers and create a more congenial atmosphere — an essential if nonquantifiable quality in a beauty salon. Basic training in record keeping, pricing, and other management skills is also needed. There is one project currently working with 14, midlevel Burkinabé hairdressers to give them just this sort of entrepreneurial training. Although this is a small sample, the results of their efforts (due to end in December 1991) should prove useful for future training in this area.

MSEs — Policy Opportunities

Most MSEs, whether they're hairdressing salons, cosmetic boutiques, or other enterprises, are hampered by a complex, confusing, and often arbitrary tax system. This system is confusing to well-educated people, and even more so to semiskilled, semiliterate hairdressers and boutique owners. It can also be a disincentive to business expansion and diversification, more formal employment arrangements, and increased marketing efforts.

Simplification and rationalization of the tax code so that it fits the enterprises involved has the potential to improve the investment and growth climate of the cosmetics and hairdressing industries.

LEVERAGED INTERVENTIONS

There are really two levels at which leveraged interventions may be appropriate: Karité production and commercialization (including butter production) and hairdressing enterprises.

The cosmetic production sector is too small and new to warrant intervention now. Phycos is a critical leader in this area. If they succeed they can increase employment (both directly and through buying butter) and inspire other enterprises. So far they have done well on their own. They have recently commissioned a market study from a program financed by the African Project Development Facility that will look into the feasibility of expanding their operations. Donor groups (including NGOs) should resist the temptation to meddle and push Phycos faster than they're ready to go or in directions that don't interest them. Up to this point, this women-run company has made it on their own; they should continue to do so.

Training and Technology for Improved Karité Production

As has been mentioned above, there is considerable scope for improvement in traditional techniques of almond preservation and butter production. Much of this improvement could be realized through training programs for women in simple techniques. In addition to training, the introduction of simple presses could help to reduce the time required to produce butter and possibly increase transformation rates. A program to address both training and technology could be carried out under a natural resources project. Such a program should be linked to commercial markets and the development of actual butter-making enterprises, rather than just subsistence production.

Policy Dialogue on Karité Marketing

Current government policies inhibit the commercialization of karité almonds. It is likely that this also inhibits the ability of private enterprises to invest in karité production and marketing. A liberalization of this market should serve to encourage exports thereby making the overall karité sector more attractive for investment.

Enterprise Training for Hairdressers

This area of the cosmetic products subsector is currently underutilized — particularly as a market and outlet for cosmetic products and a source of employment. Most salons do not sell cosmetics, but several express an interest. Most salons do not employ women, they maintain apprentices. Training in this enterprise area should include basic skills such as recordkeeping, personnel management, pricing, and marketing. It should focus on those areas with the highest potential to increase business and raise employment — marketing and personnel management. Such a training program could be carried out through a general enterprise development program.

Policy Dialogue

The current tax structure for MSEs in general is, at best, confusing. At worst, it is a disincentive for investment and growth of individual MSEs. Donors and NGOs should examine the tax structure regulating MSEs and work on ways to clarify the system and make it more appropriate to specific types of enterprises. For hairdressers in particular, taxes that penalize (either directly or indirectly) proprietors for selling cosmetic products or hiring employees should be modified.

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ANNEX F
AGRICULTURAL MACHINERY SUBSECTOR ANALYSIS

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ANNEX F

AGRICULTURAL MACHINERY SUBSECTOR ANALYSIS

RATIONALE FOR ANALYZING AGRICULTURAL MACHINERY

The agricultural machinery subsector includes the production, distribution, sale, and servicing of a wide variety of agricultural tools and equipment. In the broadest sense the subsector would include everything from the hand hoe (known locally as the *daba*) to large tractors and combine harvesters. In addition to equipment related directly to land preparation and cultivation, items such as animal drawn carts, pumps, irrigation pumps, and grain mills could also be included in the subsector, but they have not been considered for the purposes of this analysis. The market for agricultural machinery is about 2,700 million CFA annually, with nearly two-thirds of this being animal traction equipment and hand tools.

In an effort to increase agricultural production, the Government of Burkina Faso (GOBF), in collaboration with donor agencies and development projects, has been making efforts to introduce various levels of mechanization to Burkinabé farmers. These include a modest effort to introduce light tractors in the southwest, and an extensive, long-term nationwide effort to introduce animal traction equipment. As a result of this long-term animal traction program, it is estimated that 15-17 percent of small farms presently make use of animal traction equipment.

Production of animal traction equipment by artisan blacksmith shops, in both secondary cities and the rural areas, offers a significant opportunity for further development and expansion of these microenterprises. Virtually all animal traction equipment used in Burkina Faso is produced in-country, but this production is concentrated in two state-owned enterprises that make little use of the skilled blacksmiths in the country. Despite this concentration of industrial production, there are several modern blacksmiths, located throughout the country, who produce complete ploughs that they then sell to rural farmers in their local areas.

The market in Burkina Faso for hand cultivation tools (the *daba*) is also very large (estimated at 900 million CFA per year), and is for the most part satisfied by local production. It is estimated that there are 3,400 full-time blacksmiths, and an additional 24,000 people who derive part of their income from blacksmithing. There are also significant imports of hand tools and light metal products, which could be replaced with local production. An expansion of the range of products made by the blacksmiths, with the addition of light metal fabrication, could provide them with additional opportunities for enterprise growth and expansion.

Policies established by the GOBF will be the key to setting overall direction for the development of this subsector. The existing industrial units have impressive technical capabilities, but the continued production of relatively simple mechanical equipment is not putting these skills to their best use. Government policies that would encourage the decentralization of animal traction equipment production, and provide protection for those markets that can be met with local production, would serve to increase the business opportunities for rural enterprises and to move the industrial units into new, and perhaps more profitable, areas of production.

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MARKETS FOR AGRICULTURAL MACHINERY IN BURKINA FASO

The value of the overall market for agricultural machinery in Burkina Faso has been estimated at 2.5 billion CFA Francs in calendar year 1990. This market is more or less evenly divided among three general categories — motorized equipment, animal traction equipment, and hand tools (See Figure 1). As might be expected, the local value added in the motorized equipment category is minimal, while that added in the hand tool category is large. The local value added in the production of animal traction equipment in Burkina Faso is important, but it remains a relatively small percentage of the overall value of the market. There is an opportunity for expanding the value added in Burkina within this equipment category. This section of the report will provide an historical perspective on each of these markets, and discuss the prospects for their future development and growth.

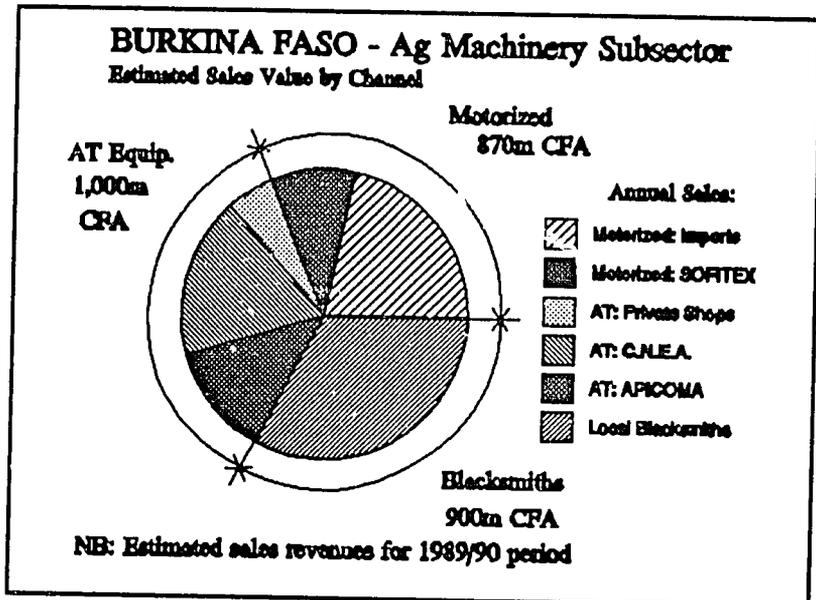


Figure 1: Distribution of Agricultural Machinery Sales by Subsector.

The Market for Motorized Equipment

There are about 600 motorized tractors of all sizes in Burkina, with nearly 400 of these being light tractors assembled by SOFITEK in Bobo-Dioulasso. The annual market for tractors of all sizes is valued at 870 million CFA, and sales levels have been growing in the past five years because of the introduction of light tractors by SOFITEK. This market should remain steady, or decline slightly, over the next few years, with an average of 10-20 large tractors, 50-80 light tractors, and a similar number of motorized cultivators being sold per year. This market is geographically concentrated (especially in the case of the light tractors) in the southwest of the country, along with the concentration of cotton production. Opportunities for the expansion of microenterprise activities (either blacksmiths or mechanics) within this category are fairly small. SOFITEK has worked to include rural blacksmiths and mechanics in its promotion of light tractors by assisting a small number of these entrepreneurs to set up for maintenance and repair of the tractors. Unfortunately this market is small, and growing slowly, so it offers few opportunities for new entrants.

The Market for Animal Traction (AT) Equipment

The use of animal traction equipment (ploughs and carts) has been promoted in Burkina since the mid-1960s, with local production of equipment starting in the mid-1970s. It is estimated that 15-17 percent of all farms in Burkina make use of animal traction equipment. Actual market penetration varies

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greatly from region to region, with the most extensive use occurring in the southwest, at about 40 percent of farms. Although animal traction appears to be an appropriate technology for use by small farmers in Burkina, a number of conditions must be met to make it a profitable arrangement for the farmer. At a minimum, the farmer must have a farm size of 3-5 hectares, and he needs to have a cash crop or an alternate steady source of income to generate the cash needed to pay for the equipment. Other factors, such as the availability of credit, draft animals, training services, and cash for a down payment influence the farmer's decision to adopt animal traction.

Over the past 10 years the general trend in sales has been downward (Figure 2) and future prospects for the market for animal traction equipment appear limited. In the north and east, where the land is degraded from overcultivation and farmers have little cash income, sales prospects — excluding donor or NGO-financed (subsidized or direct grants to farmers) programs — are limited. Some potential still exists in the southern provinces of the country, where population pressure is not so great and the land is still providing adequate yields. The southwest of the country offers the best potential market, but market penetration there is already at a high level. As internal migration to the southwest (particularly the relatively less-densely-populated provinces of Comoe and Poni) continues, and new farms are developed in that region, this area should provide the main opportunity for the sale of new equipment.

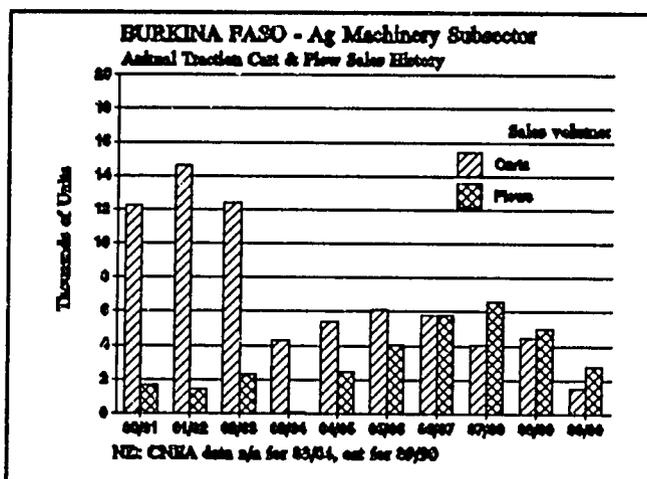


Figure 2: Animal traction sales trends for the past ten years.

Besides ploughs, there has been a fairly steady market for animal drawn carts and wagons. These items represent a large percentage of the value of the animal traction equipment market, generally on the order of 60-70 percent. Sales of animal drawn carts were very high in the early 1980s (see figure 2, above), when they were relatively new on the market and farmers benefited from high prices and good yields. Sales for the period 1983 to 1990 have been erratic, but they still represent a significant part of the market in value. Sales levels for carts should remain fairly steady over the coming years. The transportation of water, crops, bricks, and a wide variety of other items, with animal drawn carts, is widespread in Burkina.

The Market for Hand Tools

The actual market for the *daba* and other hand cultivation tools in Burkina has not been measured, and is difficult to estimate with precision. We estimate that the value of this market is 900 million CFA per year. Almost all of this market is being met with local production, much of it coming from traditional blacksmiths in the rural areas. As virtually every Burkinabé has a *daba*, and they need to be replaced regularly, the market for this product category should continue to grow at least as fast as population growth. In the coming years this market, and perhaps the development of markets for complementary products (such as shovels, picks, and pails), will remain an important one for both the traditional and modern blacksmiths.

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The After-Sales Service Market

The value of this market has also never been measured, although based on the number of ploughs that have been sold over the past 15-20 years, it could be estimated at 200-400 million CFA per year. This assumes that each of the 100,000 or so farmers using animal traction equipment purchases a replacement plough tip per year, and that other pieces are purchased and repairs performed. This market represents an important source of income for both modern and traditional blacksmiths, and it also provides the main source of income for some small artisan blacksmith shops in the vicinity of the main urban centers of the country.

There is little involvement of the blacksmiths in the after-sales service market for motorized equipment, with the exception of the few shops assisted by the Light Tractor project operated by SOFITEX. Overall this market represents a limited opportunity for the artisan blacksmiths, because of the small number of tractors and the more complex requirements for the production of parts. There is perhaps a small after-sales service market for the hand tools, but this would essentially be the production and sale of replacement *dabas*.

The after-sales service market for animal traction equipment, relatively speaking, is perhaps equal in value to about one-half the annual sales market for new AT equipment. As such, this market represents an important area for microenterprise activity, and their role in this market should be protected and enhanced if possible. The main problems confronting the blacksmiths selling to this market, as is the case in the new AT equipment market, is the access to raw materials, tools, and equipment.

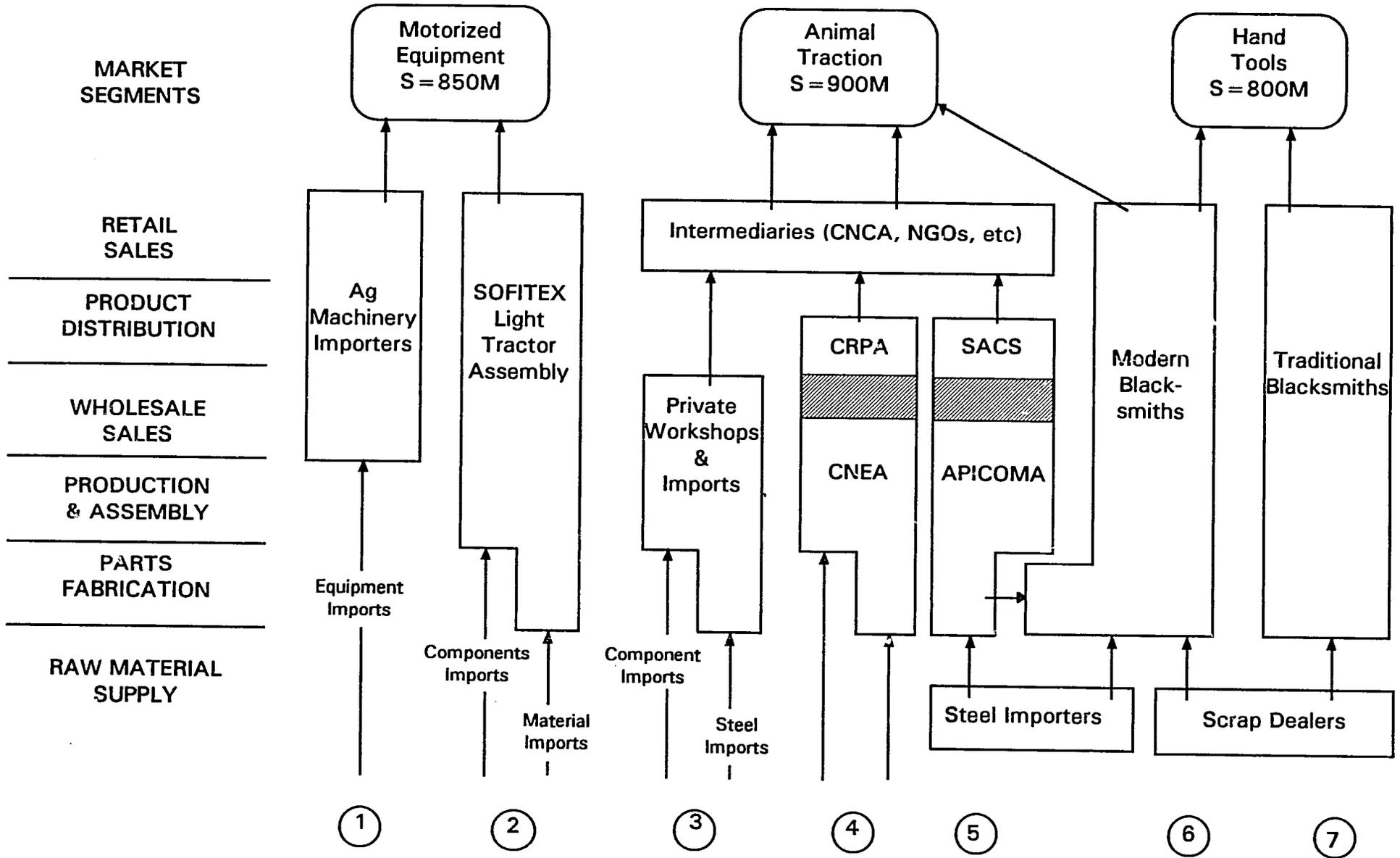
THE STRUCTURE OF THE AGRICULTURAL MACHINERY SUBSECTOR

The Agricultural Machinery SubSector Map

The starting point for the analysis of the agricultural machinery subsector was an attempt to define and classify the products to be included. Broadly defined, the subsector should include not only equipment used in primary agricultural production, but also auxiliary equipment such as that used to facilitate access to water and in transportation and processing.

For the purposes of this analysis we have tried to identify the universe of ag-related equipment used on a regular basis in Burkina Faso, and then categorize the equipment according to its use and source of energy. Based on this effort the following classification has been developed:

**FIGURE F-1
BURKINA FASO AGRICULTURAL MACHINERY
SUBSECTOR MAP**



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Table I: Classification of Agricultural Machinery

POWER SOURCE	AGRICULTURAL PRODUCTION	AUXILIARY EQUIPMENT
Human	Hoes (<i>dabas</i>), machetes, <i>coupe-coupe</i> , pick, shovel	Wheelbarrow, hand pump, <i>pousse-pousse</i> , pedal threshers
Animal	Animal drawn ploughs, <i>houe manga</i> , <i>multi-culteurs</i>	Carts, animal powered pumps & mills
Motorized	Motorcultivators, small tractors, large tractors	Water pumps, irrigation pumps, trailers for tractors

Because there is very little production of auxiliary equipment in Burkina Faso, and to facilitate the subsector analysis, we have concentrated our analysis on those items included in the first column of products, Agricultural Production.

Based on the above classification of products, three broad markets in Burkina Faso exist for agricultural machinery:

- Farmers using motorized farming equipment
- Farmers using Animal Traction equipment
- Subsistence farmers using only hand tools

Serving these three markets we have identified seven distinct channels of production and distribution, with almost all of the channels specializing in meeting the needs of one of these three markets. In only two cases (Channels 6 and 7) do actors in a channel attempt to market products and services to more than one of the individual markets.

Although these markets have been identified as being distinct, particularly in terms of production and distribution, the farmers tend to purchase machines from more than one of the categories. Virtually all farms in Burkina have hand tools (particularly the *daba*) and thus the entire universe of farms, and even urban dwellers, can be included in this market segment. Presently, about 100,000 farms have animal traction equipment, and perhaps another 50,000 could effectively use AT equipment. The true size of the market is very much influenced by the availability of credit, or other donor subsidized programs for equipment distribution. All the farmers in the motorized equipment market have passed through the animal traction phase, but they are probably no longer in the market for animal traction equipment.

The agricultural machinery subsector is still in the early stages of industrial development in Burkina Faso, with fairly basic operations being performed within each of the channels. Activities within each of the channels in the subsector can be broken down into six distinct functions, as follows:

- Raw material supply
- Component production
- Fabrication and assembly
- Wholesale sales
- Product distribution
- Retail sales

In many cases, the distinctions between wholesale sales, distribution and retail sales are not clear, and prices generally remain the same at all levels. These functions are more clearly developed in the channels that deal strictly with imported products.

The essential raw material for all agricultural machinery production is steel, in a variety of shapes, grades, and forms. As we move from left to right across the subsector map, the supply of raw materials moves from finished goods (in the case of tractor imports) to the import of steel bars and shapes for local production. Most of the channels handle their imports directly (importers, SOFITEX, CNEA, and APICOMA), while the modern blacksmiths tend to use local importers or purchase from APICOMA. The traditional blacksmiths generally do not use imported material, but tend to use recycled steel provided by intermediaries that recover it from various sources.

The next function is component production. Again as one moves from left to right across the map, this function becomes a more important element of the overall activity within the channel. In channel 2 (SOFITEX) parts production still represents a relatively small part of the overall activity, but in channel 6 (modern blacksmiths) virtually all of the components for final production are produced within the channel.

Fabrication and assembly is the next step in the production and distribution process. This is an important element in channels 2-6. In channel 1 there is no fabrication and assembly, while in channel 7 the blacksmiths are only producing parts, not final assemblies. Fabrication and assembly are the essential activities within channels 2-6.

The ultimate sales and distribution of the final product is handled in a different manner, depending on the channel. In the case of imported machinery, firms in this channel deal directly with the ultimate user of the equipment. This is also the case in channel 2, local tractor production at SOFITEX. In channels 3-5 the situation becomes less clear, because of the role played by intermediary organizations. These organizations variously provide credit, training, distribution and/or other services to facilitate the movement of equipment from the producer to the ultimate user. In channels 6 and 7 the relationship between the producer and the user is direct, with almost no intervention by intermediary organizations.

An important activity in the subsector, which has not been included on the map, is that of after-sales service. Although it is a valuable element of the overall picture of the subsector it does not logically fit within the production and distribution functions on the subsector map. After-sales service for equipment from channel 1 is generally provided by the sales agency, or by mechanical services on contract to the sales agent. The Ministry of Agriculture also has a program to provide maintenance and repair services for the users of large tractors and farm equipment. In channel 2 SOFITEX has trained a small number of rural blacksmiths and mechanics to provide the essential services needed for their products. These services include production (at the blacksmith shop) of plough parts, and repair and maintenance services on site by rural mechanics. After-sales service, which generally means producing and mounting new

plough parts, in channels 3-6 is provided by the rural blacksmiths, either modern or traditional. For traditional blacksmiths this service and repair business represents a significant part of their income, but with the modern blacksmiths it represents 50 percent or less of their total revenues.

The Technologies Used in Burkina Faso

As was mentioned above there are three broad categories of agricultural machinery used in Burkina Faso: motorized equipment, animal traction equipment, and hand tools. An overview of each of the technologies (for the production of agricultural machinery) in use will be provided here.

Motorized Equipment

The introduction of motorized agricultural equipment in Burkina Faso is still at a fairly early stage. There are perhaps 600 tractors of all types in the country, and about 400 of these are the light tractors being produced and distributed by SOFITEX.

The results of a study done by the Ministry of Agriculture in 1986 determined that the most common make of large tractor was Fiat (with 97), followed by Massey-Ferguson (24), John Deere (10), Universal (10), Renault (7), and all others (275). The 275 figure also includes the small tractors, which were estimated at around 250. Because large tractors require a cultivated area of 50 to 75 ha to be profitable, few farmers in Burkina can effectively use such machines. In addition to private farmers, though, there are cooperatively owned farms, mainly in the southwest of the country, which can and do use larger tractors.

There is no production of large tractors and motorized farm equipment in Burkina. Assembly of light tractors at SOFITEX has been under way for the past five years, and gradually the facility is moving into local production of certain parts used in the tractors and their accessories. SOFITEX has a fairly modern facility in Bobo-Dioulasso, with modern equipment. This facility has all the equipment necessary to produce many of the structural parts of the tractor, along with other sheet metal parts (for example, mud guards). SOFITEX does not have the capability to produce machined parts, or to produce parts from materials other than steel bars and sheets. The cost of local production is most likely quite high (due to the limited volume) and the decision to produce parts locally should be based on a comparison of the cost of imports relative to local production.

Animal Traction Equipment

Animal traction equipment was introduced to Burkina Faso some 25 years ago, and through continual support and encouragement by the GOBF, development projects, and donor agencies, it has gained a respectable status in agriculture in Burkina Faso. Various estimates place the level of utilization at 15-17 percent of all farms, or approximately 100,000 farm units.

The producers, and the projects that have intervened in this area, have tried to standardize the designs of the equipment over the years with some success. The two main producers, CNEA and APICOMA, have developed standardized product lines, with printed catalogs and price lists. Their designs are quite different though, and thus there is no interchangeability of parts from one manufacturer to the other. There also seems to be concern that research and development on plough design (to develop ploughs and

other equipment more suited to local conditions) has been forgotten. It is unclear if the ploughs being produced are the best designs for the conditions in Burkina Faso.

As is the case with ploughs, the design of animal drawn carts has been standardized by each of the individual producers. A fairly complete range of products is available for use with both donkeys and cattle. These items have become popular and are now perhaps the most important product for the two large producers. The number of ploughs and carts sold is approximately equal, but with prices of carts averaging two to three times that of ploughs, the sales revenue from carts far exceeds that of ploughs.

Both the CNEA and APICOMA maintain large, modern, production facilities for their operations. While the CNEA has dispersed its facilities to several locations, all of APICOMA's production is done in Ouagadougou. These firms have full complements of modern machines, including lathes, drill presses, welding equipment, and all the necessary jigs and fixtures to maintain a high level of production for their respective lines of equipment. In addition to the production facilities, these organizations seem to have, or have access to, some design capability. This capability would allow these organizations to develop, or adopt, new equipment designs and prepare the technical drawings and specifications necessary to transform the product concept into a finished product. With the exception of the recent introduction of an "india" model water pump by APICOMA, this capability is underutilized by these firms.

The private blacksmith shops, which also produce plows and carts, are less well equipped than the two state-owned firms. These shops are smaller, and they have a smaller range of equipment than the big firms. They have concentrated on niches in the market in the past, where they could produce a limited range of products at a competitive price. These firms also have no product design and development capability, and have simply copied designs developed at the larger firms. These firms do not appear to have much potential for moving into new, more sophisticated, agricultural machinery production.

The other actors in this sector are the modern blacksmiths who have been trained by the CNPAR, or Centre National de Perfectionnement des Artisans Ruraux. Some of these blacksmiths produce complete plows, using designs developed at APICOMA. Their facilities are usually limited to a forge, an anvil, and an assortment of hand tools. The more prosperous among them have welding machines, which expand greatly their ability to produce complete units. A key factor limiting their ability to produce equipment is the difficulty of drilling holes — it seems that none of them has a hand drill or a drill press. With a slightly expanded suite of equipment, these blacksmiths could play a much larger role in meeting the local demand for animal drawn plows in Burkina.

There is some concern that the modern blacksmiths, and even the modern industrial firms, cannot produce properly heat-treated plow blades and tines. This concern was expressed by CNEA, and it was advanced as an argument for the direct importation of these parts from Europe. APICOMA, on the other hand, believes that the blacksmiths can produce a properly heat-treated part, and they have had locally produced parts analyzed in Europe to prove their point. Based on this belief, they try to use to the extent possible local blacksmiths for the production of these parts. Although it is clear that the parts can be produced, they must be produced in a manner that will give them the durability and strength farmers have come to expect. This will require that the blacksmiths understand the production process, and that they have access to the proper tools and equipment and appropriate raw materials.

Hand Tools

Every farm in Burkina Faso has a fairly complete collection of hand tools, which are used in various stages of agricultural production. The most common tool is the *daba*, the short-handled hoe used for land preparation, seeding, and weeding. The *daba* itself comes in various shapes and sizes, although there do not appear to be any distinctive names given the different forms. The production of *dabas* is done on an artisan basis, either by modern blacksmiths in urban areas or by traditional blacksmiths at the village level. There appears to be an important cross border trade in *dabas* in the southern areas of the country. Blacksmiths there complain of cheap imports from Ghana and Ivory Coast, which compete with their production for the local market.

Modern blacksmiths producing hand tools are equipped as discussed above in the animal traction equipment section. They generally have better access to raw materials (most of the material used for hand tool production is recycled metal) and with a welding machine certain steps in the production can be handled much quicker than with manual methods (for example the tang for the *daba* is usually welded in place). The traditional blacksmiths operate with only the most basic equipment. Their forges are usually on the ground with leather bag bellows. Most do not have an anvil, but use a recycled car or truck part instead. Their selection of tools is limited and usually quite well worn. Without access to more modern tools, and training in the production of new products, these blacksmiths will only be able to continue the low level of simple tool production they are currently engaged in.

Alternate Supply Channels for Agricultural Machinery

The supply of agricultural machinery, as defined under the terms of this study, is satisfied in Burkina Faso through seven alternate channels. The first two channels serve the market for motorized agricultural equipment, mainly in Ouagadougou, Bobo-Dioulasso, and the cotton production area of the southwest. Channels 3-6 compete for the important, but declining, market for animal traction equipment in Burkina. There are two relatively large (state-owned) producers in this channel, which dominate the market. Channel 6, the modern blacksmiths, also compete to a certain extent with channel 7, traditional blacksmiths, for the market for hand cultivating tools — essentially the *daba* in all its various forms.

Imported Agricultural Machinery

There are three main importers in Burkina Faso offering a selection of motorized farm equipment of various sizes. These items range from small, two-wheel motoculteurs, to large, fully equipped tractors. The major importers, with their location and the make represented are listed below:

Table II: Importers of Large Tractors in Burkina Faso

NAME OF IMPORTER	LOCATION	MAKE IMPORTED
Atelier de Technologie & Service	Bobo-Dioulasso	Landini (Italy)
DIAFA	Ouagadougou	Fiat (Italy)
M. B. Track	Ouagadougou	Deutz (Germany)

Virtually all of the tractors presently in Burkina Faso are European, and the present importers offer machines made in Germany and Italy. Over the past few years the GOBF has continued its efforts to take a census of the numbers and types of tractors in the country. The results of this effort may be available by the end of 1991, along with the GOBF's thinking on how to deal with the plethora of sizes and types of tractors in the country.

A private study on the perspectives for mechanized agriculture in Burkina Faso estimated the market for 60 to 80 hp. tractors at 25 per year (10 new and 15 used) and the market for 30 to 45 hp. tractors at 15 per year (10 new and 5 used, excluding local production at SOFITEX). Based on discussion with the owner of ATS, and information contained in reports, these figures appear reasonable. At this level of sales, the total market for motorized equipment would be valued at approximately 800 million CFA per year.

Maintenance of large tractors became a concern of the GOBF during the 1980s and early in the decade a UNIDO project was put in place, under the auspices of the Direction des Intrants et Machines Agricoles, to establish three maintenance facilities for motorized agricultural equipment. With the exception of the Fiat and Landini makes of tractor, the access to spare parts and service is difficult. The maintenance project eventually established two centers, in Ouagadougou and Bobo-Dioulasso. The third center, planned for Koupela, is still under study but it appears unlikely that this center will ever be established. As far as can be determined UNIDO assistance to the project has been completed and the centers established now operate as part of the Direction des Intrants et Machines Agricoles.

Société des Fibres et Textiles (SOFITEX)

SOFITEX, the large cotton processing company located in the southwest of the country, has had a "Projet Petit Motorisation" in operation for the past six years. The effort is a joint one, with SOFITEX operating a small assembly shop in Bobo-Dioulasso, and the Caisse Centrale de Cooperation Economique (CCCE) financing a companion project that provides technical assistance and training for users and repairers of the equipment.

The production facility at SOFITEX assembles a small, four wheel 27 hp., tractor of French origin known by the name Bouyer. The shop has the capacity to assemble up to 100 tractors per year, but it evidently has never operated anywhere near to capacity. Initially the shop imported all the parts and sub-assemblies necessary for the production of the tractors, but over the years an effort has been made to begin the production of certain parts in Burkina. According to the shop foreman, SOFITEX now prepares some of the simple sheet metal parts for the tractor, and the entire frame and body of the trailer unit is made in Burkina Faso.

Since 1986, the project has sold (some imported directly and the rest assembled in Burkina Faso) about 400 of these tractors. About 300 of the tractors have been provided to farmers included in the project, the rest having been sold to individual farmers who wished to purchase the machines for use outside the project area. The tractor, and a complete set of accessories, sells for about 4.5 million CFA, a figure well out of reach of the typical Burkina farmer. The project has established basic selection criteria for farmers wishing to purchase tractors, these are:

- A minimum of 25 ha of land to cultivate; and
- Demonstrated capabilities with animal traction.

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Farmers meeting these minimum requirements can then be selected by the project for the purchase of the equipment. Purchases require a 25 percent down payment, with the balance being financed by credit made available through the Caisse Nationale de Credit Agricole (CNCA). Since virtually all of the farmers who qualify for the purchase of these machines are cotton farmers, the CNCA receives reimbursement for the credit directly from SOFITEX, which makes deductions from the payments made to the farmers.

The CTP for the project estimates that there are 2,000-3,000 farmers in the project area who could effectively use this type of tractor. Sales have declined slightly in the past few years though, so it is unlikely, at least in the foreseeable future, that the level of use will reach anywhere near this number. The CTP feels that the agricultural system in Burkina is not conducive to the adoption of new technologies. The farmers are subjected to the whims of the market, the weather, and various intermediaries in the system, and thus they absorb the majority of the risk. Burkina lacks even a rudimentary safety net for the farmers, which would reduce the risks of adopting new technologies or trying new cultivating techniques.

The project, financed by the CCCE, provides the necessary training and maintenance elements to make the introduction of mechanized equipment successful. Project staff provide the farmers with comprehensive training in the operation and basic maintenance of the equipment. The project has also provided the farmers with a record-keeping system to allow them to evaluate the financial impact of mechanized operations. The project is collaborating with the CRPAR and the CPAU to train blacksmiths (at the CRPAR) and mechanics (at the CPAU) capable of making the plough parts and repairing the tractors. Several repair stations have been established in the project area, with a blacksmith, mechanic, and spare parts depot at each one, to insure easy access to repair and maintenance services by the farmers.

Private Metalworking Shops and Importers

From the introduction of animal traction in the mid-1950s, to the mid-1980s, the market for ploughs, harrows, and carts has been good and has grown at a steady rate. This expansion of the market encouraged participation by a few private workshops and importers. Unfortunately trends have reversed, and the market has been declining in the past few years. As a result, production of animal traction equipment in private sector enterprises has been on the decline. During 1990, the production of ploughs was virtually nil, and prospects for 1991 do not appear to be any better.

Table III: Production and Sales Estimates for YAMEOGO Marc

NAME OF PRODUCT	88/89 SEASON	89/90 SEASON
<i>Charrues Bovines</i>	70	20
" <i>Asines</i>	205	30
<i>Houes Manga</i>	725	700
<i>Charettes Asines</i>	2007	800
ESTIMATED SALES VALUE	200 M CFA	85 M CFA

The main private shop producing animal traction equipment is Entreprise YAMEOGO Marc (EYM), located in Ouagadougou. EYM began production of equipment in 1972 and has produced ploughs,

harrow, the *houe manga*, and carts on a regular basis since that time. EYM's estimates of production for the past two seasons are provided in Table III.

EYM believes that the decline in sales is due to the poor harvests of last year, and that if the rains are good this year sales may pick up next year. Another factor in the market is the intervention of credit intermediaries. The CNCA and other providers of credit do not generally use the smaller workshops, and, as the market has contracted, sales have tended to concentrate in the hands of those shops with close links to the credit system.

EYM purchases all raw materials in Europe, and also purchases many of the wearing parts and springs in Europe for ploughs and *houes manga*. The EYM shop is a fabrication shop and no blacksmith work is undertaken there. Presently EYM has a considerable stock of unused parts for the machines produced — for example, a stock of nearly 700 axles and wheels for the carts the EYM is obliged to pay financing charges on. So long as sales remain depressed, production of animal traction equipment will remain a financial burden on this enterprise.

Another workshop that jumped into the animal traction market is Société Villageoise de Commercialisation des matières Agricoles (SOVICA). We were not able to meet the Director of SOVICA, and employees that we met on our visits to the enterprise were not willing (without the approval of the Director) to divulge any information concerning the state of operations. It can be stated that SOVICA limits its production to *charettes* only, and in recent years has sold significant numbers of these products. The workshop was not at all active during the study, but this may not be the best time of year to judge the health of an enterprise from casual observation.

There are other small players in this channel, such as the Paroisse de Po and some workshops outside of Ouagadougou. Their total production represents a small part of the overall market for animal traction equipment in Burkina. Another bit player is SOGEFIA, a commercial enterprise in Bobo-Dioulasso that imported a fairly significant number of ploughs from France a few years ago. Apparently SOGEFIA has not been able to sell these ploughs, as they are of a different design, and are too heavy for the animals and the farmers here. We were not able to make contact with SOGEFIA.

Centre Nationale de l'Équipement Agricole (CNEA)

The Centre Nationale de l'Équipement Agricole (CNEA) is presently the most important player in the animal traction field in Burkina Faso. Their market share is estimated to be 50 percent or more, and it appears to be increasing. The CNEA is a parastatal enterprise (classified as a Public Enterprise of an Industrial and Commercial character, or EPIC), and it is considered to be an integral part of the Ministry of Agriculture.

The CNEA has its roots in an ILO project of the early 1970s, which was established to set up local animal traction equipment manufacturing capability. The project was originally set up under the auspices of the Ministry of Labor, but at one point early in the 1980s the project was split, with one part assigned to the Ministry of Agriculture (to become the CNEA). In 1983 the GOBF created the CNEA as an EPIC, with the mission of producing and distributing high-quality, standardized, animal traction equipment throughout the country.

Initially the CNEA had an extensive network of facilities. Aside from a central administrative office in Ouagadougou, the CNEA had two ARCOMAs (Ateliers Régionales de Construction des Machines Agricoles) located in Bobo-Dioulasso and Tenkodogo and, at one point, 11 COREMA's (Centres Operationnels Régionaux de Montage de Matériel Agricole) in other areas of the country. Parts fabrication and assembly were done at the ARCOMAs, and the COREMAs were used as assembly points — "kits" were shipped out to them from the ARCOMAs. Today this network has been reduced considerably in size, with only the two ARCOMAs and the COREMA at Dedougou still in operation. There is also a pilot plant in Ouagadougou, which functions as a COREMA, but this appears to play only a minor role in the overall scheme of CNEA.

CNEA has maintained an average sales level of 450 million CFA for the past three years (see Figure 3), although sales of 380 million CFA in 1988 were low because of supply and production problems. These figures include sales of all products (ploughs, harrows, carts, spare parts, raw materials) and services. CNEA's sales of ploughs have been growing, and have averaged nearly 40 percent of sales over the past three years. Sales of carts have been variable, and accounted for over 60 percent of sales in the 1989/90 season. Historically cart sales represent 60 percent, or more, of sales revenue. Unit sales figures available from CNEA (See Appendix 1) show that plow sales peaked at about 5,500 in 1980/81, while cart sales peaked at nearly 3,000 units in 1986/87.

CNEA imports all the raw materials for its production from either Europe or the Ivory Coast (paint and miscellaneous products) and, in addition, imports a number of finished parts for its products. CNEA's finished parts imports include the following:

- For ploughs: Plough tips, blades, mould boards, springs, bolts, and so on; and
- For carts: Axles, bearings, wheels and tires, and so on.

It is interesting to note that the wheels and tires for the carts are imported fully assembled, with the tires mounted and inflated, thus eliminating the task of mounting and inflating the tires in Burkina. This is probably done to minimize shipping costs, as the volume of shipping the separate parts would be much larger than shipping them assembled. One Technical Advisor joked that when European advisors get homesick they go out into the shop and open up the valves on the tires so they could breathe some "european air."

Employment at CNEA is 115 for all of its facilities. Approximately 80 percent of these employees are involved in the production of the machinery, the rest being administrative employees. The orientation of CNEA seems to be strictly commercial, as the Director and the Head of Production indicated that they

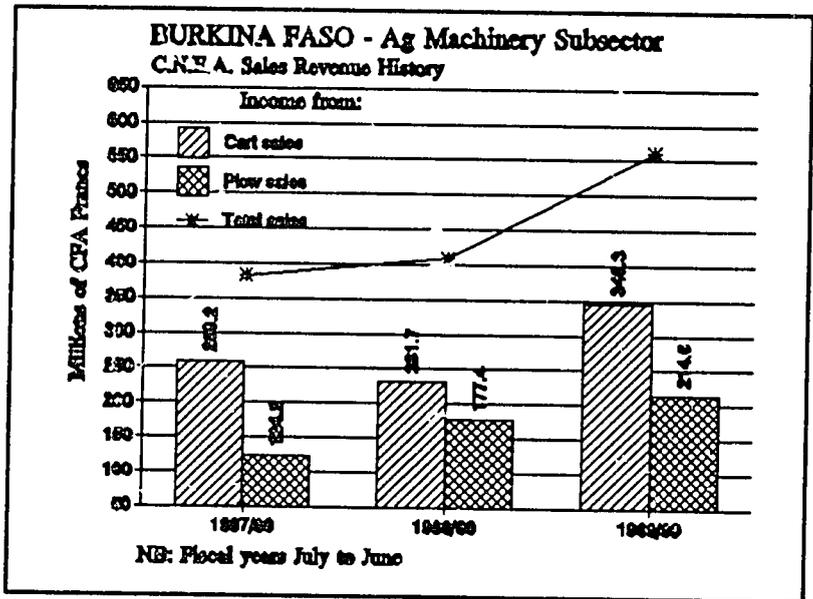


Figure 3: CNEA's Recent Sales History.

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did not involve the artisan blacksmiths in their production in any way (other than after-sales service). They claimed that the local blacksmiths were not able to produce parts of adequate quality to meet their needs, and that is why they continue to import some finished parts from Europe.

Appendix 2 provides some basic comparative financial data on CNEA for the past three fiscal years. We had great difficulty gaining access to even this limited financial data, and had hoped to get more. The CNEA produces a comprehensive financial report for its Board of Directors, and the Direction Générale which it reports to in the Ministry, but the reports for the past two years have not been completed. Only the sales data provided seems to be valid, as the raw material cost data is shown at 70 percent in all cases. Officials at the CNEA claim that the operation is profitable, although the profit levels seem to be declining and profit figures for 1989/90 were not available.

Clearly the CNEA receives regular and substantial subsidies for its operations. Examples provided by various sources include gifts of raw materials from various donors (as is the case in the *Projet 30,000 Charrues*), certain personnel costs paid for from the ministry budget, and a reduction in the duties paid on imports. As a private enterprise the CNEA would most likely not be profitable and its subsidized operations are driving the private workshops out of the market, limiting access to the market for the modern blacksmiths and it is making life very difficult for APICOMA.

Atelier Pilote de Construction de Matériel Agricole

The Atelier Pilote de Construction de Matériel Agricole (known by the acronym, APICOMA) is the production arm of the CNPAR. APICOMA has its roots in the same ILO project that led to the creation of the CNEA, but APICOMA (along with the whole CNPAR structure) is linked into the Ministry of Labor rather than the Ministry of Agriculture. The official parent organization of the CNPAR and APICOMA is the Office National de l'Emploi, a Public Enterprise with an Administrative character (EPA).

The operation of APICOMA needs to be viewed in the context of the overall CNPAR system to understand it. The CNPAR is a national training organization designed to improve the skills of artisans practicing a few selected trades. Among these trades, blacksmithing is one of the more important, and over the past 20 years the CNPAR has trained approximately 600 blacksmiths and given them skills to qualify them as modern blacksmiths. The CNPAR training program lasts seven months and provides the trainees with the skills necessary to make or repair the wearing parts of the ploughs, and, if a blacksmith has adequate equipment, he is capable of producing the entire plough himself.

Once these trainees have completed their program they return to their villages and reestablish their shop with the new tools and equipment that the CNPAR has provided to them (on credit). At this point the blacksmiths are (theoretically) provided with follow-up assistance through the Service Assistance Conseil et Soutien (SACS) of the CNPAR, which operates out of nine regional offices, in addition to Ouagadougou. The SACS is designed to provide the graduates with technical assistance when necessary, and to make common facilities available to them for work assignments that are beyond the capabilities of their own workshops. The original intention of this effort seems to have been to offer the blacksmiths the opportunity to produce the ploughs on their own, in rural areas. With the advent of APICOMA though, the CNPAR seems to have limited its efforts to diffusing the production out to the artisans. A greater emphasis seems to have been placed on industrial production of standardized designs.

APICOMA's mission, as stated in the promotional brochure produced by the CNPAR, reads as follows:

- Research and production of prototype agricultural equipment adapted to the animal traction conditions in the country;
- Fabrication, in small numbers on a semi-industrial basis, of animal traction 'multicultueurs'; and
- Contribute to the training of artisans specialized in the techniques of assembly, machining and fabrication of sub-assemblies.

The research work and technological adaptation has permitted the workshop to perfect a complete line of equipment.

Despite the idea of using APICOMA as a pilot plant and a research center, the shop has moved from pilot production to industrial production and is now the main competitor for the CNEA, along with the artisans originally trained in the CNPAR system. It is generally accepted that APICOMA has about 40 percent (compared with 50 percent for the CNEA) of the animal traction market, and the balance of 10 percent is taken up by the private shops, imports, and some of the modern blacksmiths.

To be fair, it should be noted that the CNPAR, through the SACS and APICOMA, has made an effort to include the modern blacksmiths in the production chain. Rather than import finished pieces, as is the case for CNEA, APICOMA uses the SACS to distribute the production of some of the parts for its ploughs to the blacksmiths. At the start of each production year APICOMA sets production targets for the year and informs the SACS agents that they will need certain quantities of pieces that can be produced by the blacksmiths. The SACS then informs the blacksmiths, and the work to be performed is parcelled out to those who are qualified and who have expressed an interest in being included in the program. The SACS then distributes raw material (on credit) to the selected blacksmiths, who prepare the parts required. The parts are then collected and sent to APICOMA for inspection prior to being either accepted or rejected. For accepted parts the blacksmith will receive a payment equal to the value of the part, less the cost of the raw material. For parts that are not acceptable, they may be repaired at APICOMA or they may be sent back to the blacksmith.

Although this system has provided some work to the blacksmiths, and it has served to a certain extent to preserve their skills, it represents a fairly small piece of the pie for APICOMA. Discussions with representatives of the CNPAR and APICOMA indicate that the total value of these "subcontracts" has been 6-8 million CFA per year recently, compared with APICOMA's total sales volume of 350 million CFA. It should be noted that the value of these subcontracts reached a high of 30 million in 1983, and then peaked again at 24 million in 1988. Sales levels at APICOMA have been declining for at least the past three years. Figure 4 provides an indication of sales levels for APICOMA over the past three years.

Although the Director claims that APICOMA receives no subsidies from the GOBF, the true costs of production are almost certainly understated. (Refer to Appendix 3 for detailed financial data on the operations of APICOMA) It is likely that some employees are paid from GOBF budgets and the costs of transportation and distribution of parts produced by the blacksmiths and finished goods may be paid from the budget for CNPAR, the parent organization. APICOMA also receives some assistance from donor organizations, which is not reflected in the financial statements of the enterprise, and the administrative costs borne by the CNPAR are also not included. The impression of the team was that although both state organizations are subsidized, the CNEA received more outside support and was more heavily subsidized, than APICOMA.

APICOMA sells its products directly to Groupements Villageoise, NGOs, traders, and farmers, and it distributes its products nationally through the nine regional centers and the CNPAR headquarters in Ouagadougou. The workshop employs 70 people (only 3 of them women) and has a production capacity of 10,000 ploughs and 5,000 carts per year.

Despite a continued high level of plough and cart production, APICOMA has made efforts to develop and introduce new products for use in the rural areas. One such product is the APICOMA pump, an adaptation of the India Mark II pump.

Although the pump seems to have a reputation for good quality, its commercial success has been limited. One factor seems to be the lack of support from the GOBF to orient development projects to APICOMA for the purchase of pumps. Most sales of pumps in Burkina are made with the intervention of donors or NGOs, and often imported pump makes are specified. This factor, among others, has led to very limited penetration of the local market by this pump. APICOMA is also studying other new product ideas such as planters, threshers and grain mills.

Modern Blacksmiths and Artisans

As was mentioned above, the CNPAR has trained 600 blacksmiths over the past 20 years, and these artisans have formed the bulk of the category known in Burkina as modern blacksmiths. These artisans are distinguished from their traditional colleagues by the tools they use, the skills they have, and the range of products they make. They concentrate on repairing and making animal traction equipment, whereas the traditional blacksmiths are limited to the production of hand tools (mostly *dabas*).

The modern blacksmiths can be further categorized by the availability of welding equipment at their shop. Many of these blacksmiths have purchased welding units (either electrical units or diesel or gasoline powered units), which increase dramatically the capabilities of their shops. The presence of a welding machine means the difference between being able to make a complete plough and having to subcontract some work.

Depending on the product, these blacksmiths tend to get their materials from reputable sources, either steel importers or through the services of the CNPAR. If they have access to new materials they can turn out a good product, which is not as well finished, but which is none the less competitive with the ploughs made by the shops in Ouagadougou. If they are limited to purchasing used materials, they will have to limit themselves to fairly simple products, such as *dabas* and plough tips.

The technology used by these blacksmiths is appropriate for the types of products they are producing. They generally use an improved forge (a raised bed of coals with a hand operated fan) and have an anvil

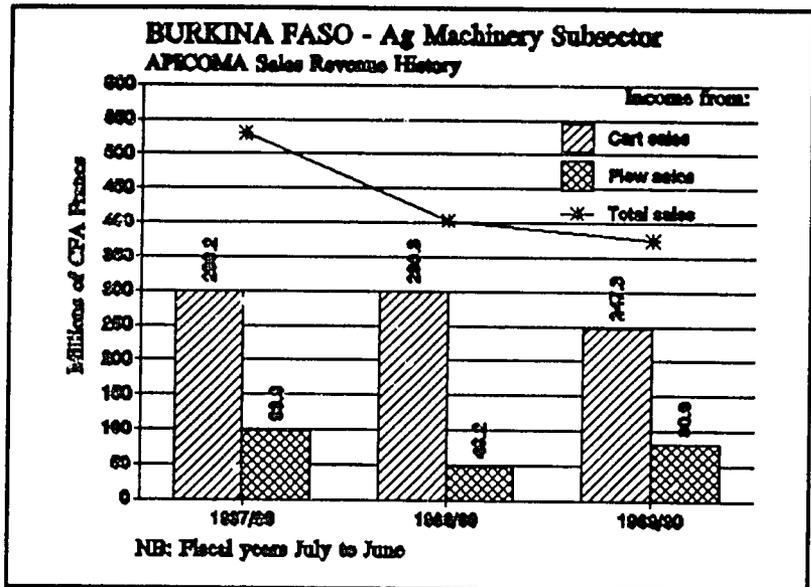


Figure 4: APICOMA's Recent Sales History.

or two, a vise, and a full complement of hand tools. The only modern piece of equipment (which might lead some people to no longer classify them as artisans) might be a welding unit. One common problem confronting these blacksmiths is drilling holes. None of them has an electric drill, drill press, or drill bits, making it necessary to punch holes manually.

Unfortunately there are no good figures on the production of ploughs by this category of blacksmith, although it appears to be an important element of the overall production in the country. For example, a blacksmith shop we visited in Yako, which is operated by two brothers (who had both completed the training at the CNPAR), produced 80 ploughs for the 1989/90 season. At 25,000 CFA per plough, plow sales for this shop would be about 2 million CFA. Added to this business would be their repair services, and, since they have a welding machine, they also produce doors, windows, and other metal products.

At times these blacksmiths compete with the traditional blacksmiths for the hand tool market. We ran across a modern blacksmith in Bobo who had an order for 3,000 *dabas*. He had set up a fairly efficient mass production system, and employed four blacksmiths (assisted by four apprentices) to handle the production. He seems to have an annual market for significant numbers of *dabas*, and this sale represents a value on the order of 1 million CFA. This blacksmith also had ancillary operations where he produced metal doors, windows and other building products.

Traditional Rural Blacksmiths

The traditional rural blacksmiths generally come from families of blacksmiths, and they learn their trade from their father. They usually operate only on a village level, and utilize only rudimentary equipment. Their range of products is limited, usually only hand tools and plow blades, but they sometimes make repairs to ploughs and produce other replacement parts.

These blacksmiths operate under a tree or a hangar out in the open, and they use a traditional forge mounted on the ground. Air for their forge is provided by hand operated leather bag bellows. They usually operate alone, or perhaps with one assistant (who could also be an apprentice), who handles the bellows and keeps the blacksmith supplied with materials and tools. The traditional blacksmiths generally don't have much in the way of equipment, usually just a hammer, tongs, and a block of metal used in place of an anvil. It is difficult to estimate average annual sales levels for these blacksmiths, much depends on the population in the immediate area, the number of farmers using animal traction equipment, and whether there are local markets or modern blacksmiths that would provide competition.

Estimates indicate that there are perhaps as many as 2,600 traditional full-time blacksmiths in Burkina (including about 200 women, although we did not meet any during our study), and perhaps another 23,000 people who earn at least part of their income from blacksmith activities. These blacksmiths suffer from the same problems that confront the modern blacksmiths, with the added problem of a limited skills. They sell mostly into the market for hand tools, but they are also important sources of spare plow blades for farmers in areas that do not have modern blacksmiths.

Given an improved supply of tools, better access to raw materials, and some limited vocational training, these blacksmiths could expand somewhat their range of products and improve their business. Changes such as this would allow them to produce better-quality plow blades, expand beyond the *daba* into other hand tools, and perhaps even start to produce sheet metal products such as pails and watering cans. With improved production, these blacksmiths could be incorporated, in a limited manner, into the more formal agricultural machinery production process in Burkina.

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ENTERPRISE DEVELOPMENT AND DYNAMIC FORCES

Enterprise Development

The establishment and growth of the agricultural machinery industry in Burkina Faso, and particularly the animal traction equipment industry, have been the result of very important donor interventions over the past 20 years. The establishment of the two main producers existing today are the direct result of donor efforts undertaken in the early 1970s.

"...the artisans would be supplied with raw material from the secondary workshops, and little by little, as their means permit, they will integrate into their activities the operations up to that point performed by the secondary workshops."

Rapport de Fin de Mission
FAO, Rome 1982

Originally the plans foresaw the use of the central workshops as research and development centers that would design, test, and perfect equipment designs appropriate to the conditions in Burkina. An effort would also be made to develop production techniques

that could be passed on to regional workshops, and eventually to the artisans in the rural areas. The goal was to make Burkina self-sufficient in agricultural machinery production through the establishment of an integrated production-distribution-maintenance network. The overall plan included increasing participation by the artisan workshops, with production gradually moving down to their level. The quotation at left, from a 1982 UNIDO report, provides an indication of the thinking at the time.

Unfortunately by the early 1980s this plan for decentralized development of agricultural machinery production had already begun to move in the opposite direction. The GOBF, with the support and assistance of the donors active in the sector, concentrated the production of agricultural machinery (that is, animal traction equipment) in the two large centralized units that had been established in the early phases of the program.

The exact history of the development of the animal traction industry is somewhat unclear, but it does seem that the two workshops existing today were once part of the same project. The industry started as a project within the Ministry of Labor, under the CNPAR. At some point in time, the Ministry of Agriculture decided that it should have a larger role in the production of agricultural machinery, and thus some of the facilities under the original project were split off to create a project for the Ministry of Agriculture.

Over the years donor agencies have continued to provide financial, technical, and material support to one or the other of the two production facilities. The centralization of production seems to have come from an early realization that the management problems involved in coordinating and controlling a large, dispersed, organization were daunting, and perhaps insurmountable. In order to improve accountability, standardize equipment design, and lower the cost of production, the trend toward centralization was established. Presently donor interventions at the individual enterprise level are relatively low, consisting mainly of the provision of raw materials.

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Driving Forces in the Market

There are a number of forces acting in the agricultural machinery market that need to be considered prior to identifying intervention opportunities. As was seen in the previous section, the involvement of donors within the sector has been perhaps the most important driving force in the industry. Other forces that are involved include the demand for agricultural machinery, credit availability, farmer training services, and after-sales service.

Donor Involvement

Historically, donor interventions have had a great influence on the market in Burkina, particularly for the animal traction market. As was mentioned above the two state enterprises were originally created, and received support from for many years, by donor agencies. Although donor involvement with these industries has declined considerably, it is still an important factor. Aside from direct involvement with the production facilities, the donors have also been important market makers and providers of credit for ultimate purchase by the consumer.

Several donors are continuing to provide support to this sector. The main donors at this time are the Germans, the Dutch, and the Swiss, with the Austrians reportedly providing the financing for the recently started *Projet 30,000 Charrues*. Any intervention in the sector should take into consideration the activities of these actors, and include an effort to coordinate the various programs to maximize benefit to the Burkina microenterprises.

The *Projet 30,000 Charrues* plans to produce 30,000 plows over the next three to four years for sale, through a CNCA credit facility, to rural farmers. The CNCA has been selected as the sole source for these plows, with the donor agency providing the raw materials and financing the import of the usual prefabricated parts from Europe. As a companion project to this effort, the CCCE will be providing financing to the Caisse Nationale de Crédit Agricole for the provision of credit to farmer clients. This project, which will effectively meet the entire national demand for plows over the next few years, should result in the CNEA becoming the sole producer of plows in Burkina.

Credit Availability

Demand for any agricultural machinery more sophisticated than the *daba* in Burkina Faso is very much influenced by the availability of credit. The average rural farmer in Burkina does not have the resources available to pay cash for such a purchase. The cost of the plow, when added to the cost of the animals, and perhaps a fee for training, becomes one of the largest investments that many rural farmers have ever made. Thus the availability of credit, or some form of subsidized purchase, becomes the only means for these farmers to make such an investment.

The main provider of credit for such equipment is the Caisse Nationale de Crédit Agricole. This state enterprise focuses its efforts on the provision of crop credit and long-term loans (5 years at 11 percent) for the purchase of agricultural machinery. The CNCA provides credit for the light tractors produced by SOFITEX, and approximately 50 percent of the equipment sold by both CNEA and APICOMA is financed by the CNCA.

In addition to the CNCA, a number of development projects, along with local and international NGOs, offer a wide variety of credit or subsidy programs to assist farmers with their purchase agricultural machinery. These projects and NGOs generally account for another 30-40 percent of the sales of CNEA and APICOMA. The balance of their sales are made to traders and to individual farmers.

The Demand for Agricultural Machinery

Demand for modern motorized agricultural machinery should remain fairly stable over the next decade. Those farmers that have the means to purchase this type of equipment will most likely continue to have the resources necessary to sustain this market. In addition to the private farmers, donor-financed projects (particularly large cooperative farming projects) will continue to use this type of equipment. The production of the light tractors at SOFITEX will continue, but sales will most likely begin to decline. In general this market provides few opportunities for the expansion of microenterprise activities and thus it will not be given great consideration.

The demand for animal traction equipment is difficult to predict. Figure 1 provides a view of historical sales levels for the past 10 years. The large producers tout figures of 700,000 farms and 15-17 percent market penetration to justify their contention that there is still a tremendous market out there. Discussions with others, not involved in production of animal traction equipment, have generated much less optimistic predictions. Prospects will definitely vary from province to province, as the agricultural and economic situation is clearly different in each. In general, the northern and eastern regions of the country will remain limited markets, while the south and southwest have some remaining potential.

The best estimates we were able to find project a slowly declining market for plows for the rest of the decade. From a level of 2,000 units in 1989/90, demand is expected to decline to 1,000 per year by 1995 and then to 800 per year by the end of the century. Based on this estimate, and evidence that the overall animal traction equipment market may be reaching saturation, the prospects for continued production, or importation, of animal traction equipment by formal sector private firms in Burkina Faso are not very bright.

There does appear to be a small, but possibly significant, level of informal imports of ploughs from Mali. During a visit to a rural market in the area of Bobo-Dioulasso we ran across a Malian who had brought 6-8 ploughs over from Mali for sale in Burkina. The ploughs were obviously less well made than Burkina ploughs, but they were selling for about one-half the cost. The Malian indicated he had sold all his ploughs last year and expected to sell all of them again this year. Other contacts mentioned Malian imports and their low price, so this factor may be significant.

Training Services

Farmers who purchase animal traction equipment need a significant amount of training for them to make effective use of it. Presently the CRPAs are the main source of training for farmers wishing to purchase and use animal traction equipment. We were not able to determine what the availability of these services is at the CRPAs, but comments by various observers led us to believe that it is limited. Without access to such training, many farmers may be reluctant to make a large investment in animal traction equipment.

Effective farmer training, and perhaps pre-purchase analysis of the feasibility of animal traction equipment purchase, is essential to insure that the farmer is able to repay the financing for the equipment. Credit programs for animal traction equipment purchases should give consideration to the source of training for the purchasers of the equipment.

After-Sales Service

After-sales service for animal traction equipment is effectively handled by both the traditional and the modern blacksmiths. This service is usually limited to the preparation and mounting of a new plow piece (either the blade or the tines). Less frequently the farmer will have to have the plow itself repaired. Depending on the seriousness of the problem, the farmer may have to bring his plow to a modern blacksmith who has access to a welding machine.

After-sales service is more of a problem in the motorized equipment segment of the market. The wide variety of tractors in the country led the government, with support from UNIDO, to establish a mechanization service facility in the mid 1980s. This project was to establish three regional service centers, but only two have been set up and it seems likely that the third will not be established in the near future.

Servicing for the light tractors produced by SOFITEX is less of a problem, as the companion CCCE project (Projet Petit Motorisation) has worked to address the training and maintenance problems. This project has worked closely with the CRPAR and the CPAU to integrate rural blacksmiths and mechanics into the maintenance support system. Although this has created some opportunities for microenterprises, at this point there seem to be only a handful of blacksmiths or mechanics involved.

Input Supply Constraints

Blacksmiths, both modern and traditional, complain about the difficulties of obtaining raw materials, and tools and equipment. Low cost scrap steel is the common ingredient in the artisanal production of *dabas* in Burkina. The supply is sporadic and prices are unpredictable. The production of good quality plows depends on a reliable supply of the correct types, sizes, shapes and qualities of steel. Some of the modern blacksmiths have access to a regular supply through the SACS, but this is not available to all blacksmiths, and it involves transportation costs that must be borne by the artisans.

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OPPORTUNITIES FOR AND CONSTRAINTS TO SUBSECTOR EXPANSION

Opportunities for Subsector Expansion

Perhaps the best opportunity for the development and expansion of microenterprises is the enhancement of their role in the production of animal traction equipment. Presently, the production of animal traction equipment is concentrated in two state-owned industrial facilities, which control as much as 90 percent of the market. The initial plan (in the mid 1970s) of donor agencies, and the GOBF, was to gradually push the production capability down to the modern blacksmiths in rural centers. As production developed in the country, and attempts were made to decentralize, problems with distribution and control multiplied and it became easier, for both the GoBF and the donors, to centralize the control of production in a relatively few centers.

Despite this trend in the industry, training efforts to develop a cadre of modern blacksmiths continued. Today there are approximately 600 blacksmiths in the country who have completed formal training at the CNPAR. Many of these blacksmiths, even in the absence of follow-up technical assistance, are producing complete plows for sale in their local areas. A gradual decentralization of the production of plows, through material and technical support for these blacksmiths, presents a good opportunity for the expansion and development of rural microenterprises in this sector.

The market for hand tools is as large as that for animal traction equipment, and there appears to be some opportunity for the expansion of the role of the modern blacksmiths in this area. Already some of these shops have set up rudimentary mass production systems, to meet orders from traders for 3,000-4,000 *dabas*. Opportunities for further light industrial production of these kinds of tools, and other related tools (shovels, rakes, and picks to example) appear to exist. Blacksmith shops could also expand the scope of their production, and enter into light metal fabrication to meet the local market for pails, watering cans, and similar items.

The GOBF, donor agencies and the institutions involved in the sector will need to work closely together to make this market more accessible to the blacksmiths, both modern and traditional. Initially efforts should focus on making the modern blacksmiths the major players in the animal traction market, by moving the modern firms into new, more sophisticated markets. Training efforts, particularly those at the CNPAR, need to be revised and changed to meet the needs of the day — efforts should now be oriented towards reaching the traditional blacksmiths to improve their skills and increase the range of products they can offer their clients.

Problems Confronting Microenterprises

The blacksmiths, both the modern and the traditional ones, complain about the difficulties of obtaining raw materials, and tools and equipment. Some of the modern blacksmiths have access to a regular source of quality raw materials through the CNPAR. The CNPAR purchases these materials on the local market and makes them available, at cost, to "registered" blacksmiths. Although this is an advantage, the cost of the materials is high (relative to scrap materials) and the blacksmiths must travel to urban centers to obtain it. Nonregistered blacksmiths, and virtually all the traditional blacksmiths, do not have access to this source and purchase from traders or scrap dealers.

Most blacksmiths have difficulty purchasing new tools for their trade. Many of the items are expensive (an anvil costs 100,000 CFA) and the blacksmiths do not have funds available to make cash payments for these items. Many of them would also like to purchase a welding machine, which would greatly expand their capabilities, but this purchase is almost always outside of their capabilities.

The domination of the animal traction equipment market by the two state-owned production units presents a particular problem. These facilities have moved into industrial batch assembly operations to standardize equipment and reduce costs of production. At this point there is very little involvement by the modern blacksmiths in this process. So long as these operations produce on a large scale, and maintain close links with the providers of credit for the purchase of equipment, market penetration by the blacksmiths will be difficult.

Finally, the role of imports in this subsector is difficult to quantify, but it does seem to have a negative impact on the prospects for internal expansion of production. These imports range from cheap Malian ploughs in the west of the country (selling for 15,000 CFA, or one-half the local cost) to inexpensive *dabas* from Ghana and the Ivory Coast in the south to expensive shovels from France in Ouagadougou. Some small markets, or market niches, are clearly being lost to these imported products.

OPPORTUNITIES FOR LEVERAGED INTERVENTIONS

Leveraged interventions in the agricultural machinery subsector should focus on three major areas: credit, "market making," and government policy. Any efforts in this sector will need active participation by all the donors and GOBF agencies concerned. There are a large number of actors, and lack of coordination and direction is clearly evident.

Credit: The Driving Force in the Market

As much as 80 percent of all animal traction equipment is sold with some form of credit or financial assistance. The main organization providing this credit is the Caisse National de Crédit Agricole. The CNCA will not provide credit for purchases from artisan blacksmiths, but it does provide credit for purchases from the state owned firms. Agreement, by the CNCA and other agencies, to finance purchases from the artisans would open up a large inaccessible market for these microenterprises.

In addition to the policies of the CNCA the GOBF should encourage other development projects, NGOs, and donor agencies to purchase animal traction equipment from the rural artisans wherever possible. These agencies also provide credit or subsidies for the farmers, and farmer purchases from local artisans should be qualified to be covered by these programs.

"Market making"

The GOBF can, and should, make a greater effort to use its own purchasing activities and donor-financed projects as a "market maker. Even a small part of the *Projet 30.000 Charrues*, if it were oriented to them, could provide a tremendous boost to the modern blacksmiths. In a similar manner the *Projet 1.000 Moulins* presents a unique (and perhaps one-time-only) opportunity to push the industrial firms into a more sophisticated machinery market.

The modern blacksmiths will need to have greater access to raw materials and new equipment. The GOBF, in collaboration with traders, the CNPAR, the CNEA, and the donor agencies, should work to develop a system to facilitate access to these items by the blacksmiths. A system needs to be put in place, preferably through existing private commercial channels, which would allow ready access to raw materials at the lowest possible cost.

The two existing large production facilities should move into new markets and products, as originally envisaged. These facilities were not intended to be "industries" as such, but development facilities which would research and develop products that could eventually be produced on a distributed basis. This role should be reassigned to these plants, with specific mandates to move into more sophisticated products, such as hand pumps, irrigation pumps, threshers, grain mills, and the like.

Modern blacksmiths, and to a certain extent the traditional blacksmiths, should be encouraged, and assisted, to enter into new markets and the semi-industrial production of simple hand tools. Access to raw materials is important here, but knowledge of potential markets, and links with the existing distribution system, are the key elements here. Relatively large-scale production of hand tools, and other light metal products, which could be sold through existing distribution networks, represents an untapped market for these microenterprises.

Government Policy

Blacksmiths need to have greater access to raw materials and new equipment, and at as low a cost as possible. The GOBF, in collaboration with traders, the CNPAR, the CNEA, and donor agencies, can facilitate access to these items. In conjunction with this effort some system to waive, or perhaps rebate, import duties on those materials destined for the production of agricultural equipment could reduce raw material costs, reduce prices to consumers, and stimulate demand.

The GOBF should make a greater effort to use its own purchasing activities, and donor-financed projects, as an important "market maker" for the microenterprise sector in Burkina Faso. Two good examples in the agricultural machinery subsector are in the works right now — the *Projet 30.000 Charrues* and the *Projet 1.000 Moulins*. The first project, if production orders were directed to the blacksmiths, could provide a tremendous boost to their activities. The second project presents an opportunity for the GOBF to try and move the industrial producers into the more sophisticated agricultural machinery market.

The GOBF and the donors active in this subsector should work together to develop other policies that would encourage the decentralization of the production of animal traction equipment over the next two to three years. It makes no sense for the GOBF to be supporting two subsidized industries that compete with each other, and limit access to the market by the private sector.

BURKINA FASO MICROENTERPRISE STRATEGY

Agricultural Machinery Subsector Analysis

Appendix 1 - Animal Traction Equipment Production History: 1981-1990

FIRM/PRODUCT 89/90 TOTAL	CTLG NO	80/81	81/82	82/83	83/84	84/85	85/86	86/87	87/88	88/89
APICOMA										
Charrue Asine 427 11,426	BF 1A	1,607	2,810	2,457	1,630	576	614	834	278	113
Charrue Asine 27 1,151	BF 2AS	125	14	354	176	120	68	115	150	2
Charrue Bovine 301 3,861	BF 1B	77	1,369	435	0	232	247	284	550	366
Charrue Bovine 75 5,899	BF 2BS	644	1,446	1,124	0	1,083	264	302	433	528
Houe Manga (3 dents) 486 10,825	HM 3	1,062	3,161	2,157	1,910	310	506	564	306	363
Houe Manga (5 dents) 202 8,391	HM 5	3,061	2,099	1,579	541	154	178	227	205	145
Total Charrues 1,518 41,553		6,656	10,899	8,106	4,257	2,475	1,877	2,326	1,922	1,517
Ch. Tombereau 1,956 11,953		0	637	1,026	16	617	1,046	1,791	2,828	2,036
Charette P.P.A. 912 6,067		0	0	0	0	452	941	1,104	1,462	1,196
Charette G.P. 24 236		0	0	0	103	5	15	16	66	7
Total Charettes 2,892 18,256		0	637	1,026	119	1,074	2,002	2,911	4,356	3,239
FIRM/PRODUCT 89/90 TOTAL	CTLG NO	80/81	81/82	82/83	83/84	84/85	85/86	86/87	87/88	88/89
C.N.E.A.										
Multiculteur(B5) N/A 606	M9-5	561	0	0	N/A	0	13	11	0	21
Multiculteur(B3) N/A 19	M9-3S	0	0	0	N/A	0	0	14	0	5
Multiculteur(A3) N/A 47	M6-3S	0	0	0	N/A	0	26	11	0	10
Charrue Bovine 9" N/A 22,721	CH 9"	3,766	2,821	3,705	N/A	2,395	3,513	2,569	1,506	2,446
Charrue Asine 6" N/A 5,024	CH 6"	1,244	848	570	N/A	422	566	671	337	366
Houe Complet (5) N/A 399	H 5S	0	32	41	N/A	70	0	83	119	54
Houe Complet (3) N/A 19	H 3S	0	0	2	N/A	0	0	8	7	2
Houe Manga (5) N/A 200	HM (A) 5S	0	0	0	N/A	5	6	71	105	13
Houe Manga (3) N/A 308	HM (A) 3S	0	0	0	N/A	26	117	66	53	46
Total Charrues 0 29,343		5,571	3,701	4,318	0	2,918	4,241	3,504	2,127	2,963
Ch. Tombereau N/A 6,390	TOMB	737	375	28	N/A	493	765	1,769	1,194	1,029
Charette P.P.A. N/A 6,866	PP(B)	825	313	1,134	N/A	810	1,212	969	995	608
Charette G.P. N/A 879	GP(T)	121	93	143	N/A	97	108	129	73	115

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Total Cigarettes		1,683	781	1,305	0	1,400	2,085	2,867	2,262	1,752
0 14,135										
FIRM/PRODUCT	80/81	81/82	82/83	83/84	84/85	85/86	86/87	87/88	88/89	
89/90 TOTAL										
APICOMA + C.N.E.A.										
Total Cigarettes		12,227	14,600	12,424	4,257	5,393	6,118	5,830	4,049	4,480
1,518 70,896										
Total Cigarettes		1,685	1,418	2,331	119	2,474	4,087	5,778	6,618	4,981
2,812 32,391										

SOURCES: APICOMA; Mimeographed sheet - Production APICOMA Depuis 1975
 C.N.E.A.; Hand written sheet - Situation des Ventes 1975 - 1988/89

BURKINA FASO MICROENTERPRISE STRATEGY

Agricultural Machinery Subsector Analysis

Appendix 2 - C.N.E.A.: Comparative Financial Data for 1988 - 1990

LINE ITEM PERCENT	1987/88	PERCENT	1988/89	PERCENT	1989/90	PERCENT	TOTAL 88-90
SALES REVENUE							
Charettes 61.9%	259,201,986	67.6%	231,662,746	56.6%	346,324,950	61.7%	837,209,683
Charrues 38.1%	124,206,952	32.4%	177,350,632	43.4%	214,580,107	38.3%	516,137,692
Pousse-Pousse, etc 0 .0%	0	.0%	0	.0%	0	.0%	
Miscellaneous 0 .0%	0	.0%	0	.0%	0	.0%	
Materials 0 .0%	0	.0%	0	.0%	0	.0%	
Stock shortage 0 .0%	0	.0%	0	.0%	0	.0%	
Total Sales	383,408,938		409,033,378		560,905,057		1,353,347,373
OPERATING EXPENSES							
Raw Material Costs							
Charettes 70.0%	181,444,866	70.0%	162,177,922	70.0%	242,427,465	70.0%	586,050,254
Charrues 70.0%	86,941,390	70.0%	124,145,442	70.0%	150,206,075	70.0%	361,292,908
Pousse-Pousse Miscellaneous							
Personnel Costs N/A .0%	N/A	.0%	N/A	.0%	N/A	.0%	
Operating Costs N/A .0%	N/A	.0%	N/A	.0%	N/A	.0%	
Administrative N/A .0%	N/A	.0%	N/A	.0%	N/A	.0%	
Marketing Costs N/A .0%	N/A	.0%	N/A	.0%	N/A	.0%	
Total Expenses 70.0%	268,386,256	70.0%	286,323,364	70.0%	392,633,540	70.0%	947,343,161
Net Profit or (Loss) 4.1%	31,178,046	8.1%	24,957,752	6.1%	N/A	.0%	56,135,798
Blacksmith Supplied N/A .0%	N/A	.0%	N/A	.0%	N/A	.0%	

SOURCE: Discussions with accounting staff at C.N.E.A.

BURKINA FASO MICROENTERPRISE STRATEGY

Agricultural Machinery Subsector Analysis

Appendix 3 - APICOMA: Comparative Financial Data for 1988 - 1990

LINE ITEM PERCENT	1987/88	PERCENT	1988/89	PERCENT	1989/90	PERCENT	TOTAL 88-90
SALES REVENUE							
Charettes 72.3%	399,241,070	75.3%	299,296,587	74.3%	247,262,809	65.9%	945,800,467
Charrues 17.4%	98,946,595	18.7%	48,203,731	12.0%	80,866,751	21.5%	228,017,077
Pousse-Pousse, etc 1.2%	3,588,900	.7%	6,415,115	1.6%	6,025,025	1.6%	16,029,040
Miscellaneous 5.0%	34,602,511	6.5%	25,869,543	6.4%	4,804,918	1.3%	65,276,972
Materials 2.8%	0	.0%	0	.0%	36,037,094	9.6%	36,037,094
Stock shortage 1.3%	(6,346,241)	-1.2%	23,258,907	5.8%	0	.0%	16,912,666
Total Sales	530,032,835		403,043,883		374,996,597		1,308,073,315
OPERATING EXPENSES							
Raw Material Costs							
Charettes 80.2%	299,802,143	75.1%	252,854,307	84.5%	206,066,700	83.3%	758,723,152
Charrues 83.3%	107,320,149	108.5%	38,054,013	78.9%	44,640,899	55.2%	190,015,063
Pousse-Pousse 59.5%	2,134,533	59.5%	1,060,275	16.5%	6,342,830	105.3%	9,537,639
Miscellaneous 49.4%	11,438,869	33.1%	9,836,375	38.0%	10,945,902	227.8%	32,221,147
Personnel Costs 9.6%	32,259,213	6.1%	39,016,668	9.7%	47,387,564	12.6%	118,663,445
Operating Costs 6.1%	16,368,513	3.1%	33,644,157	8.3%	24,712,409	6.6%	74,725,079
Administrative 1.4%	3,588,461	.7%	7,143,461	1.8%	6,541,992	1.7%	17,273,914
Marketing Costs 2.3%	9,628,309	1.8%	8,131,277	2.0%	10,989,424	2.9%	28,749,010
Total Expenses 94.0%	482,540,190	91.0%	389,740,533	96.7%	357,627,720	95.4%	1,229,908,445
Net Profit or (Loss) 6.0%	47,492,645	9.0%	13,303,350	3.3%	17,368,877	4.6%	78,164,872
Blacksmith Supplied 17.3%	24,389,500	24.6%	6,470,750	13.4%	8,535,500	10.6%	39,395,750

SOURCE: BILAN et COMPTES D'EXPLOITATION of APICOMA; 1987/88, 1988/89, 1989/90

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BURKINA FASO MICROENTERPRISE STRATEGY**Agricultural Machinery Subsector Analysis****Appendix 4 - List of Documents Consulted:**

<u>Source/Author</u>	<u>Title & Date</u>
The GEMINI Project;	<u>A Field Manual for Subsector Practicioners</u> , April 1991
SIDETEC France;	<u>Etude du Developpement du Machinisme Agricole: Rapport Definitif (Etude Detaillee Par Pays)</u> , Mars 1987
SIDETEC France;	<u>Etude du Developpement du Machinisme Agricole; Rapport Definitif (Synthese)</u> , Mars 1987
SIDETEC France;	<u>Etude du Developpement du Machinisme Agricole: Rapport Definitif (Resume)</u> , Mars 1987
Chambre de Commerce d'Industrie et d'Artisanat du Burkina Faso;	<u>Programme d'Appui a La Creation et au Developpement des Petites Entreprises du Burkina Faso</u> , Juillet 1990
Societe de Developpement International Desjardins;	<u>Projet d'Appui au Secteur Non-Structure de Ouagadougou, Republique du Burkina Faso</u> , (SDID 4412-00-30(6037)) Juin 1989
M. IMBODEN,	<u>Appui au Fonds d'Assistance ARCOMA-COREMA au Haute Volta - Rapport de Fin de Mission</u> , FAO, Rome 1982
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Ministere de l'Agriculture et de l'Elevage;	<u>Dossier Mechanisation Agricole</u> , undated
Dossier Machinisme Agricole;	<u>Le Machinisme Agricole en Afrique selon la FAO: situation et perspectives</u> , Afrique Agriculture - No. 161, Fevrier 1989
Centre National d'Equippement Agricole;	<u>La Politique de Diffusion et de Vulgarisation du Materiel Agricole au Burkina Faso</u> , Ouagadougou, Fevrier 1991
Ambassade des Pays Bas;	<u>Culture Attelee au Burkina Faso: Bilan et Perspectives</u> , November 1989

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BURKINA FASO MICROENTERPRISE STRATEGY**Agricultural Machinery Subsector Analysis****Appendix 5 - List of Persons Contacted:**

Date	Name; Title & Organization, Location
19/04/91	M. Claude BRASSEUR; Conseiller Technique Principal at the Cellule de Technologie Appropriée (Projet BIT - BKF 87/0057), Ouagadougou
19/04/91	M. Zouboiusse Paul SENI; Directeur of APICOMA (Atelier Pilote de Construction de Materiel Agricole), Zone Industrielle de Kossodo (Ouagadougou)
22/04/91	M. Terimpar Ignace SOME; Directeur of the Centre National d'Equippement Agricole, Ouagadougou
22/04/91	M. Joseph POGONE; Chef d'Atelier at the Centre National d'Equippement Agricole, Ouagadougou
22/04/91	M. YAMEOGO Marc; Proprietor of the Etablissement YAMEOGO Marc (private metal workshop), Ouagadougou
23/04/91	M. Pierre FROSSARD; Co-Coordinateur of the Programme d'Appui à la Promotion des Artisans, Ouagadougou
23/04/91	M. Bello MOUSSO; Co-Coordinateur of the Programme d'Appui à la Promotion des Artisans, Ouagadougou
24/04/91	M. Abdoulaye SIDIBE; Responsable de la Cellule Assistance aux Opérateurs Economiques à la création des Entreprises de la Chambre de Commerce, Bobo-Dioulasso
24/04/91	M. TRAORE S.; Proprietor of the Atelier de Technologie et de Services (ATS), Bobo-Dioulasso
24/04/91	M. Gorban GHAZI; Directeur of Profimetaux, Bobo-Dioulasso
25/04/91	M. TRAORE Martin; Agent de Vente at the ARCOMA (workshop affiliated with CNEA), Bobo-Dioulasso
25/04/91	M. OUEDRAOGO Zacharie; Directeur of the Centre de Perfectionnement des Artisans Urbains (CPAU), Bobo-Dioulasso
26/04/91	M. COMPAORE Hubert; Directeur of the Centre Regionale de Perfectionnement des Artisans Rurals (CRPAR), Bobo-Dioulasso
26/04/91	M. TRAORE Baba Danouma; Chef de Service Commercialisation Primaire at SOFITEX, Bobo-Dioulasso
26/04/91	M. GIBIER Conate; Chef de Production des Tracteurs at SOFITEX, Bobo-Dioulasso
26/04/91	M. KAULEAU; Conseil Technique Principal at the Projet Petit Motorisation (at SOFITEX), Bobo-Dioulasso
26/04/91	M. SOGODOGO Mamadou; Proprietor of an Atelier Forgerons et Metalique, Bobo-Dioulasso
26/04/91	M. PARE Adama; Proprietor of an Atelier Forgerons et Metalique, Bobo-Dioulasso
26/04/91	M. DRABO Mamadou; Conseiller Technique at the Service Assistance Conseil et Soutien (SACS) at the CRPAR, Bobo-Dioulasso
27/04/91	M. SEKOU Kante; Traditional blacksmith in the village of Sala, (Houet Province)
27/04/91	M. SANU Draman; Traditional blacksmith in the village of Sala, (Houet Province)
27/04/91	M. SONGEBANE Omar; Proprietor of the Forge Moderne de Duhoun in the village of Dohoun (Houet Province)
29/04/91	M. TENE Boukary Zampou; Directeur of JUDICOME (Bureau d'Etude et Conseil Juridique et Commercial), Ouagadougou
29/04/91	M. OUEDRAOGO Moctar; Chef Comptable at the Centre Nationale de l'Equippement Agricole (CNEA), Ouagadougou

- 30/04/91 M. OUEDRAOGO Rasmane; Secretarie General at the Caisse Nationale de Credit Agricole (CNCA), Ouagadougou
- 30/04/91 M^{me}. ZIOU Agnes; Directrice de la Formation at the Centre Nationale de Perfectionnement des Artisans Rurals (CNPAP), Ouagadougou
- 30/04/91 M. KABORE Roger; Directeur du Service Assistance Conseil et Soutien (SACS) at the Centre Nationale de Perfectionnement des Artisans Rurals (CNPAP), Ouagadougou
- 30/04/91 M. KABORE Barnade; Chef de Section Forgerons at the Centre Nationale de Perfectionnement des Artisans Rurals (CNPAP), Ouagadougou
- 01/05/91 Dr. Heinz-W. STRUBENHOFF; Agricultural Economist with the consulting firm GFA, Hamburg GERMANY (GFA is conducting a study, at the request of KfW, for the market for animal drawn ploughs in Burkina, in conjunction with the Projet 30,000 Charrues)
- 01/05/91 M. Rebert DENEVE; Rural Development Consultant with the Consulting firm GFA, Brussels, BELGIUM
- 02/05/91 Private artisanal blacksmith production shop located in the village of Saaba, 12 Km outside of Ouagadougou
- 03/05/91 M. SON Gouryali; Chercheur at ESFIMA (Eau, Sol, Fertilisation, Irrigation et Machinisme Agricole) at INERA (Institut National d'Etude et de Recherche Agronomique), Ouagadougou
- 03/05/91 M. KABORE Alain; Chef de Cellule de Yako at the Projet d'Appui aux Artisans, Yako (Passore Province)
- 03/05/91 M. DIENDERE Napingoebson Saidu & BELEM Pierre; Owner/Operators of a modern blacksmith shop in Yako (Passore Province)
- 06/05/91 M. GANOU Alhasan; Responsable Commerciale at APICOMA (Atelier Pilote de Construction de Materiel Agricole), Zone Industrielle de Kossodo (Ouagadougou)
- 07/05/91 Responsable Commerciale at CNEA, Ouagadougou
- 07/05/91 M. Christian LEMPELIUS; Socio-Economic Consultant, Saint Louis, SENEGAL (M. LEMPELIUS is conducting a study on the market for grain mills, in conjunction with the Projet 1,000 Moulins)

GEMINI PUBLICATION SERIES

GEMINI Working Papers:

1. "Growth and Equity through Microenterprise Investments and Institutions Project (GEMINI): Overview of the Project and Implementation Plan, October 1, 1989-September 30, 1990." GEMINI Working Paper No. 1. December 1989. [not for general circulation]
- *2. "The Dynamics of Small-Scale Industry in Africa and the Role of Policy." Carl Liedholm. GEMINI Working Paper No. 2. January 1990. \$5.50
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7. "Options for Updating AskARIES." Larry Reed. GEMINI Working Paper No. 7. October 1990. \$3.50
- *8. "Technology — The Key to Increasing the Productivity of Microenterprises." Andy Jeans, Eric Hyman, and Mike O'Donnell. GEMINI Working Paper No. 8. November 1990. \$3.60
9. "Lesotho Small and Microenterprise Strategy — Phase II: Subsector Analysis." Bill Grant. GEMINI Working Paper No. 9. November 1990. \$15.50.
- *10. "A Subsector Approach to Small Enterprise Promotion and Research." James J. Boomgard, Stephen P. Davies, Steven J. Haggblade, and Donald C. Mead. GEMINI Working Paper No. 10. January 1991. \$3.10
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*15. "The Process of Institutional Development: Assisting Small Enterprise Institutions to Become More Effective." Elaine Edgcomb and James Cawley. GEMINI Working Paper No. 15. February 1991. \$9.70.

16. "Baseline Surveys of Micro and Small Enterprises: An Overview." Donald C. Mead, Yacob Fisseha, and Michael McPherson. GEMINI Working Paper No. 16. March 1991. \$2.60.

17. "Kenya: Kibera's Small Enterprise Sector — Baseline Survey Report." Joan Parker and C. Aleke Dondo. GEMINI Working Paper No. 17. April 1991. \$6.40.

*18. "A Financial Systems Approach to Microenterprises." Elisabeth Rhyne and Maria Otero. GEMINI Working Paper No. 18. April 1991. \$3.00.

*19. "Agriculture, Rural Labor Markets, and the Evolution of the Rural Nonfarm Economy." Steve Haggblade and Carl Liedholm. GEMINI Working Paper No. 19. May 1991. \$2.50.

*20. "The Microenterprise Finance Institutions of Indonesia and Their Implications for Donors." Elisabeth Rhyne. GEMINI Working Paper No. 20. June 1991. \$3.40.

21. "Microenterprise Growth Dynamics in the Dominican Republic: The ADEMI Case." Frank F. Rubio. GEMINI Working Paper No. 21. June 1991. \$3.10.

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1. "Jamaica Microenterprise Development Project: Technical, Administrative, Economic, and Financial Analyses." Paul Guenette, Surendra K. Gupta, Katherine Stearns, and James Boomgard. GEMINI Technical Report No. 1. June 1990. [not for general circulation]

2. "Bangladesh Women's Enterprise Development Project: PID Excerpts and Background Papers." Shari Berenbach, Katherine Stearns, and Syed M. Hashemi. GEMINI Technical Report No. 2. October 1990. \$13.00

3. "Maroc: Conception d'une Enquête pour une Etude du Secteur Informel." Eric R. Nelson and Housni El Ghazi. GEMINI Technical Report No. 3. November 1990. \$12.50

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5. "Technical Assessment: Rural Small-Scale Enterprise Pilot Credit Activity in Egypt." John W. Gardner and Jack E. Proctor. GEMINI Technical Report No. 5. October 1990. \$4.00

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7. "A Review of the Indigenous Small Scale Enterprises Sector in Swaziland." David A. Schrier. GEMINI Technical Report No. 7. October 1990. [not for general circulation]
8. "Ecuador Micro-Enterprise Sector Assessment: Summary Report." John H. Magill and Donald A. Swanson. GEMINI Technical Report No. 8. April 1991. \$10.20.
9. "Ecuador Micro-Enterprise Sector Assessment: Financial Markets and the Micro- and Small-scale Enterprise Sector." Richard Meyer, John Porges, Martha Rose, and Jean Gilson. GEMINI Technical Report No. 9. March 1991. \$16.00
10. "Ecuador Micro-Enterprise Sector Assessment: Policy Framework." Bruce H. Herrick, Gustavo A. Marquez, and Joseph F. Burke. GEMINI Technical Report No. 10. March 1991. \$11.30
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17. "Growth and Change in Malawi's Small and Medium Enterprise Sector." Michael A. McPherson. GEMINI Technical Report No. 17. June 1991. \$2.20.
18. "Burkina Faso Microenterprise Sector Assessment and Strategy." William Grant, Matthew Gamser, Jim Herne, Karen McKay, Abdoulaye Sow, and Sibry Jean-Marie Tapsoba. GEMINI Technical Report No. 18. August 1991. Volume One, Main Report, \$7.60; Volume Two, Annexes, \$14.20.

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Series Notebook: Tools for Microenterprise Programs (a three-ring binder, 1 1/2 inches in diameter, for organizing technical notes and training materials) and "Methods for Managing Delinquency." \$7.50. (Additional technical notes are forthcoming and will be sold separately.)

Nonfinancial Assistance to Microenterprise Section:

1. "A Field Manual for Subsector Practitioners." \$4.50.

Special Publications:

*1. "Training Resources for Small Enterprise Development." Small Enterprise Education and Promotion Network. Special Publication No. 1. 1990. \$9.00

*2. *Financial Management of Micro-Credit Programs: A Guidebook for NGOs.* Robert Peck Christen. ACCION International. Special Publication No. 2. 1990. \$19.00

*3. *The ADEMI Approach to Microenterprise Credit.* A. Christopher Lewin. Special Publication No. 3. 1991. \$15.00

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