

# Public-Private Dialogue

## Government-Private Sector Meeting in Burkina Faso

By

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### 1- Background and Context

Like most of the countries of sub-Saharan Africa, Burkina Faso faced major micro-economic deficits in the 1980's, including excessive debt, a budget deficit, galloping inflation, and weak economic growth. In this context, the country signed its first Program of Structural Adjustment (PSA) in 1991, following the institutions of Bretton Woods. The program contained a package of reforms aiming at re-establishing a macro-economic balance and reviving growth. Several reforms undertaken through the PSA tried to disengage the government from the productive and mercantile sectors by privatizing public-capital companies and liberalizing commerce by ending monopolies and price-setting systems.

To make this model viable, the banking system was brought back to health, and the sector was reorganized, in view of making it more productive and more participatory in the financing of the economy. What is more, a restructuring of the organisms of support to the private sector was necessary to make them more productive and more efficient, and to allow them to offer quality services to businesses. In this context, an *ad hoc* commission, the « Commission for the Amalgamation of Government and the Private Sector » was set up. Its mandate was to participate in the designing of a program of restructuring the institutional framework of support to the private sector, which was unable to follow the implementation or to evaluate it. This *ad hoc* structure, financed by the organisms of support to the private sector, laid the foundations for dialogue between the government and the private sector.

In view of the results obtained, this structure became a permanent Commission for the Coordination of the State and the Private Sector which would complete the reform of the private sector's support organisms. Its mandate was expanded to include the major preoccupations of the business community, thus allowing it to regularly give its opinions

on economic issues and to propose measures for the development of the private sector. The government then judged that the government/private sector meeting had become a more representative and inclusive framework for dialogue, and, in 2007, ended the mandate of the permanent Commission for the Coordination of the State and the Private Sector.

Since its first edition in 2001, the government/private sector meeting has, over the years, changed its structure in order to address more structured thematics, with increasingly more representative actors. It constitutes an instrument for putting into practice the measures of Law 010/98/AN of April 21, 1998, which sets out the modalities of state intervention and the allocation of jurisdiction between the state and the other actors in development.

The 13th session of dialogue between the public powers and the development actors took place on October 7 and 8, 2013, on the subject « The Incidence of Undeclared Labor : Strategies for Its incorporation into the Formal Economy. »

## **2- Partnership, Structure and Processes**

The goal of the annual meeting was to create a lasting climate of partnership and dialogue on major issues concerning the development of the private sector, with the participation of the public administration, the private sector, and the technical and financial partners of civil society.

To attain its intended goals, organizational and institutional arrangements were set up, involving various actors. The organization of the annual government/private sector meeting is done according to the following pre-defined schema :

An organizational committee is set up by the ministry in charge of business promotion through the General Directorate for the Promotion of Business (GDPB), which also monitors the secretariat of the meeting. This committee includes representatives of the Prime Minister, the Minister of Economics, and the Chamber of Commerce and Industry of Burkina Faso, as well as the *Maison de l'Entreprise* of Burkina Faso. This committee is charged with :

- the material preparation of the sectoral meetings and of the workshop which validates the reports relating to the central topic of the meeting ;
- identification of the participants ;
- preparation of the annual meeting and the writing of reports on this meeting.

The choice of a subject is made through wide consultation. Indeed, several months before the meeting is held, the representative structures of the private sector are consulted via the Chamber of Commerce and Industry in order to collect proposals for subjects. The final choice, however, is up to the government, which also sets the date of the meeting.

After determining the subject of the meeting, a study is made, with a focus on the business environment, with a view to proposing measures and a plan of priority actions which follow the directive of improving conditions for economic activity in Burkina Faso.

The conclusions of this study have been the subject of sectoral meetings of various actors since 2007. Indeed, since the annual meeting is multi-sectoral, it is not possible to take up, in depth, certain preoccupations linked to activities particular to a sector. To accomplish this, eleven (11) sectors of activities have been defined as being pertinent to a circumscribed sectoral dialogue. The sectoral meetings bring together the ministers concerned, the associations and professional groups from each sector, the support organisms of the private sector, and the partners in development interested in the subjects debated.

The sectors engaged in the following activities were defined by a publication from the prime minister in 2007 :

- construction and public works;
- telecommunications, communication, computer technology and communications;
- transportation;
- social sectors (health, education, etc.);
- justice/labor/employment ;
- commerce;
- industry, energy and mining;
- agriculture, animal resources, and environment;
- banque et assurance;
- artisanship/art/tourism/hotel industry;
- security (money deliveries, detectives, etc.)

During the annual meeting, only those preoccupations not having had a satisfactory response in the course of the « sectoral dialogues, » plus those concerning several sectors will be examined.

The government responds immediately to these various preoccupations. Those that have received no response during the sectoral meeting are held for further consideration by the relevant technical departments. Since the 2013 edition, the meeting is held for two days rather than one. This redesigning allows the government

to work together, under the authority of the prime minister, in order to respond to the private sector's preoccupations.

The meeting is sanctioned by a report synthesizing the main preoccupations brought forward, and the various recommendations made. Also included are the responses from the government and its expectations regarding the private sector. A general report accompanied by recommendations is next drawn up and amended by a committee before its official publication, intended for all the ministries and private actors. A review of the implementation of the various recommendations is made regularly for the head of government. To ensure a regular follow-up to the decisions made or recommended, a procedure which includes the following four bodies is established :

1. **The Joint Technical Committee** is composed of representatives from the government and the private sector, and presided over by the general secretary of the ministry in charge of the promotion of business. This committee meets each trimester to evaluate the level of implementation of the measures agreed upon, and possibly to proceed to questioning ;
2. **The Oversight Committee** is composed of the min charge of business, finance, and labor and the presidents of the Chamber of Commerce and Industry of Burkina Faso, and the Special Interest Group for Industrialists. This committee meets only when the Joint Technical Committee encounters difficulties in implementing certain measures.
3. **The Secretariat of the Joint Technical Committee**, monitored by the Directorate General for the Promotion of Business, which is a technical department of the ministry in charge of business ;
4. **Focal Points** designated in all the ministries involved in the dialogue process are the last element, and ensure the appropriation of decisions made, whose implementation involves their respective ministerial departments.

### 3- Results so far

The various editions of the annual Government/Private Sector meeting have given rise to numerous measures in favor of the development of the Private Sector. The most typical measures deal with the reduction of costs and procedures for the creation of a business, the reduction of tariffs and taxes, the regulation of public markets, the fight against fraud, and the improvement of the structures of aid to small businesses.

To illustrate this point, we might mention:

- the simplifying of tax payments, the reduction in the number of taxes and fees, the reduction of the tax on business profits and non-business profits, the reduction of the tax rate on the procedures for tax payments, the reduction of the number of taxes, the reduction of the tax rate on business profits and non-business profits from 45% in 2000 to 27.5% in 2010;
- The creation of a single tax on businesses at the rate of 27.5;
- The reform of public procurements to make their procedures more transparent and professional, and the establishment, in 2008, of a Regulatory Authority of Public Procurements that oversees the correct application of rules and provides a framework for the settling of litigation among businessmen;
- The creation and devolution of Business Start-up Centers (2006), resulting in a considerable reduction in delays and in the cost of completing formalities (3 working days);
- The creation of business courts (law 022-2009/May 12, 2009) in the two largest cities in the country;
- The creation of a Center for Arbitration, Mediation, and Conciliation, to provide an alternative means of settling business litigation ;
- The revision of the Mining Code;
- Three revisions of the Labor Code (2004, 2006, 2008) in less than ten years, to offer more equity in the settlement of litigation, balancing the protection of workers with incentives to hire according to background qualifications and more flexible means of cancellation of contracts;
- The implementation of a vast program to improve the business climate, « Doing Business Better in Burkina Faso, » in 2006;
- The second phase of this program is in process and is focused on the streamlining of business license procedures;
- The implementation of reforms concerning the fight against fraud by allowing a system of referral to the National Commission on Competition and Consumerism by economic actors and their duly recognized associations;
- An editing of the Code of Investments.

#### **4- Expected Results**

For the time being, these meetings have not resulted in desirable solutions to certain major problems. These include reducing the cost of component supplies, the fight against fraud and counterfeiting, and access to financing for small and medium enterprises. Also desirable is a reform of the conditions for the creation of a business; notably, the minimum amount of capital required. Anything that contributes to the progressive integration of actors in the informal economy into the formal economy should be encouraged.