Burkina Faso - Priority Initiatives in the Agriculture Sector

AGRF 2020: Agribusiness Deal Room

Burkina Faso's agriculture

- **Agriculture plays a key role in the Burkina economy.**
  - Contributed to **29.7% of GDP** over the past 5 years
  - Fight against poverty - **90% of poor households live in rural areas**

- Agriculture is characterized by a predominance of **family farming** (3 - 5 ha) and **subsistence production of food crops** which accounts for about 78% of the cultivated land.

- In addition, the country has a rapidly growing youth population, a high poverty rate (41%), low human capital investments and limited public good provision especially in rural area.
  - **47% of the population is under the age of 15**,
  - **88.5%** gross primary **school enrolment rate**
  - **Low land productivity, mechanisation and fertiliser use**

The Government is committed through its **National Plan (PNDES)** to ensure sustainable development of a **productive, market oriented and resilient agriculture.**
The President launched **two flagship programs and specific priority investment for fertilizer self-sufficiency** closely monitored by a Presidential Delivery Unit and the Ministry of Agriculture

Presidential Initiatives

A	Nutrition & food security Initiative
B	One million tons of rice
C	Value addition to Burkina roc phosphate

The next slides present an overview of these projects and associated investment opportunities as of August 15th 2020

A

Investment opportunities in nutrition & food security

Presidential Initiative for Food Security and Nutrition

Background (1)

1 Malnutrition

- Nearly **1 million children under the age of 5 are affected by malnutrition** in Burkina Faso, although the situation has improved since 2011.
- In 2016, malnutrition caused Burkina Faso to **lose an estimated 7.7% of its GDP—$736 millions.** This is likely to **worsen with the COVID-19 and security** crises and thus undermine to the accumulation of human capital.

2 Policy actions

- Since the first cases of COVID-19 on 9 March 2020, the Government of Burkina Faso has **taken measures to contain the pandemic that affect all sectors of the economy**
- The impact of COVID-19 on the agriculture sector can lead to **significant revenue declines and job losses**, as the sector employs nearly 60% of the workforce;

3 Economic impact

- The crisis has affected more than 85% of the rural population in Burkina which depends on subsistence agriculture;
- Among other things, the measures taken have **reduced by almost 31% the number of visitors to local markets** and almost **51% that of travel stations**, thereby increasing the unemployment rate and reducing household incomes with consequences for nutrition;

4 Education

- With more than **8 million children of school** age, and a gross primary school enrolment rate of 87%, school canteens provide a channel to ensure the proper nutrition of children.

Background (2)

5 School feeding

- School feeding programmes can serve as an important means to not only improve children's nutrition, but also to **develop rural markets through the supply of local agricultural products** for school canteens.

6 Deficient school canteens

- Public schools in Burkina Faso, for the most part, have school canteens, but **these are often not functional** due to insufficient financial resources, poor food supply and poor management. In the few functional canteens, the menu is not diverse, due to accessibility of products to schools.

7 Climatic hazards

- The agricultural production system remains **highly dependent on the climatic hazards,** the most dominant of which is drought.
- **87% of production losses are climatic hazards**; these vagaries of rainfall result in **average annual losses of 290,000 tons of cereals resulting in annual food crisis management expenditures of more than 36 billion CFA francs;**

Thus, innovative initiatives are necessary to not only ensure the food supply of school canteens and improve the nutrition of children, but also to strengthen rural agri-food systems focused on climate-smart agriculture and water management.

Presidential initiative: Project overview

Categories	Description
Ministries & Key Agencies	• Ministry of Agriculture, Ministry of Finance, Ministry of National Education • Presidential Delivery Unit with the support of TBI
Strategic Framework	• **SDG 2:** End hunger, achieve food security and improved nutrition and promote sustainable agriculture • **PNDES: Axe 3:** Revitalize sectors that support the entire economy and job creation • **Strategic Objective 3.1** : Sustainable development of a productive, market oriented and resilient agriculture, • **National Health, Hygiene and Nutrition in School Environment (2016-2021)**
Objectives	• The overall objective of the Project is to improve food security and nutrition of vulnerable rural households and school-age children in Burkina Faso. • The specific objectives are : (i) Boosting domestic food production for an optimal supply of school canteens, (ii) Increase income of food-insecure households, (iii)enhance the nutritional value of menus by diversifying their composition, (iv)strengthen school canteens governance
Key indicators	• **Some primary indicator:** food crop and improved seed production, number of equipment subsidized, quantity of food distributed to school canteens, Number of income generation activity hold by vulnerable households, provision of quality extension services • **Coverage**: National
Funding	• **Total costs:** $822 million, **Public funding:** $427.6 million, **Beneficiaries:** $ 8.2 million, **Gap:** $ 386.3 million
Partnerships & Management	• **Private sector**: Responsible of food production, processing, and distribution • **Partners (Roles TBD):** FAO, CRS; Child Fund, BMGF, … • **Management**: Steering committee, Technical Committee and Permanent Secretary
Implementation approach	• The Initiative management will be led by the prime ministry and entails monitoring, controlling processes and budgeting, reporting progress, holding weekly team meetings and managing problems
Benchmarks	• The Ghana School Feeding Programme (GSFP)

Presidential initiative: Project components

Components	Priority Actions
1  **IMPROVE THE AVAILABILITY OF FOOD FOR SCHOOL CANTEENS**	▪ Increase of agriculture production sensitive to nutrition and resilient to climate change; ▪ Increase in the share of local products in the supply of school canteens, ▪ Improved storage conditions at community and school levels through provision of storage facilities
2  **INCOME DIVERSIFICATION OF VULNERABLES RURAL HOUSEHOLDS**	▪ Promoting school gardens and vegetable production ▪ Support for poultry and fish feed factory/depots
3  **NUTRITIONAL VALUES OF SCOOL CANTEENS MENUS**	▪ Promoting the consumption of processed local products ▪ Promoting the processing of local products ▪ Training of actors on nutrition education
4  **SCHOOL CANTEENS GOVERNANCE**	▪ Improving state interventions in the diet of school age children ▪ Enhance the responsibility of municipalities in the planning and mobilization of resources and in monitoring the management of school canteens

Economic and social impact

1

Economic impact

- More than **300,000 jobs in rural and peri-urban areas**, including 63,340 direct jobs;
- **Household incomes increase by 35%;**
- Development of **2,267 innovative, efficient and resilient farms** with total water control;
- **12.92 billion CFA francs per year in total profit margin** generated by the 2,267 operators, excluding the added value generated by other players along supply chains.

2

Social Impact (food security and nutrition)

- About **6 millions pupils** enjoying at least one balanced meal per day for 9 months of the year, through school canteens;
- More than **100% increase in production of market garden products** such as tomato and onion;

Initiative timeline

Phases 1: 2020

- **Optimize the components of the Presidential initiative** in the particular context of threat to food and nutrition systems due to COVID19 and pests (locust and caterpillars) and identify mitigation mechanisms,
- **Mobilize and streamline the resources**, knowledge and commitment of actors and/or networks of actors.
- **1,000 farms will be equipped with Resilient and Performing Innovative Agriculture** (AIRP) model
- Grain production (rice, maize, cowpea, millet), tubers, fruits and vegetables, fish and livestock products
- Complete the **implementation of institutional architecture**

Phases 2: 2021-2025- Scaling Phase

- Implementation of all components of the initiative
- Develop 6,800 ha, support the supply of agricultural inputs and equipment to the 2,267 farmers and strengthen producer capacity to increase production over the life of the project.

Cost of the initiative

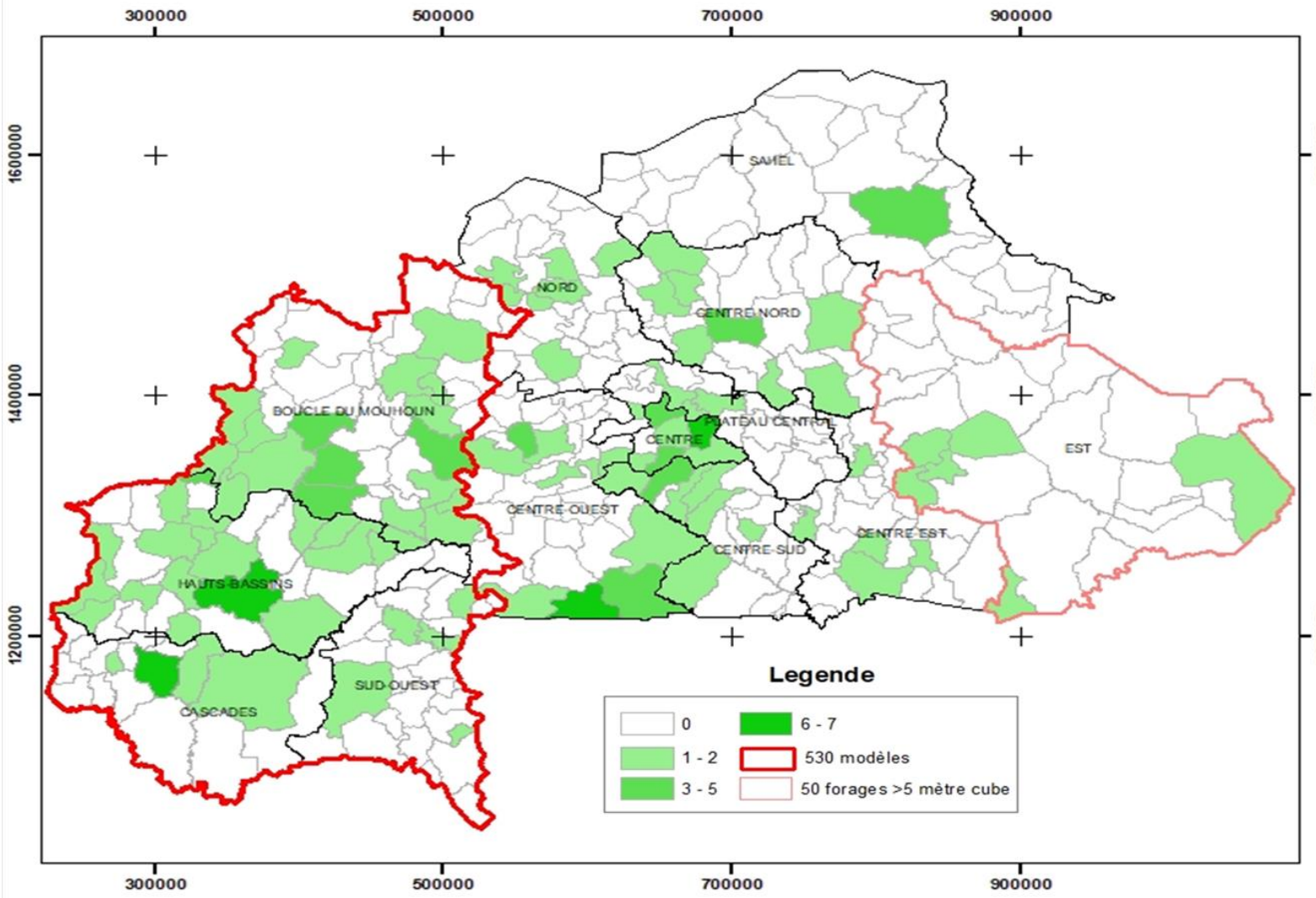
CONTRIBUTIONS	Amount in million USD	Percentage (%)
Governement	432.8	52
Development Partners	394.8	47
Beneficiaries	1.6	1
TOTAL	829.2	**100**

Development partners engaged

Funds mobilized

$12,2 million for the establishment of 273 small scale agricultural models equipped with solar powered irrigation system

Spatial distribution of the 273 small scale agricultural models programmed for implementation



Working hand-in-hand, the Ministry of Agriculture and the Delivery Unit advocated the implementation of **273 small scale agricultural models of production to supply school canteens**. The models are equipped with irrigation systems powered with solar energy on 3 ha of land to produce cereals and vegetables. Those models will be linked to school canteens by the mechanism of contract farming between producers and districts.

Potential risks and mitigation measures

Risks	Mitigation measures
• Risk of political and social instability	• Promoting a peaceful political environment
• Risk of insecurity in some areas of the country	• Strengthen the capabilities of the defence and security forces, improve intelligence capabilities and military and security cooperation
• Risk of climate change and inadequate exploitation of water resources that can affect food production.	• Further develop water management strategies and diversify production (promoting AIRP models)
• Risks of poor governance	• Implementation of the results-based management system and ongoing dialogue among rural stakeholders

Accelerating the Presidential Nutrition Initiative

	Key updates	Next Steps
Development partners engagement	• **Engaged FAO and WFP on the importance to integrate the child's first 1000 days nutritional aspect**	• Integrate all comments and **organise the donor roundtable in September**
Setting up the institutional framework	• **Policy dialogue across ministries** on the timeline and **potential issues.**	• Organise the first meeting of the Initiative Steering Committee of ministers
Execution	• Implementation of **273 AIRP models with full solar powered irrigation system**	• Set up of about 230 new AIRP models

The first meeting of the Technical Committee witnessed a big turnout and involved development partners such as WFP, FAO, UNIDO, UNICEF, and GIZ with a renewed commitment to support the initiative.
Furthermore, a major recommendation was made for the DU team to act as the operational arm of the initiative.

B

Investment opportunities: “One million tons of rice”

Background and justification (1)

1 Key Staple

- Rice is the **4th cereal cultivated in Burkina Faso**.
- The production is currently **around 190,000 tons of white rice**
- National demand is around **750,000 tons; a gap of around 500,000** tons.

2 Trade balance

- To meet growing domestic demand, the country relies on **large imports of white rice**. These rice imports **worsen the overall trade balance** and have a negative impact on the country's foreign exchange reserves: **Burkina Faso imports 350,000 tons on average per year, valued at 87,944,100 USD.**

There is an urgent need to reduce rice imports by increasing production especially in the context of the COVID-19 pandemic

Background and justification (2)

3 Competitive-ness

- Rice production of the country is competitive as the cost of locally produced rice is currently **only 3% higher than that of Asia including cost of shipping to Burkina Faso**. Hence it is possible for rice farmers in Burkina Faso to produce at import parity.

4 High production potential

- The country has significant potential for the development of rice cultivation: 500,000 hectares suitable for development and **233,000 hectares of irrigable land, of which only 12% are currently used**.

5 Inefficiencies

- **Inefficient linkages in the paddy market** negatively affect sellers of milled rice as well as supermarkets, restaurants and hotels, as they hinder the necessary quantities and quality to be supplied consistently

Need for action to make local rice more accessible and competitive

Project description

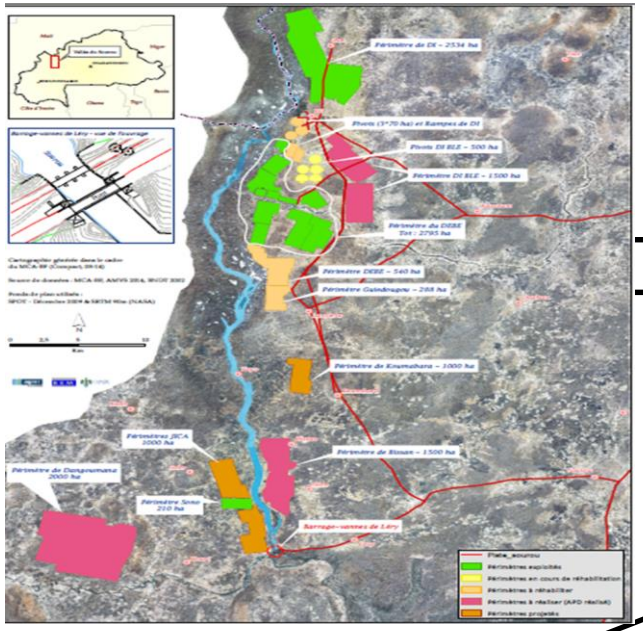
1 **Objectif global**	**Contribute to achieving self-sufficiency in rice and improving national food and nutritional security**
2 **Specific objectives**	• The planning and development in several phases of **50,000 ha of irrigated perimeters in western Burkina Faso;** • Scale-up of efficient **improve rice varieties** • **Intensification of production**, supported by current and future developments, • **Industrial processing** of paddy into good quality white rice; • Marketing at the national level of **good quality and competitive rice**, through an improved marketing system
3 **Project components**	• Component 1: Development of hydro-agricultural infrastructure • Component 2: Intensification of agricultural production • Component 3: Processing and marketing of rice production • Component 4: Institutional framework and governance of the PPP project

Project Timeline

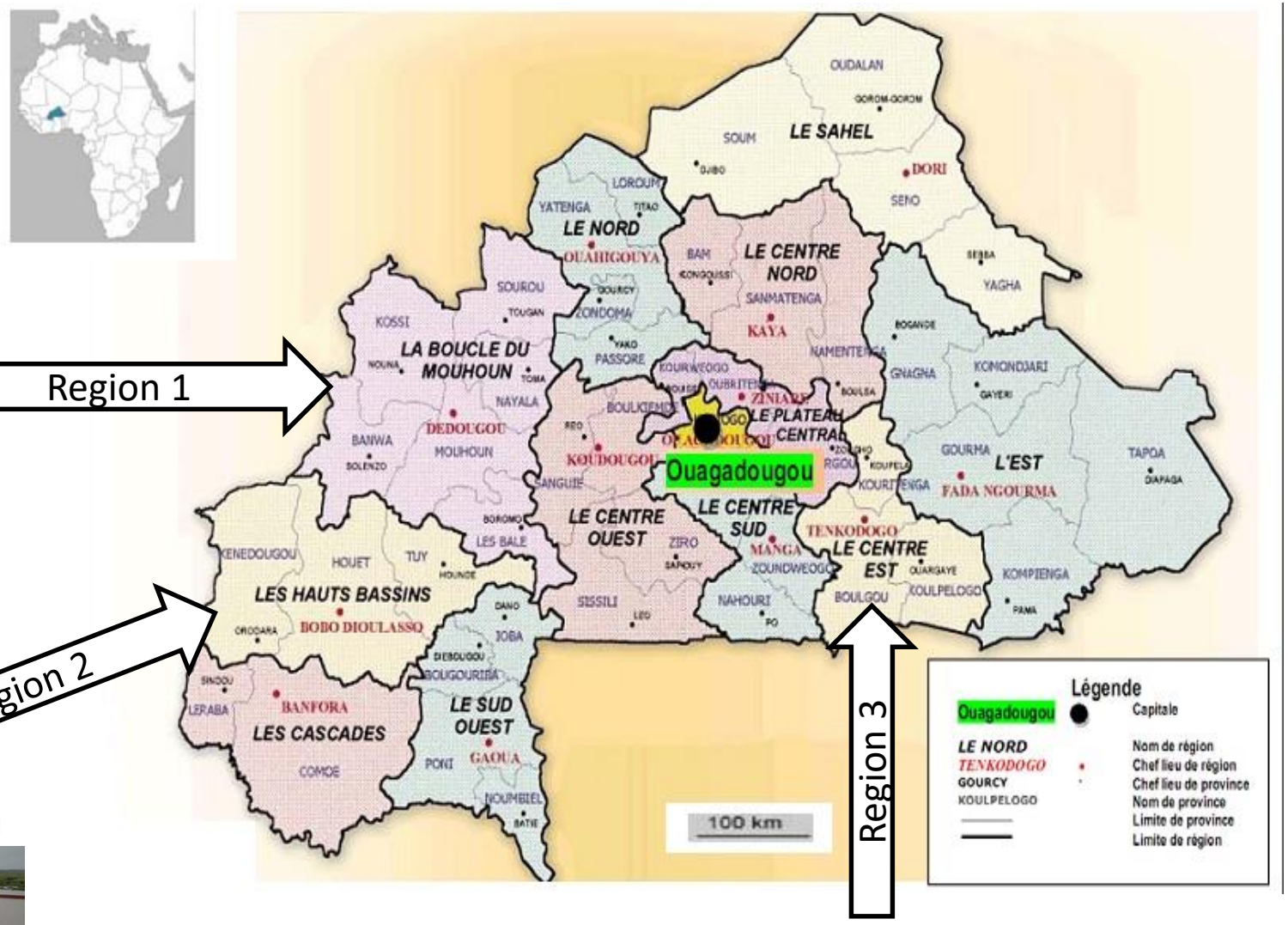
	Phase 1 (Pilote)	Phase 2	Phase 3
Phases			
Activities	**2020-2022** Development of 10,000 ha, in progress, including 1,500 ha in Samandéni, 5,500 ha in Sourou, 3,000 ha in Bagrepole	**2022-2027** Development and enhancement of 40,000 ha of irrigated perimeters, Samandéni: 17500 ha, Sourou: 15500 ha and 7000 ha in Bagre	**2027** Functional value chains based of 50,000 ha of irrigated perimeters

Areas of intervention

Region 1: Zone of the Sourou River Development Authority (AMVS)



Region 2: Hauts-Bassins, Samandeni dam



Region 3 : Centre est, Bagrepole

Project cost

CONTRIBUTIONS	Amount in million FCFA	Amount in million USD
Samandeni	392.92	707.56
Sourou	434.28	782.04
Bagrepole	206.8	372. 4
Total	1034.14	1862

Potential risks and mitigation measures

Risks	Mitigation measures
• Risk of women's limited access to land	• This concern will be an integral part of the criteria for intervention (positive discrimination)
• Challenge of modernizing farms and developing the sector approach for the most vulnerable rural populations	• The project will ensure that the poorest are not excluded by promoting an inclusive dynamic through job creation by private entrepreneurship that will boost of the sector activities.
• insecurity in the West African sub-region and Burkina Faso	• Promoting a peaceful political environment
• Inadequate financial resources (low funding, higher equipment prices, inputs, etc.)	• Advocacy with partners and adequate mobility of private/public resources
• Low appropriation of disseminated technologies	• Good value chain management

Partnership model

1 **PPP Model**	• The PPP model proposed model is win-win for all parties, it is **transparent and linking the interests of the various actors** who contribute to the achievement of the targeted objectives.
2 **Principles**	• This system is based on the **principle of aggregation** which makes it possible to integrate a certain number of farmers (aggregates) around and **a key actor (aggregator)** with a strong managerial, financial and technical capacity allowing him to optimize the value chain.
3 **Key actors**	• State, private partners, farmers, community level and grassroot organizations (Cooperatives, Economic interest groups (GIE))

Partnership approach (1)

1 Government role

- Ensures the viability of the project by implementing **long-term support measures**;
- Supports the project implementation unit with public and private partners in order to **mobilize the resources** necessary for the implementation of the essential components of the program;
- Ensures **the security of investments** made by the private partner;
- Supports the various **actors involved** in the implementation of the program
- Ensures the **institutional mechanism promoting the gender approach** and taking into account the environmental issue

2 Private sector role

- Ensures the **maintenance of hydro-agricultural infrastructure** and equipment created under the PPP
- Ensures the **financial viability** of the value chain and executes the investment program as defined;
- Ensures the **production**, **purchasing** at farmgate, **processing and marketing**;
- Provides the **right technology and inputs on time**;

Partnership approach (2/2)

3 Producers role

- **Sign contracts** with the PPP companies;
- Apply the **agricultural calendar** as defined at the start of each crop season;
- Equip themselves with **the norms and standards** defined in relation to the company;
- Supply their productions on time and at **the price and quality negotiated** at the start of the season.

4 Communities role

- **Participate in the negotiations** of agreements between the company and the producers;
- Ensure the establishment of a **social atmosphere** allowing the respect of reciprocal commitments;
- Participate more as a **guarantor of the project land** in the company's capital,
- Carry out **social and infrastructural investments** in agreement with the company, the producers' organizations and in partnership with the State.

Financial profitability and sustainability

Profitability	• The project is **technically feasible, economically viable and financially profitable**. Its expected **economic rate of return is 21.16%** and its **net present value (10% NPV) is 494.973 billion FCFA).** Its financial rate of return will be greater than 10 percent depending on the sales price.
Sustainability	• Specific mechanisms will be put in place to **promote the capacity building** of beneficiaries in the **management of rural infrastructure**, among other things, support to municipalities for the establishment of infrastructure **maintenance brigades**, **training of management committees**.

C

Investment opportunities: valorization of phosphate rock in agriculture

Project background (1)

Limiting factors	• **Climate hazards, soil poverty, persistent drought and low use of mineral fertilizers** are the factors limiting productivity and agricultural production in Burkina Faso.
Weak organization	• The cotton industry is organized to provide producers with the mineral fertilizers needed for cotton production. In other sectors, there is a **weak organization in the supply and distribution of mineral fertilizers.**
Policy actions	• Since the 2008 food crisis, the **government, socio-professional organisations and development partners** have been supporting rural stakeholders in integrated soil fertility management and more specifically in facilitating access to mineral fertilizers.

Project background (2)

Demand	• Burkina Faso is the **fourth largest fertilizer user in West Africa** after Nigeria, Mali and Ghana respectively with a consumption of 265,743 tonnes. More than **90% of the fertilizer used in Burkina Faso is imported**, 60% of which comes from Mali and 40% from other countries (Morocco, Ivory Coast, Russia, etc.).
Local production	• Currently, domestic production is carried out by the Industrial Agricultural and Merchant Production Company (CIPAM) and the Chemical and Fertilizer Industry of Africa (IFCA), whose production does not cover the country's needs.

Aware of the importance of mineral fertilizers for the intensification of production and the difficulties of physical and economic access, the **State of Burkina Faso plans to build a Processing plant in Kodjari, a Crushing plant in Diapaga and a fertilizer sale Center in Fada (East region) and a Fertilizer Blending plant in Koupéla** (East Central region).

Project key components and structure

Phosphate extraction site in KODJARI

KODJARI

Granulated phosphate Products (SSP, TSP, etc.)

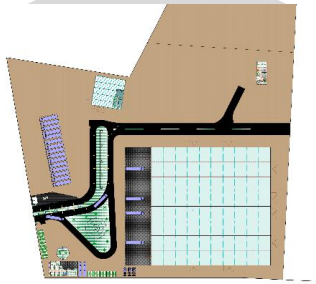
Processing plant
$33.4 million USD

DIAPAGA

Phosphate Product
(Burkina Phosphate)

Crushing plant
$6.7 million USD

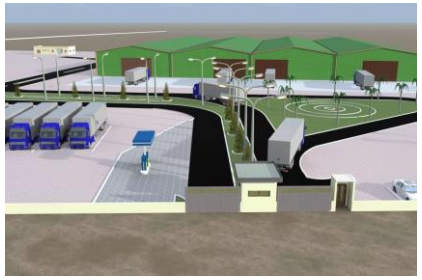
KOUPELA



Fertilizer NPK

Fertilizer blending plant
$5 million USD

FADA N'GOURMA



Fertilizer Sale Center (BP, SSP, TSP, NPK, etc.)
$3.4 million USD

Fertilizer plants project

Business plan

PRODUCTS & SERVICES

Fertilizers adapted to the soils and crops, Sample analyzes, Research-Development, etc.

MARKET STRATEGY

- Quality of fertilizer adapted to the soil types of the country and the needs of the crops.
- Small package of 10-25 kg will be proposed to farmers
- Low price through low margin and enhanced distribution strategy

BUDGET

The overall budget is estimated at $48.4 million USD with $8.5 million for the first stage (infrastructure and equipment). $4.2 million is acquired from the government

EXECUTIVE SUMMARY

The Fertilizer plants are economically viable investment aside of being a strategic and top priority investment of country supported by the Head of State.

MARKET ANALYSIS

According to data demand is trending up and tripled in 2017 from its level of 70 878 tons in 2010 equivalent to an annual increase of 15% on average.

FINANCIAL PLANNING

The financial cost-effectiveness analysis shows that the project is profitable, after ten (10) years of operation.

Key enabling conditions

Enabling conditions

- Substantial financial support to acquire the site, equipment and raw materials needed to produce fertilizers and provide leadership in the fertilizer sector;
- Grant the benefits of the Agriculture codes to the establishment of plants;
- Facilitate the signing of agreements with the National Electricity Society of Burkina Faso (SONABEL) and the National Office of Water and Sanitation (ONEA) in order to benefit from preferential rates;
- Create a conducive environment to the promotion of locally produced fertilisers through regulatory import measures;

Potential risks and mitigation measures

Risks	Mitigation measures
• Fluctuating commodity prices	• Develop strong partnerships with raw material suppliers to benefit from preferential prices
• The mis-selling of products due to competition	• Provide the necessary storage infrastructure and mobilize substantial financial resources to acquire raw materials at times when prices are at their lowest levels
• Negative impacts on the environment	• Strictly monitor the implementation of the Environmental and Social Management Plan
• Protests over the occupation of the site	• Respect the procedures for acquiring the land to house the plant site
• Protests over staff recruitment.	• Focus on local workers in recruiting support staff
• The slowness in the acquisition process due to administrative bottlenecks	• Anticipating acquisition through appropriate planning
• The mis-alignment articulation with the Central Supply of Input and Agricultural Materials	• Establish a consistent link between the blending plant and CAIMA

Conclusion

Political will	• The presidential initiatives are both **ambitious and innovative**. They are rooted in **the commitment of the highest state authorities** who will create the conditions necessary for the **involvement of all stakeholders.**
Investments for social change	• With regards to the country supply and demand potentials, **food security and nutrition, self-sufficiency in rice, and fertilizer are all achievable**; • This is great lever to alleviate poverty through the increase in the incomes of smallholder households as well as the improvement of the trade balance.
Partnership	• Support from technical and financial partners as well as private investors are expected for the mobilization of funding and the successful implementation of the initiatives. Round tables will be organized shortly for these purposes.

Thank you for your attention

ANNEXES

Coût global de l’initiative

Budget

$

488 billion CFA francs distributed as follows:
Improved food availability for optimal school canteen supplies - FCFA 419 billion;
Improved household incomes in food insecurity - 13 billion CFA francs;
Improved nutritional value of school canteen menus - 21 billion CFA francs;
Improved school canteen governance - 28 billion CFA francs;
Project coordination and management - 7 billion CFA francs.

Burkina Faso Major Agriculture and Food Investments

MAFAP Classification	Projects	Cost (million USD)
I. Ag-specific investments		
I.1.1. Payments to producers		
B1. Variable inputs	Establish central supply facility for agricultural input and machinery	$82($3.3)*
	Develop fertilizer blending factory	$8.5($2.5)
B2. Capital (including on-farm irrigation and infrastructure	Establish central supply facility for agricultural input and machinery	-
	Develop tractor and rototiller assembly factory	$41.2($13.02)
I.1.2. Payments to consumers		
G. School feeding programmes	Presidential Initiative for food security and nutrition	$800 (0)
Ag-supportives investments		
R. Rural education	Improve infrastructures and the quality of primary and secondary education	$65.8 ($28.2)
T. Rural infrastructures		
T1. Rural roads	Development of 5000 km of rural roads	$221.4 ($163.7)
T2. Rural water and sanitation	Increase access to drinking water in rural areas by 2%	$37.8 ($37.8)
T3. Rural energy	Develop community solar infrastructure	$297.8 ($252.2)
	Build electricity generation capacity through solar systems via grid/off-grid projects	$80.7($35.06)

Theses investments **span across the food and agriculture sectors** (ag-specific and supportive investments) with $541 million of secured funding

Fully funded **Partially Funded** **Funds to be found** *** Fund acquired in brackets**

Fertilizer plants : Project description

Categories	Description
Ministries & Key Agencies	Ministry of Agriculture, Ministry of Commerce, Ministry of Finance Burkina Phosphate Company (SEPB), National Agency for Agricultural Research (INERA)
Strategic Framework	• **SDG2**: Eradicate hunger, ensure food security, improve nutrition and promote sustainable agriculture • **Presidential commitment**: Increase the potential for production and processing in the fields of agriculture • **PNDES**: Axe 3: Revitalizing the sectors that support the economy and jobs creation • **Strategic Objective 3.1** : Sustainable development of a productive, market oriented and resilient agriculture National strategy for agricultural inputs and equipment (2015); National Rural Development Strategy (SDR) (2016)
Objectives	• Contribute to improving agricultural productivity by developing natural phosphate from Burkina Faso.
Key outputs	• Increased of local fertilizer production from 2,000 tonnes in 2018 to 120,000 tonnes in 2024; • New fertilizer using Burkina's phosphate is produced and popularized (100,000 tonnes per year of acidulated and granulated phosphate by 2024); • Available soil fertility map on a scale of 1/20,000 to embrace the area of precision agriculture ;
Key indicators	• **Primary indicator**: Construction and equipment of the plant • **Secondary indicators**: number of warehouses built, quantity of fertilizer produced • **Coverage**: National territory • **Sources**: Quarterly balance report
Funding	• **Total cost:** $48.4 millions (infrastructure and equipment), **Acquired from government**: $4.2 million ($1.7 million in 2019 and $2.5 million in 2020); **Funding Gap** : $44.2 million
Implementation approach	• Plants will produce and distribute fertilizer through CAIMA which will be a major client.
Benchmarks	• Morocco: Office Cherifien du Phosphate (OCP) • Bobo: Company for Agricultural Production and Commercialization (CIPAM)