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POLITICAL ECONOMY OF GROWTH AND POVERTY IN BURKINA FASO: POWER, INSTITUTIONS AND RENTS¹

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Abstract

This paper is an attempt to assess the relevance of the use of the North, Wallis and Weingast (2009) framework to explain the performances of Burkina Faso in terms of economic growth and development. The political history of Burkina Faso has been very unstable until president Campaoré took power in 1987. Since then, the stability has been based on low intensity violence, with bursts of open violence like those of the mutinies of 2011. This “stability” is based on the balance of power between two main “elite” groups, the army and the traditional chiefs. Trade unions, the Catholic Church and Donors also play a role, especially in case of trouble. The political class in power and its cronies are extracting rents by creating de facto monopolies, which enables them to tame violence, to a certain extent. The paradox is that the Burkinabe economy is growing steadily (GDP per capital grew at an average 1.5 per cent rate since independence), rather smoothly in the medium run – one of the best records in West-Africa. Because of high inequality, this impressive growth is far from inclusive.

Key words: Burkina Faso, Limited Access Order, Long term growth, Political economy.

Résumé

Nous évaluons dans ce document la pertinence de l’approche de North, Wallis and Weingast (2009) pour expliquer les performances du Burkina Faso en termes de croissance économique et de développement. L’histoire politique du Burkina Faso a été très agitée avant que le président Campaoré prenne le pouvoir en 1987. Depuis, la stabilité repose sur une violence de faible intensité, avec des explosions sporadiques de violence ouverte, comme les mutineries de 2011. Cette « stabilité » repose sur un équilibre des pouvoirs entre deux principales « élites », l’armée et les chefs traditionnels. Les syndicats, l’église catholique et les bailleurs de fonds jouent également un rôle, notamment en cas de troubles. Le groupe qui détient le pouvoir avec ses affidés extrait des rentes en créant des monopoles de fait, ce qui leur permet de maintenir la violence sous contrôle, du moins dans une certaine mesure. Le paradoxe est que l’économie burkinabè connaît une croissance soutenue (le PIB par tête a cru à un taux de 1,5 % en moyenne depuis l’indépendance), et de manière assez stable à moyen terme, ce qui constitue une des meilleures performances en Afrique de l’Ouest. Du fait d’une inégalité élevée, cette croissance assez impressionnante ne bénéficie pas à tout le monde.

Mots Clés : Burkina Faso, Croissance à long terme, Economie politique, Institutions, Ordre social à accès limité.

JEL Code: O11, O43, O55.

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1 Introduction

The growth performance of Burkina Faso is slow but steady in the long run - and rather good, relative to other LICs, even if no structural change is to be observed. This is puzzling, because until 1991, the political scene was very unstable (5 military coups between 1960 and 1983). Economic policies have been erratic, beginning after independence with the standard State-led approach, turning to Marxism during the 1984-1991 revolutionary period, and then to market-led policies under structural adjustment. Surprisingly, the growth trend is fairly stable and the differences in growth rates among political periods are not significant.

This paper tackles this issue by trying to explain the growth record. Standard economic explanations fall short because they do not really show why some countries are more successful than others. The usual suspect for explaining such differences is bad institutions and/or bad governance. But the “good governance approach” has also its shortcomings, as the relationship between “good governance” and growth is elusive (Meisel and Ould Aoudia 2008). Moreover many LICs have very similar institutions, and very different economic outcomes.

The North Wallis and Weingast (2009, from now on NWW) framework allows to go further by turning to political economy analysis. NWW show that the control of violence is central to analysing the functioning of societies. According to them, most LICs may be described as Limited Access Social Orders (LAOs). In LAOs, a coalition of elites is creating and sharing rents among themselves in order to manage violence and stay in power. This approach is stimulating, and we will use it as a guide for this case study¹. However, again, LAOs are producing very different economic outcomes and the objective of this paper is to shed some light on the relevance of this approach, and similar approaches like Acemoglu et al. (2000, 2012) and Khan’s (2006, 2012) “political settlement”, to explain the performances of Burkina Faso in terms of growth and development.

The paper is organized as follows. The next section (Section 1) provides a description of the long term growth and the human development in Burkina Faso, as well as a review of the determinants of the growth record according to standard economic theory. Section 2 gives a brief insight into the political history of Burkina Faso, focusing on the identification of the ruling² elites, the relationships among elites and between elites and the people. Section 3 describes the international framework, and section 4 provides a political economy analysis of the links between the political settlement and the economic and social outcomes

¹ This study is based on the academic literature, newspapers, official data, surveys and interviews with stakeholders. We committed to keep them anonymous, as it was generally a condition for speaking frankly.

² Different definitions of “elite” are used in the literature. In this paper, we will define elite as a group of persons likely to launch violence in order to take over or to threaten the power in place.

2 Growth and Human Development

Burkina Faso is still one of the poorest countries in the world and even in West Africa. Since its independence, Burkina Faso's growth pattern has been characterised by i) slow but steady long term growth and ii) absence of structural transformation and innovation.

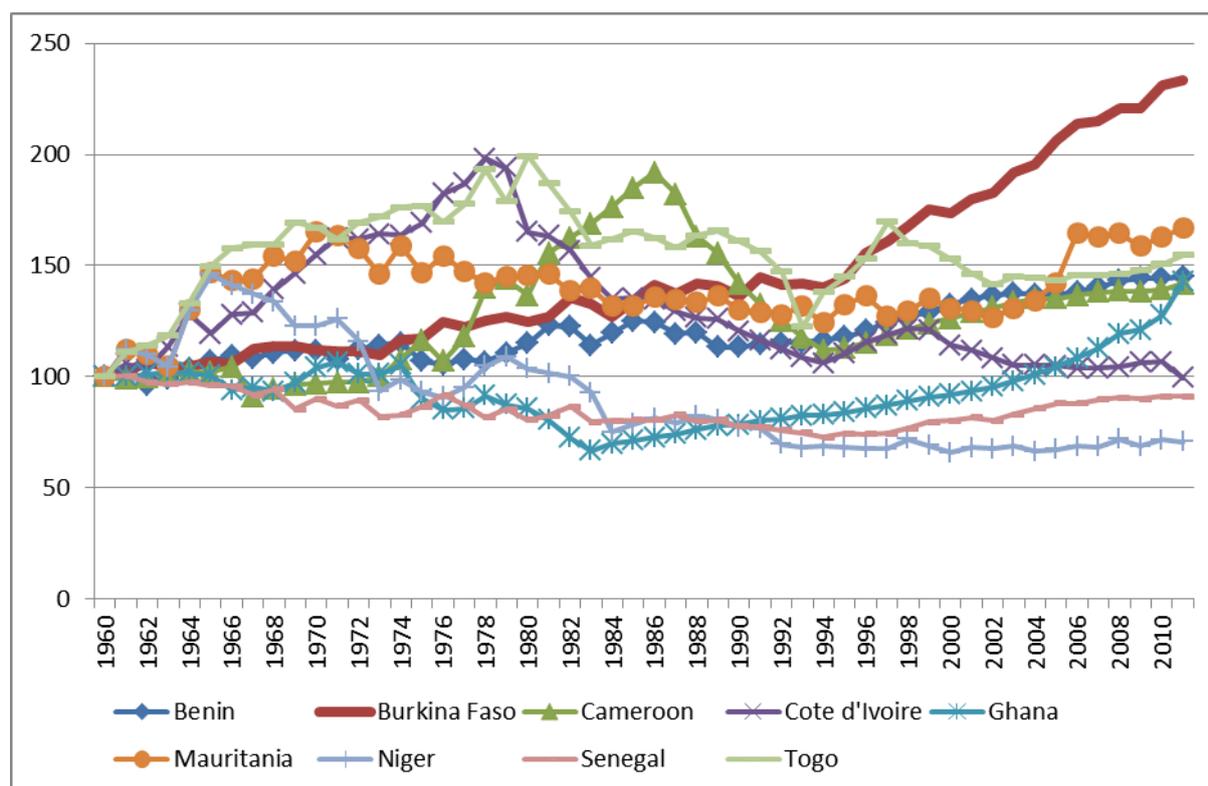
2.1 Growth record: low but steady growth per capita

Since independence, the growth record of Burkina Faso is an average increase in the GDP per capita by 1.6 per cent per annum. This is the best one in Francophone West-Africa (and even so considering neighbouring Anglophone countries, as shown by Figure 1). Actually, Burkina Faso is the only West African country where the GDP per capita has more than doubled (2.3 times) from independence to 2012. This performance is impressive given that Burkina Faso is landlocked, that the population increased more than 4 folds since independence that natural resources are scarce and that human capital was very limited at the end of the colonial period. It contrasts very much with the growth experience of similar countries, such as Madagascar (see Razafindrakoto et al. in this book) or the République démocratique du Congo (Kaiser and Wolters, 2013) that experienced a steady decline in their standards of living.

NWW explain that LAOs countries experience lower long term growth than developed economies because of several years of negative growth (NWW, 2009, p.6). Actually, Burkina Faso experienced eleven years of negative growth between 1960 and 2009. But these adverse developments are not the result of political tensions, military coups or even revolutions. They are the result of periodic droughts, a typical problem faced by Sahelian countries. In this context, a year of bad rainfall is usually followed by a year of over-average rainfall, compensating the negative growth years by very high growth rates the following year(s): even if growth is shaky in the short run, this does not explain the average growth in the long run.

The difference in growth rates within political periods (as defined earlier) is not significant. Some of these periods are so short that the differences do not make sense (Coulibaly et al. 2008). Surprisingly the slowdowns are not linked to the political turmoil experienced by Burkina Faso.

Figure 1: GDP growth per capita in constant local currency 1960 = 100.



Source : World Bank, World Databank, 22/03/2013

A break in the growth trend occurred in the mid-nineties (1996). Beforehand, the GDP growth rate per capital was only 1 per cent, and is closer to 2 per cent after 1996. It seems to be linked with the '94 devaluation and to a better international environment (namely higher prices for commodities), and to a better rainfall. However, this break is not specific to Burkina Faso, it is observed in Africa as a whole.

2.1.1 Absence of structural transformation

Growth in Burkina Faso is not linked to structural transformation. In the seventies, attempts have been made to promote industrialization and industrial exports (namely bicycles, motorcycles, and the textile industry) to the neighbouring countries, but these industries collapsed. The result is that the production structure is still dominated by traditional food production and services, namely trade. Moreover, a huge and perhaps growing part of economic activity is informal. The very limited contribution of total factor productivity to the growth rate is in line with the idea that innovation plays a minor role in the case of Burkina Faso, explaining less than 4 per cent of the growth rate of the economy (Tahari et al. 2004).

Exports still consist of three products, cattle, cotton and gold, as it was the case in the 60s. The exportation of cattle was in place even before colonization. Cattle is simply walked down to the coast, where the main markets are. A project to turn from exporting living animals to exporting meat never succeeded. Cotton has been introduced by the colonial power in the 20s. The amount increased very much under the lead of the Government, which is the main collector through the SOFITEX and sets the prices paid to the producers. The presence of

gold has been known for a very long time, but gold extraction and production went up and down (Campbell et al. 2007). Incentives problems resulted in a collapse of production and exports. Changing the law and decreasing taxes in 2003 resulted in a dramatic increase of exports. Nevertheless, the diversification of exports is very limited and the exportations of manufactured products rather inexistent (Cottet et al. 2012).

2.1.2 Growth without trickle-down effect

Even if the average income per capita more than doubled since independence, the pattern of growth has not been inclusive, due to high inequality (the Gini index estimate was 0.46 in 2003). The figures about the incidence of poverty are a topic of heated debate (see Grimm and Günther, 2006) for a re-assessment of the data; similar debates arose about the 2009-2010 survey. According to INSD (National Statistical Institute), poverty incidence was 43.9 per cent (50.7 per cent in rural areas and 19.9 per cent in urban areas). According to the World Bank, poverty incidence is higher 46.7 per cent (52.8 per cent in rural areas and 25.9 percent in urban areas).³ The global picture is more likely to be a stability of the poverty incidence than a significant decrease. This means a significant increase in the absolute number of poor people: actually this number increased by more than 2 million people between 1994-95 and 2009 (Bourdet, communication to the authors). Descriptive statistics show a wide discrepancy among income quintiles. For instance, 91 per cent of the children of the poorest quintile do not attend secondary school, against 70 per cent of the richest quintile. According to the UNDP human development index, Burkina Faso has always been ranked among the ten worst countries in the world, performing better only against conflict or post conflict countries.

Nevertheless, some social indicators showed improvements, such as the infant mortality rate, life expectancy, etc. This should not be seen as a success of public policies, as the bulk of the Burkinabe population is too poor or too remote from public infrastructure to effectively make use of the public premises. Education rate is still low, but rising fast. The primary school enrolment rate (UNESCO data) was 12.3 per cent in 1971 and 33 per cent in 1990. Donors' pressure contributed to a further increase in line with the Millenium Development Goals (MDGs) to 79 per cent in 2009. This contributed to the increase of the secondary school enrolment rate (1.3 per cent in 1971, 19.8 per cent in 2009).

As a result, a small and fragile middle class (about 13 per cent of the population is between 2 and 20 dollars a day in 2011, against 25 per cent in Mali) is now trying to play a role (Ncube et al., 2011).

³ Manipulating the data is part of the political economy of growth and poverty. In Burkina Faso, no survey takes place if not financed by Donors. The dissemination of data is always slow and usually their use by independent researchers is difficult.

2.2 Determinants of Burkina's performance according to standard economic theories.

Various attempts have been made to assess the determinants of growth in the case of West African Countries, and Burkina Faso in particular. In the recent literature, the focus is on the role of institutions, as “measured” by various sets of indicators.

2.2.1 Traditional determinants of growth

B. Ndulu (2007) assesses the determinants of growth in a sample of 45 African countries (1994-2003), and then the contribution of different determinants of growth to the difference between individual countries from the sample average – and it is to our knowledge the only published attempt to do so. Burkina Faso is part of the sub sample “fast growing economies” (22 countries), which has been growing over this period at 3.86 per cent annually on average (against -0.55 per cent annually for the Low-growth countries). The growth record of Burkina Faso is 3.73 per cent, slightly under the average of the group. Burkina Faso differs from the other countries of this group because it was among the poorest countries in this region in the sixties: some catching up *à la Solow* did increase the growth rate of the economy. On the other hand, Burkina Faso had in the sixties a lower human capital, a faster population growth and a bigger proportion of young people. Furthermore, part of this slower growth is explained by being landlocked, and by the slow growth of its partner countries. On the other hand, political stability, low inflation and the exchange rate regime were an advantage. A bigger public consumption is shown to have had a negative role (but rather limited negative role). Finally, even this sophisticated approach does not succeed in explaining the difference between Burkina Faso and the reference group: large residual remain after taking all these factors into consideration. However, one may wonder if all relevant variables have been taken into consideration. In the case of Burkina Faso, relatively high density may play a positive role on growth by reducing the cost of infrastructures.

When dividing the period into three sub-periods, it is worth noting that Burkina Faso experienced a slower growth than the average of the “fast growing economies” during 1975-94, but a faster growth between 1995 and 2012.

2.2.2 Institutions

In the literature on the determinants of growth in Burkina Faso, several studies have emphasized the role of institutions, and particularly governance institutions. According to Acemoglu et.al. (2000) the long-term economic performance of African countries, including Burkina Faso, is principally explained by the relatively “bad” quality of property rights institutions (shaped by the colonial legacy). Performing for Burkina Faso the same kind of test than Acemoglu et al. (2001) did for Botswana shows that Burkina Faso is not an outlier: its GDP per capita is correctly explained by the expropriation risk.

However, the explained variable in this approach is GDP per capita, not growth. On the opposite, the relationship between “good governance” and growth is not significant (Meisel and Aoudia, 2008). Countries like China and India which experienced rapid economic growth respectively in the late 1970s and early 1980s without any significant change in their property

rights institutions lead us to assume a more complex relation between institutions and economic growth (Rodrik, 2006).

The complexity of the relation between institutions and economic growth is also suggested by the results of “good governance reforms” implemented in developing countries. According to Khan (2012), “good governance” or “market-oriented” reforms aim to introduce in developing countries institutions from developed countries which importance in supporting economic growth for poor countries like Burkina Faso is very doubtful. This view is supported by the empirical work by Kurtz and Shrank (2007) which findings also raises the issue of the definition and measurement of “good institutions”. Furthermore, this discussion sheds light on potential biases of empirical studies using proxy indicators “constructed using subjective judgments and opinions” as measures of governance quality (Khan, 2009; Razafindrakoto and Roubaud, 2010).

Actually the study by Razafindrakoto and Roubaud (2010) shows that *experts* based governance indicators are ideologically biased, as experts’ opinions are affected by their political preferences and their conception of the “way of functioning” of African countries. When comparing the expert’s opinions based survey to the Afrobarometer⁴ survey, the authors show an overestimation of the level of corruption in Burkina Faso. Regarding the scores disparities between countries, the findings also suggest that the relative good image of Burkina Faso is usurped. The latter findings are also confirmed by a comparison of the results of Afrobarometer survey to the scores of the indicator of *Transparency, Accountability, and Corruption in the Public Sector* from the World Bank Country Policies and Institutional Assessment (CPIA).

Burkina’s 2008 CPIA is equivalent to the score of countries like Zambia, Uganda, Tanzania, Nigeria, etc., and better than that of countries like Ghana and Cape Verde. Even the World Bank and the African Development Bank, who tried to “measure” governance by the CPIA (Country Policies and Institutional Assessment), failed to make significant distinctions among West African States (see Table 1). Moreover, the changes are hard to explain. In the case of Burkina, the CPIA has been slightly downgraded in 2006, and upgraded in 2009. In 2011 military riots occurred, shedding some light on major dysfunctions of the governance without any impact on the CPIA.

⁴ Afrobarometer is a research project that measures the social, political, and economic atmosphere in Africa. Between 1999 and 2008 four rounds of Afrobarometer surveys have been conducted in up to twenty countries. Burkina Faso has been added to the sample of countries surveyed in 2008.

Table 1: CPIA (governance cluster)

	2005	2006	2007	2008	2009	2010	2011
Mali	3,6	3,5	3,5	3,4	3,4	3,4	3,3
Burkina Faso	3,6	3,5	3,5	3,5	3,7	3,7	3,7
Ghana	3,7	3,9	3,9	3,9	3,8	3,7	3,7
Niger	3,2	3,2	3,2	3,2	3,1	3,2	3,2
Togo	2,2	2,2	2,2	2,2	2,4	2,6	2,8
Senegal	3,6	3,6	3,5	3,4	3,4	3,5	3,6
Developing SSA	3,0	3,0	3,0	2,9	3,0	3,0	3,0

Source: African Development Bank

The Afrobarometer survey of 2008 shows a different picture. People in Burkina Faso appear to have experienced corruption more often than people in Ghana, Cape Verde or Nigeria. For example only 49% of the people interviewed in Burkina have reported they “never had to pay a bribe, give a gift, or do a favour to government officials in order to get a document or a permit?”, against 85% in Cape Verde, 72% in Ghana and 58% in Nigeria. In the same vein, 57% of people interviewed in Burkina Faso think that people are often treated unequally under the law, while 33% of people interviewed in Ghana think the same.

Because of these shortcomings, the adoption of a more context-based approach that would take into account the political and social economic changes that shaped institutions appear to find its justifications when studying the institutional determinants of economic growth.

3 Political history of Burkina Faso

In this section, we will first summarize quickly the political history of Burkina Faso since the colonial period with an emphasis on the distribution of power between the elites.⁵ Then we will focus on the relationships among elites and between elites and the ordinary people. This section serves as an entry point to the analysis of the links between political systems, institutions and economic growth/development.

⁵ In this paper, we will define “elite” as a group of persons likely to launch violence in order to take over or to threaten the power in place.

3.1 Colonial legacy

Prior to colonization the Burkinabe tribes had three distinct political systems: lineage political systems, villagers' political systems and state systems (Savonnet-Guyot, 1986). In the West and South-West of the country were present a mosaic of non-state societies in which politics was organized within lineages or villages, quite headless. In the East, Centre and North state societies prevail, the most important being the Mossi kingdoms. Located at the very densely populated centre of the country, Mossi is the largest ethnic group (about 50% of the total population) and a homogenous, highly hierarchical, block with at the top, the Mogho Naba, Emperor of the Mossi. Mossi are often described as well organized, disciplined and hardworking people. The Mossi did not suffer from slavery directly, but the institutions may nevertheless have been impacted by the slave trade.

Colonisation took place rather late, at the end of the nineteenth century. The institutions of the colonial power were completely different from the French ones. Native people were not citizens but subjects. Politics, Military and civilian recruitment, taxation, Justice and administration were completely intertwined. Colonial administrators also controlled all specialized public services (infrastructure, education, health, economy, etc.). They enjoyed a real concentration of power, which made them true "*kings of the bush*", impunity being granted unless their decisions resulted in disorders or in the flight of people to neighbouring countries. Limited accountability to local people begun in 1946 with an elected local assembly and was reinforced on the eve of independence by the 1956 "loi-cadre".

Due to lack of staff, the colonial administration had to cope with traditional leaders in order to impose its rule. The colonial administration manipulated and used traditional leaders, removing chiefs who questioned its authority and creating new, artificial chieftaincy and installing puppet leaders, etc. Traditional leaders played a role in the recruitment of manpower, taxation, peace keeping, justice, and so on. Nevertheless, because of the strong organization of their society, the Mossi leaders have been able to impose their views to the colonial power. For instance, they imposed that the railway which was supposed to connect Abidjan to Bobo Dioulasso (and Bamako) terminates at Ouagadougou, their capital – in return for providing manpower. When Haute Volta was suppressed in 1932 and shared among nearby colonies, the Mossi leaders were able to make it re-established again in 1947 – in return they provided significant amount of soldiers to the "*tirailleurs*" of the French Army, namely during WW I. This situation could be described as a strategic alliance between elites (the colonizer and the chief) to control violence by sharing rents. Indeed, it is worth noting that during the elections organized by the colonial administration from 1946 on, traditional leaders played a decisive role in election campaigns. They strongly influenced the choice of candidates presented by the political parties. The colonial administration and traditional leaders did not dare to manipulate the elections in order to support "accommodating" or "moderate" party candidates: refusal to register opposition lists (not favourable to colonial power), intimidation of voters, voting by one voter (the chief, for example), ballot stuffing, and manipulation of results. All these methods were used by traditional leaders and colonial administration officials alike.

It is quite easy to understand that traditional chiefs and the colonial power had a common interest in this kind of co-management. It is harder to understand why the farmers, who represent the basis of the power of the traditional leaders, do continue to support them (until today). Even if the chiefs are seen as the guarantee of the permanence of social norms, traditions, culture, and religion, they did not provide much improvement in the living standards of their followers.

Along with traditional leaders, the Roman Catholic Church became established in the country in 1900. It still plays an important role in the society. Indeed, while evangelizing, the Church set up health facilities and schools, through which it plays an important role in the formation of political elites. The latter allowed the Catholic Church to exert a great political influence, in particular during the process of decolonization.

The colonial institutions in Haute Volta were not aimed at extracting some kind of natural resources like gold or timber. Manpower was the main resource “extracted” by France. It was used for the army, building infrastructures, and logging in Côte d’Ivoire. Only in the 20s did the colonial power introduce cotton. Haute Volta remained very poor and rural in comparison with the other French West African colonies. Between the creation of the colony in 1919 and independence, there was a recurrent discussion on the “viability” of the territory, the colonial power wondering if taxation might someday allow for financing a minimum amount of public expenditure.

Finally, French language, imposed during the colonial times, remains the language that distinguishes the elites from ordinary people. At independence, because of very low primary schooling, speaking French was limited to a very small part of the population (the primary enrolment rate was 7 per cent).

3.2 Powerful elites groups on the way towards independence

As mentioned previously, traditional chiefs, Mossi leaders in particular and the Catholic Church, exerted considerable influence on society. After the re-establishment of the Haute Volta as a full-fledged colony in 1947, the institutionalisation process which led to Burkina’s independence in 1960 allowed the emergence of new forces in the country. Among them, political parties, especially the African Democratic Rally (RDA), an anti-colonial party established in Côte d’Ivoire, and labour unions were the most powerful forces. Political parties have been directly involved in the transition toward independence, which explains their influence, in collusion with labour unions. Indeed, many politicians began their political “career” in labour unions. Labour unions mainly mobilized civil servants and employees from formal private companies in urban areas. According to the World Bank (1964) figures, these permanent wage earners represented less than 1 per cent of the total population. This situation also illustrates the marginalization of rural dwellers in the country’s political life of the country.

The “loi-cadre” of 1956 and the elections and consultations that followed contributed to increase the political parties’ influence. However, one must distinguish between the two big political parties, the RDA and the Parti social d’éducation des masses africaines (PSEMA, previously called Voltaic Union) and the other parties. The PSEMA benefitted from the

support of the Colonial Administration, the traditional chiefs and the Catholic Church, which opposed the RDA. Nevertheless, the RDA managed to preserve and even increase its influence in the political life, until turning into the unique party on the political scene after the independence. This is why Mossi leaders attempted to take power by force in order to turn Haute Volta into a royalty in 1958. They feared that after independence the newly elected government would try to undermine their power. As they did not receive the support of the colonial authorities, they did not succeed, making way for political leaders at independence (1960).

3.3 Elites and dominant coalitions after the independence

Figure 2 reports the nature of the political regimes since independence and the main political leaders. This gives a first insight of the distribution of power in Burkina's political settlement.

The Army appears as the most powerful group in Burkina Faso since 1966. Indeed, since the outbreak of the army in politics in January 3, 1966, following a popular uprising that toppled the regime of the first Republic, it has never really left the political scene. Thus, with the exception of Maurice Yaméogo, Burkina's first President, no civilian has served as President since 1960.

3.3.1 Power balance in Burkina Faso: 1960-1991

The first years of independence are characterized on the political scene by the dominance of the RDA, which became a single party; and at the economic level by an increase in government expenditures which particularly benefited civil servants. Moreover, during the first Republic patrimonialism, predation, corruption and patronage habits were exacerbated. The dominant coalition was principally constructed around members of the single political party, the RDA. The traditional leaders were particularly targeted by the government policies aiming to reduce their privileges. The latter can be mainly seen as "revenge", after the attempt of traditional chiefs to take the power in 1958.

However, the regime's excesses led to its fall on January 3, 1966, due to the general strike organized by the labour unions to protest against the austerity measures decided by the government. Indeed, with a decrease in the amount of French Aid (Burkina's top contributor) after the expulsion of the French military camp in 1963 decided by the president Maurice Yaméogo, the government had to adopt some unpopular austerity measures in order to control the budgetary deficit. The most unpopular measures were the decrease of civil servants salaries, the suppression of various privileges, the reduction of family allowances and the removal of education subsidies. The adoption of these measures led to a violent confrontation between the government and labour unions. The latter received the support of students, underground political parties, including the *Mouvement de libération nationale* (MLN) of Joseph Ki Zerbo, RDA supporters dismissed by Mr. Yaméogo, as well as the catholic church and traditional leaders that suffered respectively of the removal of subsidies for private Catholic schools and the reduction of local administrative chief's compensations (Zagré, 1994). Thus, the dominant coalition lost the support of powerful elites groups which have seen their privileges reduced. It is worth noting that elites and urban dwellers explicitly requested Army's intervention which led to the fall of Yameogo's government. The new

government under the lieutenant colonel Lamizana (General chief of staff of the Army) obtained the support of labour unions, political parties, traditional chiefs and leaders of the Church to his program. This program consisted principally of austerity measures which aimed at stabilizing the country financial situation: reduction of the outstanding debts and elimination of budgetary deficits (World Bank, 1969). Although these measures considerably reduced elite's privileges (especially privileges of bureaucrats), the new government managed to impose his program to elites by invoking their patriotism, and by explaining the necessity of this program to people throughout the country.

This episode of Burkina's history shows the influence of elites groups on the country's political stability. At the opposite, the rural population (98% of the entire population at this time) remained silent and powerless (Guissou, 1995).

The fall of Yameogo's government led to a shift in the balance of power towards the Military that emerged as the most powerful elite group. Students unions also appeared unavoidable, along with labour unions, the Catholic Church, traditional chiefs and political parties.

Figure 2: Summary of Burkina's political history since independence



However, although most of these groups have preserved their influence in the society, the repartition of the power among them and within some groups has greatly changed over the years, as it has been challenged on various occasions, and particularly during the Revolution (1983-1987).

- **The Army:**

After its first intervention, the Army continuously intervened in politics, pleading the defence of the interests of the people. However, the succession of three military coups between 1980 and 1983 showed the divisions within the Army, which is sharply divided into three main groups: i) the old guard from the French colonial army, ii) right-wing young military officers, and iii) left-wing young officers trained politically in student unions. The 1980 coup put aside most of the old guard of the army, but some of them remained in the Military Committee (CMRPN), which took power on November 25, 1980. Due to internal strife rapidly undermining the regime, the CMRPN was overthrown by another coup on November 7, 1982, two years after taking power. As a compromise between the three components within the Army, Major Jean-Baptiste Ouedraogo, who was nationalist rather than revolutionary (see Kaboré, 2002), became head of the new regime. However, the increasing influence of the left-wing young officers led to the coup that established Thomas Sankara at the head of the State on August 4, 1983. The same section of the Army stayed in power after the 1987 coup which led to the assassination of Thomas Sankara and to the seizing of the power by Blaise Compaoré, number two of the previous regime. Since then, and although several military uprisings (of which the last one in 2011 which was very close to being a success), the Army leaders have successfully managed to maintain the unity of the army, in spite of profound internal tensions (by using alternatively violence and the granting of privileges) Its capacity to gather the support of the different powerful groups in the society is the basis of this stability.

- **Political parties and labour unions:**

The political instability after the coup of 1980 did put an end to the domination of the RDA on the political scene. The weakening of the RDA and of the other political parties became even more marked during the revolution. Indeed, the majority of the former politicians, including the former opposition were persecuted, imprisoned, brought to special courts (Tribunaux Populaires Révolutionnaires or TPRs) under the charge of corruption or forced to the exile. After the new constitution of 1991 and the return to a “civilian” regime, the ruling elites created a new political party, the ODP/MT which became the CDP today’s “ultra-majority party”. As political parties, labour unions also suffered the repression of the revolutionary power. They lost their influence on civil servants to the advantage of political parties, the CDP in particular.

- **Traditional leaders:**

Like political parties and labour unions, traditional leaders have suffered the hostility of the revolutionary regime between 1983 and 1987. However, the revolutionary power did not manage in its attempt to marginalize the traditional leaders. They continue to exert an important influence in rural areas. After the fall of the revolutionary regime, the new regime of Blaise Compaoré took some measures to re-establish some of them privileges that were

suppressed by the revolutionary power. This might explain the support of traditional leaders to the regime.

It is worth noting that even today traditional leaders play a very important role in the lives of rural people, especially in the Mossi regions. The *Afrobarometer* survey of 2008 shows that ¾ of respondents trust the chiefs against a lower percentage for modern institutions. A majority of Burkinabe (55 per cent) think that their influence in local governance should increase. However, the involvement of traditional leaders in active politics in Burkina Faso has raised some controversies; especially regarding their lack of impartiality and neutrality vis-à-vis the political forces

▪ **The Catholic Church:**

At independence, the top hierarchy of the Church switched from European to African leaders. In 1960, Paul Zoungrana became archbishop of Ouagadougou. The Church was involved in Burkina's political life through the formation of elites, but also by directly supporting political parties (or political leaders) and labour unions, mainly before the independence. However, since then and at the opposite of traditional leaders, the Church has not been directly part of any ruling coalition. The (still) good reputation of catholic education and catholic leaders in terms of reliability confers to the Church an important place in the society. The Catholic Church uses its moral authority to act as a mediator in case of crises, publishing roadmaps for improving governance, criticizing the ruling elite, but trying to avoid violence (Rapport du college des sages in 1999 after the troubles following the assassination of Nibert Zongo, a journalist who unveiled a scandal involving the brother of the President). However, this protest did not result in any real changes. In July 2013 again, the bishops of Burkina Faso issued a statement including harsh criticism of the way the ruling elites are trying to modify the political system in order to stay in power⁶.

3.3.2 The new forces in Burkina's political scene

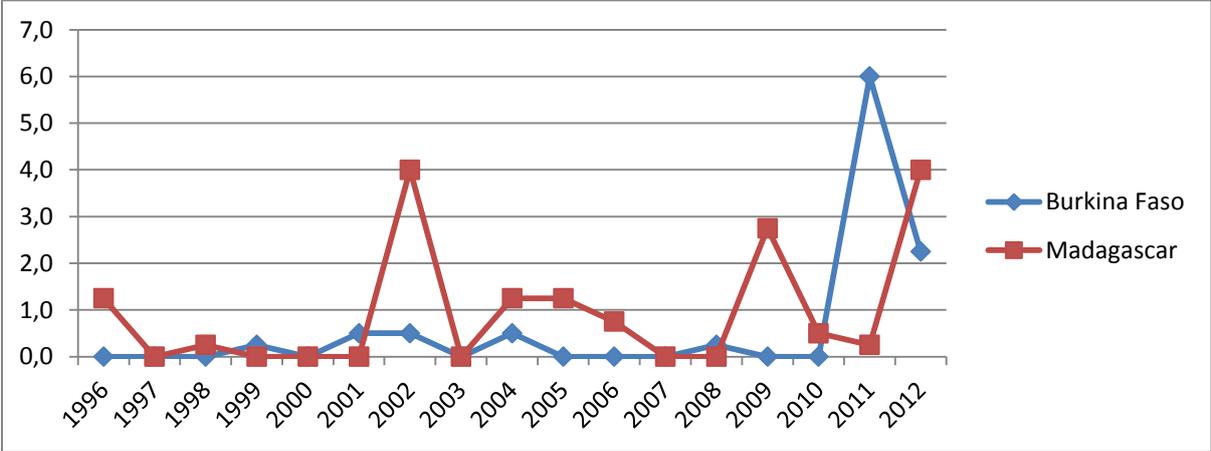
Burkina's current political settlement is characterized on the one hand by the emergence of new forces and on the other hand by the lack of political transition. Regarding the latter, though the dominant coalition has widened by integrating the most powerful individuals, the head has not change since 1987. This lack of transition might be explained by the economic power held by the dominant coalition that benefits from foreign support. There is an increasing collusion between political and economic power. Another feature of the current political settlement is the increasing importance of family ties and ethnic considerations to be able to be recruited in the dominant coalition. This might be understood as a strategy to build a smaller but stronger "core" elite.

However, this strategy has increased the frustrations of other elites which have been excluded from the political and economic scenes resulting in social and political crises. The 2011 military riots are symptomatic of these tensions. Figure 3 provides a picture of the political violence experienced in Burkina Faso and Madagascar (for comparison purposes). In those

⁶ http://www.observateur.bf/index.php?option=com_content&view=article&id=28435:opportunité-du-sénat-le-sermon-des-évéques-du-burkina&catid=18:société&Itemid=16

countries, political violence is usually low (the average 96-12 index is on average 0.6 in Burkina Faso, 1 in Madagascar against 4.1 in Egypt and South Africa and 14.4 in Nigeria).

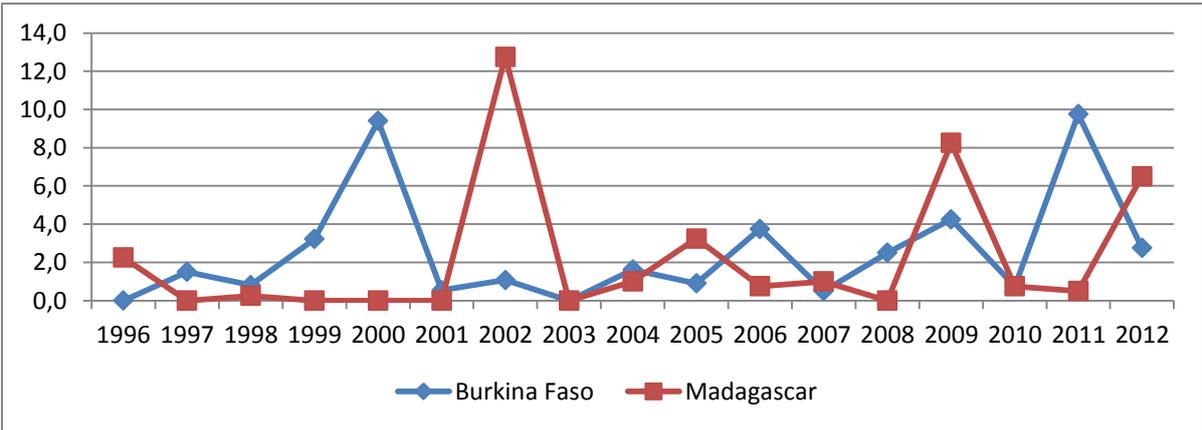
Figure 3: Index of Political Violence (Military and Civilians)



Source: OECD, Development Center, African Economic Outlook 2013 Database.

Nevertheless, this “stability” is misleading because of the existence of sudden bursts of violence – meaning that everybody is aware that the ruling elite is likely to use extreme forms of violence. Moreover, as shown on Figure 4, these episodes of violence raised strong public protest. On average, the 96-12 index is 2.5 for Burkina Faso and 2.2 for Madagascar, against 3.1 in Nigeria, 4.5 in Egypt and 5.4 in South Africa.

Figure 4: Index of Public Protest (Strikes and demonstrations)



Source: OECD, Development Center, African Economic Outlook 2013 Database

4 International framework and aid

As suggested by the analysis of Burkina’s political settlement, violence as well as the creation and distribution of privileges to powerful groups are means used by the ruling elites to

maintain political stability. However, the way the elites may use resources and violence is today limited by a huge number of international norms, agreements, treaties, and so on. It is clearly impossible to comply with all these requirements, and elites have to find their way to succeed in creating rents and using them to manage violence with a minimum of monetary and symbolic sanctions. We will first consider international institutions, norms, etc. and then the Aid System which is specific to LICs.

4.1 International institutions as constraints to policy making and the use of violence

The struggle for power in today's LICs is very different from what is recorded in history. Today, as noted by NWW, people in LAOs have examples of what developed economies and democracies are and how they work – even if there are differences and room for adapting these general patterns to specific cases. The very existence of international organisations and norms puts limits to what is achievable by ruling elites in today's Africa. Of course, the top of the iceberg is the Aid System (point 4.2), but we will first describe briefly the broader framework.

In line with the Aid institutions, some supranational organisations promulgate economic standards. The monetary policy of Burkina Faso is set at the Central Bank of West-African States (WAEMU), Burkina Faso being part of the decision making process, but as a low key player. Again, WAEMU is part of the Franc Zone that pegs the CFA Franc to the euro (and formerly to the French Franc) – with the exception of a revaluation after WW II and a 50 per cent devaluation in 1994. The fiscal policy should take West African Economic and Monetary Union (WAEMU) and ECOWAS norms into consideration. WTO does not allow asymmetric trade agreements, and limits protectionism, except in very limited cases. OHADA, a regional organization in Africa for harmonizing business law frameworks was established in 1993. Good governance and corruption are monitored by the Bretton Woods Institutions, Transparency International, Mo Ibrahim and national NGOs. Other Institutions deal with norms in other economic areas (ILO promotes the “decent work” agenda, UNICEF the rights of the children, WHO standards for health, etc.)

Other organisations try to enforce norms that mean to directly tame violence. This is the case of the African Union, which prohibits violence among its members and posits that colonial borders should not be contested. The international criminal court of The Hague deals with violations of human rights. Human Rights Watch and Amnesty International monitor violation in this field. Media manipulation becomes also somehow difficult, because the educated middle classes now have a wide access to international media, namely the Internet and Radio France Internationale.

As a result, policy making in such a context is tricky, creating rents and sharing rents with elites has to be done discreetly. Moreover, taking power by force is now hazardous. The use of violence is still possible, but a new regime coming to power by force or using violence against the population will face opposition and would hardly find any international recognition (this has been the case in Mali, Guinea and Madagascar for various reasons).

If all this is to be taken seriously, one may wonder what kind of autonomy remains to the government of a country like Burkina Faso. However, some room for manoeuvre still exists. Of course, ruling elites like to get some approval from International organisations, because this is likely to validate their policies in the national political debate. But they have developed a long experience on how to deal with all these constraints, how to use the tensions and contradictions between these organisations in order to manipulate the constraints.

For instance, Burkina Faso turned back to electoral democracy in 1991, two years after the ‘discours de la Baule’ in which president Mitterrand stated that France would from now on only support democracy. The democracy established respects most of the time the formal criteria. Media are quite free, elections take place regularly and more than 100 opposition parties are registered. Nevertheless, Blaise Compaore has been in place for more than twenty five years, always elected with about 80 per cent of votes. A single party dominates the political life. Some harassment or even a limited number of murders of opponents and journalists have been recorded and show to the would-be opponents that some red lines are not to be crossed.

4.2 Aid

Burkina Faso is often described as very “aid dependent”. Actually Official Development Aid amounts to about 13 per cent of GDP (see Figure 3). Because Official Development Aid finances a significant part of public expenditure, it plays, *nolens volens*, a political role. By pushing to enhance the basic public goods delivery system, the Aid system lowers the pressure on the Government to negotiate an increase of the tax ratio, and the demands of the population for a more inclusive delivery of public goods.

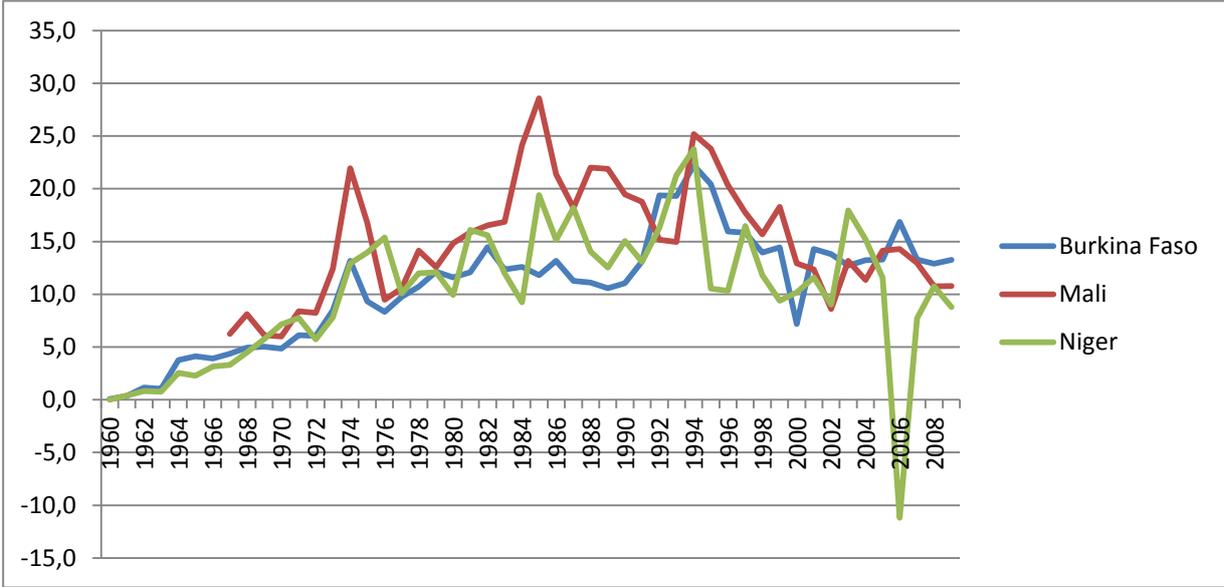
In 2010, grants and concessional loans amounted to 62 per cent of revenue, and financed 38 per cent of capital expenditure. If this aid was not available, the ruling elite should have increased the tax ratio and become a little more accountable to the population. Aid is provided by 31 donors in 2009, but not very fragmented. According to OECD DAC in 2009 Burkina Faso ranks 19 out of 49 least development countries in terms of fragmentation ratio.

Nevertheless, this does not mean that Donors have the power to impose their preferred policies nor make their interests prevail in Burkina Faso. Of course, Technical and financial partners (TFP) have some power because of the resources they channel (which constitute a substantial rent in a country where there aren’t many), and because they can provide labels of good governance, efficiency, etc., which can be valued in political communication.

The ruling elite knows perfectly well that Donors have also constraints of their own. First of all, Donors have a constant pressure to disburse their budget. They are committed to the MDGs and they have to show that they are financing “development”, poverty alleviation, etc. They cannot sanction very harshly LICs’ government, because they fear being criticised for crushing “poor people”, and not respecting ownership, the 2005 standard set by the Paris Declaration. On top of that, they have also their own economic, strategic and diplomatic interests, which are not usually on the negotiation table and tend to reduce the credibility of their sanctions. This allows the ruling elites to manipulate them in order to use them according to their objectives (Chabal and Daloz, 1999).

Since 1991 and the signing of the first Structural Adjustment Program (SAP) with the IMF and the World Bank, Burkina Faso has become a “darling” of donors. For instance, Burkina Faso was one of the first countries to benefit from debt relief under HIPC initiative, which is strange enough because Burkina Faso was repaying its debt, and was not considered as really over-indebted. IMF had also to rely on “creative accounting” to lend to Burkina Faso without noticing governance problems.

Figure 5: Official Development Assistance (all donors) as% of GDP



Source : OECD, DAC and World Bank, World Data, consulted on 5/5/2011

Prior to 1991, Aid was mainly provided within the framework of projects. It was already a significant part of budget resources (Amin 1971, Zagré, 1994), but these resources were managed outside the Treasury, with special procedures designed to "secure" the expenditure chain.

Since 1991, a large part of the aid has been given in the form of unaffected general and sectoral budget support. Except for the year 1989 (exceptional because of reduced French debt) the total of "aid" (as recounted in the Burkinabe Financial operations of the State) has peaked just after the devaluation of the CFA Franc in January 1994 (120 per cent of fiscal revenue) only to fall gradually to a level of about 70 per cent in 2009, with almost an equal share between project aid and budget support.

Aid turns into rent in different ways, which is not specific to Burkina Faso. First of course, corruption diverts a portion of the amounts paid (it is clear that these diversions are not specific to aid, but government spending in general). This is indeed an important resource that can "give food" to representatives of particular elite, and thus explains the impunity at this level. It is obviously out of the question to punish anyone who has been specifically assigned a source of rent.

On the other hand, aid leads to the creation of well-paid positions, with generous and prestigious means of operation (company cars, petrol coupons, access to all sorts of goods and services, etc.), which explains why these positions are highly sought after and are by far "limited access" positions. Most of these positions are related to projects, funds or international organizations. Swelling of operation costs of public organizations results in rather small amounts of gains, but are still very popular with the "junior" elite.

In a LAO like Burkina Faso, are donors able to boost reform, or are they themselves manipulated by elites? Chabal and Daloz (1999) have shown that during structural adjustments, the common approach that depicts African governments as powerless in face of the injunctions of the BWIs is not relevant. Those elites always find a way to take advantage of the reforms.

Budget aid is clearly problematic given the asymmetry of information between the donors and the government and the low credibility of sanctions. Asymmetry of information is significant, given the very limited reliability of the information systems. The weakness in the monitoring of results is often emphasized. For example, many discussions and indicators are related to the Finance Act. Logically, one should also ensure that the Settlement Act is consistent with the Finance Act. If this is not the case, imposing conditionalities ("triggers") on the budget (Finance Act) is not likely to be effective. It is very difficult to check afterwards, namely because of various supplementary budget laws, and because the breakdown of expenditure does not follow that of the initial finance law. Despite the large step forward made with the establishment of the Court of Accounts, the reports that it produces do not allow for a detailed view of the subsequent actual expenditures by department. In fact, these reports show rather important budget adjustments during the budget implementation, which increases the uncertainty about the amounts actually paid.

The problem gets even worse, because there are also differences between budget appropriations and physical realizations. One of the few reports⁷ that have attempted to analyse the impact of the PRSP mentions: "Out of 155 measures⁸ identified, 53 were not found on the ground by the investigators during data collection".

The low credibility of sanctions is another major problem in the management of development assistance, resulting in a low effectiveness of conditionality during the period of structural adjustment. If the donors stop their support because of poor performance, they may exacerbate the problem and be subject to criticism, especially from international civil society. The negative effects of "stop and go" (stopping then resuming external financing) and the unpredictability of external resources have been criticized and led the Paris Declaration (2005) to make the predictability of resources provided by donors a central criteria of the quality of the assistance provided. Burkinabe governments (but also most West Africa governments) were able to skilfully use the information asymmetry, playing on the low

⁷MEF, SG, DGEP, with support from the GTZ project « Conseiller technique au MEF », Analyse ex-post de l'impact de la mise en œuvre des mesures et actions du PAP-CSLP en 2006 et 2007, version finale, mars 2009.

⁸By 'measure' the report actually refers to the building of infrastructure under the pillars of the PRSP, such as schools, health centers, rural electrification, etc.

credibility of sanctions to achieve their goals. For instance, if the donors criticize corruption, they introduce new organisations to deal with the problem (Dalavallade, 2007)

The sense of impunity of the ruling coalition vis-à-vis the donors is reinforced by the fact that despite their criticism, donors keep disbursing, except Denmark on a recent occasion. The government has long been aware of the constraints faced by donors and some people within the government become masters in the art of manipulating them. The fact that donors often only accept promises of improvement and not specific measures reinforces this tendency. Specifically, donors get quite satisfactory results based on their own criteria when it comes to areas that are consensual (such as social spending, for example). Regarding more specific themes, the different donors' interest may differ quite significantly.

Donors have for a long time tried to secure the chain of public expenditure and public procurements (France, in particular, funded the PAFIE, a technical assistance project with a high level of technical assistants who have developed software to manage the chain of public spending). This apparently did not have much impact on financial governance. The most visible result is that officials of the Ministry of Finance have acquired considerable technical skills to turn the procedures to their advantage while respecting the criteria, delaying bidding until an emergency derogating procedure becomes justified (procurement of insecticide-treated nets delayed until the beginning of the rainy season, for example). Burkinabe officials were also very competent in using the new discourse on ownership against the donors: any attempt by the donors to denounce such practices or corruption in general, is being taxed as "interference" and not respecting the principle of ownership put forward by the 2005 Paris Declaration.

5 Relationships between political settlement and growth

The analyses of the growth record, of the political settlement and of the international frame done in the previous sections have shown that in Burkina Faso political "stability" prevails, based on the strategic alliance between the Army and the traditional leaders. This political stability is based on low intensity violence, with periodical bursts of open violence. How do these elements interact to explain this relatively good (non-inclusive) growth performance?

In this section, we will first analyse why growth is slow, but on average in LAOs. Then, we will explain why in Burkina Faso growth is nevertheless higher than in similar countries. Finally, we will turn to the risks entailed by the present balance of economic and political forces.

Before turning to our analysis, the various economic policies put in place by the governments of Burkina Faso have to be introduced. Table 2 reports the main policy orientations of Burkina's succeeding governments since the independence. Government's policies might be linked to its objective in terms of political stability.

Table 2: Orientation of governments' economic and institutional policies after independence

Political regimes : civil vs. military regime	Fiscal policy cycles	Main economic and institutional policies
1960-1965 :First Republic-civilian regime	<ul style="list-style-type: none"> ▪ Budgetary expansion followed by austerity measures 	<ul style="list-style-type: none"> ▪ Increase in the number and salaries of civil servants ▪ Investment in administrative and social sectors: schools and administrative buildings ▪ Investment in education (rural education program)
1966-1970 : Mixed regime (military and civilian)	<ul style="list-style-type: none"> ▪ Budgetary contraction 	<ul style="list-style-type: none"> ▪ Reduction of government 'expenditures: termination of civil servants, wages reduction of 10 per cent in the civil service, removal of housing allowances; reduction of subsidies (to private education institutions in particular), etc.
1970-1974 :Second Republic-civilian regime		<ul style="list-style-type: none"> ▪ Increase in government revenue: introduction of an exceptional contribution "contribution patriotique" ▪ Policies to lower the tax burden and boost the private consumption ▪ Investment in agriculture, in industrial sector, promotion of exports (bicycles, motorcycles, textile industry) ▪ Prices and products commercialization policies ▪ Regulation and control of government expenditures, etc.
1974-1977 : Military regime	<ul style="list-style-type: none"> ▪ Budgetary expansion 	<ul style="list-style-type: none"> ▪ Investment in industry (creation of public enterprises), agriculture (promotion of cotton production) and infrastructures
1977-1980 : Third republic – civilian Regime		<ul style="list-style-type: none"> ▪ Investment in social sectors, in health principally ▪ Increase in government expenditures: increase in defence personnel and civil servants wages; attribution of indemnities to civil servants.
1980-1982 : Military regime		
1982-1983 : Military regime		
1983-1987 : Military regime, "Front Populaire"	<ul style="list-style-type: none"> ▪ Budgetary contraction 	<ul style="list-style-type: none"> ▪ Reduction of government expenditures: termination of civil servants; reduction of salaries and suppression of indemnities in the civil service, reduction of the retirement

(revolutionary)		<p>age, etc.</p> <ul style="list-style-type: none"> ▪ Increase in government revenue: taxation of private property, introduction of exceptional contributions, etc. ▪ Investment in agriculture (promotion of cotton and cereals production; mechanization of traditional agriculture, soils conservation, etc.) and in industry (restructuring of public enterprises mainly) ▪ Investment in social sectors (health and education) and infrastructures ▪ Regulation and control of public institutions
1987-1991 : Military regime	<ul style="list-style-type: none"> ▪ « Moderate » budgetary expansion 	<ul style="list-style-type: none"> ▪ Increase in government expenditures: increase of 4 to 5% of civil servants wages; reintegration of previously fired civil servants, etc. ▪
1991 to present : fourth republic : civilian regime	<ul style="list-style-type: none"> ▪ IMF and World Bank Adjustment programs ▪ Poverty Alleviation Framework ▪ Good governance policies 	<ul style="list-style-type: none"> ▪ Deregulation and liberalization of productive sectors and trade ▪ Removal of state subsidies ▪ Reform of the Civil service and public administration, including privatization of public enterprises ▪ Reform of the agricultural sector ▪ Promotion of foreign investments ▪ Devaluation of the CFA franc ▪ Institutional reforms including decentralisation reforms

Source: World bank (1964, 1969, 1975, 1983; 1989), Savadogo and Wetta (1991), Zagré (1994); Bourdet and Persson (2001)

5.1 Because of the Limited Access Order, growth is rather slow...

Being a LAO means that “corruption” prevails. Standard indicators show that even if corruption is pervasive in Burkina Faso, it is relatively lower than in similar countries. According to the index of perceived corruption of Transparency International, Burkina Faso ranks 83th out of 176 countries in 2012, very close to Morocco. Neighbouring countries have similar ranking, with the exception of Ghana (64th). As already mentioned, this measurement is debatable. However, this is likely to be detrimental for growth, because of the over-pricing of public investment, the low quality of the infrastructures (in a famous case, the so-called “Razel scandal” in 2003, the road did not last until reception of the completed work), and because of the distortions in the very choice of infrastructures (the “bribe-friendly” infrastructures are more likely to be selected).

5.1.1 Rent creating society

LICs are often described as countries where rent *seeking* prevails. According to NWW, LAOs should be better described as rent *creating* societies. The rules are set by the dominant coalition in order to create rents, manage violence and stay in power. However, Mushtaq Khan shows that the rent-seeking process per se might not be damaging for growth. Indeed, while between 1960 and 1980 most developing countries followed “growth-enhancing strategies”, only governments with specific “governance capabilities” succeeded in implementing this strategy (Khan, 2007). These governance capabilities, while being specific to each country, require nevertheless that governmental agencies in charge of policy implementation are able to suppress damaging rents for growth. Thus, the power balance in a country is crucial in this process.

In the case of Burkina Faso, before structural adjustment, the involvement of the State in economic activity and the existence of a big public sector was the main rent-creating device. Actually, until 1991 the distribution of rents to powerful groups, principally the Army, traditional leaders, and civil servants (because of powerful labour unions) had responded to threats or effective use of violence from those groups. As government resources are limited, the distribution of rents is made at the detriment of investments in crucial factors. Examples are seen during the first Republic but also at the end of the 1970s or during the democratization period to (1987-1991). The governments often respond to the manifestations and loss of support of elites by increasing wages in the civil service or by recognizing traditional chief’s authority and rights, etc. For instance, according to the World Bank figures, during the first years after independence the country counted about 11 000 civil servants (0.20 % of total population) which salaries represented 13% of the total GDP. As stated by Roger Bila Kaboré (2002), in the late 1970s the distribution of positions at senior management level and technical services of the State was linked to the presidential party membership (the RDA).

However, it is worth noting that during the 1966-1974 period, the dominant coalition succeeded in redirecting rents toward some productive sectors: cash crops production, creating new economic opportunities and promoting structural transformation. These changes were achieved through a strong coalition and the centralization of power by the Army. Thus, the divergences which appeared between powerful groups, inside the dominant coalition,

might explain the failure of the state to maintain the rents in “unproductive” sectors at a low level.

Two main characteristics distinguish the period 1991-to present from the previous period: the emergence of new powerful groups and a shift in the means used to create and distribute rents. Regarding the later point, it is worth noting that, in the past, formal institutions were the principal means used to create and distribute rents. Since 1991 (and the introduction of structural adjustment programme (SAP)), the ruling elites have relied more often on informal institutions to create and distribute rents to powerful groups. This might be understood as the strategies implemented to circumvent the restrictions imposed by donors’ community. Actually while formal institutions are modified in order to comply with the SAP and the “good governance” agenda, informal rules allow the creation and distribution of rents. Two examples are found in the processes of privatization of states-owned enterprises (that begins in 1993), and the award of public contracts.

The privatization of state-owned enterprises, one key component of the SAP, has been largely criticized by the media but also by the parliamentary investigation committee in charge of the evaluation of the process judged “discriminatory” (see Lewis, 2002, p. 90). Actually, apart from French investors, the buyers of those companies (e.g. SBMC, GMB, SLM) are part of the dominant coalition because of family ties with members of the government and/or open economic support to the presidential party.

Regarding the award of public contracts, the situation in Burkina Faso is very close to the one described by NWW. Indeed, as noted by NWW, it is typically difficult in a LAO to launch new activities - unless they are under the control of the ruling elites. People who are related to the ruling elite would succeed in making money, but then they have to share, namely for financing elections. Entrepreneurs that are not linked to the ruling elite (and even foreign entrepreneurs) will face difficulty to succeed, as economic success is also seen as a political threat. Their businesses have to remain small or they will face competition by entrepreneurs linked to the ruling elite, or even expropriation. Personal relationships prevail on impersonal rules.

5.1.2 Limited opportunities

In the case of Burkina Faso, the domestic market is so small, given the poverty of the population, that the main market for would-be entrepreneurs is the market of public tenders. Those tenders are closely controlled by the elites, who manage to circumvent the formal rules imposed by the Donors. Entrepreneurs linked to the ruling coalition of elites are likely to benefit from public tenders (“tenderpreneurs”) irrespective of their ability to deliver, and in return finance the ruling political party. In depth interviews conducted in 2011 by the authors with politicians, entrepreneurs and donors principally confirm these trends. Moreover a very recent study by Akouwerabou and Bako (2013) suggest that corruption in public tenders is increasing, in particular for small and middle enterprises. The study shows that 69.5 per cent of the sample (282 enterprises which frequently participate in public tenders) have to pay bribes in order to get public contracts.

Even if the domestic market is small, it might be possible to invest in the export sectors or in the import substitution sectors. The CFA Franc, created by the French during colonial times, still remains the common currency for 15 countries in West and Central Africa and the Comoros. This currency used to be pegged to the French Franc, and now to the Euro. This leads to the currency being overvalued most of the time in African countries. But the African elites of these countries have always fought to keep the currency pegged. They unsuccessfully opposed the only devaluation that took place in January 1994. Due to the strength of the currency and the commitment of the French Treasury to provide hard currency when needed, African elites can import cheaply from developed countries the goods and service they consume. The strength of the currency is lowering the competitiveness of the country, but the elites do not care about that, since most of the exports are produced by farmers who have no voice in the system. They are more concerned with the relatively low price of imports which allows for social peace in the urban areas by keeping the prices of food and oil under control – at least most of the time.

5.1.3 Property rights protection is elusive

Justice is a strong impediment to investment and encourages corruption because of the lack of sanctions for behaviour such as the lack of realizations of contractual commitments, embezzlement, etc.

Foreign investors can hardly rely on justice when they experience problems with their local partners or competitors, especially if they are cronies of the ruling elite. Even OHADA does not really protect investors, because a decision of the local justice is needed before turning to the OHADA court.

Moreover, the institutions of property rights, relating to land in particular, favour powerful groups at the expense of the people. State intervention in land policies over the last years has been found to have increased rent seeking activities in urban and rural areas. Regarding the later, there is a growing competition for land which involves in some regions political leaders, rich traders as well as bureaucrats (see for example, Ouédraogo, 2002; Zongo, 2010).

5.1.4 Traditional leaders are hardly supporters of structural transformation

As shown earlier, traditional leaders are part of the ruling elite. Their main objective is to keep their influence on the population, especially in rural areas, which prevents too much “modernisation” of the agriculture or change in the system of traditional rights. This system has been very much under pressure during the revolution, and the Sankara regime made attempts to undermine the power of the traditional leaders. Among other things, this fight amounted to extend the presence of public services in the rural areas and to give more power to the young generations. Soubeiga (1994) has shown that during the revolution, the traditional leaders in rural villages first opposed the creation of health centres and then took the lead of the new local health organisations in order to better undermine them.

Although this example may show that having traditional elites in the dominant coalition might hinder innovation, several studies have shown on the opposite that, in the agricultural sector for instance, traditional institutions are compatible with investment (see for example Brasselle

at al., 2001 and Ouédraogo and Sorgho Millogo, 2007). Indeed, the evolution of traditional institutions reveals the strong influence of socioeconomic and demographic changes that transform the relations between traditional leaders and the people.

5.2 But nevertheless higher than in similar countries

The other side of Burkina's developmental record is that growth is higher than in other LAOs. Of course, the distinctive feature about Burkina Faso is "stability". The fact that Burkina Faso is not well endowed in natural resources (except gold to some extent) also plays a role. Finally, the international frame exerts a pressure on growth factors such as infrastructure or human capital.

5.2.1 Stability with jolts

The pattern of low steady growth without structural transformation is likely to be linked with the stability of the institutional framework. The political "stability" of Burkina Faso since 1987 is often referred to as an explanation of the relatively satisfactory growth record (Azam and Morrisson 1999). However, "stability" since 1987 refers mainly to the ability of president Compaoré to maintain his power and not to the overall situation as such which is characterized by periodic bursts of violence culminating in the 2011 military riot.

As stated in the previous section, political stability is grounded in the power balance between powerful groups. This stability is likely to be elusive, as this power balance is really fragile (see the previous section). However, stability is principally attained through the creation and distribution of rents (including privileges such as the detention of rights denied to "common" people), or the use of violence. Since the use of "open" violence is restricted by the international framework, the dominant coalition seems to rely more heavily on privileges distribution to maintain political stability at the expense of economic growth and human development. Indeed, even if growth is broadly satisfactory, it is nevertheless far from Asian standards. Moreover, in the case of Burkina Faso as stated in the first section, growth is far from inclusive. Of course, a lot of obstacles are noteworthy, like being landlocked. But the case of Botswana shows that this is not a problem as such.

According to the political analysis, the distribution of privileges to powerful groups may explain the growth and human development performances of Burkina Faso, as this situation impacts the definition and implementation of government's policies. Furthermore, the political settlement is also (unconsciously) sustained by the donor community through the resources provided in the form of aid.

5.2.2 In Burkina Faso, rents are not falling straight into the lap of the elites: they have to be set up.

Burkina Faso has no big endowment in natural resources. Producing rents has a counterpart in terms of constraints on the executive. Nevertheless, the specific structure of the LAO is important for explaining the outcomes. The pattern of "rents" is similar in Mali and resulted in this country in a military coup and a tentative of secession.

The traditional cash crops, such as peanuts, cotton, etc. cannot be adequately described as “rents”. Farmers are not forced to grow cotton, so the prices have to be profitable for them. If the world price is high, a rent accrues to the SOFITEX, but otherwise the government has to subsidize the production.

Aid, an important rent for the public bureaucracy, has to be attracted, which needs efforts to comply with norms (and window dressing). Experience in countries such as Ethiopia or Uganda has shown that the status of “Donor darling” is not given once and for all. Various Donors did already leave Burkina Faso: Netherlands, Denmark, Sweden – Donors who are known for their insistence on good governance.

Gold is closer to what is usually considered as a “rent” in the economic literature. However, the production costs are rather high because Burkina Faso is landlocked. In order to attract foreign investors, the Government had to reduce significantly the tax rate on profits.

Conflict intermediation is a rent-creation activity in which president Compaoré has shown outstanding abilities. This implies the existence of conflicts in the neighbouring countries, and sometimes the support to dissident groups.

5.2.3 International frame and Aid: incentives and resources

Resources provided by Donors are pushing up public expenditure in sectors like education and health. Even if aid effectiveness is limited, it is very likely that the impressive growth in school enrolment after 1990 would not have taken place. Beforehand, the enrolment ratio was stagnant, with the exception of the revolutionary period, which put an emphasis on social sectors (despite the firing of teachers at the same time for political reasons).

Ruling elites have little incentives to increase the human capital of the general population as they generally want to limit the access to the elite. They are afraid that the development of education would result in a questioning of their power by new educated parts of the society (although it is advocated that they could benefit from an increase of productivity at the risk of expropriation). As a result of external pressure and funding, the enrolment rates in primary education increased dramatically, but the achievements of schoolchildren are lagging, which that the accumulation of human capital is much slower than could be expected. Risks, shocks and fragility

The stability of the dominant coalition now seems fragile. In the long run, the growth pattern is at risk because of structural long term trends that are not sustainable.

5.2.4 The dominant coalition at risk

Internal and external pressures on the dominant coalition are weakening the current political settlement. The 2011 riots unveiled increasing tensions within the dominant coalition. The first reason is the decreasing size of the “top” ruling elite, more and more limited to the family of the President. The main issue in this domain is the tentative by president Compaoré to modify the constitution in order to stay in power or to find out somebody in his own family to take over.

The second reason is the difficulty to curb the violence of ordinary soldiers, in a climate of increasing inequalities and impunity (see next point).

The third reason is the increasing request for democracy and accountability, linked with increasing literacy and urbanization. However, the respect for leaders and hierarchy is always very strong. According to the Afrobarometer survey, 50 per cent of the population agree on the statement that “citizens should show more respect for authority” against 47 per cent who agree on “citizens should be more active in questioning the actions of leaders”, without any significant difference between rural and urban citizens. But the same survey shows that 61 per cent of respondents agree on: “Since leaders represent everyone, they should not favour their own family or group”. Various associations, NGOs, etc. are actors of a vibrant civil society. The young people and educated people are particularly quick to protest, using the new information technologies. As many of them do hold a university degree and no job, many observers describe them as a time bomb.

The fourth reason is the increasing economic and demographic weight of Muslims in the country. As previously stated the business elite is made of entrepreneurs that are mainly Muslims and around 60% of the population are Muslims. However, Muslims are still under-represented in the state institutions compared to Catholic for example. This situation has been condemned by Muslim leaders after the 2011 riots. Further, they for example demanded more representation of the Muslim community within the state consultative institutions and the recognition of the Islamic education system.

5.2.5 Justice and impunity

The problem of the justice system is an issue that appears again and again in all our interviews. The colonial legacy is heavy, as the colonial justice was far from enforcing rules in an impersonal way. People were divided between citizens and subjects. Colonial law included administrative detention, which did not need to be validated by a formal judgment.

In Burkina Faso today, there is almost a unanimous agreement that the judges, whose appointments depend on the executive, practice a justice of complacency to the benefit of the ruling elites and their families. None of our interlocutors would go and defend their rights before the courts.

Justice was already at the heart of the previous crisis, which followed the assassination of journalist Norbert Zongo in 1998. In the March 2011 crisis, the justice or the lack of justice is one of the factors that intensified mutinies. Indeed, heavy prison sentences were handed to some soldiers, apparently because of the links of the victim with a member of the "nomenklatura".

Corruption of the judiciary appears to be a failure of the measures taken so far to "strengthen the judiciary" (as the EU project to support the justice system). The farewell speech of Amos Tincani, head of the EU delegation in Burkina on June 3, 2011⁹, contrary to the diplomatic practices, is extremely frank on this issue: “The crisis which shakes the country has foundations which far go back in time. The justice is at the root of the concerns of all the

⁹ Downloadable at: <http://lefaso.net/spip.php?article42362&rubrique62.K> . Our translation.

social categories of Burkina. It is the leitmotiv which makes the unanimity of the claiming platforms. All these weaknesses are recognized in the various reports and existing diagnoses and are even mentioned in various speeches of the authorities of the sector. Without justice, the social pact which structures the life in society is questioned”.

5.2.6 Shocks and long term trends

Some long term dynamics are slowly changing the economy and society of Burkina Faso. First of all, population increased very fast since independence, from 4.4 in 1960 to 15.2 million inhabitants in 2009. Moreover, the growth rate of the population did actually increase. It was estimated at 2 per cent during the 1960-1975 period, 2,7 per cent between 1976 and 1985, and 3.4 per cent between 1996 and the last census (2006) This increase is mainly due to the decrease of child mortality, and is not inconsistent with the beginning of a slow demographic transition (the fertility rate is much lower in towns). About 20 per cent of the population is engaged in demographic transition: according to the 2010 Demographic and Health Survey fertility of women of the lowest wealth quintile have on average 7.1 children, against 3.7 for the highest.

This rapidly increasing population is more and more concentrated in towns. According to the censuses, urban population represented only 4.7 per cent of the total population in 1960, 13 per cent in 1985. It increased to 23 per cent in 2006. The density of the population, which is still rather low, is also increasing fast (from 29.4 in 1985 to 51.8 in 2006), even in the rural areas. This poses a difficult problem, because the “maximum” density (according to the traditional agricultural techniques) is likely to be reached in many regions. The fertile land is more and more occupied, giving rise to domestic migration and to violence between natives, settlers and herders. Thus, as previously noticed, this situation is leading to institutional changes that require adequate responses from the state and the dominant coalition, under threat of political instability.

6 Conclusion

NWW see history as an ongoing struggle between different elites. These analyses are confirmed. Throughout its history, Burkina Faso experienced the domination of five main forces whose influence varied according to the periods: i) Political Parties, with a dominant party, the RDA in the 60s and 70s, the CDP in the 90s, and 2000s; ii) the trade unions, although their heyday is past. They reached their peak with the fall of the Yaméogo regime in 1966, and remained a major force throughout the 1970s. However, they are often victims of their corporate claims and also their political position. They are no longer a big threat to the regime nowadays; iii) traditional leaders, especially in the Mossi ethnic group; No regime has long survived by attacking them frontally (the falling of the Yaméogo and Sankara regimes are the blatant evidence). Traditional chiefs actually plays a hushed role, rarely on the front of the stage, but always in the background to influence rural population, and even political leaders; iv) the army, which since it took power in January 1966 has never left the Presidency of the Republic. While there have been democratic episodes with seemingly free and fair elections (with Lamizana in the 1970s, currently with Blaise Compaoré), no civilian was able to become head of State since the falling of Yaméogo in 1966, indicating the locking of the system by the army; v) Businessmen, who won their spurs with the Compaoré regime and are now very influential.

In terms of rents, the confirmation of the analysis of NWW is obvious: all regimes created rents for their clients, and those who forgot or did not want to do so fizzled. As such, the regime of Blaise Compaore and Thomas Sankara are poles apart. On the one hand, the Sankara regime has attacked all possible rents, even those who could be in favour of growth. Therefore, he opposed at the same time all the elites, without having the support of those he claimed to help, mainly rural masses. He did not last more than four years. On the other hand, President Compaoré has based the survival of his regime by the grabbing of rents by his ruling coalition: family, traditional leaders, businessmen and even trade unionists were overwhelmingly "watered" with various rents and 26 years after taking power, Blaise Compaoré is still there, despite occasional turmoil in his coalition (including military revolts).

Finally, the general relationship between LAOs and the slow growth hypothesised by NWW does not really hold. One has to go into specific details of the elites to understand why in some cases, such as that of Burkina Faso, the economy experience steady (if slow) non-inclusive growth, and why some LAOs experienced zero or even negative growth per capita such as Madagascar.

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