

BELLMON PROFILE

COUNTRY NAME: **Burkina Faso**

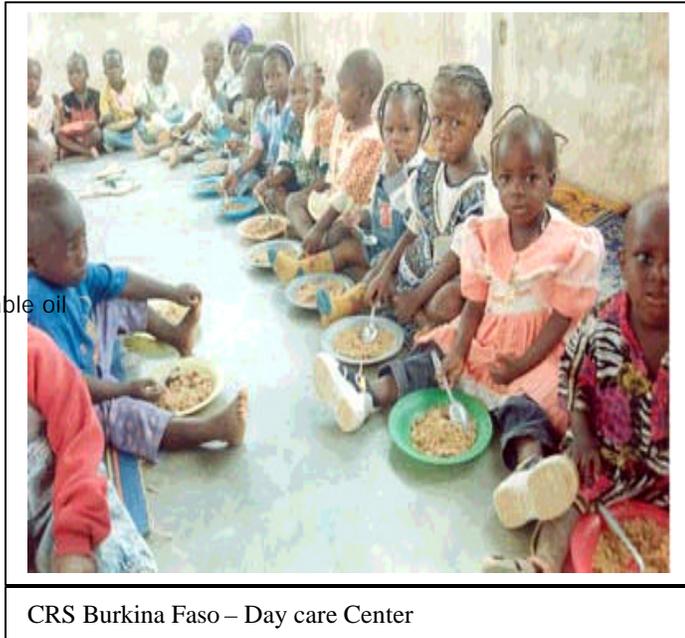
FISCAL YEAR: **2003**

MONETIZED **rice**
TITLE II a market analysis has
COMMODITIES been conducted for wheat/
wheat flour, vegetable oil
and non-fat and dry milk

MONETIZATION **CRS/West Africa**
PROGRAM **Regional Office**

DATE OF LAST **September 2002**
BELLMON ANALYSIS

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COUNTRY BACKGROUND INFORMATION

The Republic of Burkina Faso is a landlocked economy situated in the middle of sub-Saharan West Africa, covering an area of 274,000 km² and bordered by the Ivory Coast, Ghana, Togo, Benin, Mali and Niger. With a population estimated at approximately 11.6 million¹ and an estimated per capita GNI of \$210², Burkina Faso is classified as a Least-Developed Country (LDC) and a **Low-Income Food-Deficit Country** (LIFDC)³.

Burkina Faso's economy is dominated primarily by subsistence agriculture, which accounts for approximately 37.1% of GDP and employs approximately 85 percent of the population. The economic growth rate in 2002 is 5%. This rate is lower than the expected 7% due to population growth (2.34%) and the decrease in international prices of cotton and gold, two major sources of revenue for the country.

Over the past fifteen years, Burkina Faso has found itself in a situation corresponding to an overall level of self-sufficiency during years of good harvest, particularly for millet and sorghum. Despite these positive developments, chronic malnutrition remains a problem in all regions, purchasing power remains low, and the food situation of the urban poor has deteriorated. In 2002, the United Nations Development Program (UNDP) ranked Burkina Faso as 169st out of 173 in its Human Development Index (HDI)⁴. 61,2% of the population lives with less than a dollar per day⁵

¹ World Bank – “Burkina Faso at a Glance” – www.worldbank.org/data/ - 9/23/02

² *ibid.*

³ A Least Developed Country (LDC) is a UN General Assembly classification for “those low-income countries that are suffering from long-term handicaps to growth, in particular low levels of human resource development and severe structural weakness.” A LIFDC is an FAO classification which includes all basic foodstuffs net importing countries with a per caput income below the level used by the World Bank to determine IDA.

⁴ PNUD “Rapport Mondial sur le Developpement Human 2002” p. 152

⁵ *ibid.* p. 159

DISINCENTIVE DATA:

The main foods consumed locally in Burkina Faso include millet, sorghum, maize, rice, corn, wheat, milk and vegetable oil. Table I shows whether each commodity is produced locally, imported and/or programmed.

Table 1 Burkina Faso Food Consumed, Produced, Imported, and Programmed

Foods Consumed locally	Produced locally	Imported	Programmed
Wheat		X (Wheat and wheat flour)	
Rice	X	X	X
Refined Vegetable Oil	X	X	
Cassava/yams	X		
Sorghum/Millet	X		
Corn	X		
Milk	X	X	

CROP PRODUCTION:**Table 2 – Burkina Faso - Production of Major Crops
(In '000 MT)**

	1997/98	1998/99	1999/2000	2000/01	2001/02 (Prev.)*	Average
Cotton – grains	338	285.3	257.1	217	395	298.5
Rice (paddy)	89.5	89	94.2	103.1	109.9	97.1
Maize	366.5	377.8	468.9	423.5	606.9	448.6
Millet	603.9	972.8	945	725	1,009	851.1
Sorghum	942.9	1,202.5	1,178.4	1,016	1,370.6	1142
Peanuts	146	206.2	282.8	169.1	301	221
Shea nuts	40	44	N/a	N/a	N/a	N/a
Sesame	7.5	13	13	7.4	31.2	14.4

Source: Ministry of Agriculture, INSD

** However, the above figures for the season 2001/2002 have been reviewed following the below average rains in Summer 2002. This lower amount of rain is likely to cause water stress on planted coarse grain crops and might necessitate re-planting.⁶*

⁶ FAO – Sahel Weather and Crop Situation Report, July 2002.

ANALYSIS OF THE RICE MARKET

Table 3 – Burkina Faso - Food Balance Sheet for Rice
(In '000 MT)

	1997/98	1998/99	1999/2000	2000/01	2001/02 (estimates)	Five-Year Average
Total Domestic Production*	49.2	48.9	51.8	56.7	54.8	52.3
Total Commercial Imports**	77.8	108	84.4	127.2	95.9	98.7
Food Aid***	10.8	10	12.8	12.5	12.5	11.7
Stocks	-2.7	10.9	5.4	-6.4	10.2	3.5
Total Domestic Supply	135.1	177.9	154.4	184.9	169.5	164.4

* In milled equivalent, milling rate 55%. Source: Ministry of Agriculture, "Bilan Céréaliier National".

** Source: INSD

*** Source: CRS/BF

Rice Production

Both rainfed (upland) and irrigated rice are produced in Burkina Faso, although irrigated areas provide the larger part of marketed production. Production has averaged 52,300 MT over the past six years.

Rice Consumption

Traditionally, rice is not a regular Burkinabe dish. However, in recent years, the consumption of rice increased significantly at a higher pace than local production⁷. It is estimated that over 80% of the rice commercialized in Burkina Faso is consumed in urban areas. The increase in consumption is expected to continue and probably accelerate due to the 6.2% annual growth of the urban population (over twice as much as the total population growth), price stability, due to the availability of lower priced Asian rice and the ongoing fall in international rice prices, ease of preparation compared to traditional cereal, and "fluffyness", that lead consumers to believe that it is more economical than other cereals.

Rice imports represent around 70% of the rice consumed in Burkina Faso. In the past five years, the average quantity imported was 98.7 TMT/year, in addition to an average of 11.7 TMT/year in the form of food aid. Two categories of rice are imported:

- Bottom-end imported rice: The most common is #5 long grain. It is 25% broken and imported from Asia (China, India, Pakistan, and Burma).
- Top-end imported rice: consumed solely in well-to-do urban areas due to its price. It is made up of perfumed rice imported from Thailand and Title II parboiled rice.

The other 30% comes from locally produced rice, consumed mainly in rural areas or exported to neighboring countries.⁸ Availability of local rice on the urban markets is rare and tends to be seasonal.

⁷ Apparent consumption increased from 135.1 TMT in 1998 to an estimated 187.9 TMT in 2002, i.e., a 39% increase in five years. Source: *Bilan Céréaliier National, Ministry of Agriculture.*

⁸ Though not recorded in official databases, about 20,000 MT of rice paddy produced in BF is apparently exported to Mali, to satisfy the needs of the Malian milling industry.

WHEAT AND WHEAT FLOUR ANALYSIS

**Table 4 – Burkina Faso Domestic Supply of Wheat (in grain equivalent)
(In '000 MT)**

	1997/98	1998/99	1999/2000	2000/01	2001/02 (est.)	Five-Year Average
Total Imports Wheat	27	62	31.4	19.9	22.3	32.5
Total Imports Wheat Flour	1.1	3.2	14.7	18.8	19.6	11.5
Total Imports equiv. Wheat*	28.5	66.4	51.8	46	49.5	48.4
Stocks equiv. Wheat	2.6	-6.2	0.2	-2.9	0	-1.26
Total Domestic Supply	31.1	60.2	52	43.1	49.5	47.1

- 1 kg of wheat = .72 kg of flour; 1 kg of flour = 1.39 kg of grain equivalent
- Source: GTS Report, Ministry of Commerce

Wheat Flour Production

Wheat is not produced commercially in Burkina Faso. Europe is Burkina Faso's major supplier of wheat grains. Between 30,000 and 60,000 MT are imported each year to satisfy the needs of the two mills: Grand Moulins du Burkina imports exclusively French wheat grains. Hajjar mixes the French grains with 15 to 20% of Canadian grains. Canadian wheat grains are, in this case, used as an "improver" to the soft French grains. In total, 1,000 MT of Canadian grains are imported every three months, or 4,000 MT a year. When the new processing unit will be functional, Hajjar is planning to triple its imports of Canadian and US grains to 12,000 MT a year.

The share of imported flour is difficult to estimate, as the market is highly competitive and fraud is estimated by some traders to reach about 30% of total imports. However, the liberalization of the flour market in 1996 and the inefficiency of GMB to produce quality flour, allowed foreign flour to penetrate the market and gain increasing market shares (55% of the market in 2001/2002). The extension of trade has had a direct impact on price regulations and increases in quality.

Wheat Flour consumption

The consumption of wheat flour has increased steadily in the past few years and the number of bakeries is multiplying constantly. Consumed mainly in urban areas, bread is the principal element of breakfast. The consumption is increasing at a slower pace in rural areas, where smaller scale and artisanal bakeries are appearing. While the increase in consumption is difficult to estimate, CRS estimates that it most probably corresponds to the population growth rate of about 2.5% a year.

VEGETABLE OIL ANALYSIS

Table 5 – Burkina Faso - Food Balance Sheet for Vegetable Oil
(In '000 MT)

	1997	1998	1999	2000	2001 (est.)	Five-Year Average
Production*	51.1	44.7	36.6	31	40	40.7
Total Imports**	7.7	16.3	9.2	11.2	12	11.3
Total Domestic Supply	58.8	61	45.8	42.2	52	52
Per Capita Consumption (kg/year)	4.98	4.4	5.96	3.12	-	4.6

* Source: Ministry of Agriculture

** Source: INSD

Vegetable oil production

Oil production is dependent on the production of cottonseeds, and as such, dependant upon the rains. The supply of raw materials (or the lack thereof) is the major factor resulting in the producers' inability to reach capacity of oil production. Other raw materials, such as sesame or peanuts, could be used as complements to the production of oil. However, these are expensive, making the extracted oil difficult to sell on the local market, and, thus, sesame or peanut oil is produced only by special order⁹.

In addition, local production is seasonal, with a peak production between December and February. Once stocks of local products have been sold on the Bukinabe market or exported, the demand for imported oil increases¹⁰. SNCitec is trying to protect its former monopolistic position by controlling the market. To do so, SNCitec imports vegetable oil during the low production season, re-packages, and sells it on the local market under its brand "Savor".

Another factor putting pressure on the supply is the demand from neighboring countries such as Mali and Niger. An estimated 10 to 12 % of the total production of Burkina Faso is exported to Mali¹¹. As such, remote areas out of the influence zone of the producers do not have access to locally produced vegetable oil. This is reinforced by the weakness of the commercialization network.

Vegetable oil consumption

Traditionally, shea nut butter is the principal source of fat in rural diets. However, due to its particular taste, more and more people are switching to vegetable oil, or mixing the butter with industrial vegetable oils. In urban areas, vegetable oil has become the only source of fat. Vegetable oil demand is directly related to income and price. The higher the income, the more industrial vegetable oil households will consume. However, price remains the primary purchase criterion when choosing the oil.

⁹ 40,000 CFA/MT of cotton (equiv. 60 USD/MT).

¹⁰ Cotton is harvested in fall and processed between November and December. The gap between the two cotton seasons is between March and July.

¹¹ Source: M. Baro, CEO SOFIB

NON-FAT DRY MILK ANALYSIS

Table 6 – Burkina Faso - Imports of Milk & Milk Cream¹²
(In '000 MT)

	1997	1998	1999	2000	2001 (prev.)	Five-Year Average
Total Imports*	7.4	10.2	5.6	7.3	4.5	7.0

* Source: INSD

Milk production

The only production of milk in BF is fresh milk. The production is characterized by its seasonality and limited amounts. As such, it does not meet demand. During the rainy season (June to October), cattle are well fed and produce more milk than during the dry season (December to May), when the milk production drops by half¹³. The limited production during the dry season has a direct impact on the Small Producing Units (SPUs) which cannot maintain their level of production and, thus, must cut back on their activities for lack of raw material.

Out of the two previously identified SPUs, only one uses dry milk. The Monastère de Koubri, however, due to the inconsistency (or lack of at times) of fresh milk, imports about 3.5 MT of dry milk a month. Due to the lack of NFDM on the market, the Monastère de Koubri utilizes 100% full fat milk. However, they expressed an interest for NFDM, as it would lighten their yogurt and perhaps it could be mixed with 60% full fat milk.

Milk consumption

The processed milk products are sold exclusively in the two major cities, Ouagadougou and Bobo-Dioulasso. According to both producers, demand is higher than the supply. While not traditionally part of the Burkinabe diet, milk and its derivatives are increasingly consumed in urban areas¹⁴. The maximum capacity of the Faso Kossam is 1,300 liters daily, but even during the highest production season, only half of this capacity can be met.

STORAGE DATA:

Port Facilities

Ports of entry for commodities into Burkina Faso include Abidjan in Cote d'Ivoire, Lomé in Togo, and Tema in Ghana. The market share of Cotonou, Benin, is marginal due to its distance and road accessibility. Abidjan remains the main port of entry, with over 50% of the import traffic for Burkina Faso.

With an annual traffic of over 15,330 TMT, a storage capacity that exceeds 124,000 m² of covered space, and 34 quay berths including specialized terminals for containers, timbers, fruits, and cereals, Abidjan is the largest port on the West Coast of Africa. In addition, the port in Abidjan has a rail station to facilitate inland transport to other countries.

¹² The lack of data on the milk market prevents us from establishing a food balance sheet. The data aggregates milk, dry milk and milk cream. The data on production are difficult to estimate, as the main part is consumed locally. The consumption of milk and milk products is equally difficult to evaluate, as milk products are not traditionally part of the Burkinabe diet.

¹³ During the rainy season, the production reaches 600liters/day in Bobo-Dioulasso, and 200 liter/day in Ouagadougou (Monastere de Koubri), while it is only half of it during the dry season.

¹⁴ Source: FAO – Burkina Faso office

However, due to political instability, transporter strikes, and new regulations imposed by the Government of Cote d'Ivoire, traffic is increasingly shifting to neighboring ports that offer similar facilities and services. This is the case of Tema, Ghana, which offers 53,000 MT of covered storage. Storage capacity is available near the port. CRS/Ghana also manages a 10,000 MT warehouse. With 12 berths (depths from 11.5 to 7.6 m), handling capacity of 2.5 MT/8-hour shift and an occupancy rate of 56% as of August 2002, Tema is a good alternative port. It is supported by the Takoradi port, about 300 km east of Tema, where 8 berths are available. In addition, charges imposed for slow discharge rates (e.g., a 1,000 MT/day minimum reported for Lome) or demurrage charges (e.g., a reported \$8,000 per day for a 1,500 MT shipment of wheat in Tema)¹⁵ encourage quick turnaround. In case of Lome, the port's gross storage capacity exceeds 40,000 MT.

Storage Facilities

CRS has covered storage space for 4,000 MT in Bobo Dioulasso and 8,000 MT in Ouagadougou. In addition, considerable open-air storage space, using tarps and pallets, is available at CRS' logistics base in Ouagadougou.

CRS has identified up to 20,000 MT of commercial storage in Bobo Dioulasso. In Ouagadougou CRS has identified at least 12,000 MT of storage space is available from commercial and parastatal sources. CRS plans to store commodities to be monetized in commercial facilities in Bobo Dioulasso and Ouagadougou as part of a strategy to improve access to the rice by small and medium sized buyers. These facilities have already been identified.

Transport Facilities

Currently, CRS receives shipments from Abidjan by both rail and road. Sufficient combined road/rail transport exists to cover CRS/BF's needs. However, civil unrest during the past year has shifted most of the transport from road to rail. While rail transport takes twice as much time as road transport, this drawback has not had a significant negative impact on CRS' activities¹⁶.

Tema and Lome both have access routes, which are reported to be less costly than operations through Abidjan. In recent years, Ghana has been actively courting Burkina bound traffic on the basis of lower port and inland transport costs. This price advantage is further increased by the devaluation of the cedis (Ghanaian currency) versus CFA (applicable in Togo and Cote d'Ivoire), as the CFA is linked to an increasingly strong Euro. Tema or Lome can provide up to 4,000 MT of transport capacity per week if needed. Lome has an arrangement by which trucks from third countries (e.g., Nigeria) can be used to transport goods to Burkina Faso when Burkinabé and national trucks are not available. Further cost analysis is needed to determine the profitability of using one port versus the other.

Finally, regional transport within West Africa has been facilitated by the two regional agencies, UEMOA (Union Economique et Monétaire de l'Afrique de l'Ouest) and CEDEAO (Communaute Economique des Etats de l'Afrique de l'Ouest).

¹⁵ Figure quoted from Group Hajjar, Ouagadougou. Actual demurrage costs unknown.

¹⁶ Rail transport = 1 week; Road transport = 3 days.