

## Understanding the COVID-19 Pandemic and Debt in Burkina Faso facing a Multidimensional Crisis<sup>1</sup>

Laure Gnassou, Experienced Economist<sup>2</sup>  
[laure.gnassou@hotmail.com](mailto:laure.gnassou@hotmail.com)

### Abstract

Since February 2020, the spread of coronavirus (COVID-19), a global health threat, has rapidly emerged in Sub-Saharan Africa. The pandemic entailed the global economy's lockdown, followed by a gradual reopening of the national economies. In efforts to tackle the global health crisis, national strategies have been put in place across the world; hence, the indebtedness will increase further. The pandemic has uncovered risks of a major debt crisis for African developing countries, especially Burkina Faso.

This paper aims to examine the impact of the COVID-19 crisis on the debt situation of Burkina Faso, a G5 Sahel country in turmoil.

Firstly, a health plan and social distancing measures were set up to contain the pandemic. The virus spread continues, as testing capacity remains limited across the country.

Secondly, Burkina Faso set up an immediate crisis response plan, followed by a rescue plan to cope with the socioeconomic effects of the pandemic since April 2, 2020. According to the IMF, real GDP growth is projected at 0.9% in 2020. As a result, the country has faced difficulties in servicing its external debt. This led to strengthening donors' mobilization, notably the G20. The implementation of a debt standstill could improve the country's fiscal space to address the COVID-19 crisis.

Thirdly, the country has already experienced major exogenous and endogenous shocks, such as jihadist threat, which caused a major humanitarian crisis in some regions (Sahel, North, Central North, East, Central East, and Boucle du Mouhoun). The COVID-19 outbreak has amplified Burkina Faso's fragility, where the population has recently been put under tremendous pressures, with more than 921,471 internally displaced persons on June 7, 2020 and 1,606,480 people in the need of immediate food assistance. These shocks have occurred, while the presidential and legislative elections will be held in November 2020.

**Keywords:** COVID-19 pandemic; Health sector; Debt; Insecurity, Humanitarian crisis

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<sup>2</sup>. The author is an Experienced Economist with a particular interest in developing countries. Prior to her experience with the United Nations (UN), her professional background included work experience with the European Parliament, the European Commission, and the Central Bank of Finland (Research Department). She holds a "Diplôme d'Etudes Approfondies" (Pre-PhD) in International Economics from Grenoble University, France. The views and opinions expressed in this article are solely those of the author. Twitter. @laure\_app. The author would like to thank Ms. Metsi Makhetha, UN Resident Coordinator, UN Development Coordination Office in Burkina Faso.

## Introduction

Since 2015, Burkina Faso has experienced a gradual degradation of the security situation, which led to worsening the humanitarian crisis. The country was on the brink of instability when the COVID-19 pandemic was officially declared on March 9, 2020. The pandemic has negatively impacted the Sustainable Development Goal (SDG) 3 relating to human health and well-being but extends far beyond the health sector. It has uncovered the fragility of the national health sector and the economic apparatus.

The paper examines how the COVID-19 pandemic has impacted the debt situation of Burkina Faso, a G5 Sahel country in turmoil.

First, this paper studies the main features of the continued rise in the COVID-19 cases in Burkina Faso. This led to examining the responsiveness of the country's health sector. Failure to increase the country's testing capacity could deepen the health crisis.

Then, it points out that in 2020, the country has entered into a COVID-19-induced recession. Burkina Faso has attempted to tackle the pandemic's effects while experiencing difficulties to service its external debt. Hence, solving the debt situation has become a critical matter in view of restoring fiscal peace for saving life and initiating the country's economic recovery in the post-COVID-19 era.

Finally, this paper studies the multi-faceted crisis that the country has encountered, beyond the COVID-19 outbreak. The country remains ill-equipped to cope with insecurity, which has worsened the humanitarian crisis.

## 1. Dynamics of the COVID-19 Pandemic and the Government Response in Burkina Faso under Scrutiny

The COVID-19 pandemic led to questioning Burkina Faso's responsiveness to deal with the global health threat, given the health sector's fragility. In an attempt to tackle the health crisis, the government set up a national plan known as a "*plan de riposte*". On the health front, the plan has shown some weaknesses. Uncertainty surrounding the pandemic's dynamics remains a matter of concern, due to limited testing capacity nationwide.

### 1.1. Key Features of the COVID-19 Pandemic in Burkina Faso

1.1.1. End of 2019, the spread of the COVID-19 started in China. However, the European Union (UE) became a hub for its dissemination across the world. Since February 2020, the COVID-19 pandemic has affected Sub-Saharan Africa, particularly Burkina Faso. On March 9, 2020, the COVID-19 outbreak was officially declared in the country. After introducing the first set of containment measures, on March 26, 2020, the state of public health emergency was declared in the country. From March 9, to July 12, 2020, 1,038 confirmed cases were recorded. This included 179 travelers, or 17% of the total COVID-19 confirmed cases (Figure 1). Over the same reference period, the country registered 53 deaths from COVID-19, corresponding to 5.1%, one of the highest mortality rates of the Economic Community of West African States (ECOWAS). On July 12, 2020, the pandemic affected 2,670 health districts, which represented 10 out of 13 regions, or 76.92% of the regions (i.e., Centre, Hauts-Bassins, Centre-Nord, Boucle du Mouhoun, Plateau Central, Cascades, Centre-Sud, Sud-Ouest, Est, and Sahel). The community transmission is the

reported transmission pattern in Burkina Faso. Ouagadougou remains the epicenter followed by Bobo-Dialassou (Figure 2).

Figure 1. Evolution of COVID-19 Cases in Burkina Faso from March 9 to July 13, 2020



Figure 2. Evolution of COVID-19 Cases per Region in Burkina Faso from March 9 to July 13, 2020



Source: OMS, 2020, "Briefing sur la situation, préparation et riposte à la COVID-19 au Burkina Faso", 15 juillet.

1.1.2. In early May 2020, the containment measures were progressively lifted, which might increase the COVID-19 spread even further. On June 16, 2020, the government encouraged the population to participate voluntarily in the free-of-charge, large-scale COVID-19 testing to contain the coronavirus spread. The country's testing capacity relied on 13 laboratories, notably in Ouagadougou and Bobo-Dialassou. This new option is added to the contact tracing's strategy set up in early March 2020. According to the WHO, 17,967 COVID-19 tests were performed from March 9 to July 27, 2020<sup>3</sup>. This only represented 0.09% of the total population. Insufficient testing capacity does not contribute to breaking the chain of infections. It suggests that many cases, especially asymptomatic cases, could be undetected. Hence, the decentralization of testing capacity could help get a comprehensive understanding of the geographical spread of the virus across the country. Overall, the COVID-19 pandemic's dynamics could be underreported in Sub-Saharan African<sup>4</sup>, particularly in Burkina Faso.

1.1.3. In this context, as of July 15, 2020, the ECOWAS authorities proposed a gradual reopening of the land, air, and maritime borders within the region, heavily affected by the COVID-19 outbreak<sup>5</sup>. Such a decision will increase the regional movement of persons, but it will increase the risk of imported COVID-19 cases at the regional level. Nonetheless, Burkina Faso, an ECOWAS member state, only opted for reopening its air borders on August 1, 2020. The country accounts for 44 entry points<sup>6</sup>, of which 12 are priority, such as two international airports in Ouagadougou and Bobo-Dialasso. Hence, epidemiological and biological surveillance, rapid-response teams, as well as case investigation must be improved nationwide to prevent the COVID-19 spread.

<sup>3</sup>. WHO. 2020. "Briefing sur la situation, préparation et riposte à la COVID-19 au Burkina Faso", 29 juillet.

<sup>4</sup>. IMF. 2020. *Regional Economic Outlook Update: Sub-Saharan Africa*, June update, <file:///C:/Users/Owner/Downloads/SREOENG202006.pdf>, p. 1.

<sup>5</sup>. On 29 July 2020, Nigeria and Ghana recorded 41,804 and 34,806 confirmed cases, respectively. On the same day, Burkina Faso registered 1,105 confirmed cases. See for further details, WHO. 2020. *COVID-19 in the WHO African Region*, retrieved from <https://who.maps.arcgis.com/apps/opsdashboard/index.html#/0c9b3a8b68d0437a8cf28581e9c063a9>

<sup>6</sup>. WHO. 2020. "Briefing sur la situation, préparation et riposte à la COVID-19 au Burkina Faso", 15 juillet.

## 1.2. The COVID-19 Outbreak: Testing Health System Responsiveness in Burkina Faso

1.2.1. Beyond declaring a state of public health emergency, on March 26, 2020, the government also imposed social distancing measures, which constituted a critical challenge in Sub-Saharan Africa. Nevertheless, the COVID-19 crisis has amplified the demand for health services<sup>7</sup>. It has challenged the country's healthcare system. According to the World Bank, in 2017, current health spending stood at 6.92% of GDP<sup>8</sup>. The same year, current health spending per capita amounted to only USD 44.40<sup>9</sup>, below the threshold recommended by the World Health Organization (WHO) for low-income countries (USD 86). As a result, in 2017, out-of-pocket expenses were estimated at 31.68% of current health spending<sup>10</sup>. Furthermore, the health sector is insufficiently equipped<sup>11</sup>. In reference to the World Bank, in 2010, the country had 0.4 hospital bed per 1,000 people<sup>12</sup>. In 2017, the country only had 0.1 physician per 1,000 people<sup>13</sup> as well as 0.9 nurses and midwives per 1,000 people<sup>14</sup>. Finally, a range of hygiene measures is complex to implement due to limited access to safe water and sanitation services in the country. The World Bank estimated that, in 2017, 11.87% of the Burkinabe population has access to basic handwashing facilities, including soap and water source<sup>15</sup>.

1.2.2. In February 2020, the country implemented a 6-month plan known as the "*plan de riposte*," to support the health response to the COVID-19 pandemic, which entailed unanticipated increases in health expenditures. The above-mentioned plan was designed to potentially assist only 140,000 COVID-19 infected patients<sup>16</sup>. It was initially amounted to about USD 294 million, representing 1.8% of GDP<sup>17</sup>. It has benefited from partners' support, including the UN and the World Bank. For instance, the WHO provided its

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7. Among others, African countries are net importers of medical and pharmaceutical products.

8. The World Bank, World Development Indicators. *Current health expenditure (% of GDP) - Burkina Faso*. 2017, retrieved from <https://data.worldbank.org/indicator/SH.XPD.CHEX.GD.ZS?locations=BF>

9. The World Bank, World Development Indicators. *Current health expenditure per capita (current US\$) - Burkina Faso*. 2017, retrieved from

<https://data.worldbank.org/indicator/SH.XPD.CHEX.PC.CD?locations=BF>

10. *Out-of-pocket expenditure (% of current health expenditure) - Burkina Faso*. 2017, retrieved from <https://data.worldbank.org/indicator/SH.XPD.OOPC.CH.ZS?locations=BF>

11. Zeufack, Albert G.; Calderon, Cesar; Kambou, Gerard; Djiofack, Calvin Z.; Kubota, Megumi; Korman, Vijdan; Cantu Canales, Catalina. 2020. Africa's Pulse, No. 21, Spring 2020: An Analysis of Issues Shaping Africa's Economic Future. World Bank, Washington, DC., p. 18,

<https://openknowledge.worldbank.org/handle/10986/33541> License: CC BY 3.0 IGO

12. The World Bank, World Development Indicators. *Hospital beds (per 1,000 people) - Burkina Faso*. 2010, retrieved from <https://data.worldbank.org/indicator/SH.MED.BEDS.ZS?locations=BF>

13. The World Bank, World Development Indicators. *Physicians (per 1,000 people)*. 2017, retrieved from <https://data.worldbank.org/indicator/SH.MED.PHYS.ZS?locations=BF>

14. The World Bank, World Development Indicators. *Nurses and midwives (per 1,000 people)*. The World Bank, World Development Indicators. 2017, retrieved from

<https://data.worldbank.org/indicator/SH.MED.NUMW.P3?locations=BF>

15. The World Bank, World Development Indicators. *People with basic handwashing facilities including soap and water (% of population)*. 2017, retrieved from

<https://data.worldbank.org/indicator/SH.STA.HYGN.ZS?locations=BF>

16. Currently there is no known effective therapy or vaccine. In Burkina Faso, patients hospitalized with COVID-19 are systematically treated with hydroxychloroquine and azithromycin.

17. IMF. 2020. *Burkina Faso, Letter of intent*, Country Report No. 20/130, 20 April, <https://www.imf.org/external/np/loi/2020/bfa/040820.pdf>

technical and financial support, which was estimated at USD 414,981 on April 15, 2020<sup>18</sup>. The private sector has also contributed to funding the above-mentioned plan.

1.2.3. Then, the government tried to improve COVID-19 preparedness. It has increased health sector-related spending, as stressed the 2020 supplementary budget<sup>19</sup>. It intends to provide transparency on health-related spending in the time of COVID-19<sup>20</sup>. On May 11, 2020, it created the "*Comité National de Gestion de la Crise de la Pandémie de la COVID-19*" (CNGCP-COVID-19), a specific task force in charge of overseeing the national response to the coronavirus spread covering the health and the socioeconomic aspects. In the medium and long run, it has become critical to invest in a public health system accessible to all. Building the health system's resilience is a prerequisite in view of mitigating any health crisis. In this regard, the World Bank recommended that the country strengthens its free healthcare and insurance schemes<sup>21</sup>.

## **2. Macroeconomic Developments under COVID-19: Focus on Debt Issue in Burkina Faso.**

In 2020, the coronavirus spread (an unprecedented external shock) has further exposed the country's vulnerability. This has caused the national economy to enter into a COVID-19 induced recession. High public debt and limited fiscal space have constrained the government's ability to mitigate the effects of the COVID-19 pandemic on the country's economy. Building adequate fiscal space requires actions to be taken to tackle debt challenges. At the international level, the pandemic forced revised the policy dialogue between official creditors and debtors in order to prevent debt distress, through the G20 and the Paris Club. Burkina Faso is a low-income country, which is part of the dialogue.

### 2.1. Macroeconomic Response to the COVID-19 Crisis

2.1.1. On the socioeconomic front, the COVID-19 national response, based on a significant fiscal stimulus, while trying to address the health crisis:

- Firstly, Burkina Faso imposed strong containment measures during the lockdown phase. At the early stage of the COVID-19 outbreak, the Oxford Stringency Index was estimated at 84.26 on March 23, 2020 (Figure 3). Meanwhile, on April 2, 2020, President Kaboré announced a three-month socioeconomic plan to cushion the impact of the COVID-19 pandemic. The emergency plan was estimated at approximately USD 359 million. The main measures were as follows: (i) social measures, such as Social Safety Nets (SSNs) programmes, targeting vulnerable groups, including IDPs amounting to about USD 126 million; (ii) support measures for enterprises; and (iii) measures to support the economy<sup>22</sup>. Regardless of relief support from the government, the containment measures

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18. WHO. " Briefing sur la situation, préparation et riposte à la COVID-19 au Burkina Faso ", 15 avril 2020.

19. See paragraph 2.1.3. for further details on the 2020 supplementary budget law adopted on July 9, 2020.

20. IMF, Burkina Faso, Letter of intent, IMF Country Report No. 20/130, 20 April 2020, <https://www.imf.org/external/np/loi/2020/bfa/040820.pdf>

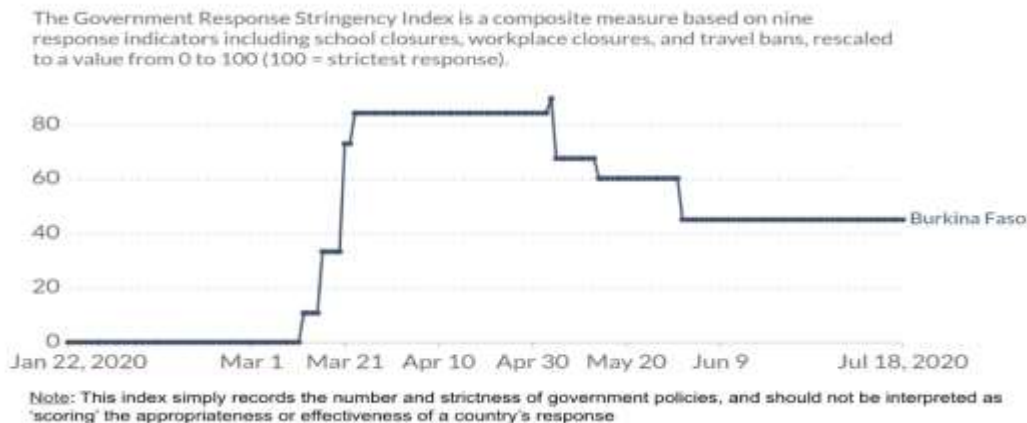
21. Pajank Daniel and Abalo Kodzovi. 2020. *Burkina Faso: The Economic Impact of the COVID-19 Global Crisis*, World Bank, 21 May, p. 10.

22. Ministère des Finances. 2020. *Analyse des effets de la maladie à coronavirus 2019 (COVID-19) sur l'économie nationale, mesures de mitigation et plan de riposte*, 4 avril, pp. 11-18.

became unsustainable, most notably for workers in informal sector. As a result, demonstrations occurred at the end of April 2020<sup>23</sup>.

- Secondly, the country restarted its economy after gradually relaxing the containment measures on May 4, 2020 (Figure 3). In this context, the government has implemented a socioeconomic recovery plan covering the period from July 1, 2020 to the end of 2020. The “CNGCP COVID-19” is piloting the “plan de riposte” encompassing the socioeconomic plan.

**Figure 3. COVID-19: Government Response Stringency Index in Burkina Faso**



**Source:** Thomas Hale, Sam Webster, Anna Petherick, Toby Phillips, and Beatriz Kira. 2020. Oxford COVID-19 Government Response Tracker, Blavatnik School of Government.

2.1.2. According to the IMF, in 2019, real GDP growth for Burkina Faso stood at 6%. In the pre-COVID-19 situation, it projected 6% of real GDP growth for 2020. However, a slowdown in economic activities has been observed, following the implementation of quarantine measures. In April and June 2020, the IMF twice reviewed its projections<sup>24,25</sup>. The real GDP growth was projected at 2%, then at 0.9% in 2020. Overall, the IMF reckons that "the COVID-19 pandemic has pushed the world into a recession for 2020"<sup>26</sup>. Hence, in April 2020, the Bretton Woods institution forecasted an annual inflation of 3.2% in 2020<sup>27</sup>, as the country may experience inflationary pressures, mainly due to a disruption of food supply chains. This puts additional constraint on the population's purchasing power, notably the most vulnerable groups.

<sup>23</sup>. Le Monde avec AFP. 2020. "Emeutes au Nigeria, manifestations au Burkina Faso : l'Afrique veut d'urgence reprendre le travail", *Le Monde Afrique*, 28 avril, [https://www.lemonde.fr/afrique/article/2020/04/28/emeutes-au-nigeria-manifestations-au-burkina-faso-l-afrique-veut-d-urgence-reprendre-le-travail\\_6038013\\_3212.html](https://www.lemonde.fr/afrique/article/2020/04/28/emeutes-au-nigeria-manifestations-au-burkina-faso-l-afrique-veut-d-urgence-reprendre-le-travail_6038013_3212.html)

<sup>24</sup>. IMF. 2020. *Regional economic outlook. Sub-Saharan Africa: COVID-19: an unprecedented threat to development*. April, Washington, DC, p.18, <file:///C:/Users/Owner/AppData/Local/Temp/ch1.pdf>

<sup>25</sup>. IMF. 2020. *Regional Economic Outlook Update: Sub-Saharan Africa*, June update, Washington, DC, p. 9, <file:///C:/Users/Owner/Downloads/SREOENG202006.pdf>

<sup>26</sup>. IMF. 2020. Bluedorn John, Gopinath Gita, Sandri Damiano, "An early view of the economic impact of the pandemic in 5 charts", IMF Blog, 6 April, <https://blogs.imf.org/2020/04/06/an-early-view-of-the-economic-impact-of-the-pandemic-in-5-charts/>

<sup>27</sup>. IMF. 2020. *Regional economic outlook. Sub-Saharan Africa: COVID-19: an unprecedented threat to development*. April, Washington, DC, p.18, <file:///C:/Users/Owner/AppData/Local/Temp/ch1.pdf>

2.1.3. Public finances were already under high pressure due to the weight of existing crises. In the pre-COVID-19 period, the fiscal path became narrowed. The coronavirus outbreak has added another layer to the above-mentioned crises. Among others, the pandemic-related public revenue shortfalls have negatively impacted on debt sustainability<sup>28</sup>. They made extremely complex to respond to the COVID-19 crisis. Therefore, the government had to reprioritize public spending to financially cope with the "*plan de riposte*" which comprised the healthcare plan and the socioeconomic rescue plan. On July 9, 2020, the supplementary budget, known as "*Loi de Finances Rectificative*" (LFR) was adopted to mainly finance the "plan de riposte". Consequently, the public deficit was estimated at 5.38% of GDP, which is higher than the West African Economic and Monetary Union (WAEMU) deficit threshold of 3% of GDP. Due to this, on April 27, 2020, the WAEMU Heads of States temporarily lifted the regional growth and stability pact to tackle the socioeconomic effects of the COVID-19 outbreak.

## 2.2. The Debt Challenges in Burkina Faso

2.2.1. At end-2018, Burkina Faso's nominal stock of debt was estimated at 43.2% of GDP, below the WAEMU indicative threshold of 70%. At end-2018, external debt constituted 57% of the total debt stock<sup>29</sup>. The multilateral creditors detained the country's external debt. However, the debt stock's composition progressively shifted towards domestic debt over recent years. In 2014-2018, domestic debt gradually rose from 22.9% to 43% in the overall debt stock (Table 1). The domestic debt mainly comprised treasury bills and bonds issued on the WAEMU regional market in response to the country's rising financing needs. Nonetheless, the IMF reckons that "*Burkina Faso's debt is assessed to remain sustainable with a moderate risk of debt distress, even under the COVID-19 pandemic shock*<sup>30</sup>."

**Table 1: Public Debt Stock in Burkina Faso from 2014 to 2018 (% of GDP)**

	2014	2015	2016	2017	2018
<b>Public Debt</b>	29.9	35.6	39.2	38.4	43.2
External Debt	23.0	26.3	27.9	24.1	24.6
<i>Share (in % to total debt)</i>	77.1	73.9	71.1	62.8	57.0
Domestic Debt	6.8	9.3	11.3	14.3	18.6
<i>Share (in % to total debt)</i>	22.9	26.1	28.9	37.2	43.0
Memorandum items:					
Overall fiscal balance	-1.9	-2.2	-3.5	-7.8	-4.9
GDP growth (in %)	4.3	3.9	5.9	6.3	6.8

Source: World Bank. 2020. *Burkina Faso - Joint World Bank-IMF Debt Sustainability Analysis*. Washington, D.C., p. 2.

<sup>28</sup>. Ministère des Finances. 2020. *Analyse des effets de la maladie à coronavirus 2019 (COVID-19) sur l'économie nationale, mesures de mitigation et plan de riposte*, 4 avril, p. 10.

<sup>29</sup>. World Bank. 2020. *Burkina Faso - Joint World Bank-IMF Debt Sustainability Analysis (English)*. Washington, D.C., <http://documents.worldbank.org/curated/en/346191586787084054/Burkina-Faso-Joint-World-Bank-IMF-Debt-Sustainability-Analysis>

<sup>30</sup>. IMF. 2020. *IMF executive board approves a USD 115.3 million disbursement to Burkina Faso to address the COVID-19 pandemic*, PR 20/156, April 14, <https://www.imf.org/en/News/Articles/2020/04/14/pr20156-burkina-faso-imf-executive-board-approves-us-115-3m-disburse-address-covid19-pandemic>

2.2.2. The COVID-19 crisis has led to setting up multilateral assistance to mitigate socioeconomic impact in Burkina Faso. On 14 April 2020, the IMF provided emergency assistance amounting to USD 115.3 million under the Rapid Credit Facility (RCF). The disbursement will help to finance the above-mentioned national strategy to contain the COVID-19 outbreak. Moreover, it will contribute to addressing the urgent balance-of-payments (BOP) need. In addition, on 13 April 2020, the IMF granted debt relief service to 25 countries, including Burkina Faso, under the Catastrophe Containment and Relief Trust (CCRT)<sup>31</sup>. Over the next six months, the country will obtain approximately USD 11.9 million in terms of debt relief service. This assistance could be renewed for up to two years<sup>32</sup>.

2.2.3. On March 19, 2020, the African Ministry of Finance mainly requested the immediate waiver of all interest payments on all debt estimated for this year to restore fiscal path and liquidity<sup>33</sup>. On March 25, 2020, the Bretton Woods institutions called to action from the G20 to suspend debt payments<sup>34</sup>. In response, on April 15, 2020, the G20 agreed to a debt service standstill on bilateral loans, known as the Debt Service Suspension Initiative (DSSI), which came into effect on May 1, 2020 until December 31, 2021. The initiative is designed for 76 International Development Association (IDA) countries as well as least developed countries (LDCs); so far, 39 countries, including Burkina Faso. In reference to the World Bank's International Debt Statistics (IDS) database, Burkina Faso has a potential Debt Service Suspension Initiative (DSSI) savings of USD 23.3 million, corresponding to 0.2% of GDP ratio<sup>35</sup>.

2.2.4. In addition, Burkina Faso was also eligible to the Paris Club, which is an informal group of creditor countries led by France. The Paris Club and non-Paris Club official creditors, such as China, endorsed the DSSI<sup>36</sup>. On May 26, 2020, Burkina Faso obtained a suspension of debt service due from May 1, 2020 to the end of 2020<sup>37</sup>. Overall, the G20 and the Paris Club initiatives aimed to temporarily free resources to help Burkina Faso to cope with the health, social and economic shocks of the coronavirus crisis. Moreover, these initiatives' purpose consists in improving transparency and debt management.

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<sup>31</sup>. IMF. 2020. *IMF Executive Board Approves Immediate Debt Relief for 25 Countries*, Press release n°20/151, April 13, <https://www.imf.org/en/News/Articles/2020/04/13/pr20151-imf-executive-board-approves-immediate-debt-relief-for-25-countries>

<sup>32</sup>. IMF. 2020. *IMF Executive Board Approves a USD 115.3 million Disbursement to Burkina Faso to address the COVID-19 pandemic*, PR 20/156, April 14, <https://www.imf.org/en/News/Articles/2020/04/14/pr20156-burkina-faso-imf-executive-board-approves-us-115-3m-disburse-address-covid19-pandemic>

<sup>33</sup>. UNECA. 2020. *Letter to the international community on the urgent emergency response needed to mitigate COVID-19 pandemic impact on Africa*, 22 March, [https://www.uneca.org/sites/default/files/uploaded-documents/VC-COVID19-IMPACT-AFRICA/african\\_ministers\\_of\\_finance\\_-\\_covid-19\\_response.pdf](https://www.uneca.org/sites/default/files/uploaded-documents/VC-COVID19-IMPACT-AFRICA/african_ministers_of_finance_-_covid-19_response.pdf)

<sup>34</sup>. World Bank. 2020. *"Joint Statement from the World Bank Group and the International Monetary Fund Regarding A Call to Action on the Debt of IDA Countries."* Statement, 25 March, <https://www.worldbank.org/en/news/statement/2020/03/25/joint-statement-from-the-world-bank-group-and-the-international-monetary-fund-regarding-a-call-to-action-on-the-debt-of-ida-countries>

<sup>35</sup>. World Bank. 2020. *COVID 19: Debt Service Suspension Initiative*, <https://www.worldbank.org/en/topic/debt/brief/covid-19-debt-service-suspension-initiative>

<sup>36</sup>. China's participation in the debt's suspension process is critical. China is a major creditor in Sub-Saharan African, as it represents 75% of the debt service payments due over the period covered by the DSSI.

<sup>37</sup>. Paris Club. 2020. *Burkina Faso benefits from the debt service suspension initiative*, May 26, <http://www.clubdeparis.org/en/communications/press-release/burkina-faso-benefits-from-the-debt-service-suspension-initiative-26-05>



Despite the call of the UN Secretary-General Antonio Guterres<sup>38</sup> dated April 17, 2020 for an "across-the-board debt standstill for all developing countries," the global public health crisis has revealed a lack of creditors' cohesion. The private creditors do not participate in the DSSI, which somehow shows the limit of the G20 initiative<sup>39</sup>. In addition, "for the DSSI to be fully effective, there should be a standard minimum set of debt-restructuring information<sup>40</sup>."

### 3. The Multi-Faceted Burkinabe Crisis in the Post-COVID Era

The COVID-19 outbreak has further put pressure on the population, which is exposed to other major challenges. Rebuilding the national economy, stronger and better implies to tackling these simultaneous challenges, i.e., insecurity, humanitarian crisis, climate change, food crisis, and social crisis during an electoral year. The country was already ill-prepared to deal with a multidimensional crisis.

#### 3.1. Rising Security and Humanitarian Crises

3.1.1. Since 2016, Burkina Faso, one of the G5 Sahel countries, has experienced a mounting security crisis (an exogenous shock) in the Sahel, North, Central North, East, Central East, and Boucle du Mouhoun regions (Figure 4).

Figure 4: Conflict Incidence in Burkina Faso from January 2016 to February 2020



Source: Lara Christian and Delsol Gabriel. 2020. "Sustaining Peace in Burkina Faso: Responding to an Emerging Crisis," International Peace Institute, May, p. 3.

<sup>38</sup> . UN. 2020. *Debt and COVID-19: A Global Response in Solidarity*, New York, April, [https://reliefweb.int/sites/reliefweb.int/files/resources/un\\_policy\\_brief\\_on\\_debt\\_relief\\_and\\_covid\\_april\\_2020.pdf](https://reliefweb.int/sites/reliefweb.int/files/resources/un_policy_brief_on_debt_relief_and_covid_april_2020.pdf)

<sup>39</sup> . Nye Alexander and Rhee June. 2020. *The Limits of the G20's Debt Service Suspension Initiative*, May 18, <https://som.yale.edu/blog/the-limits-of-the-g20s-debt-service-suspension-initiative>

<sup>40</sup> . World Bank. 2020. *World Bank Group President David Malpass: Remarks for G20 Finance Ministers and Central Bank Governors Meeting*, <https://www.worldbank.org/en/news/statement/2020/07/18/world-bank-group-president-david-malpass-remarks-at-the-g20-finance-ministers-and-central-bank-governors-meeting>

Moreover, jihadist attacks have intensified in the midst of the COVID-19 pandemic. From a security standpoint, the country's rising vulnerability constituted a heavy burden on public finances. In 2019, security sector-related spending amounted to 3.7% of GDP. In 2020, it was projected at 4% before the pandemic hit the country<sup>41</sup>. Hence, the government's priority remains the restoration of state authority in the northern regions. At the regional and international levels, main initiatives have been put in place to address the root causes of the conflict in the Sahel region, notably Liptako-Gourma subregion. These include the UN<sup>42</sup> sustaining peace<sup>43</sup> and the G5 Sahel<sup>44</sup>.

3.1.2. The surge in jihadist attacks has worsened the humanitarian crisis (an endogenous shock) in the northern regions. According to the United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA), the number of IDPs increased from 81,964 to 843,329 from January 27, 2020, to April 22, 2020<sup>45</sup>. Moreover, on June 7, 2020, the "*Conseil National de Secours d'Urgence et de Réhabilitation*" (CONASUR) reported that the estimated IDP population stood at 921,471, or an 8.62% surge in the time of COVID-19<sup>46</sup>. The same day, the number of internally displaced children was estimated at 558,014, or 60.55% of the total IDP population. The IDPs, who have fled conflict-affected areas, are mainly concentrated in the Centre-Nord and Sahel regions (Figure 5). Due to insecurity and the COVID-19 outbreak, they have benefited from the urgent assistance from partners, such as the UN and NGOs. However, a long-lasting global health crisis is likely to disrupt the vital humanitarian supply chain<sup>47</sup>.

Finally, Burkina Faso is a Low-Income Food Deficit Country (LIFDC) and a landlocked country that is confronted with a rising impact of climate change. In April 2020, 1,606,480 people were in a need of immediate food assistance. From June to August 2020, the country has registered 2,151,970 food-insecure people<sup>48</sup> (Figure 6). Overall, the acute humanitarian crisis has put in jeopardy the country's social cohesion.

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41. IMF. 2019. Burkina Faso – Third Review under the extended credit facility arrangement – Press release, and staff report, December, p. 8, <file:///C:/Users/Owner/AppData/Local/Temp/1BF4EA2019004.pdf>

42. The implementation of sustaining peace is done by the Resident Coordinator Office (RCO), a non-UN peacekeeping mission setting.

43. Lara Christian and Delsol Gabriel. 2020. "*Sustaining Peace in Burkina Faso: Responding to an Emerging Crisis*," International Peace Institute, May, p. 5, [https://www.ipinst.org/wp-content/uploads/2020/05/2005\\_Sustaining-Peace-in-Burkina-Faso.pdf](https://www.ipinst.org/wp-content/uploads/2020/05/2005_Sustaining-Peace-in-Burkina-Faso.pdf)

44. Le Monde avec AFP. 2020. Au Sahel, en dépit de succès fragiles, la France estime que "la victoire est possible," 1 juillet, Le Monde Afrique, [https://www.lemonde.fr/afrique/article/2020/07/01/au-sahel-en-depit-de-succes-fragiles-la-france-estime-que-la-victoire-est-possible\\_6044801\\_3212.html](https://www.lemonde.fr/afrique/article/2020/07/01/au-sahel-en-depit-de-succes-fragiles-la-france-estime-que-la-victoire-est-possible_6044801_3212.html)

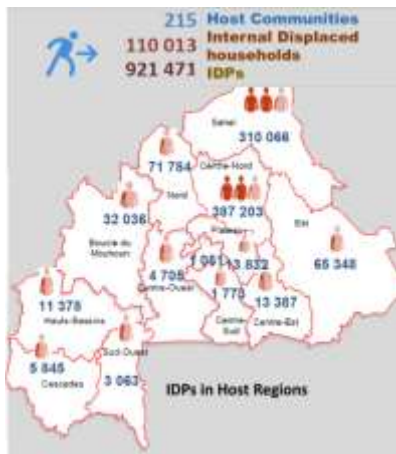
45. UNOCHA. 2020. *Situation des personnes déplacées internes au Burkina Faso*, April 22, retrieved from <https://www.humanitarianresponse.info/en/operations/burkina-faso/situation-des-deplacements-au-burkina-faso>

46. CONASUR. 2020. *La situation des enregistrements sur les personnes déplacées internes au Burkina Faso*, June 7, retrieved from <https://mailchi.mp/c39ba823e8b8/burkina-faso-921-471-personnes-dplaces-internes-la-date-du-07-juin-2020-selon-le-conasur?e=becd3cfd5f>

47. Maillard Matteo. 2020. "Au Sahel, le " virus de la faim " menace des millions de personnes, "" *Le Monde*, 15 juillet, [https://www.lemonde.fr/international/article/2020/07/15/au-sahel-le-virus-de-la-faim-menace-des-millions-de-personnes\\_6046265\\_3210.html](https://www.lemonde.fr/international/article/2020/07/15/au-sahel-le-virus-de-la-faim-menace-des-millions-de-personnes_6046265_3210.html)

48. WFP. 2020. *Analyse rapide de l'impact du COVID-19 et des mesures de restrictions sur les marchés et la sécurité alimentaires des ménages*, April 1.

Figure 5. IDPs in Burkina Faso on June 7, 2020



Source: CONASUR. 2020. *La situation des enregistrements sur les personnes déplacées internes au Burkina Faso*, June 7.

Figure 6. Map of food insecurity in Burkina Faso in June, July, and August 2020



Source: WFP. 2020. *Analyse rapide de l'impact du COVID-19 et des mesures de restrictions sur les marchés et la sécurité alimentaires des ménages*, April 1.

### 3.2. The 2020 Elections in a Context of Growing Social Tensions

3.2.1. As Burkina Faso teeters on the brink of instability, the government's priority is to keep the original November 2020 schedule in place for the next presidential and legislative elections. The authorities are facing major challenges as they intend to hold free, fair, and credible elections in November 2020. The authorities have to cope with the possibility that the next elections will be organized during the time of COVID-19. So far, no therapy or vaccine, able to eradicate the disease, has been developed. This implies the need to ensure voters' safety, and the ability to shield them from two external threats - the rising jihadist threat, and the COVID-19 pandemic. However, ensuring voters' safety involves rising costs that must be clearly identified during the elections' preparation phase.

3.2.2. Additionally, Burkina Faso was confronted with a severe social crisis<sup>49</sup>, before the global health crisis. It is worth recalling that in 2018 the country ranked 182 out of 189 countries in terms of Human Index Development, according to the 2019 UNDP human development report<sup>50</sup>. In 2010, the report stressed that, in 2010, 83.8% of people were multidimensionally poor<sup>51</sup>. Given this context, the pandemic further revealed the acute social crisis. It has amplified the dynamics of inequality which will be complex to tackle in the post-COVID-19 era.

<sup>49</sup>. In early 2020, social unrest has deepened, as civil servants express their concerns on additional taxation of their incomes. Strong social claims unfolded during the pre-electoral period.

<sup>50</sup>. UNDP. 2019. *Human Development Report. Beyond income, beyond averages, beyond today: Inequalities in Human Development in the 21st Century*, p. 365, <http://hdr.undp.org/en/content/human-development-report-2019>

<sup>51</sup>. UNDP. 2019. *Human Development Report. Beyond income, beyond averages, beyond today: Inequalities in Human Development in the 21st Century*, p. 334, <http://hdr.undp.org/en/content/human-development-report-2019>

## **Conclusion and Key Policy Recommendations**

Scarcity of testing in Burkina Faso could contribute to deepening the health crisis, whereas the country is simultaneously confronted with several challenges.

From a health standpoint, the country must allocate significant funds to the health sector by improving its fiscal space.

On the economic front, like other developing economies, Burkina Faso has already experienced financial gaps for implementing the 2030 UN agenda and the African Union (AU) 2063 agenda. Hence, building adequate fiscal space will contribute to achieving a resilient and sustainable recovery from the coronavirus spread, beyond addressing the debt challenges. This also requires to prevent fiscal base erosion of Burkina Faso in the post-COVID-19 period.

On the security and political sides, donors' mobilization should be further increased. This is in order to support Burkina Faso to restore political stability and consolidate the state's legitimacy, as instability in the Sahel region remains under intense scrutiny.

Taken together, the COVID-19 pandemic has collided with the pre-existing crises, increasing uncertainty surrounding the country's outlook.

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