



TECHNICAL ASSISTANCE REPORT

BURKINA FASO

Climate Policy Diagnostic

SEPTEMBER 2025

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Abbreviations and Acronyms

ABER	Agence burkinabè d'électrification rurale
ADF	Advanced Disposal Fee
AFAT/AFOLU	Agriculture, Forestry, and Other Land Use
ANAM	National Meteorological Agency
ANEREE	Agence Nationale pour les Energies Renouvelables et L'efficacité Energétique
APFR	Rural Land Possession Certificate (Attestation de Propriété Foncière Rurale)
ARF	Advanced Recycling Fee
AUE	Water User Associations (Association d'Usagers de l'Eau)
ARSE	Autorité de Régulation de L'énergie (ARSE)
BFA	Burkina Faso
CIF	Climate Investment Funds
CIT	Corporate Income Tax
CNACC	National Committee on Climate Change
CNDD	National Council for Sustainable Development
CO ₂	Carbon Dioxide
CO ₂ e	Carbon Dioxide Equivalent
COA	Chart of Accounts
CONADD	National Conference on Sustainable Development
CONASUR	National Council for Emergency Relief and Rehabilitation
CONEDD	National Council for the Environment and Sustainable Development
CPAT	Climate Policy Assessment Tool
CPD	Climate Policy Diagnostic
CRU	Climatic Research Unit
DGEVCC	Directorate General for Green Economy and Climate Change
DRFS	Disaster Risk Financing Strategy
DRM	Disaster Risk Management
DRR	Disaster Risk Reduction Strategy
DRS	Deposit and Refund System
DGRE	Directorate General for Water Resources (Direction Générale des Ressources en eau)
FAO	Food and Agriculture Organization
FCFA	Communauté Financière Africaine Franc
EIA	Environmental Impact Assessments

FIE	Environmental Intervention Fund
GCF	Green Climate Fund
GDP	Gross Domestic Product
GEF	Global Environment Facility
GHG	Greenhouse Gas
GoBF	Government of Burkina Faso
HFO	Heavy Fuel Oil
IPPU	Industrial Processes and Product Use
IWRM	Integrated Water Resources Management
LoCAL+	Climate Adaptive Living Facility Plus
LT-LEDS	Long Term – Low GHG Emissions Development Strategy
m ³	Cubic Meter
MAHSN	Ministère de l'action humanitaire et de la solidarité nationale
MATM	Ministère de L'Administration Territoriale et de la Mobilité
MARAH	Ministère de L'Agriculture, des Ressources Animales et Halieutiques
MEEA	Ministry of Environment, Water, and Sanitation
MEF	Ministry of Economics, Finance, and Planning (Ministère de l'Économie et des Finances)
MEMC	Ministère de L'Énergie, des Mines et des Carrières
MRV	Monitoring, Reporting, and Verification
MTEF	Medium Term Expenditure Framework
MW	Mega-Watt
MWh	Mega-Watt Hour
MtCO _{2e}	Metric Tons of Equivalent Carbon Dioxide
NAP	National Adaptation Plan
NDC	Nationally Determined Contribution
NWIS	National Water Information System
NGOs	Non-Government Organizations
ONEA	National Office for Urban Water Supply and Sanitation (<i>Office National de L'eau et de L'assainissement</i>)
PAGIRE	Action Plan for Integrated Water Resources
PA-SD	National Action Plan for Stabilization and Development
PES	Payment for Environmental Services
PFM	Public Financial Management
PN-DES II	National Plan for Economic and Social Development II
RBA	River Basin Authority (Agences de l'Eau)

REDD+	Reducing Emissions from Deforestation and Forest Degradation
SDGs	Sustainable Development Goals
SEA	Strategic Environmental Assessments
SP/CNDD	Permanent Secretariat of the National Council for Sustainable Development
SP/CONASUR	Secrétariat permanent du Conseil national du secours d'urgence et de la réhabilitation
SP/REDD+	Permanent Secretariat for Reducing Emissions from Deforestation and Forest Degradation (REDD+)
SONABEL	Societe Nationale D'electricite du burkinabè
SONABHY	Société Nationale Burkinabè d'Hydrocarbures
SONAGESS	Societe National de Gestion du Stock de Securite Alimentaire
ToU	Time-of-Use
TPP	Tax on Petroleum Products
VAT	Value Added Tax
WAEMU	West African Economic and Monetary Union

Preface

In response to a request from the Government of Burkina Faso (GoBF) for capacity development (CD) on climate policy diagnostic (CPD), a CD mission visited Ouagadougou during June 2nd—13th, 2025. This mission of the International Monetary Fund's (IMF) Fiscal Affairs Department (FAD) was led by Mr. Suphachol Suphachalasai and comprised Mr. Alberto Garcia Huitron, Ms. Sunalika Singh, Ms. Sylke von Thadden-Kostopoulos (all FAD), and Mr. Michal Pietrkiewicz (FAD short-term expert).

The mission had engaging and productive discussions with Ministre de l'Économie et des Finances, Dr. Aboubakar Nacanabo; Ministre de Environnement, eau et assainissement, Mr. Roger Baro; Groupe de travail interministériel; and officials from Direction générale du budget (DGB), Direction générale de l'économie et de la planification (DGEP), Direction générale de la coopération (DGCOOP), Direction générale des impôts (DGI), and Direction Générale des Douanes (DGD) du Ministère de l'Économie et des Finances (MEF); Direction générale des ressources en eau (DGRE), Direction générale de l'approvisionnement en eau potable (DGAEP), Direction générale de la conservation de l'environnement (DGCE), Permanent Secretariat of the National Council for Sustainable Development (SP/CNDD), Permanent Secretariat for Reducing Emissions from Deforestation and Forest Degradation (SP/REDD+), and Directorate General of Green Economy and Climate Change (DGEVCC), du Ministère de l'Environnement, de l'Eau et de l'Assainissement (MEEA); Ministère de l'Énergie, des Mines et des Carrières (MEMC); Ministère des Infrastructures et du Désenclavement (MID); Ministère de l'Administration territoriale et de la Mobilité (MATM); Ministère de l'Action humanitaire et de la Solidarité Nationale (MAHSN); Ministère de la Fonction publique, du Travail et de la Protection sociale (MFPTS); Ministère de l'Urbanisme et de l'habitat (MUH); Autorité de régulation de l'énergie (ARSE); Agence nationale pour les énergies renouvelables et l'efficacité énergétique (ANEREE); Agence burkinabè d'électrification rurale (ABER); Office national de l'eau et de l'assainissement (ONEA); Société Nationale d'électricité du burkinabè (SONABEL); La Société nationale des hydrocarbures (SONAHBY).

The mission would like to express our sincere gratitude for the great cooperation from the staff of Direction générale de la coopération du MEF in organizing the discussions with the government stakeholders. The mission is grateful to the IMF Resident Representative, Mr. William Gbohoui and his team for the efficient coordination and interface with the authorities before and during the mission. In addition, the mission would not have been possible without the support of Ms. Hope Samiee (FAD) in the preparation of the mission, as well as the finalization of this TA report.

Executive Summary

Climate-related risks are macro-critical considerations for Burkina Faso (BFA). Home to about 23 million people, the country still has over 40 percent of its population living below the poverty line with limited capacity to absorb economic shocks from conflicts and increasingly severe weather conditions. The Burkinabe economy and its people are highly vulnerable to droughts and floods, as 80 percent of the workforce is employed in the agriculture sector. BFA is among the hottest countries in the world. Extreme heat and extreme rainfall are becoming more intense and are projected to worsen with climate change. The impact of climate change hampers poverty reduction efforts and is compounded by a lack of energy access, as only 26 percent of people are connected to electricity currently. IMF's analysis shows that BFA could face a loss of 2 percent of real gross domestic product (GDP) per capita by 2050 and up to 5 percent by 2100 under a high global emission scenario and without effective adaptation. BFA continues to face a fragile security situation, intertwined with acute development challenges—meaningful progress on policy reforms builds climate resilience and pave the way toward a green transition are key to raising living standards and achieving long-lasting economic growth.

The Climate Policy Diagnostic (CPD) identifies policy reforms that reduce balance of payment risks, boost fiscal resilience, and generate positive climate outcomes. The CPD assesses BFA's climate policy and institutional landscape and prioritizes recommendations that create fiscal space and supports fiscal sustainability, through mobilizing additional revenues, improving spending efficiency, and minimizing fiscal costs associated with climate change and disasters. These reforms are expected to reduce import bills and external financing needs, while improving the overall investment climate of the country. At the same time, the CPD focuses on policies to address market failures and encourage more efficient use of resources, as well as minimize adverse impact on vulnerable and poor households.

A robust package of fiscal policies is key to accelerating energy access and transition. A dual objective of expanding energy access and transitioning to cleaner energy makes economic sense for BFA. Increasing access requires significant investment in electricity grid and generation capacity, while a successful transition needs a two-pronged approach to scaling up renewable energy and shifting away from the reliance on fossil fuel imports. The fiscal policy levers to achieve this include strengthening the financial capacity of the state-owned power utility, gradual energy pricing reform, and a fiscal strategy to incentivize investments in utility-scale solar power coupled with battery storage and the adoption of the same technologies in mini-grids. To accelerate renewable energy adoption, BFA could introduce a feed-in tariff for renewable energy with storage capacity, update the decree on auto-production to allow households to sell excess supply to the grid, and require a minimum storage capacity in new renewable energy projects. Electricity tariff reform would be greatly beneficial: a framework for gradual adjustments with a view to achieve cost-recovery and reduce fuel input subsidy, while introducing social tariff for low consumption levels, should be put in place and combined with a time-of-use tariff to reduce peak demand and fossil fuel use. A phase-in approach to fuel pricing reform is strongly encouraged, including to extend the tax on petroleum products (TPP) to cover heavy fuel oil (HFO) and to harmonize the tax on diesel with that of gasoline based on carbon contents. The recommended fuel pricing reform is estimated to raise additional revenues of 0.3-0.7 percent of GDP by 2030 and a well-targeted revenue recycling strategy could be designed to make the reform progressive and boost economic growth.

A holistic approach to reform is needed to promote water and food security. Water is vital to the productive sectors in BFA especially the agriculture sector, and water scarcity can significantly impact fiscal performance and balance of payments stability. To improve water security, a well-coordinated policy efforts are needed to ensure sustainable abstraction of groundwater and surface water, expand water supply provision, and promote efficient use of water. The policy levers to achieve this include reform of the legal framework, improving the coordination across various water-related institutions, and policies to strengthen the existing water pricing framework and financial performance of the public water utility. With respect to legal and institutional reforms, regulations should be developed to (i) clarify the responsibilities of sector agencies involved in water resource/supply, (ii) set requirements and parameters for sustainable abstraction of surface water and groundwater, and (iii) guide the adoption of measures to improve water use efficiency and conservation. Key institutions and their coordination can be strengthened to enable better planning and decision making, including the role of the National Water Council as an advisory body, the coordination between the river basin authorities (RBAs) and sector agencies, as well as the capacity of the National Water Information System (NWIS). In addition, there is a need to improve land tenure management to support sustainable land use and food security: this involves scaling up the implementation of land certificates and streamlining registration procedures and mandates across land management agencies. To enhance the water pricing and financing framework, the authorities could (i) update the regulation on raw water levy in line with the economic value of water and expand the levy to cover large consumers in the agro-pastoral sector, (ii) adjust urban water tariffs to enhance cost recovery of the water utility, while maintaining social tariff for low consumption levels, and (iii) introduce efficiency improvement and sustainability indicators in the framework contract of the water utility.

Efficient disaster risk management (DRM) and financing will save lives and build economic resilience. It is crucial that BFA's disaster risk management strategy strikes the right balance between investing in ex-ante preparedness and ex-post response to disasters. The government also needs to build a better understanding of the potential impact and occurrence of disasters from small/frequent to severe/rare events, and how the country should be ready to deal with these risks in a cost-effective manner while recognizing the binding constraints of the budget, fiscal space, as well as the capacity of existing mechanisms such as social safety net. In the context of post-disaster response, BFA could develop a comprehensive national disaster risk financing (DRF) strategy to assess the risks and identify policy levers for improving the efficiency and effectiveness of existing fiscal mechanisms, making social protection more shock-responsive, and transferring risks outside of the government budget where appropriate. Specific reforms that would strengthen DRM include amending the DRM Act/regulations to (i) integrate disaster preparedness and incorporate it in medium-term planning and budgeting, and (ii) improve the availability of critical DRM data and mandate open access and uniform standards to facilitate integration. A move toward cash-based social protection—when the security situation permits—and increase in coverage and better targeting in risk-prone areas are encouraged. Establishing a system for tracking response costs, initially focusing on ministries with the highest budgetary exposure, is crucial in providing information to support the determination of appropriate size of fiscal buffers. As part of the DRF strategy, the government could consider transferring some of the risk away from the budget by leveraging pre-arranged contingent financing, insurance, and creating strong relationships with partners.

Sustainable forestry, land-use, and waste management can be supported by good fiscal policies.

There is an urgent need to address competing land-use for fuel, food, and forestry—to reduce slash-and-burn agricultural practices, unsustainable fuelwood production, and forest degradation. The forestry, land use, agriculture and waste sectors together contribute more than 80 percent of greenhouse gas (GHG) emissions in BFA. The policy levers to achieve this include green tax policy, climate-smart subsidy, results-based payments, and forest information system. More specifically, the government could revise the tax on profits for forestry activities to provide preferable tax rates for companies with sustainability certification that meets international standards, and balance this with higher tax rates for the others. To support the uptake of climate smart agriculture, sustainability-linked conditionality could be gradually introduced in existing support provided to farmers. In the longer term, a payment for environmental services (PES) scheme could be developed to help households and firms realize the economic value of forests particularly in areas at risk of deforestation. In addition, the forest information system could be strengthened, through the use of low-cost technologies to monitor forests, development of a monitoring, reporting and verification system, and maintaining a database on sustainability certificates. To promote clean cooking and reduce the use of fuelwood, fiscal incentives could be provided for the import of butane gas and/or solar stoves and introduce targeted subsidy on the upfront cost of the same. Advanced disposal fees could be introduced at point of sale (e.g. for batteries, tires, plastic packaging, electronics and appliances) to fund waste collection and processing. A deposit and refund system (DRS) for one-use waste (such as plastic and glass bottles, aluminum cans, automotive parts, electronic waste, and tires) could also be implemented to promote recycling and good waste management practices.

Strong climate governance helps streamline implementation and reduce costs toward building resilience. Good climate governance implies that institutions play a key role in the regulation, policy development, coordination, resource mobilization and implementation of climate actions. Despite substantial progress, BFA presently lacks a comprehensive climate change legislative framework establishing a legal mandate for climate action. The Environment Code 2013 and Sustainable Development Orientation Law 2014 do not adequately incorporate key climate governance principles and gaps exist in climate-relevant legislation. Recognizing this, the government is considering several updates to legislation. BFA has developed several climate strategic documents. However, implementing multiple climate policy documents puts a strain on coordination and resources—there is room to better align sectoral strategies and national climate objectives, especially in the power sector. The proliferation of institutional structures due to inconsistency in climate-related laws and policies have resulted in overlaps, coordination challenge, and overall institutional inefficiency. At the same time, climate could be further mainstreamed into sectoral agencies and across levels of government, as well as the core functions of the Ministry of Finance (MEF). Potential reforms that would help address these challenges include (i) amending the Sustainable Development Orientation Law to incorporate climate governance principles and translate climate policy commitments into the domestic context, (ii) conducting a review of national and sectoral legislative framework on climate change, and align with the revised Sustainable Development Orientation Law if needed, (iii) assessing the effectiveness of parallel coordination mechanisms for climate change and sustainable development to identify overlapping mandates and streamline where needed, and (iv) updating the responsibilities of Environment Units at the line ministries and of provincial governments to include climate change.

Recommendations

Table 1 presents a summary of priority recommendations. A comprehensive list of recommendations and relevant details can be found in each chapter.

Table 1. Policy Recommendations

Recommendations	Timing	Priority	Lead
Accelerating Energy Access & Transition			
<i>Scaling-Up Renewable Energy</i>			
Introduce a feed-in tariff for renewable energy with storage capacity	MT	H	MEMC
Revise the decree on self-generation to lower the thresholds and allow households to sell excess renewable-based electricity to the grid	ST	M	MEMC
Develop regulation on a minimum requirement of storage capacity for new renewable energy projects	MT	M	MEMC
<i>Electricity Tariff Reform</i>			
Implement time-of-use tariff to reduce peak demand and fossil fuel use	ST	H	MEMC/ ARSE
Gradually adjust electricity tariffs, with a view to achieve cost-recovery and reduce fuel input subsidy, while introducing social tariff for low consumption levels	MT	M	MEF/ MEMC
<i>Fuel Pricing Reform</i>			
Extend the TPP to cover heavy fuel oil and phase in over time with the aim to harmonize the TPP across fuels based on carbon contents	ST	M	MEF
Align TPP for diesel with that of gasoline based on carbon contents	LT	L	MEF
Promoting Water & Food Security			
<i>Regulatory and Institutional Reform</i>			
Adopt regulations on (i) the responsibilities of sector agencies involved in water resource/supply, (ii) sustainable use of surface water and groundwater and (iii) improving water use efficiency and conservation	MT	H	MEEA, Line ministries
Strengthen the NWC, coordination between RBAs and sector agencies, and the NWIS to enable better planning and decision-making	MT	M	MEEA
Scale up the implementation of land certificates in line with the regulation and streamline registration procedures and mandates across land management agencies	LT	M	MARAH
<i>Water Pricing and Financing Reform</i>			
Update the regulation on raw water levy, in line with the economic value of water, and expand the coverage to large consumers in the agro-pastoral sector	MT	H	MEEA
Update the decree on urban water tariffs to enhance cost recovery, while maintaining social tariff for low consumption levels	ST	H	ONEA, MEEA
Introduce efficiency improvement and sustainability indicators in the Framework Contract of ONEA	MT	L	ONEA, MEEA
Disaster Risk Management & Financing			
Amend the DRM Act/regulations to (i) integrate disaster preparedness and incorporate it in medium-term planning and budgeting frameworks	MT	M	MATM

and (ii) improve the availability of critical DRM data and mandate open access and uniform standards to facilitate integration.			
Implement cash-based social protection—when the security situation permits—by increasing coverage and improving targeting in risk-prone areas.	LT	H	DGPS, MAHSN
Assess the cost of climatic shocks on specific sectors, initially focusing on ministries with the highest budgetary exposure, and establish a system for tracking future response costs.	ST	H	MEF
Right-size fiscal buffers: frequent shocks financed through sectoral budget allocations, while less frequent events covered by common interministerial expenditures	ST	M	MEF
Develop a DRF strategy, considering transferring high risks away from the budget by leveraging insurance, pre-arranging financing, and creating strong relationships with partners	MT	M	MEF
Sustainable Forestry, Land-Use, and Waste			
<i>Incentivizing Sustainable Forestry and Land-Use</i>			
Revise the tax on profits for forestry activities to provide preferable rates for those with sustainability certification that meets international standards, balanced with higher tax rates for the others	MT	H	MEF
Gradually introduce sustainability-linked conditionality in the support provided to farmers	MT	L	MARAH
Implement a payment for environmental services scheme, providing support to households and firms in forests at risk of deforestation.	LT	M	MEEA
Strengthen the forestry information system, through the use of low-cost technologies to monitor forests, operationalizing a monitoring, reporting and verification system, and maintaining a database on sustainability certificates.	MT	H	MEF/ MEEA
Provide fiscal incentives for the import of butane gas and/or solar stoves and introduce targeted subsidy on the upfront cost of the same	ST	H	MEF
<i>Promoting Sustainable Waste Management</i>			
Implement Advanced Disposal Fees (e.g. for batteries, tires, plastic packaging, electronics and appliances) to finance waste collection and processing	ST	H	MEF
Introduce a deposit and refund system for one use waste (plastic and glass bottles, aluminum cans, automotive parts, electronic waste, tires) to promote recycling and good waste management practices	LT	M	MEF
Strengthening Climate Governance			
Amend the Sustainable Development Orientation Law 2014 to incorporate key climate governance principles related to climate change adaptation and mitigation	ST	H	MEEA
Review the current national and sectoral legislative frameworks related to climate change, and align with the revised Sustainable Development Orientation Law if needed.	MT	L	MEEA
Assess the effectiveness of parallel coordination mechanisms for climate change and sustainable development to identify overlapping mandates, and streamline where needed.	MT	M	MEEA/ MEF
Update responsibilities of Environment Units at the line ministries of key sectors and of provincial governments to include climate change.	ST	M	MEEA
Recommendations that are characterized as short-term (ST) may be undertaken quickly by the authorities (in a year). Proposals that require longer time to implement are labeled medium-term (MT) which could take over a year but can be done within 3 years, or long-term (LT) which require 3+ years.			

I. Macro-Criticality of Climate Change

1. Burkina Faso is highly vulnerable to climate change, which exacerbates development challenges and have significant macro-fiscal and balance of payments implications. Climate change poses a threat to macroeconomic and financial stability across the globe, with impacts unevenly distributed across countries. Burkina Faso will not be immune, despite accounting for less than 0.01 percent of global emissions. Management of the current situation is already limited by a lack of adaptive capacity and relatively high exposure to climate hazards. In 2020–2024 alone, extreme weather-related disasters affected over 6.5 million people (EMDAT 2025). At the same time, warming in Burkina Faso could reach 4.5°C by 2085 compared to 2000 and precipitation patterns could shift dramatically under a high global emissions scenario (SSP3-7.0, 90th percentile).¹ As temperatures increase and extreme weather events become more frequent, it will adversely affect Burkina Faso through losses in output and productivity as well as lower potential growth. Livelihoods can be disrupted, worsening inequality, poverty, and conflict, especially for already vulnerable population groups, and thus raising social spending needs when the country is already fiscally constrained. Agricultural losses will raise food insecurity and can lead to higher food imports, adding pressure to the balance of payments. While damage to public and private infrastructure, which can reduce asset valuations, could increase financial sector risks.

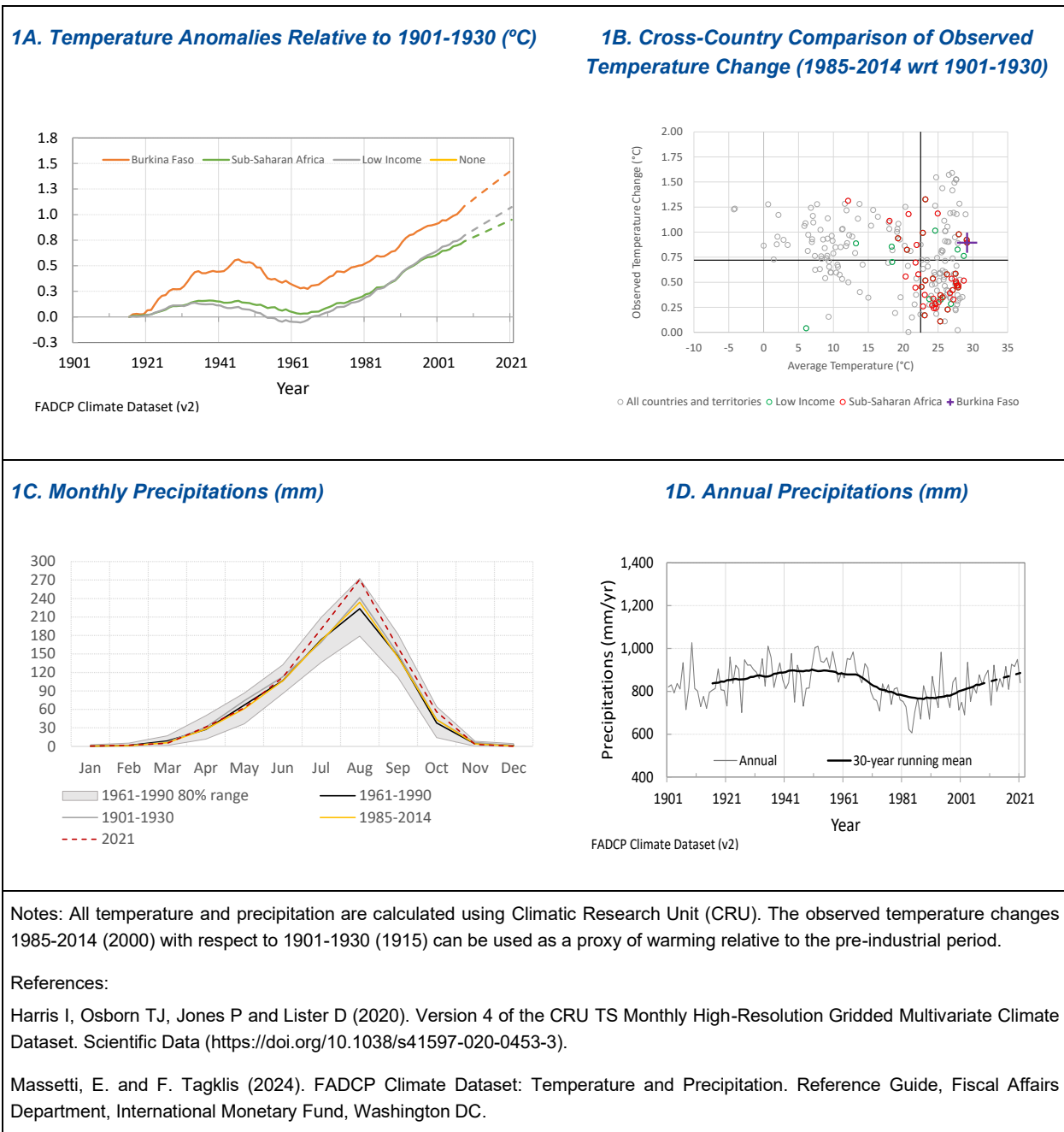
A. Recent Climate Trends

2. Burkina Faso is already among the warmest countries globally, and has warmed up faster than other Sub-Saharan nations. The country's climate is split by three zones; the Sahelian zone in the north with hotter drier conditions, the slightly wetter and cooler central Sudano-Sahelian region on a savanna plateau, and the more humid Sudanian zone in the south (Doherty et al., 2022). Over the past four decades, Burkina Faso has warmed by approximately 1.4°C relative to pre-industrial levels, faster than regional trends (Figure 1A). The average annual temperature was approximately 29°C during the 1985–2014 baseline—about 0.9°C above pre-industrial levels—and is estimated to have reached 29.6°C by 2020 (Figure 1B). The scatter plot places Burkina Faso in the upper-right quadrant, reflecting both a high baseline temperature and faster warming compared to the median (Figure 1B).

3. Burkina Faso experiences variable rainfall, especially in the south. This variability is driven by global phenomena like El Niño–Southern Oscillation (ENSO) and large-scale climate systems such as the West African Monsoon and the Harmattan winds (Doherty et al., 2022). Although all zones experience a distinct wet and dry season (Figure 1C), southern Burkina Faso has a longer wet season and receives higher rainfall (Doherty et al., 2022). While no consistent long-term trend in annual rainfall has been observed, year-to-year fluctuations remain significant (Figure 1D).

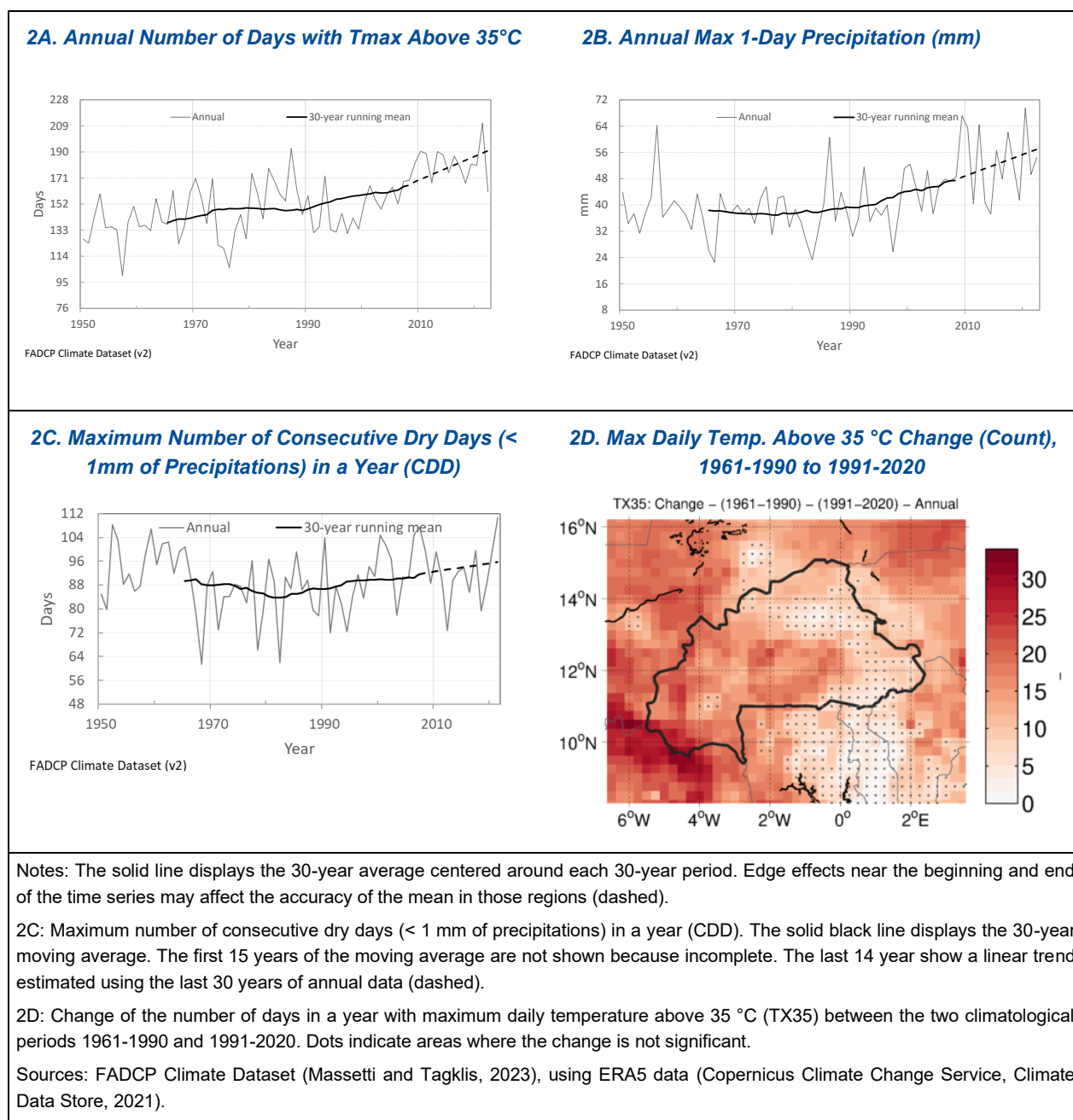
¹ Massetti, E. and F. Tagklis (2024). FADCP Climate Dataset: Temperature and Precipitation. Reference Guide, Fiscal Affairs Department, International Monetary Fund, Washington DC.

Figure 1. Historical Temperatures and Precipitation in Burkina Faso



4. Extreme heat and extreme daily rainfall events are becoming more intense in Burkina Faso. In terms of extreme weather events linked to climate change, the number of hot days has risen, and the intensity of maximum daily precipitation events has increased (Figure 2A, 2B), while the incidence of droughts appears little changed (Figure 2C). The number of days with maximum daily temperatures exceeding 35°C has risen over the past two decades, particularly in central and Northern Burkina Faso (Figure 2D). Intense precipitation events—measured by annual maximum rainfall over one or five days—have increased (rx5days-not shown).

Figure 2. Extreme Climate Indices: Average Conditions and Recent Changes

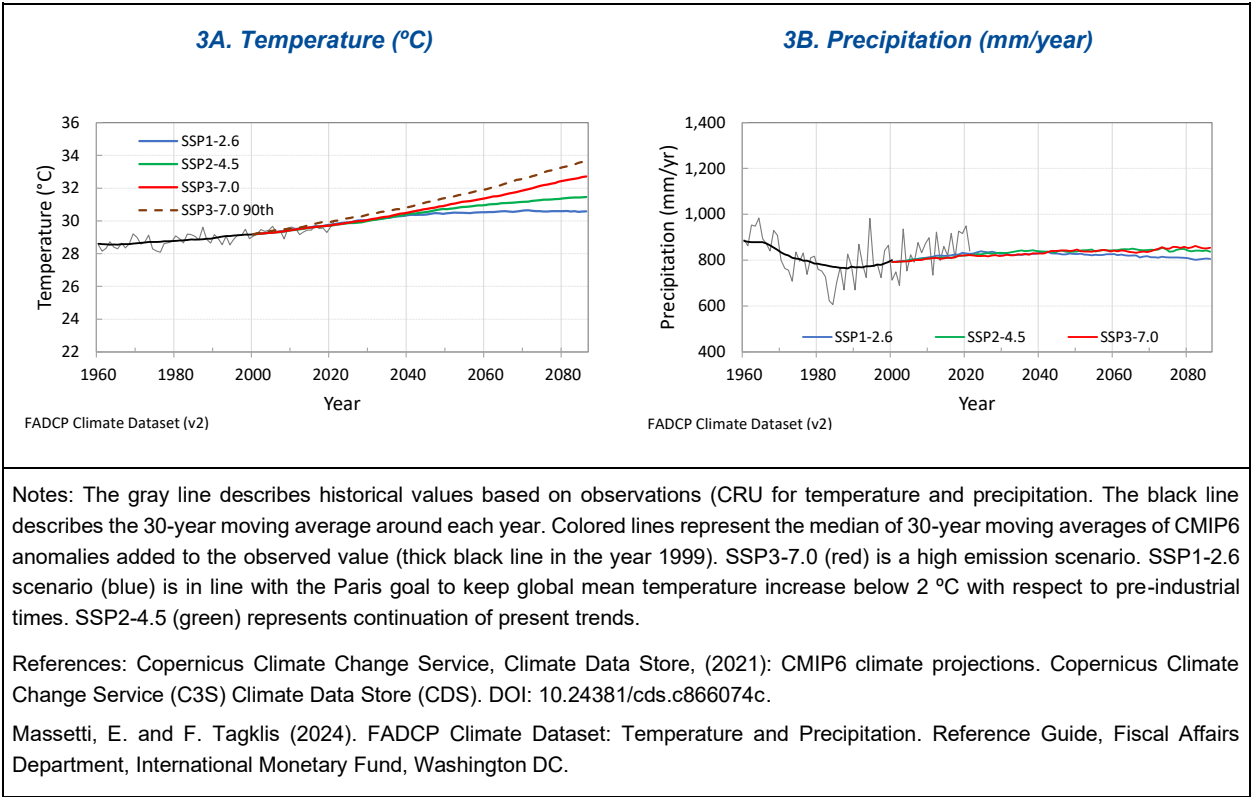


B. Future Climate Change

5. Burkina Faso is projected to experience substantial warming by the end of the century, while future rainfall patterns remain highly uncertain. Climate projections indicate with high confidence that average temperatures in Burkina Faso will continue to rise and median projections show temperature increases of 1.4–1.9 °C by 2050 and 1.5–3.6 °C by 2085, relative to the 1985–2014 baseline, depending on emissions pathways. In a high-emissions scenario (SSP3-7.0, 90th percentile),

warming could reach 4.5°C by 2085 (Figure 3A). Projections for total annual precipitation do not indicate any statistically significant trend when compared to the current year-to-year variability (Figure 3B).

Figure 3. Time Series of Average Annual Temperature and Total Annual Precipitation

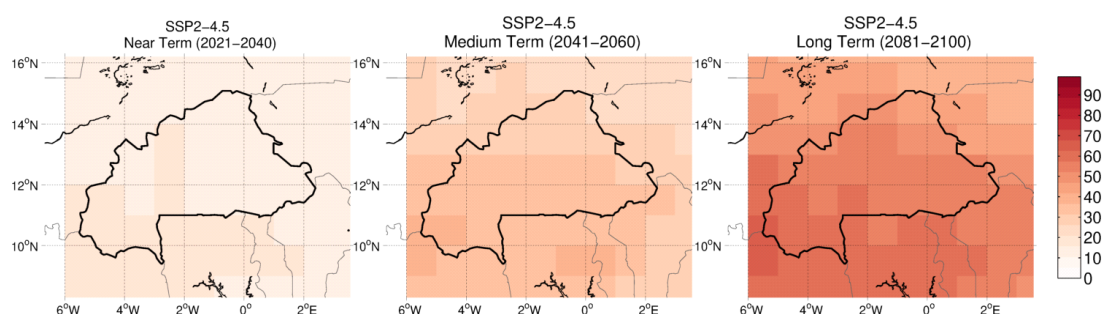


6. There are growing risks of both extreme heat and intense daily rainfall in Burkina Faso.

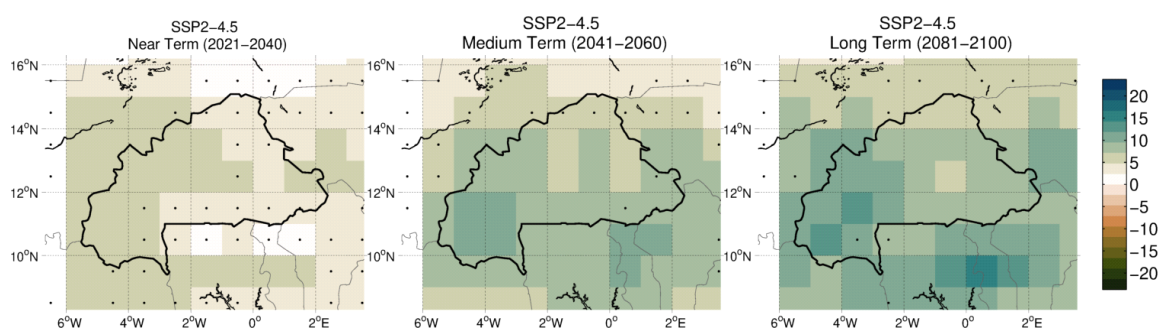
Figure 4 shows projected changes in Burkina Faso in the near, medium, and long term under the SSP2-4.5 scenario (current trends). Panel A shows a marked increase in the number of hot days (above 35°C), particularly in the southern half of the country, with many areas projected to experience 50 to over 90 such days per year by the end of the century. Panel B projects a substantial increase in the intensity of extreme single-day rainfall events, with northern and central areas likely to experience up to 10–15 mm more rainfall in a single day. Despite uncertainties in total annual precipitation, projections for Rx1day show statistically significant increases with strong agreement among climate models.

Figure 4. Projected Changes of Number of Hot Days and Extreme Precipitation Under SSP2-4.5 (Current Trends)

4A. Increase in Annual Number of Days Above 35°C



4B. Increase in Intense Rainfall (mm)



Source: FADCP Climate Dataset (Masseti and Tagklis, 2023), using data from The Copernicus Interactive Climate Atlas (C3S Atlas- <https://atlas.climate.copernicus.eu/atlas>).

Notes: The figure displays the projected changes relative to the 1991–2020 baseline under the SSP2-4.5 scenario. The panels represent annual metrics of (Panel A) Days with Maximum Temperature Above 35°C and (Panel B) Maximum of 1-Day Accumulated Precipitation. An advanced method for representing ensemble robustness is based on the approach proposed in AR6, categorized into three levels. Robust Signal: Indicates significant changes where at least 80 percent of the m5dels agree on the sign of change. Conflicting Signals: Represented by crosses, indicating significant changes where less than 80 percent of the models agree on the sign of change. No Change or No Robust Signal: Represented by dots, representing areas of low change values and/or low significance, where less than 66 percent of the models exhibit emergent signals.

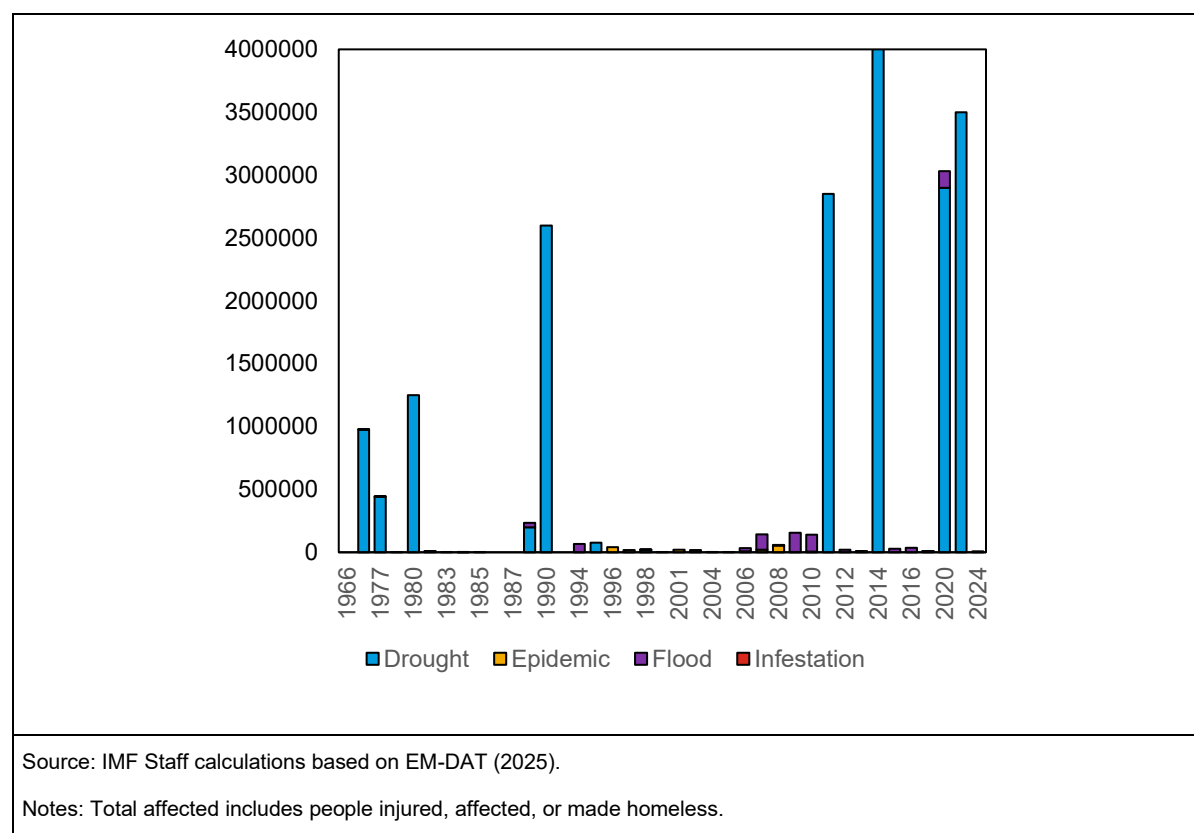
C. Economic Impact and Adaptation

7. The significant warming trend and rise in extreme hot days can magnify stress on natural resources and impact key economic sectors. Coupled with increasingly erratic rainfall—this poses challenges for agriculture, water resources, and food security. At the same time, increasing intense rain complicates agricultural planning and water resource management. While droughts have not shown a

marked increase in frequency, their economic impact remains significant in a country primarily dependent upon rain-fed agriculture.

8. Disasters could become more frequent and intense. Since 1966, Burkina Faso has experienced 67 disasters, primarily drought, flood, epidemics, and infestations (Figure 5). Close to 20 million people have been affected, injured, or made homeless, and over 17,000 lives have been lost.

Figure 5. Burkina Faso: Types of Disasters and Number of Affected People

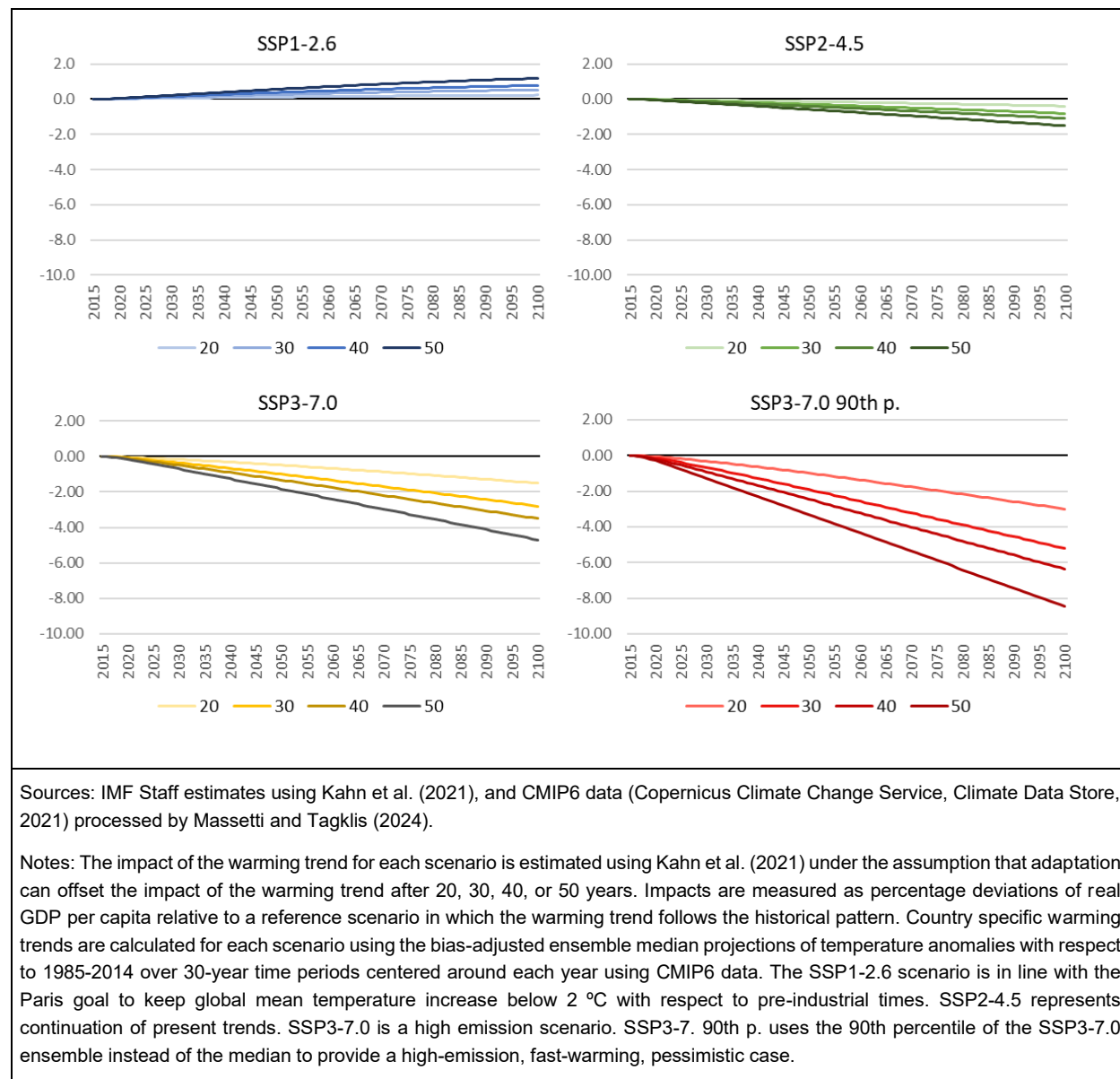


9. The warming trend predicted during the century could cause sizeable reductions in GDP per capita, especially with slow or no adaptation. In the fastest warming scenario considered for this analysis (SSP3-7.0 90th percentile: +4.2 °C compared to the year 2000), and assuming slow adaptation, GDP per capita is projected to decline by over 8 percent by 2100 with respect to what it would be if the present warming trend continues (Figure 6).² A scenario without adaptation at all causes damages approximately twice as large (Mohaddes and Raissi, 2024; not shown), but fast adaptation can reduce losses to approximately 3 percent of GDP per capita, for the same temperature change. These costs are relative to a world in which temperature increases along the observed trends and is already below its full potential. These estimates do not cover all potential impacts. For example, they do not include the effect

² While the continuation of the historical temperature trend in the future does not reduce the growth rate of the economy, the loss of GDP per capita with respect to a hypothetical no-warming scenario (higher growth) grows over time. For example, if the long-run growth rate of the economy in year 2000 was equal to 3 percent per year and the observed temperature trend reduces growth by 0.2 percentage points per year, GDP per capita in 2024 would be 5 percent below its potential. Losses grow to 7 percent in 2040, and 18 percent in 2100.

of extreme weather, which needs specialized models. They also do not include the cost of adaptation, which underestimates costs estimated in the fast adaptation scenarios.

Figure 6. Burkina Faso: Reduction of Real GDP per Capita with Respect to Continuation of Present Temperature Trends (Percent)



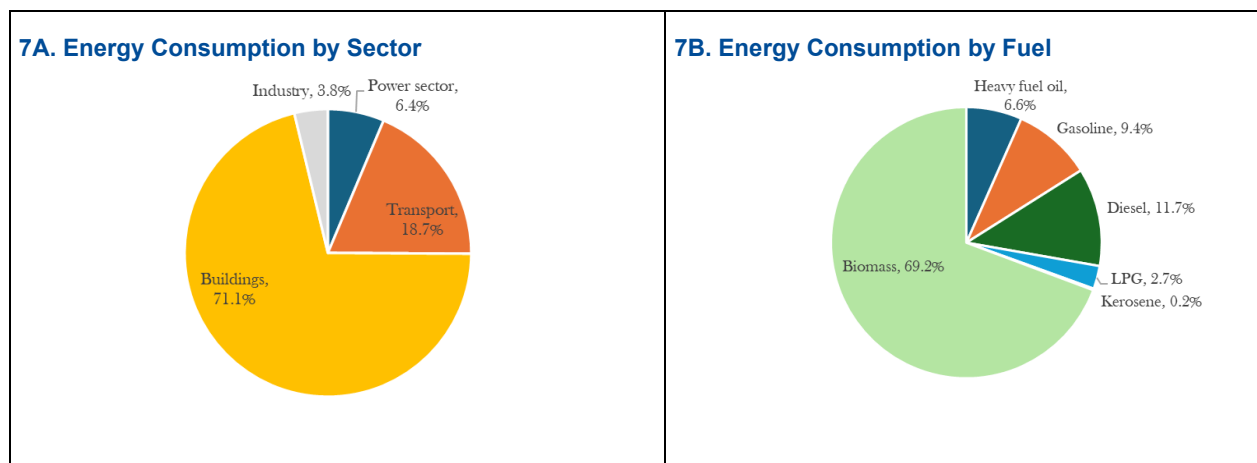
10. Burkina Faso is making good progress on climate adaptation policy agenda. The government formulated its first National Adaptation Plan (NAP) in 2016, issued a Communication on climate change adaptation in Burkina Faso in 2022 and published recently its updated NAP for the period 2024-2026. The objective of the NAP is to strengthen the resilience of populations and ecosystems to climate change in order to improve the socioeconomic conditions of communities. The 2024 NAP focuses on sectors that are highly vulnerable to climate change: water resources, agro-pastoral, forestry, fisheries and wildlife, infrastructure, housing, energy, gender, and health. Adaptation is closely linked to security

and the authorities have prepared the National Climate Security Strategy 2024 that focuses on climate adaptation. The cost of adaptation to address the country's vulnerability to climate change between 2015 and 2030 was estimated at 3.8 billion Communauté Financière Africaine franc (FCFA); however, securing funding for NAP implementation has been a major challenge.

D. From Emissions to Transition

11. Energy demand in Burkina Faso is primarily driven by household biomass consumption and imported fuels utilized by the transport and power sector (Figure 7). Household consumption of firewood and charcoal, mainly for cooking, accounts for nearly 70 percent of the country's total energy consumption, predominantly sourced from local forests. The transport and power sectors consume about one quarter of total energy, relying entirely on imported fuel, while the industrial sector contributes a smaller proportion. The primary fossil fuels consumed include diesel (11.7 percent), gasoline (9.4 percent), heavy fuel oil (6.6 percent) and LPG (2.7 percent). The relatively low uptake of LPG is largely attributed to limited access, which is concentrated in major urban centers like Ouagadougou. Looking ahead, as electricity access expands, the participation of the power sector in energy demand will increase although a growing share of renewable energy could reduce the reliance on imported fuels.

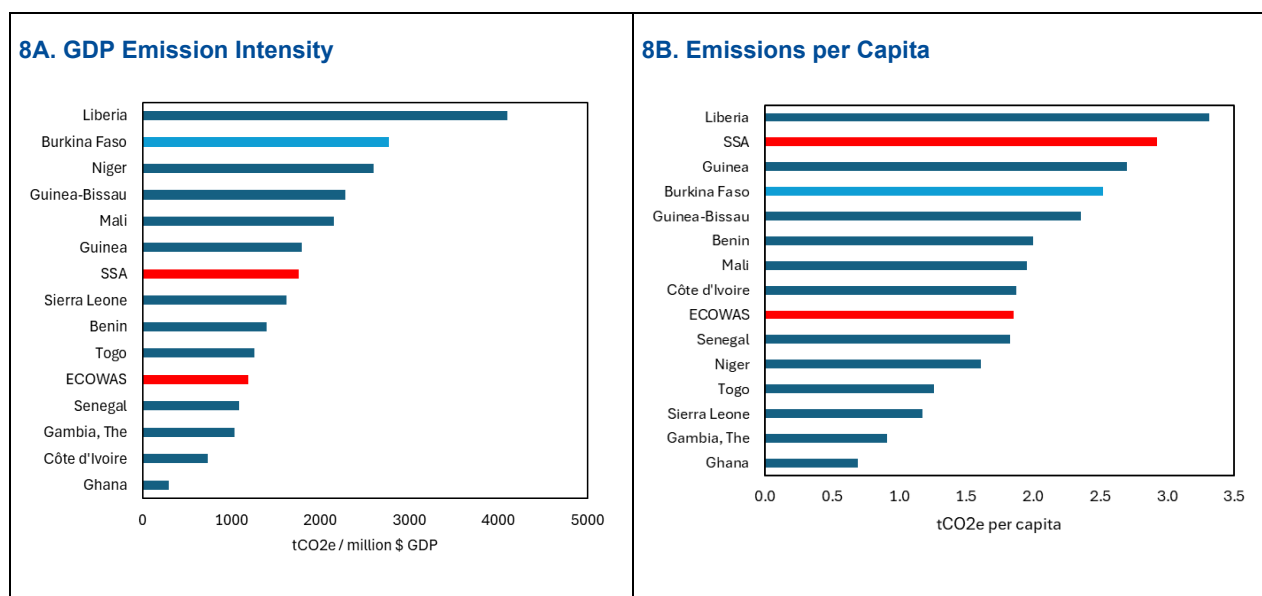
Figure 7. Energy Consumption by Fuel and by Sector in Burkina Faso



Source: IMF Staff using the Climate Policy Assessment Tool (CPAT).

12. Even though Burkina Faso is not a major emitter globally, with its emissions accounting for less than 0.01 percent of global emissions, its GDP emission intensity ranks above the regional average. Burkina Faso is the 56th higher emitting country in the world in terms of absolute greenhouse gas (GHG) emissions. Nonetheless, the emission intensity of Burkina Faso's GDP (2,800 tons of carbon dioxide equivalent [CO₂e] per million dollars) ranks significantly above Sub-Saharan average (1,750 tCO₂e per million dollars) (Figure 8). This is mostly driven by the high emission intensity of low productivity agriculture and its impact on land use change, only partially offset by the recent incorporation of renewables in Burkina Faso. On a per capita basis, Burkina Faso also ranks relatively high but below the Sub-Saharan average.

Figure 8. GHG Emissions in Burkina Faso in a Regional Context

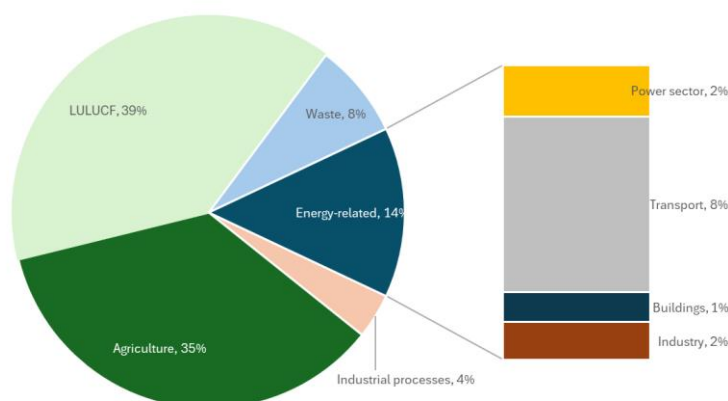


Source: IMF Staff using CPAT.

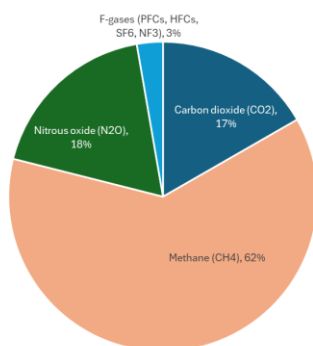
13. More than two thirds of emissions in Burkina Faso come from the agriculture and land use, land use change and forestry sectors, with emissions from other sectors expected to increase as the country develops. The sector of land use, land use change and forestry contributes the most to emissions with 39 percent, followed by agriculture accounting for 35 percent of emissions. Energy-related emissions contribute to 14 percent of total emissions in the country (Figure 9). Within the energy sector, emissions from the transport sector have experienced a large growth in recent years, mainly driven by the rapid increase in the vehicle fleet. Waste sector contributes to 8 percent of total emissions, followed by industry and industrial processes, which together account for 6 percent of emissions, the power sector (2 percent) and buildings (1 percent). The power sector accounts for a relatively low percentage of emissions driven by low access rates throughout the country, with about three-quarters of the population not connected to the grid. However, power sector emissions are underestimated because Burkina Faso imports about 60 percent of the electricity it consumes. Thus, the amount and share of power sector emissions could almost double when accounting for emissions from exporter countries, weighted by their electricity generation mix. Methane constitutes the larger emitted gas, followed by nitrous oxide and carbon dioxide (CO₂). Among CO₂ emissions, 38 percent comes from diesel, 29 percent from gasoline, and 24 percent from heavy fuel oil.

Figure 9. GHG Emissions in Burkina Faso by Sector, Subsector, Gas, and Fuel

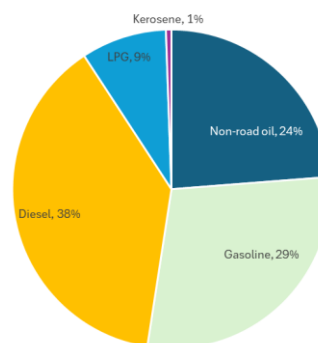
9A. GHG Emissions by Sector



9B. GHG Emissions by Gas



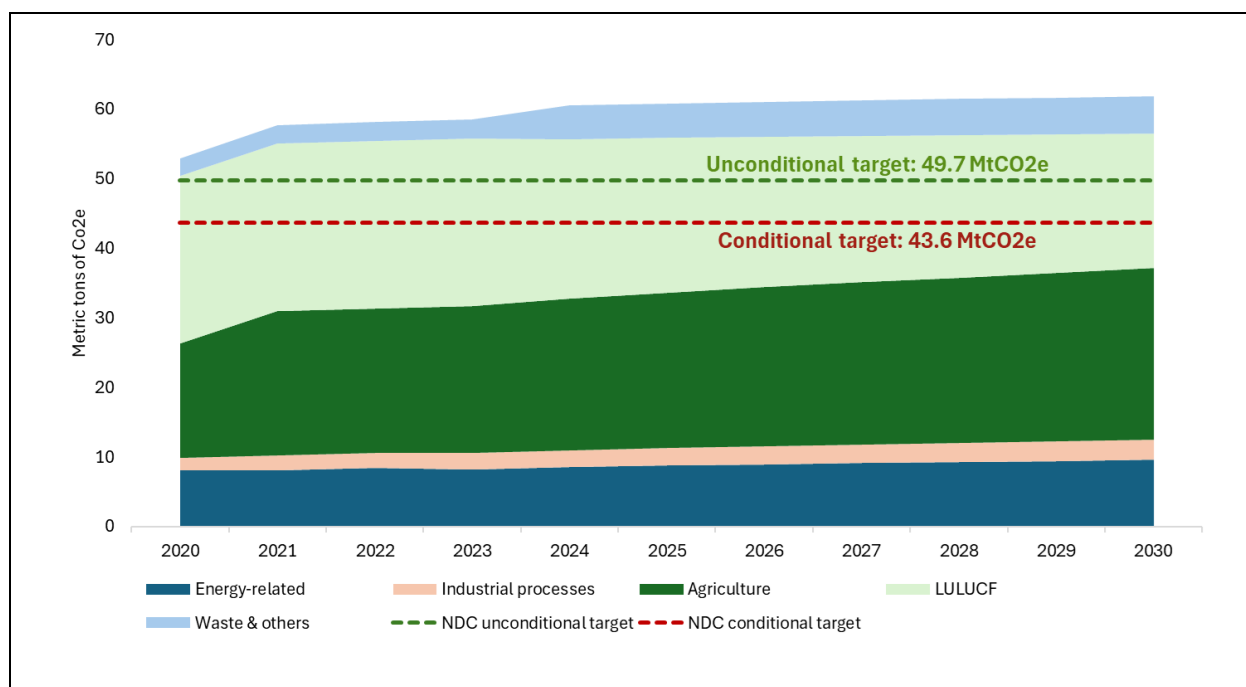
9C. CO₂ Emissions by Fuel



Source: IMF Staff using CPAT.

14. Burkina Faso submitted an updated Nationally Determined Contribution (NDC) in 2021, committing to a reduction in GHG emissions of 29.4 percent by 2030 relative to business as usual. Burkina Faso has ratified key international conventions and agreements on climate change, and in line with the requirements of the Paris Agreement 2015, Burkina Faso's first NDC committed to a conditional emission reduction of 18.2 percent. The ambition of the targets increased in the updated 2021 NDC, which included including detailed and costed mitigation actions across several sectors and committing to an unconditional emissions reduction of 19.6 percent by 2030, relative to its business as usual (Figure 10). The country also committed to further increase the ambition of its objective to 29.4 percent conditional upon international funding and technological and technical capacity transfers. The Ministry of Environment, Water, and Sanitation (MEEA) is currently leading on the update process of the NDC, which will be presented in November during the Conference of the Parties (COP) in Belem, Brazil.

Figure 10. Historical and Projected GHG Emissions in Relation to the NDC Target



Source: IMF Staff using CPAT.

15. At the regional level, WAEMU has built a climate energy-architecture around its 2025 – 2030 Strategic Plan, whose main objectives are to drive universal energy access at affordable cost and a major scale-up of renewables across the Union. The Regional Initiative for Sustainable Energy (IREN) implementation is supported by common rules, which includes a 2022 WAEMU directive that asks members to put in place transparent mechanisms such as feed-in tariffs and buy-back arrangements to crowd in private investments. Financing is pooled through the West African Development Bank which manages the Energy Development Fund to lend on concessional terms to IREN-eligible projects and is also a regionally accredited entity to the Green Climate Fund (GCF), which provides WAEMU countries a direct channel to large-scale climate finance.

E. Toward Macro-Critical Policy Reforms

16. Adaptation and mitigation policies must recognize that climate change and development challenges are deeply intertwined in Burkina Faso. Home to about 23 million people, over 40 percent of the country's population still live below the poverty line with limited capacity to absorb economic shocks from conflicts and increasingly severe weather conditions. The Burkinabe economy and its people are highly vulnerable to droughts and floods, as over 60 percent of the workforce is employed in the agriculture sector. The impact of climate change hampers poverty reduction efforts and is compounded by a lack of energy access, as only 26 percent of people connected to electricity currently. BFA continues to face a fragile security situation and climate change intensifies these pre-existing development challenges and adds a layer of macroeconomic and policy complexity—meaningful progress on policy reforms build climate resilience and pave the way toward a green transition are key to raising living standards and achieving long-lasting economic growth.

17. The Climate Policy Diagnostic (CPD) identifies policy reforms that reduce balance of payment risks, boost fiscal resilience, and generate positive climate outcomes. The CPD assesses BFA's climate policy and institutional landscape and prioritizes recommendations that create fiscal space and supports fiscal sustainability, through mobilizing additional revenues, improving spending efficiency, and minimizing fiscal costs associated with climate change and disasters. These reforms are expected to reduce import bills and external financing needs, while improving the overall investment climate of the country. At the same time, the CPD focuses on policies to address market failures and encourage more efficient use of resources, as well as minimize adverse impact on vulnerable/poor households. Through this lens, the remainder of this report assess the following development-climate nexus challenges: (i) accelerating energy access and transition, (ii) promoting water and food security (iii) disaster risk management and financing (iv) sustainable forestry, land-use and waste management, and (v) strengthening climate governance.

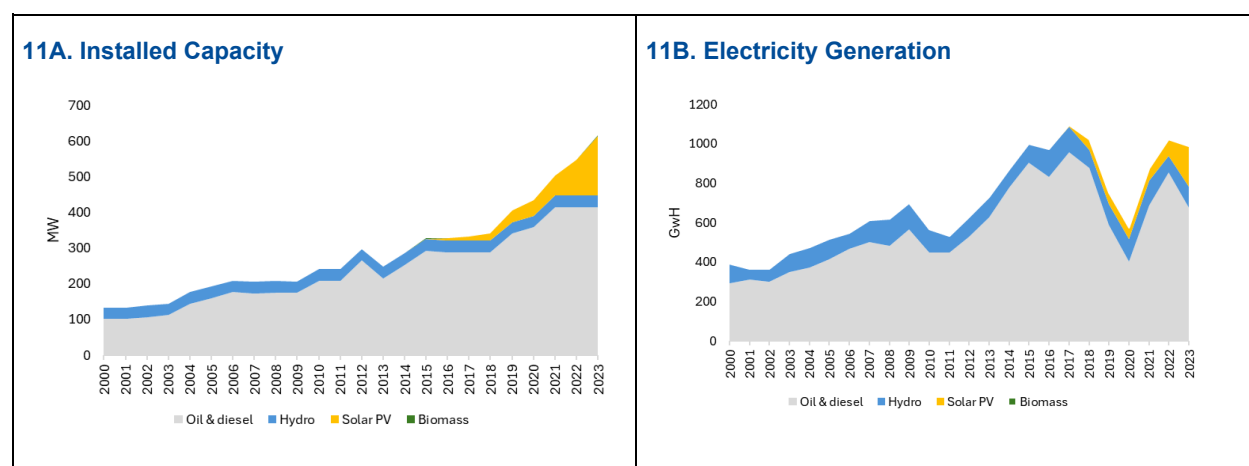
II. Accelerating Energy Access and Transition

18. Electricity sector reform is critical to unlocking economic growth, reducing fiscal costs and costly imports, and supporting climate objectives in Burkina Faso. Renewable energy offers a pathway to ease the trade-off between expanding electricity access and maintaining low end-user tariffs through large, regressive fiscal subsidies. The sector's primary challenges lie in expanding electricity access in a context in which electricity tariffs are not enough to recover costs, as well as managing the intermittency of renewable sources. Continued progress in renewable energy deployment will require targeted investment and improved system reliability. To enable this, fiscal space must be created through comprehensive tariff reform, although measures to increase energy efficiency and smoothen consumption throughout the day will also contribute to cost reduction. Such reforms would not only contribute to the power sector but could also release public resources for development priorities and peacebuilding efforts.

Context

19. Burkina Faso's electricity mix remains heavily reliant on imported fuels, but progress in renewable energy incorporation in the last few years has been remarkable. In 2019, hydro and solar sources accounted for 16 percent of total installed generation capacity. Over the following four years, the share of renewables doubled, with solar installed capacity rising more than fivefold to 168 MW (Figure 11). By 2024, government estimates indicate that total on-grid solar capacity has reached 225 MW. Despite this growth, the contribution of renewables to actual electricity consumption remains constrained by intermittency and availability limited to daytime hours.

Figure 11. Installed Capacity and Electricity Generation



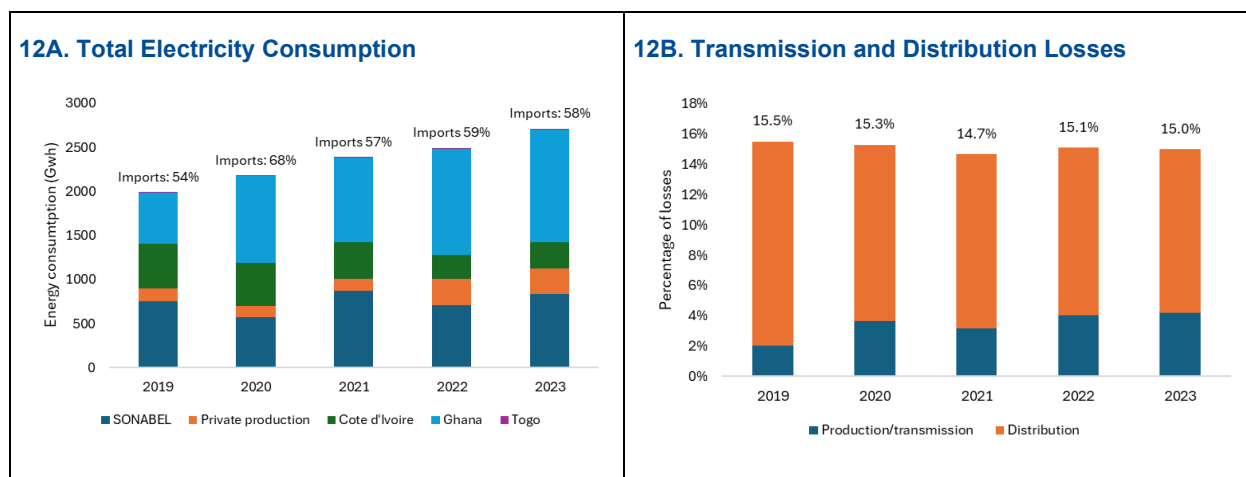
Source: Statistical yearbook 2023.

20. Due to insufficient domestic generation, Burkina Faso continues to rely on electricity imports to meet its rising demand. Despite notable progress in integrating renewable energy, the country remains dependent on imports, mainly from Ghana and Cote d'Ivoire. Electricity consumption has grown at a pace significantly exceeding economic growth, averaging 8.1 annually since 2020 – even after accounting for the temporary slowdown during the COVID-19 pandemic, when growth fell to 4.4 percent in 2022 (Figure 12A). As a result, electricity imports still account for approximately 58 percent of total

national consumption. Notably, private production had a major discrete jump in 2022, mostly linked to new solar capacity coming onstream. Looking ahead, electricity demand is expected to rise further as the government accelerates rural electrification efforts. To close the gap with electricity imports, SONABEL is currently receiving resources from the World Bank to build a 300MW solar power plant, as well as targeted transmission lines to connect it to the grid. On the other hand, SONABEL also has from 250-350 MW of thermal capacity already in the pipeline, which will provide firm energy, but will also contribute to higher emissions in the sector. Considering that Burkina Faso is not a fossil fuel producer, increasing thermal generation capacity only means that electricity imports will be substituted by more fuel imports.

21. Transmission and distribution losses in Burkina Faso are moderate, averaging 15 percent – well below the regional average of approximately 23 percent (Figure 12B)³. This relatively favorable performance reflects the country’s compact transmission network and low commercial losses, supported by widespread use of prepayment meters in urban areas. However, international benchmarks for efficient networks suggest a loss rate of around 10 percent, indicating scope to reduce losses by 1 to 2 percentage points. Looking ahead, transmission and distribution losses may rise as the grid expands, particularly if new transmission lines traverse the warmer northern regions where technical losses are typically higher.

Figure 12. Total Electricity Consumption and Losses



Source: SONABEL Activity Report 2023.

22. Burkina Faso’s electricity sector governance is mainly led by the Ministry of Energy, the regulatory agency and state-owned enterprises (SOE). The Ministry of Energy and Mines formulates, coordinates, and implements national energy policy for conventional power, hydrocarbons, renewables, and efficiency. The independent regulator, the Autorité de Régulation du Secteur de l’Énergie (ARSE), licenses operators, monitors sector performance, and oversees tariffs and contractual compliance to safeguard consumers and ensure sector balance. SONABEL is the state-owned utility responsible for generation, transmission, distribution, and the sale of electricity, and represents Burkina Faso in regional power-pool initiatives. The Société Nationale Burkinabè d’Hydrocarbures (SONABHY) secures national fuel supply (importation, storage and delivery) and sells fuel to SONABEL at a discounted price which is

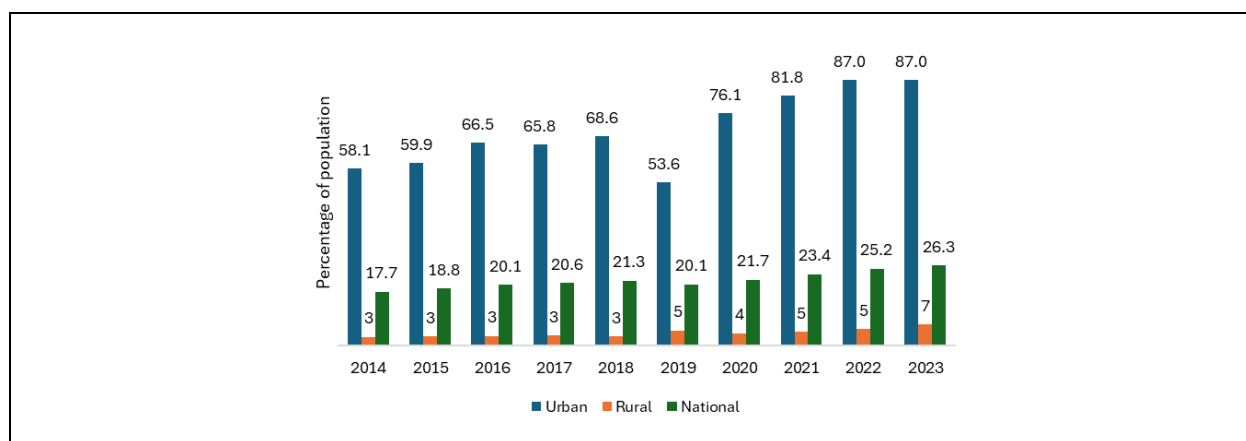
³ Trimble, Chris; Kojima, Masami; Arroyo, Ines and Farah Mohammadzadeh (2016). Financial Viability of Electricity Sectors in Sub-Saharan Africa: Quasifiscal deficits and hidden costs. World Bank Group.

used for thermal generation. Finally, two additional agencies coordinate the deployment of renewable energy, energy efficiency and rural electrification: the Agence Nationale des Énergies Renouvelables et de l'Efficacité Énergétique (ANEREE) and the Agence Burkinabè de l'Électrification Rurale (ABER), which plans and implements rural electrification to expand affordable access beyond the interconnected grids, mainly through mini-grids. On tariff setting, although ARSE provides guidance and recommendations, the tariffs are mainly set by the Ministry of Energy.

Improving Electricity Access

23. In response to persistently low electricity access, the government has set a target of reaching 90 percent access in urban areas and an ambitious increase to 50 percent in rural areas by 2028. Currently, approximately three-quarters of the Burkinabe population lacks access to electricity, with coverage largely concentrated in the urban centers of Ouagadougou and Bobo-Dioulasso. However, rural communities face significant access gaps, with only 7 percent of the rural population with electricity access (Figure 13).

Figure 13. Electricity Access in Burkina Faso



Source: Statistical Yearbook 2023.

24. The government recently released its National Strategy for Rural Electrification 2024 – 2028, with a central focus on the development of mini-grids. Led by the Burkinabe Agency for Rural Electrification (ABER), the strategy aims to deploy 700 mini-grids nationwide to achieve the electrification targets set in the plan. In parallel, the World Bank is supporting grid extension and densification efforts. These investments aim to connect households in communities near the existing grid, and to reinforce infrastructure in areas that have experienced significant urbanization since the grid was initially developed. The strategy also outlines the use of subsidies and grants, of the electricity development tax which is a modest tax per kwh used to expand the grid, along with the involvement of microfinance institutions, as key enablers to support implementation and improve affordability.

25. Expanding electricity access through mini-grids presents several structural challenges, including low household incomes, low population density and regulated tariffs set below cost-recovery levels. While the rural electrification strategy emphasizes private sector participation, mini-grid projects often require substantial subsidies to be financially viable. Income levels in rural areas are typically below the national average, and government data indicate that electricity consumption remains

low even in already electrified rural communities. Furthermore, although 70 percent of the population resides in rural areas, they are dispersed across the country, limiting opportunities to achieve the scale necessary to attract private investment and increasing per-unit costs. In addition, rural electricity tariffs are well below production costs⁴, forcing the government to rely on guarantees from multilateral development banks and subsidies to bridge the gap between production costs and electricity prices. While authorities are exploring public-private partnerships and build-operate-transfer (BOT) agreements to expand rural electrification, these challenges highlight the need for a thorough review of the mini-grid economic model to ensure long-term sustainability.

26. ABER estimates that mini-grid projects require full capital costs subsidies and subsidies covering 80 percent of variable costs to be financially viable, except for solar mini-grids that only require a subsidy equal to the initial capital cost. Existing mini-grid pilots support this assessment, implemented by ABER and in partnership with community associations⁵, and suggest that, in the absence of tariff reform, scaling up mini-grids would significantly increase the government's fiscal burden. In such scenario, the country could face a high-cost equilibrium in which hundreds of mini-grids depend on ongoing public subsidies to remain operational. Greater transparency around production costs for different mini-grid technologies is essential to inform planning and protect fiscal sustainability. ABER estimates that generation costs range from 150 to 350 FCFA per kwh, depending on the technology used. Current options include diesel-based systems, solar with storage, and hybrid configurations. Improving data and modelling on options will help the government plan subsidy requirements more effectively and avoid disruptions in mini-grid operations due to unsustainable subsidy commitments.

27. Stronger coordination between SONABEL and ABER is needed to ensure an optimal energy mix over the long term. While SONABEL is primarily focused on extending the national grid, ABER is leading efforts to deploy 700 mini-grids under the rural electrification strategy. This institutional gap risks creating inefficiencies and duplication of efforts. It is therefore essential that both grid extension and off-grid initiatives are integrated within the forthcoming update of the Electricity Master Plan. A unified planning framework will help align investment priorities, improve resource allocation, and support a coherent strategy for achieving national electrification targets at lower costs.

28. The government is exploring partnerships with mining companies to increase electricity access by leveraging on their generation capacity. Given the electricity-intensive nature of mining operations, companies have developed local generation facilities to meet their own energy needs. SONABEL has begun engaging with mining firms to negotiate IPP contracts that allow the utility to purchase excess capacity. This approach should be further developed by ensuring that SONABEL retains ownership or long-term usage rights of power infrastructure after mining operations cease. In addition, care should be taken to ensure that negotiated tariffs remain aligned with prevailing market-based IPP prices to preserve cost efficiency and fiscal sustainability.

⁴ Most rural households consume below the first tariff tranche (0 to 75 kwh) and are charged 75 FCFA per kwh, as per the October 1st 2023 tariffs published by SONABEL. Additionally, the wholesale price at which SONABEL sells energy to rural operators is regulated and capped at 75 FCFA, meaning that rural tariffs are not set at a cost-recovery level.

⁵ ABER holds 60 percent of the project and the community association the other 40 percent. However, ABER needs to subsidize 100 percent of the capital cost, expecting to recoup the 40 percent of the community association over the lifetime of the project.

29. SONABEL must continue expanding the transmission and distribution network to meet rising demand and support national electrification targets. Authorities reports that a major transmission line investment planned by the Millenium Challenge Corporation was recently canceled, underscoring the need to diversify financing sources. Development partners are active in this subsector, with the World Bank actively supporting on targeted grid expansion and electrification. Strengthening regional interconnections should also be prioritized, as they can enhance grid stability by integrating more variable and geographically diverse sources of electricity. However, long-term progress will depend on improving the financial sustainability of the electricity sector.

A. Scaling Up Renewable Energy

Continue Incorporating Solar Renewable Energy While Managing its Variability

30. Burkina Faso's has made notable progress in expanding renewable energy, supported by a generous incentive framework. Incentives for renewable energy investment are embedded in the national Investment Code and are structured across five regimes, based on the size of the investment, number of jobs created, and the share of output destined for export. The incentive structure is divided between the investment and operational phases. During the investment stage, key incentives include reduced customs duties, Value Added Tax (VAT) exemptions and exemptions from Corporate Income Tax (CIT). In the operational stage, firms benefit from CIT holidays ranging from one to seven years, followed by partial or full taxation. Although SONABEL currently holds no arrears with IPPs, contracts are typically backed by guarantees from MDBs to mitigate payment risk and increase investor confidence. In the medium term, and considering how profitable solar energy currently is, the government could consider revising this incentive structure to minimize tax expenditures, focusing on other incentives such as accelerated depreciation.

31. To ensure the long-term viability of solar energy integration, investment in storage capacity is essential. SONABEL has identified an additional 700MW of bankable solar projects scheduled for development between 2026 and 2030, including a major 300 MW solar plant supported by the World Bank. However, variable renewable energy already accounts for a significant share of electricity supply during off-peak hours, with authorities reporting that it has exceeded 50 percent on several occasions. These peaks in intermittent generation can create grid stability challenges and increase the risk of curtailment. To address this, authorities should continue to implement both price- and non-price-based instruments to incentivize investments in energy storage, which will be critical to maintaining grid reliability and maximizing the use of renewable resources.

32. The government could consider introducing a feed-in tariff linked to storage capacity to reflect the added value of flexibility in the electricity system. Burkina Faso has set a target of reaching 175 MWh of storage capacity by 2030, including 60 MWh from public sources and the remainder expected from private sector participation. While solar generation is already cost-competitive without feed in tariffs, the additional capital costs associated with storage may require targeted incentives to ensure financial viability. The proposed mechanism should be designed to apply exclusively to projects that include storage capacity, thereby encouraging both new entrants and existing IPPs to invest in storage infrastructure. This could also create opportunities for non-generating private actors to participate by installing storage system to arbitrage electricity – storing it during off-peak hours and selling it during

periods of high demand. The incentive would thus support both new storage installations and the retrofitting of existing generation assets.

33. This approach could be further reinforced by introducing regulations requiring a minimum level of storage capacity for new renewable energy projects. Such a mandate would only apply to new installations and could specify, for example, that projects include storage equivalent to 10 or 20 percent of their installed generation capacity. This requirement would help ensure greater grid stability as variable renewable energy expands and would complement financial incentives such as the proposed feed-in-tariff.

34. Self-generation can also contribute to diversifying energy supply, and advancing net metering alongside the deployment of smart meters should be prioritized. Current self-generation thresholds effectively exclude households as they are set at a level that only large producers would be able to sell to the grid. This dynamic limits incentives for rooftop solar investment at the residential level. In parallel, the government plans to provide 50,000 households with solar rooftops between 2026 and 2030 in rural and urban areas. Lowering the self-generation threshold would allow households to supply excess electricity to the grid under the same conditions as large producers, enhancing equity and uptake. This might provide incentives for a significant share of households, particularly in urban areas, to install solar rooftops, while the government could direct scarce resources, either domestic or from development partners, to projects with higher social return and that would not be developed otherwise.

B. Electricity Tariff Reform

Promote the Financial Sustainability of the Electricity Sector and Energy Efficiency

35. The electricity sector continues to impose a fiscal burden on the treasury largely due to fuel subsidies and pricing below cost recovery. SONABEL is required to sell electricity at prices that do not reflect supply costs, even when considering the subsidized inputs provided by SONAHBY. This means that the true cost of the input subsidy is borne by SONAHBY rather than SONABEL. The average subsidy rate represented 60 percent of SONABEL's fuel purchases between 2020 and 2023, for a cost to public finances ranging from 0.13 percent of GDP in 2020 to 0.7 percent in 2023⁶. In principle, the difference between the import price and selling price is transferred to SONAHBY via the budget process. However, the process is not necessarily straightforward as the transfer sometimes takes the form of lower payment of taxes owed by SONAHBY itself. Additionally, recent tensions with international traders suggest that SONAHBY usually accumulates arrears with international suppliers. These challenges are compounded by the absence of a comprehensive tariff update since 2006 for residential consumers. While limited reforms were introduced in 2016 to reduce subsidies for specific users, such as embassies, banks, mines, and other commercial entities, residential tariffs have remained unchanged. Although an increasing block pricing (IBP) tariff structure exists, SONABEL applies a uniform rate across most consumers, increasing the regressivity of the subsidy and limiting its targeting effectiveness. A well-designed tariff reform could improve the financial viability of the sector while promoting more efficient electricity use and reducing reliance on imported fossil fuels.

⁶ See IMF TA Report on Evaluation and Reform of Fuel Subsidies led by the Fiscal Affairs Department in November 2024.

36. Tariff reform is essential to ensure the long-term financial sustainability of the power sector and to mobilize resources for critical investments, particularly in transmission infrastructure. This need is further underscored by the financial constraints faced by mini grids, which are central in ABER's efforts to expand electricity access in rural areas. Ideally, electricity tariffs should be cost-reflective, including the true cost of fossil fuels, and include a forward-looking component that enables SONABEL to service debt and expand the grid. Without comprehensive tariff reform, the ambitious objectives outlined in the National Rural Electrification strategy may not be achievable. Authorities could consider implementing alternative tariff schemes, such as enforcing the IBP schedule or introducing a volume differentiated tariff (VDT). Additional technical assistance would be beneficial to assess the distributional impacts of various tariff design options and ensure equity and affordability in the reform process. For example, an IBP system could be designed in such a way that vulnerable households are not affected by increases in the price of heavy fuel oil, which will be analyzed in the next chapter.

37. As part of a comprehensive tariff reform, the implementation of a time-of-use (ToU) tariff should be considered to enhance system efficiency and reduce peak load pressures. A ToU sets different electricity prices depending on the time of the day, with higher rates during peak demand periods and lower rates during off-peak hours. This pricing structure provides consumers with a financial incentive to shift electricity consumption to periods of lower demand, thereby smoothening consumption throughout the day. The benefits of ToU are multifold. First, it can reduce the need for costly peak generation capacity and limit the use of expensive or carbon-intensive backup fuels. Second, it improves the utilization of existing generation and transmission infrastructure, delaying the need for additional investment. Third, it supports the integration of variable renewable energy by better aligning consumption with solar generation patterns. Finally, it also encourages consumers, particularly owners of electric vehicles or two-wheelers, to adopt energy efficiency measures, contributing to overall system sustainability.

C. Electric Mobility

38. The transport sector accounts for approximately 8 percent of Burkina Faso's total GHG emissions and has experienced rapid growth over the past decade. Government estimates indicate a continuous expansion of the national vehicle fleet, particularly in two-wheelers. To curb emissions growth from this sector, greater emphasis should be placed on developing public transport system which remains limited or absent in much of the country, and regulating the secondary market, including through price-based mechanisms that shift decisions toward cleaner vehicles. Key challenges in the sector include inadequate road infrastructure and limited private sector engagement. Addressing these issues will require the exploration of various models of private participation, including through public-private partnerships and concessions, to expand and modernize the country's transport network.

39. The regulatory framework for electric mobility in Burkina Faso has yet to be established, despite a recent increase in electric vehicle (EV) imports. The government approved a decree setting the conditions for granting installation and operation permits for electric vehicle charging stations open to the public in November 2023, including implementing regulations on the fees for permits. Additional regulation on the electricity tariffs used for public electric vehicle charging stations is yet to be approved. In parallel, the potential impact of vehicle electrification on the national grid needs to be carefully evaluated, underscoring the relevance of close coordination with SONABEL to ensure grid stability and

investment planning. Emerging approaches, such as battery swapping models piloted in neighboring countries like Togo, could be explored as part of the national strategy. Should the government consider financial incentives to support EV adoption, particularly two wheelers, these should take the form of fixed per-vehicle subsidies rather than exemptions or reductions in customs duties or taxes, which tend to be regressive and disproportionately benefit higher-income groups.

D. Energy Pricing Reform

40. Energy pricing policy in Burkina Faso sends mixed signals to households and firms, reflecting a combination of generous support for renewable energy and persistent fuel subsidies.

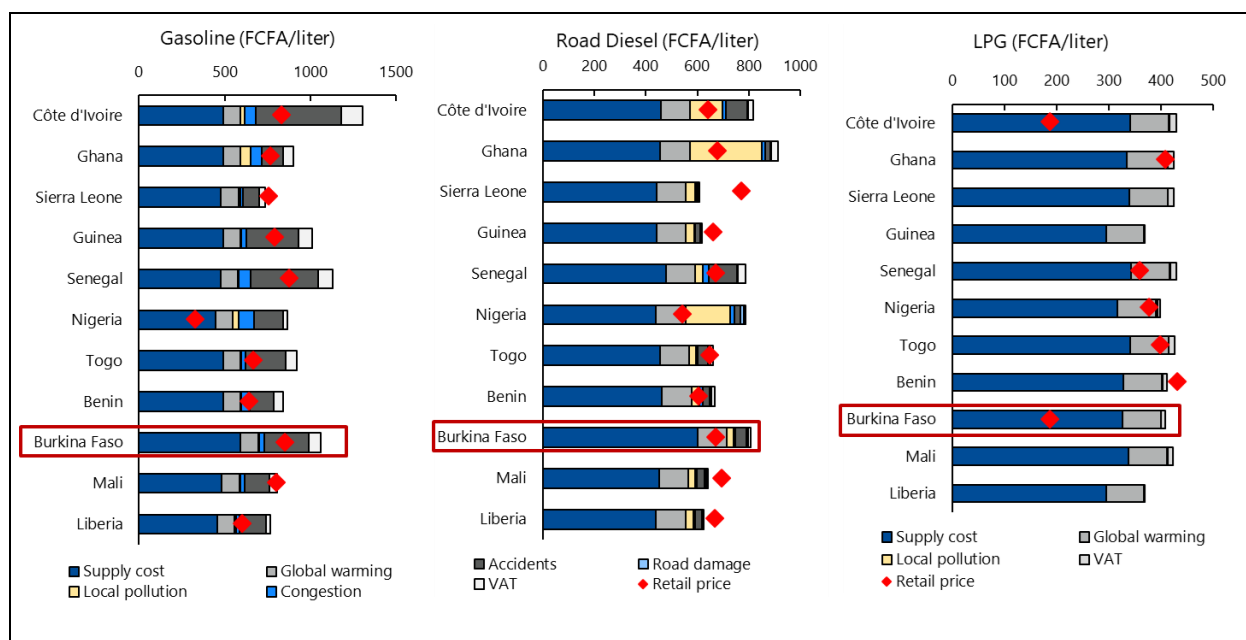
While renewable energy receives fiscal incentives that has supported its expansion, fuel subsidies continue to impose a significant fiscal burden. In 2023, total fuel subsidies, both implicit and explicit, were estimated at 3.5 percent of GDP, declining to approximately 1 percent in 2024. Electricity production is also subsidized via an input subsidy to the fuels used for electricity generation, amounting to 0.7 percent of GDP in 2023. These subsidies are typically regressive, disproportionately benefiting higher income groups. Phasing out fuel subsidies would not only improve price signals and support the energy transition but also generate fiscal space for priority development spending. This section of the report provides an in-depth analysis of energy prices, and models the impact of energy pricing reform over key variables, such as fiscal revenues, economic growth, energy prices, emissions and impact on vulnerable households.

Energy Prices in Burkina Faso in a Regional Context

41. A comparison of Burkina Faso's efficient energy prices reveals that efficient prices are higher in Burkina Faso and similar to those in Senegal and Cote d'Ivoire. (Figure 14). From an economic perspective, taxing fuel at the efficient rate ensures that consumers pay not only the international cost of production but also the externalities associated with fuel use, such as GHG emissions and local air pollutants, as well as applicable consumption taxes, including VAT (see Parry et al. 2023 for more detail). In theory, setting fuel prices at this efficient level ensures that consumption only occurs when its private benefits outweigh its full social costs, thereby improving economic efficiency and overall welfare. Importantly, efficient price varies across countries, reflecting differences in the magnitude and nature of externalities.

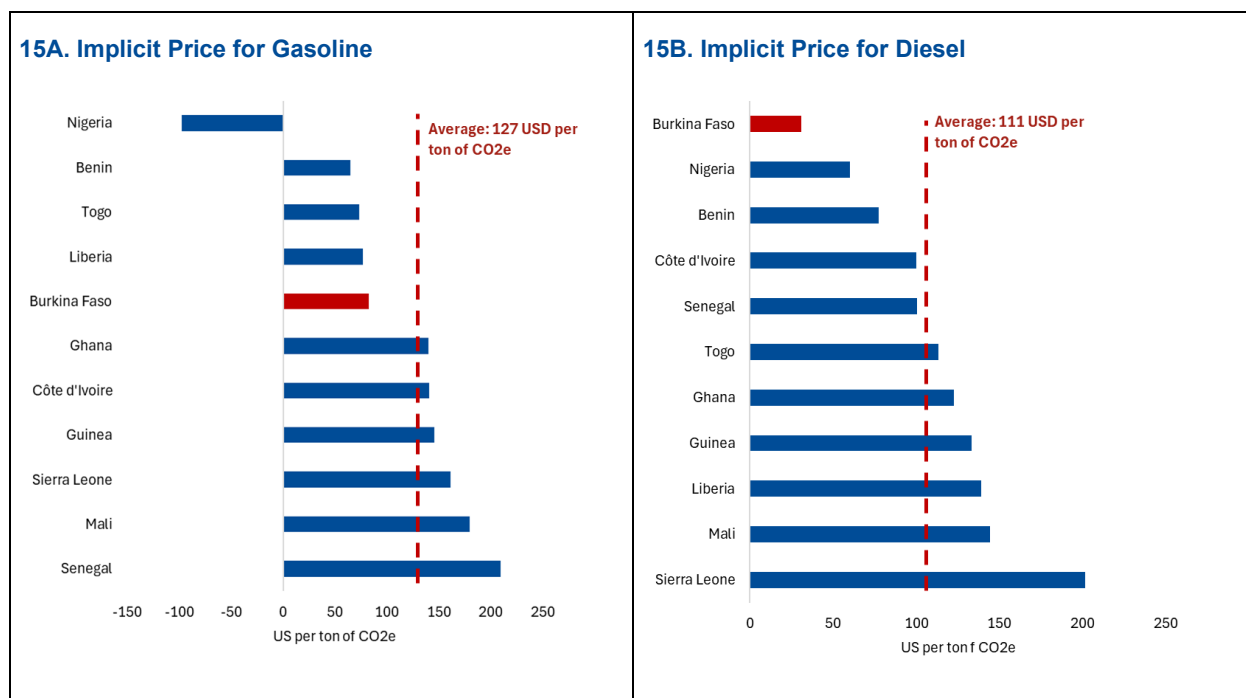
42. In Burkina Faso, prices for diesel and gasoline have been set slightly above supply costs in 2024, while butane gas continues to receive a subsidy. Most countries in the region, with the notable exception of Nigeria, have moved to charge a higher price than supply costs, thereby eliminating explicit subsidies. However, few have adopted pricing that fully reflects the environmental externalities associated with fuel consumption. Among the exceptions Mali applies efficient prices to both gasoline and diesel, while Sierra Leone, Togo and Liberia do so for diesel. In the case of butane gas, Burkina Faso and Cote d'Ivoire maintain similar subsidy levels, with final consumer prices falling below the cost of supply. Overall, Burkina Faso faces relatively high supply costs vis-à-vis neighboring countries because it's condition as landlocked country. Thus, any efficiency along the supply chain would generate substantial gains in terms of lower final prices or lower subsidies.

Figure 14. Efficient Fuel Prices, Regional Benchmark



Source: IMF Staff based on CPAT.

Figure 15. Implicit Carbon Pricing, Regional Benchmark



Source: IMF Staff based on CPAT.

43. Burkina Faso's implicit pricing for gasoline and diesel remains below the regional average, particularly in the case of diesel, where excise taxes are among the lowest in the region. Figure 15 shows implicit carbon prices, measured in USD per ton of CO₂ equivalent, based on excise or special

consumption taxes and calculated using standard emission factors. Burkina Faso's implicit price on gasoline is approximately \$82 per ton, compared to a regional average of \$127 per ton. For diesel, the gap is even more pronounced, with Burkina Faso pricing at only \$31 per ton versus a regional average of \$111. These figures suggest that there may be space to gradually adjust fuel taxation toward regional benchmarks, particularly for diesel.

Energy Pricing Reform

44. Considering the relatively low excises currently applied to fuels in Burkina Faso, the mission modelled three reform scenarios:

45. Reform scenario 1: gradual introduction of the Tax on Petroleum Products (TPP) to Heavy Fuel Oil (HFO). Despite being more polluting than gasoline and diesel, HFO is currently exempt from excise taxation. This reform proposes aligning the excise on HFO with that of gasoline on a per-ton basis, meaning that the tax would be slightly higher on a per-liter basis as HFO is more polluting than gasoline. The tax would be phased in gradually, with the full TPP of 140 FCFA per liter implemented by 2030, beginning in 2026 and increasing in equal annual increments.

46. Reform scenario 2: halfway adjustment of diesel's TPP. Diesel is significantly less taxed than gasoline despite it has a higher carbon content. Full alignment with the gasoline excise on a per ton basis would result in a TPP equal to 134 FCFA. Nonetheless, this reform scenario simulates only half the adjustment to increase the political feasibility of the reform. Effectively, this scenario adds 41.5 FCFA to the TPP applicable to diesel by 2030, starting in 2026 and increasing in equal annual increments.

47. Reform scenario 3: full harmonization. This is the most ambitious reform scenario and assumes that the TPP on diesel is fully aligned with gasoline's TPP on a per-ton basis. Thus, it adds 83 FCFA to the TPP on diesel by 2030, starting in 2026 and increasing in equal annual increments.

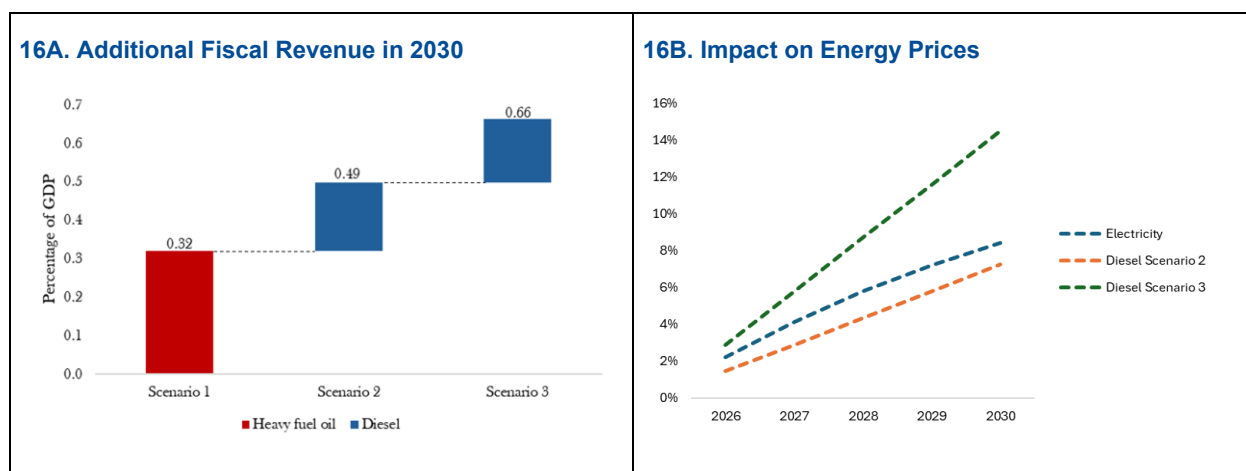
48. While energy price reform is often politically sensitive, this analysis outlines potential approaches for recycling additional revenues to mitigate adverse impacts on vulnerable populations. One option is to channel new resources into cash transfer programs to directly compensate affected households. However, cash transfers are not currently in use in Burkina Faso. As an alternative, in-kind support, such as the food security program administered by Societe National de Gestion du Stock de Securite Alimentaire (SONAGESS), can be used to cushion the impact of higher energy prices. Support could also start a couple months before the reforms enter into effect, to signal that the government is concerned and cognizant of the costs of the reforms. For the purpose of the modeling exercise, it is assumed that 50 percent of the additional revenue from energy taxation reforms would be allocated to public investment aimed at closing infrastructure gaps in critical sectors such as electricity, water and sanitation. In parallel, it's important for authorities to strengthen targeting mechanisms and social protection systems to enable more direct forms of compensation over the medium term.

Impact on Fiscal Revenues, Economic Growth and Energy Prices

49. The modeled reform scenarios would generate substantial additional fiscal revenue for the central government, ranging from 1 percent of GDP to 2.2 percent of GDP by 2030 (Figure 16). Extending the TPP to HFO alone is projected to yield an additional 0.32 percent in 2030 alone, while

scenario 2 increases the revenue gain to 0.49 percent of GDP, while a more ambitious diesel tax of 83 FCFA, combined with the HFO reform, would raise 0.66 percent of GDP. Due to gradual phase-in structure of the reforms, annual revenues are modest in early years. From a political economy standpoint, scenario 1 offers the most favorable balance between fiscal yield and political feasibility.

Figure 16. Impact on Fiscal Revenue and Energy Prices

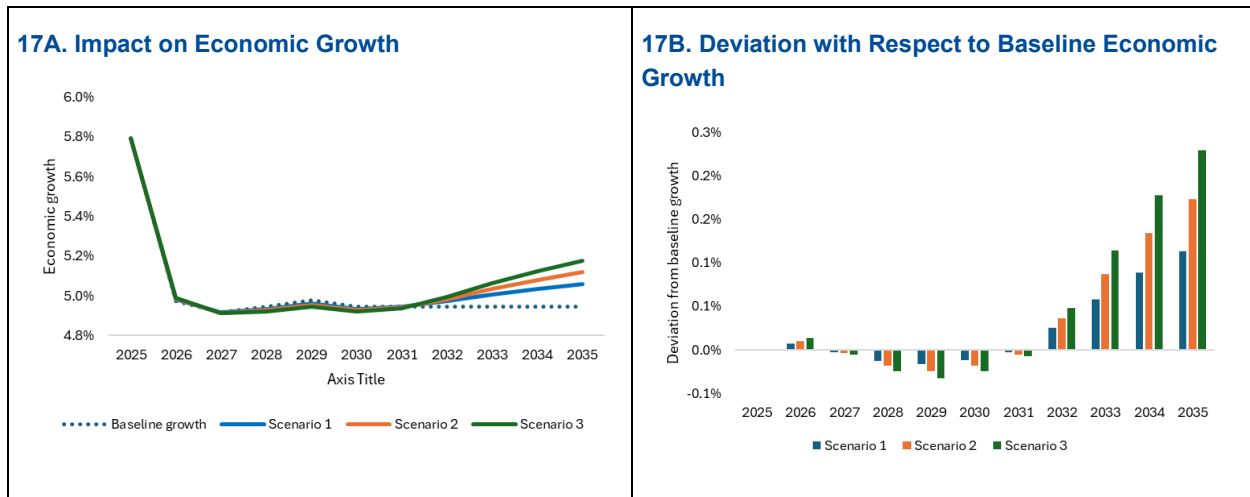


Source: IMF Staff based on CPAT.

50. The projected impact on electricity and diesel prices under the first two reform scenarios is relatively moderate. In scenario 1, where TPP is applied to HFO, electricity prices are expected to rise by a maximum of 8.4 percent by 2030 relative to the baseline (the price in 2030 in the absence of the reform). However, the initial impact is limited to approximately 2 percent, providing both households and the government with time to adjust. This transitional period could be used to scale up in-kind support measures or promote the adoption of energy-efficient appliances to mitigate the impact on consumption. For diesel, scenario 2 would result in a price increase of 1.5 percent in 2026, rising to 7 percent by 2030. For the most ambitious reform scenario, which involves a higher tax for diesel, the corresponding increases would be 3 percent in 2026 and 14 percent in 2030.

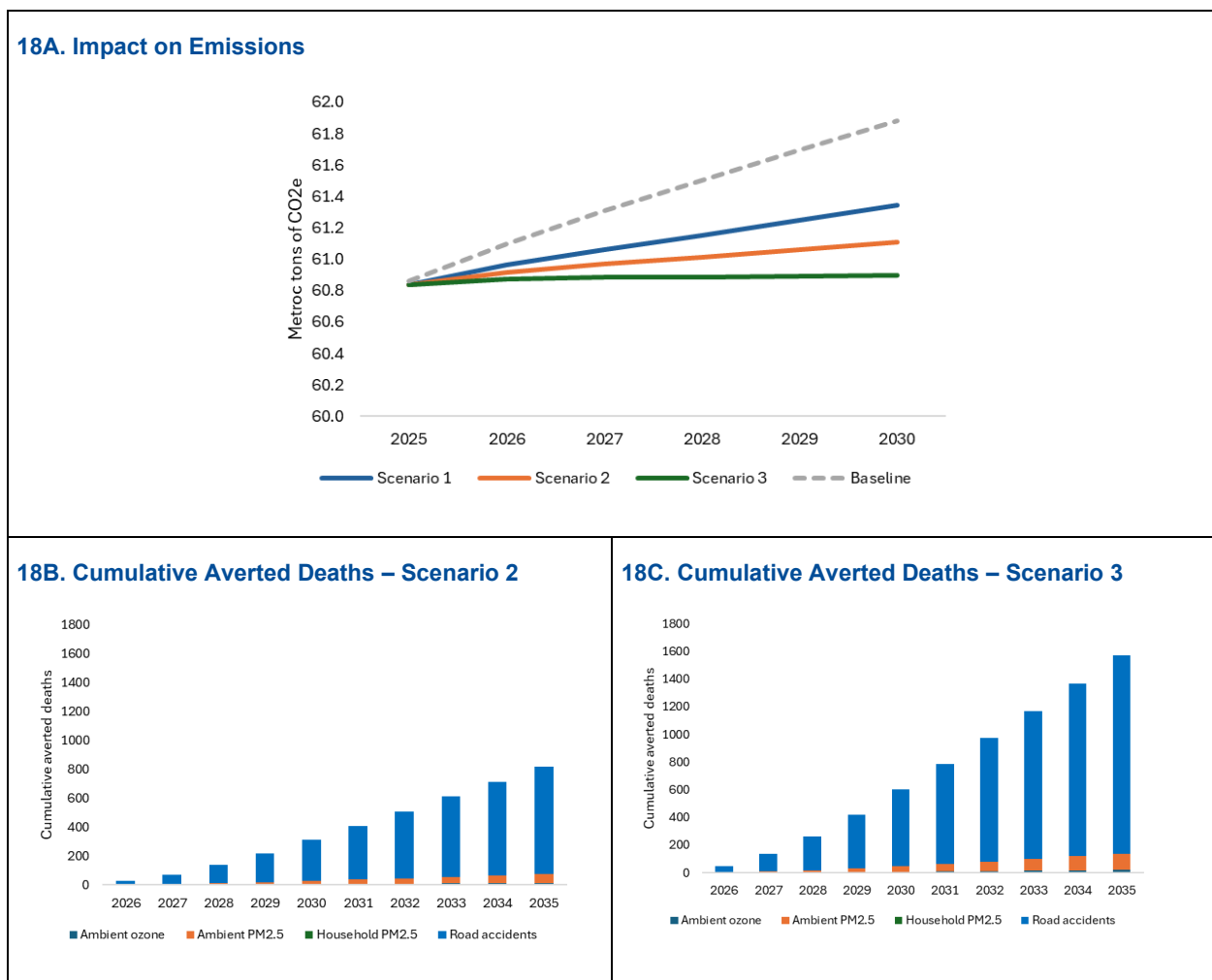
51. While the reform may have a modest negative impact on economic growth in the short term, medium-term growth could be strengthened if additional revenues are productively invested. Growth is only marginally affected in the first years following reform implementation. In the medium term, the high impact of productive investment in the economy would reap its benefits, leading to multiplier positive effects, including job creation and improved productivity, thereby placing the economy in a structurally higher growth path. This is reflected in Figure 17, which shows a positive deviation in projected growth relative to baseline growth over the medium term.

Figure 17. Impact on Economic Growth



Source: IMF Staff based on CPAT.

Figure 18. Impact on Emissions and Development Co-Benefits



Source: IMF Staff based on CPAT.

Impact on Emissions and Development Co-Benefits

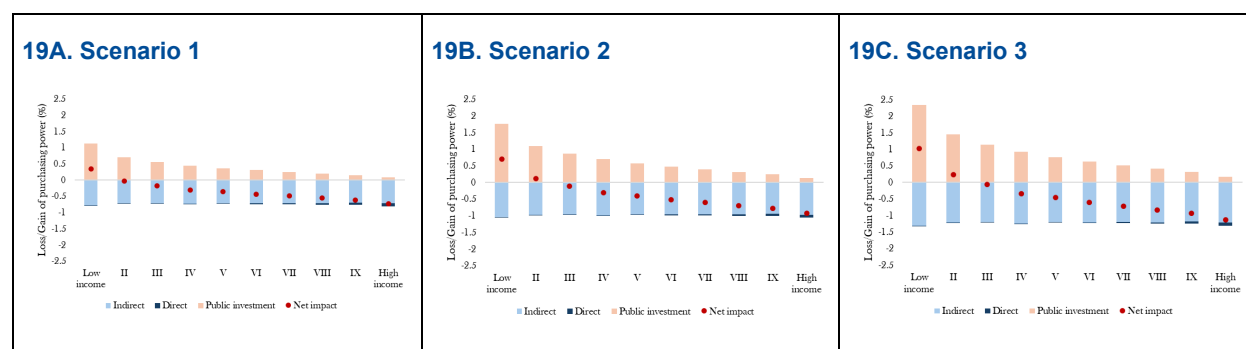
52. The modeled reforms are expected to have a limited impact on total GHG emissions, but a potentially significant effect on public health outcomes driven by reduced diesel consumption.

The marginal impact on emissions reflects the fact that non-energy sectors account for approximately 85 percent of Burkina Faso's total emissions, limiting the responsiveness of aggregate emissions to reforms focused primarily on fuel use. Additionally, despite the power sector is expected to continue increasing renewable generation capacity, it is also expected to increase fuel-based capacity. Under the most ambitious reform scenario, energy-related emissions would remain broadly stable relative to 2025 levels, at an estimated 60.8 MtCO₂e, though falling short of the country's NDC target. In contrast, the estimated cumulative number of averted deaths could reach up to 1,500 driven mainly by reduced road traffic and associated accidents. These health benefits highlight the broader externalities of fuel consumption and the potential co-benefits of fiscal and environmental policy reform (Figure 18).

Distributional and Sectoral Impacts

53. Energy price reforms can be designed to be progressive, depending on how additional revenues are redistributed. While higher energy prices may place a burden on households, assessing the incidence of energy pricing is critical for identifying appropriate compensatory measures. The distributional impact at the household level depends both on direct energy consumption and on the energy content embedded in the goods and services consumed. Different recycling instruments face trade-offs. For example, higher public investment is usually correlated with economic growth but foregoes the targeting benefit that compensatory cash transfers offer. Countries have also reduced other taxes, such as payroll taxes, to offset inflationary impacts through the impact on labor supply and overhauling the efficiency of the tax system, by substituting a distortionary tax with a Pigouvian tax (a tax set to internalize the value of an externality). Finally, supporting energy efficiency reforms can result in permanent reductions in electricity demand, with second round effects as they decrease fuel imports. In the context of Burkina Faso, model estimates suggest that the reform would have a relatively neutral impact across income groups, with households experiencing similar proportional losses in purchasing power. Under scenario 1, the average loss in purchasing power is estimated at 0.7 percent. This increases to 1.0 percent in scenario 2 and about 1.5 percent in the most ambitious reform scenario (Figure 19).

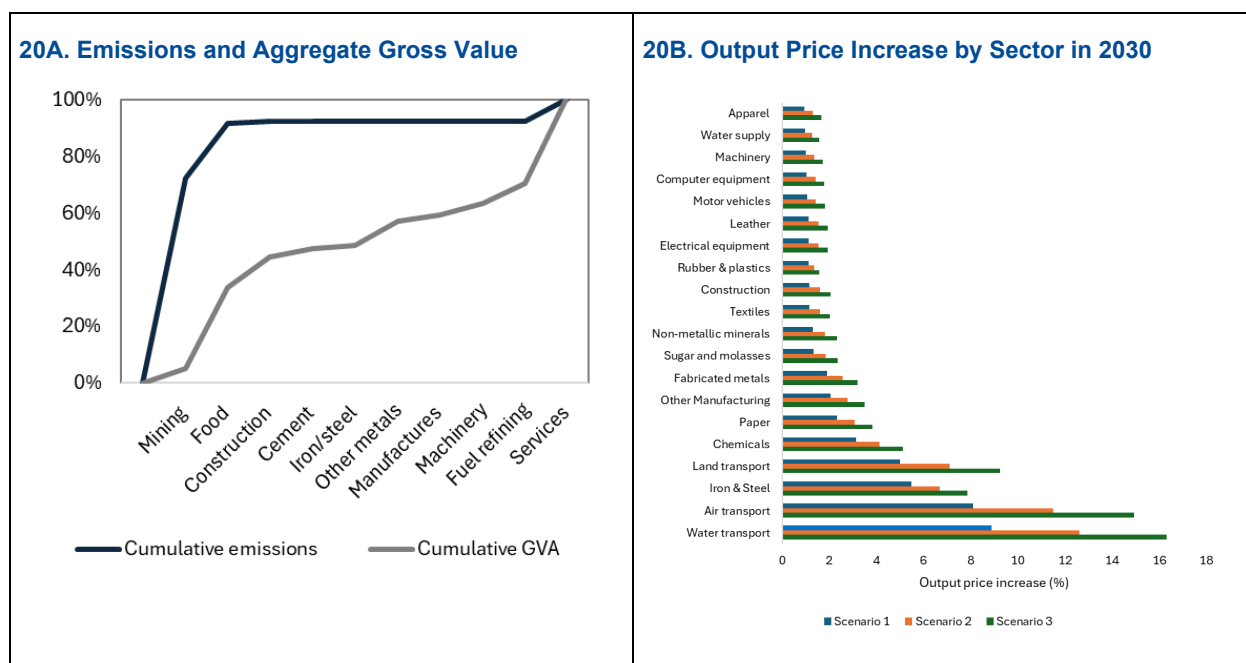
Figure 19. Distributional Impact on Households



Source: IMF Staff based on CPAT.

54. The largest price impacts of the modelled reforms would be concentrated in the transportation sector, followed by construction. Although the mining sector has high emissions intensity, it would only experience limited price effects, as a significant portion of emissions stem from indirect sources rather than direct fuel consumption. In contrast, transport activities, being highly dependent on diesel would face average price increases of 7, 10, and 13 percent under scenarios 1, 2 and 3, respectively (Figure 20). While such price increases would trickle into higher inflation temporarily, Figure 19 shows that adverse distributional outcomes for low-income households could be reversed.

Figure 20. Sectoral Impacts



Source: IMF Staff based on CPAT.

Recommendations

Continue Expanding Electricity Access

- Conduct thorough economic modeling of different mini-grid alternatives to have a clear picture of the necessary conditions for the financial viability of mini-grids throughout the country, to minimize potential fiscal costs.
- Prioritize solar mini grids with storage to avoid incurring in long-term variable costs .
- Explore the potential to build on existing generation for mining companies, while ensuring that negotiated prices with mining companies do not significantly deviate from other IPPs.
- Continue investing in the transmission and distribution network to expand access, also considering regional interconnection.

Continue Incorporating Renewable Energy While Managing its Variability

- Revise the self-generation decree to reduce the thresholds so that households are also eligible to sell excess supply into the national grid.
- Implement a feed-in tariff for renewable energy projects with storage capacity, potentially linked to support from MDBs to avoid fiscal costs.

- Develop regulation to implement a minimum requirement of storage capacity for new renewable energy projects.

Electricity Tariff Reform

- Implement a time-of-use tariff structure to encourage large electricity users to switch their hours of consumption during the day, when electricity is cheaper.
- Gradually adjust electricity tariffs, with a view to achieve-cost recovery and reduce fuel input subsidy, while introducing social tariff for low consumption levels.

Energy Pricing Reform

- Extend the Tax on Petroleum Products to cover to Heavy Fuel Oil, following the phased implementation structure modeled in this report.
- Align diesel's Tax on Petroleum Products with gasoline's Tax on Petroleum Products on a per-ton basis, following the phased implementation structure modeled in this report.

III. Promoting Water and Food Security

55. Climate-induced changes in freshwater availability impact water resources, agricultural productivity, and food security, which can subsequently lead to a ripple effect on economic stability and growth; fiscal policies can play an important role mitigating these impacts. Due to water's critical role in productive sectors, water scarcity can significantly impact fiscal performance and balance of payments stability. Reduced rainfall can adversely affect rainfed agricultural production and pastoral activities, leading to food shortages and decreased export revenues, which disrupting the trade balance. Drought shocks can also weaken sectors like mining and hydropower, leading to increased imports for essential goods and fiscal pressure. Moreover, inflation caused by the scarcity of essential goods, such as irrigated or rainfed crops, may pressure governments to increase subsidies, further straining fiscal resources. To manage the impact of water related shocks, the government may also resort to borrowing, which increases public debt and widens fiscal deficits. Fiscal policies can play an important role in alleviating water related risks and addressing the challenges of water-climate nexus. The Government can establish regulatory frameworks promoting responsible use of water resources, enhancing institutions to manage efficiency and productivity of water use and influencing water resource planning and pricing, ultimately contributing to sustainable water management and improved food and water security.

Context

56. Burkina Faso has limited water resources, and climate change further intensifies the challenges of managing these resources effectively. Water resources in Burkina Faso are located in various regions, primarily linked to the country's major rivers, lakes, and groundwater sources. However, geographic and climatic factors create regional disparities in water availability. The nation is traversed by five main cross-border rivers, of which only two are perennial, while climate change predictions indicate reduced rainfall and increased temperatures that threaten water availability.⁷ About 80 percent of the country rely on low-yield, hard-rock aquifers that are challenging to exploit. The bulk of Burkina Faso's water resources come from rainfall, which runs off and replenishes the groundwater. Recent estimates suggest that less than 2 percent of rainfall is usable (~3.2 billion cubic meter (m³)/year) after accounting for environmental needs, evaporation from reservoirs, and downstream demands.⁸ Surface water is mainly used for agropastoral, energy and mining purposes. However, some towns (including Ouagadougou) obtain their supply from surface water. By 2050, significant declines in water volumes are anticipated in Burkina Faso's major river basins.⁹ Currently, available renewable water resource per capita is well below the water scarcity threshold of 1,000 m³ per year per person established by the Food

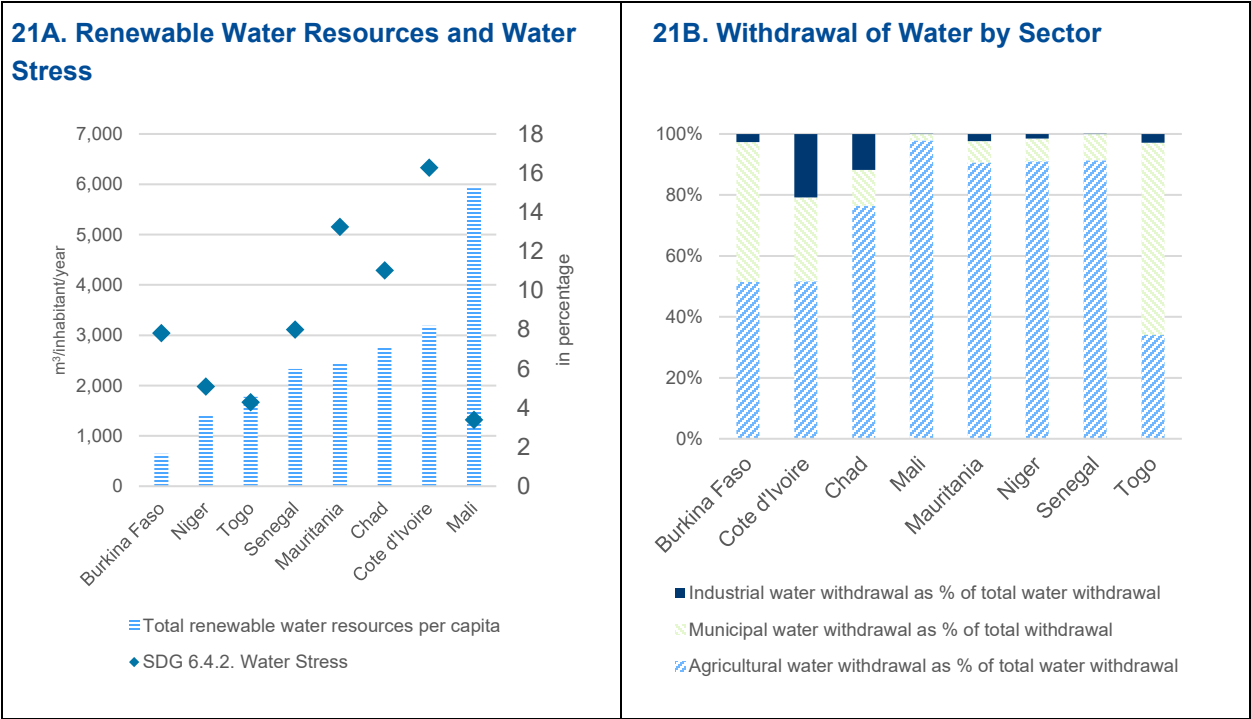
⁷ The three major river systems in Burkina Faso are tributaries of the Volta Rivers: the Black, the White and the Red Volta. The Volta River system drains approximately two-thirds of the country. Burkina Faso benefits from two other international river systems: the Niger River, draining 30% of the country's land area in the east and north, and the Comoé River, draining 7% of the country's surface area on the south. The only rivers in the country that carry water all year around are the Black Volta and the White Volta, the other rivers carrying water only during the wet season. Five water agencies have been set up for these four major rivers: The Nankanbé Water Agency, the Mouhoun Water Agency, the Liptako Water Agency, the Gourma Water Agency and the Cascades Water Agency. ([Water / Burkina Faso | Interactive Country Fiches](#))

⁸ World Bank, Burkina Faso - Water for Development to 2030 – Policy Note, 2021

⁹ This includes including Comoé River (69 percent), Mouhoun (73 percent), Nakambe (30 percent), and Niger (42 percent). (World Bank, Water Security Project, 2024.)

and Agriculture Organization (FAO) and the regional average.¹⁰ In 2024, about 78.6 percent of the population had access to safe drinking water but only one out of five people has access to improved sanitation facilities and disparities exists between rural and urban areas. The ongoing rise in demand for water and sanitation access, combined with rapid population growth, environmental degradation, and water resource pollution, will further heighten the vulnerability of the country's hydrological systems.

Figure 21. Regional Peer Comparison of Water Resource Indicators



Source : AQUASTAT

57. As water is a driver of Burkina Faso’s development, low water security, compounded by vulnerability to climate change, poses a significant challenge for agriculture production, energy and other sectors. A 2016 World Bank study estimated that the Sahel’s annual GDP could decline by 0.82 percent to 11.7 percent by 2050 due to climate-related water scarcity.¹¹ In Burkina Faso recurring droughts and increased evaporation rates have reduced the volume of usable water, intensifying competition and conflicts over resources, such as land. Agriculture accounts for the largest share of water abstraction at 51 percent, followed by municipal (domestic) use at 46 percent and industrial use at 3 percent (Figure 21).¹² Agriculture is a critical sector, employing 80 percent of the population and contributing 20 percent of GDP. Nearly all arable land is reliant on rain-fed systems with subsistence farming dominating land use, while high water abstraction supports smaller irrigated areas growing cash crops like cotton and vegetables. The sector is very vulnerable to the negative impacts of climate change. Declining rainfall is reducing water storage volumes, increasing the likelihood of droughts, which can

¹⁰ AQUASTAT.

¹¹ World Bank, CCDR 2022

¹² AQUASTAT

impact agricultural production, and ultimately food security.¹³ For instance, during the rainy season of 2021, twenty out of the forty-five provinces experienced crop production deficits, necessitating food assistance. While insecurity in these regions disrupted agricultural activity, the compounding effects of extreme weather events further intensified the crisis. Climate change can also reduce land productivity, disrupting crop growth and soil health. Currently, over 30 percent of Burkina Faso's land area (9 million hectares) is severely degraded, with this degradation expected to continue at a rate of 360,000 hectares per year.¹⁴ Additionally, climate change-induced flooding increases the risk of critical water infrastructure failures, exposing communities to physical dangers from floodwaters, , and diminishing water security due to service interruptions and loss of storage capacity.

58. The country also faces a severe humanitarian crisis, exacerbated by the intertwined challenges of food insecurity, conflict, and climate change. Climate change heightens vulnerabilities and inequalities, especially in situations of armed conflict, where countries, communities and populations are the least prepared and the least able to protect themselves and adapt.¹⁵ Conflicts harm the structures and systems that are necessary to facilitate adaptation to climate change. Since 2019, escalating violence from armed groups has displaced over one million people, disrupting agricultural activities, while climate change exacerbates droughts and alters rainfall patterns, significantly affecting food production. Consequently, nearly 5 million individuals urgently require humanitarian assistance, with many living under blockades that restrict access to essential resources.¹⁶ The influx of internally displaced persons puts additional strain on host communities, both in terms of food supplies and critical infrastructure, like water. The combined impact of climate shocks and armed conflict harms people's ability to cope,

A. Water Governance

Water Resource Legislation

59. The GoBF has established a comprehensive legal framework to support water supply, sanitation, and integrated water resources management (IWRM). Burkina Faso has created a strong legal framework for the sustainable management of water resources with the enactment of the 2001 Water Act. The law aims to ensure equitable access to water while promoting conservation and effective management practices. It emphasizes integrated water resource management, equitable access and allocation, water quality protection, decentralization, monitoring and evaluation, intersectoral cooperation, and sustainable development principles.¹⁷ It allows the Minister to regulate or prohibit certain uses of water to prevent shortages and manage competing demands during times of scarcity. A range of secondary legislation was issued supporting water resource management, quality standards, and the operational frameworks for water supply and sanitation services.

60. There is scope to enhance regulations for water efficiency and sustainable water resources management. Various actors (including key sector ministries of water, environment,

¹³ Sanou, Y., and Pare, S. 2020, Holistic Approach for an Integrated Management of Mouhoun River in Climate Change Context: Impacts and adaptation measures." 2020, Volume 11

¹⁴ World Bank, Communal Climate Action and Landscape Management Project, 2022

¹⁵ Burke, M, Ferguson, J, Hsiang S., Miguel E. "Climate change causes conflict: How policy can respond, 2022

¹⁶ World Food Programme, 2024; International Rescue Committee, 2023

¹⁷ Loi n° 002-2001/AN portant loi d'orientation relative à la gestion de l'eau.

agriculture, energy, forestry, mining, industry, health and education, related State Owned Enterprises, and local governments) are involved in the water sector to meet their economic priorities but their responsibilities in managing the water resource is not regulated. This has led to an insufficiently coordinated intervention in the construction of drinking water facilities (wells, boreholes, pumping stations) managed by different agencies, that has contributed to an overexploitation and pollution of water resources. It is crucial to clarify and regulate the responsibilities of sector ministries in water extraction, production and coordination to address competing demands and protect productivity in sectors.¹⁸ Furthermore, there is a need to regulate water abstraction for both surface and groundwater, for instance the use of groundwater by the National Office for Urban Water Supply and Sanitation (Office National de l'Eau et de l'Assainissement, ONEA) is more beneficial in terms of treatment than surface water while the agricultural sector relies primarily on surface water. Current regulations do not incentivize water-efficient practices such as rainwater harvesting, water-saving technologies in the agriculture sector, or responsible domestic use of potable water, nor do they establish norms for preserving groundwater resources, including protection perimeters and extraction or govern private companies in the distribution and provision of drinking water services.

Institutions for Effective Integrated Water Resource Management

61. The Water act has enabled the establishment for a robust institutional and policy landscape. The 2001 Water Act in Burkina Faso serves as the foundation for the institutional framework of the water sector, of which the National Water Council, created in 2002, the establishment of the National Water Council in 2002 and the Ministry of Water and Sanitation in 2016.¹⁹ The Ministry – now called Ministry of Environment, Water and Sanitation (Ministère de L'Environnement, de l'Eau et de l'Assainissement, MEEA) - is responsible for determining priorities, setting policies and standards for water development, managing and regulating water resources, and regulating water and sanitation services. The National Office for Urban Water Supply and Sanitation (Office National de l'Eau et de l'Assainissement, ONEA), an autonomous publicly utility, is responsible for the provision of water supply, on-site sanitation, and sewerage services in 60 urban centers. Since 2009, as part of the decentralization process, the municipalities are responsible for planning, developing, and delivering water supply and sanitation services in rural areas, though transfer of responsibilities to municipalities has not been accompanied by adequate financial and human resources. Significant policy reforms have also taken place, including the commercialization and modernization of ONEA, the delegation of water supply operations in rural areas to water user associations (Association d'Usagers de l'Eau, AUEs), non-government organizations (NGOs), and private operators; and, the adoption of IWRM principles in national policies and plans. The GoBF adopted a National Water Policy for 2016–2030 translated into operational programs (governance, water supply, IWRM, wastewater and sanitation infrastructure).

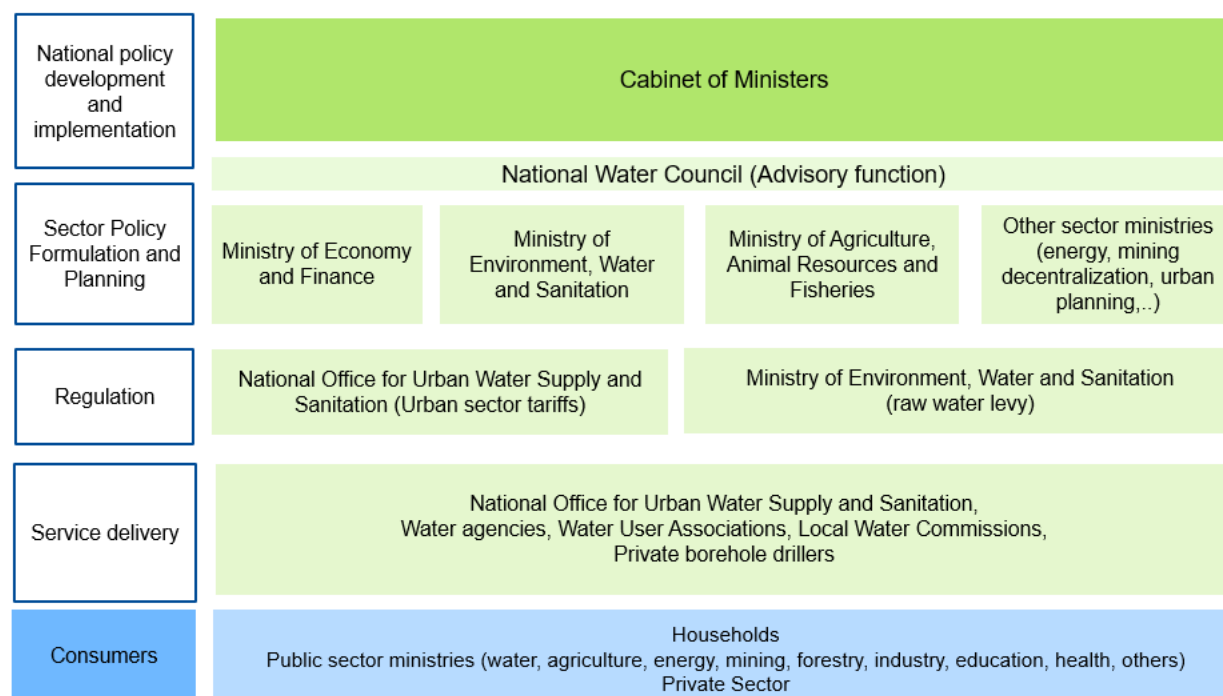
62. Coordination among sector ministries, like agriculture and energy, is essential for the sustainable use of water resources and balancing competing demands, however, the National Council has yet to fulfill this role effectively. Given the nexus characteristics of the water sector, linking different economic sectors (e.g., agriculture, energy, extractive industries) and policy areas, a centralized body like the National Water Council can ensure integrated water policies and provide

¹⁸ Environmental Science & Policy, Governance towards coordination for water resources management: The effect of governance modes, 2023

¹⁹ Decree 11°2002-539 on the powers, composition, organization, and functioning of the National Water Council and decree No. 2016-342 IPRES/PMIMEA on the organization of the Ministry of Water and Sanitation.

independent guidance to determine economically preferred solutions to meet water needs, and balance them with water, agriculture and energy policy objectives.²⁰ However, in practice, responsibilities for managing water resources and oversight are scattered across sector ministries and agencies, each prioritizing its own interests, which can lead to siloed decision-making, reduced policy coherence, accelerate the overexploitation or pollution of water resources, and also endanger the productivity of the connected economic sectors (Figure 22). Although the National Water Council has held occasional meetings and has been somewhat operational, it has struggled to effectively promote integrated policies, resolve conflicts, and ensure efficient data sharing and monitoring to support sustainable water use across sectors.

Figure 22. Institutional Framework of the Water Sector



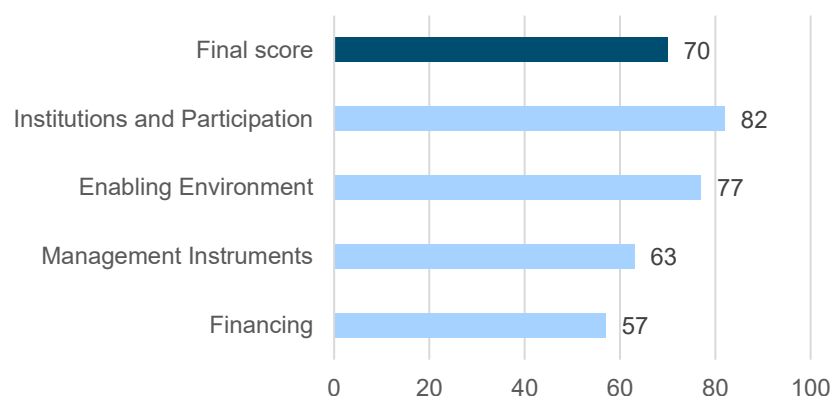
Source: National Water Policy (2015) IMF staff.

63. Burkina Faso has adopted good practices of integrated water resource management (IWRM), implemented through water policies, strategies, and investment plans set out in national programs. Governance and oversight are managed by the Inter-ministerial Water Technical Committee and, at the decentralized level, by the inter-services water regional committees (CISE). Since 2007, five national River Basin Authorities (RBA—Agences de l'Eau) have been established, with two developing a River Basin Master Plan for Water Management (SDAGE—Schéma Directeur d'Aménagement et de Gestion de l'Eau). Local Water Commissions (CLE—Comité Local de l'Eau) are in responsible of coordinating IWRM at the sub-basin level based on sub-basin plans (SAGE—Schéma d'Aménagement et de Gestion de l'Eau). A substantial portion of the country's surface water is shared with neighboring countries (the Comoé River, Niger, and Volta Rivers). Burkina Faso is an active member of the associated transboundary water authorities, including the Niger Basin Authority, the Volta Basin Authority,

20 Environmental Science & Policy, Governance towards coordination for water resources management: The effect of governance modes, 2023

and the newly formed Comoé River-Bia-Tano Basin Authority. A 2023 assessment of Burkina Faso's IWRM Sustainable Development Goal highlighted the important achievement related to institutions and participation and enabling environment (Figure 23). However, despite having a robust framework of legal and policy instruments, operationalizing these remains challenging, particularly concerning responsibilities and coordination in decision-making for infrastructure investments among the five RBAs, the National Office of Dams and Hydro-Agricultural Developments, National Office for Food Security and other agencies. Limited funding has also hindered the effective application of the IWRM regulation, for instance only three out of five RBAs having a River Basin Master Plan for Water Management or CLEs are at times not operational. In the context of the Alliance of Sahel States (Mali, Niger and Burkina Faso), it is also essential to reassess the collaboration among transboundary water authorities at the regional level regarding which agencies will continue as partners or may withdraw from the regional Basin Authorities.

Figure 23. Burkina Faso: IWRM SDG Indicator (6.41) Assessment



Note: Enabling environment (policies, laws, plans, and strategies); management Instruments (water allocation, pricing, and other tools); institutions and participation (roles and responsibilities of actors) and financing (sustainability of funding mechanism).

Source: IWRM Action.

64. Water related issues are closely linked to land management practices, as poor land use can adversely affect groundwater recharge and water quality; weak land management governance can further contribute to the degradation of natural resources. Water scarcity in Burkina Faso is deeply intertwined with land degradation, land and food security. It contributes to land conflicts and hampers agricultural productivity, while demographic pressures and conflicts further degrade soil productivity and diminish access to water resources. The authorities have undertaken important initiatives to strengthen the management of land use. The 2009 Rural Land Law introduced the rural land possession certificate (Attestation de Possession Foncière Rurale, APFR) to acknowledge customary occupancy of agricultural plots and conservation areas, supporting a largely decentralized rural land system through local land administration structures. A legal framework for systematic land registration was also set up²¹ and in 2020, the National Agency for Public Entities' Land was established to secure funding for the registration of state and municipal land, with limited pilot programs initiated for regularizing land occupations to support agricultural development in select irrigation districts. However, the issuance of APFRs remains

²¹ Decree 2010-405 and Decree 2014-481 article 263

very low, and there are few decentralized offices available. Overlapping mandates and challenges in managing basic land administration procedures, particularly at the municipal level, have significantly hindered the implementation of land registration and the issuance of certificates.

Climate Informed Planning for Water Resource Management

65. Planning, monitoring and predicting of the water resource face challenges related to capacities and data planning tools. Several institutions are engaged in the monitoring, development, and forecasting of weather, water, and climate information services, as well as in the delivery and response to warnings. These include: (i) The National Meteorological Agency (ANAM), which oversees weather and climate services, including agrometeorology; and (ii) The Directorate General for Water Resources (DGRE), which is responsible for monitoring surface and groundwater and information services on water resources. Few These institutions currently provide few hydrometeorological information and warning services, and their interventions are limited in terms of quality and effectiveness due to a lack of financial resources. For example, ANAM is unable to provide accurate and up-to-date weather forecasts(at the moment a 24h forecast is provided with low accuracy and ANAM does not operate 24/7), including for extreme weather and flooding events. Similarly, DEIE faces limitations in hydrological modeling, flood forecasting, and the availability of necessary tools Currently, there exists only an early warning system for high water levels and flooding. A recent study funded by the World Bank indicated that, in addition to the 36 existing hydrometric stations, approximately 60 additional stations would be needed to improve water resource management, control pollution, and mitigate flood risks

66. Despite the importance of having accurate and detailed data on water resources for decision making and inter-institutional coordination, Burkina Faso's lacks the data and knowledge necessary for proper water resource management. In a context of conflict and challenging geological conditions, data collection remains a challenge, is financed by limited domestic resources while some partners support the process. This compromises the continuity of data collection and the effective use of data in planning.. Consequently, the quantity and quality of data submitted can vary, leading to "negative" investments in boreholes drilled in areas without water, which can account for 30 percent or more of lost investments in certain regions. As a result, varying data quality and quantity can lead to "negative" investments in boreholes drilled (drilled in areas without reaching water), with losses reaching 30 percent or more in some regions. Although there is a national groundwater level monitoring network managed by the DGRE, approximately 80 percent of groundwater resources remain unassessed regarding their productivity, recharge, and exploitation – though expected World Bank financed support will help to close this gap. The national water information system, established in 2003, is not yet fully operational. To bridge these data gaps, the Directorate General of Drinking Water is currently conducting a national inventory of water points, with the last inventory dating back to 2017, to gather essential data on groundwater resources, vital for effective water management, contamination detection, and scientific research. The lack of comprehensive information on surface and groundwater hampers the government's ability to meet the increasing demands from agriculture, industry, and human consumption, to sustainably manage water resources, and to respond promptly to hydro-climatic crises.

B. Water Pricing and Financing

67. Effective water pricing is essential for promoting sustainable water resource management and ensuring the long-term viability of water supply systems. Designed and implemented well, a robust water pricing framework can strengthen macro-fiscal performance, while addressing the challenge of water-climate nexus. By reflecting financial and economic cost of water, pricing mechanisms encourage efficient use and conservation, prompting users to be more mindful of their consumption habits. At the extraction stage, appropriate pricing can incentivize sustainable practices, ensuring that water resources are not overexploited. During exploitation, well-structured water pricing can fund infrastructure maintenance and improvements, enhancing the efficiency of distribution systems. In production, water prices reflect the true economic cost of water, guiding industries and agricultural sectors to adopt water-saving technologies and practices. Finally, in the delivery of water services, fair pricing ensures that utility companies can cover operational costs, invest in necessary upgrades, and provide equitable access to water for all users. Water pricing is implemented alongside complementary measures that focus on both allocative efficiency and equity concerns.

68. Burkina Faso's water resource is governed by several different tariffs. Law 2009 established three parafiscal taxes, also called “financial contribution for water (FCW)”, including a tax on the changes to the water regime²², a tax for water pollution and a raw water levy.²³ The water pollution tax, incorporating the polluter pays principle, has not yet been adopted but its preparation has been informed by a recent study and consultations with stakeholders.²⁴

69. The raw water levy does not reflect the economic value of the water resource. Based on a study on the economic value of water, the MEEA established the water levy rate in 2011, which was revised in 2015 to lower the fee for mining and other industries from 200 FCFA/m³ to 125 FCFA /m³. This levy applies to service providers involved in drinking water, mining, industrial activities, civil engineering, as well as agricultural, pastoral, and fishing endeavors. The water levy for agricultural users is currently being developed, targeting large agricultural producers, and will be issued as a separate regulation. The Ministry of Agriculture, Animal Resources and Fisheries (Ministère de l'Agriculture, des Ressources Animales et Halieutiques, MARAH) is also exploring the establishment of a dedicated agency for levy collection near the collection points. The raw water fee aims to encourage sustainable use of water resources, cover administrative expenses, and promote equity. The levy is collected by the five RBA and is allocated for IWRM activities. The levy for raw water usage, designated for social purposes and ONEA, is set at 1 FCFA/m³ to ensure equal access to water (Table 2). For other users or different purposes, different levies ranging from 10 FCFA/m³ to 125 FCFA/m³ are applied. Given the limited fiscal space and

²² The changes to the water regime refers to payment of the 13 percent water regime modification tax are those relating to any form of exploitation of water bodies and water resources, installations, structures, works, and activities that result in a change in the flow or mode of water flow.

²³ Law No. 058-2009 regarding the institution of a parafiscal tax for the benefit of water agencies.

²⁴ The facilities, activities, or work subject to pollution tax are those that cause a discharge, flow, release, or direct or indirect deposit of materials of any kind and, more generally, any act likely to cause or increase the degradation of water by altering its physical, chemical, or biological characteristics, whether surface water or groundwater. (2009 Law)

significant financing needs in the sector for water conservation, infrastructure development, ecosystem restoration, there is a need to update the economic water study and revise the levy accordingly.

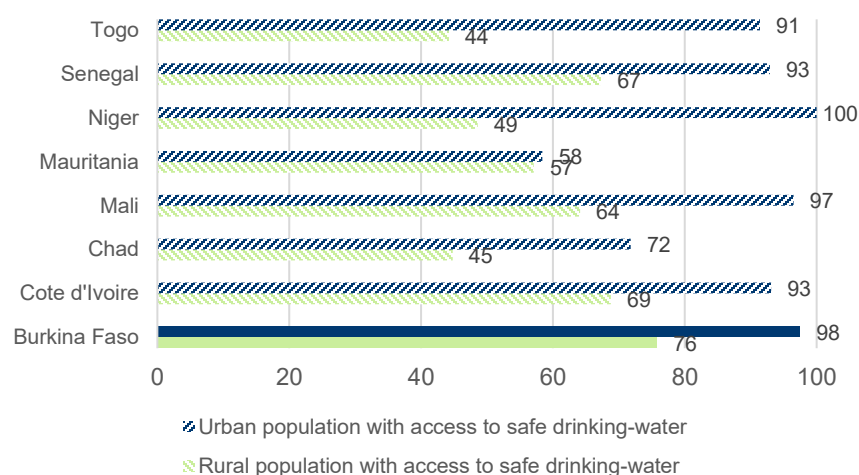
Table 2. Fee for Raw Water

Type of Consumer	Tariff
Companies producing drinking water for social purposes/ ONEA	1 FCFA per m ³
Commercial companies	50 FCFA per m ³
Mining and other industries	125 FCFA per m ³
Civil engineering works	10 FCFA per m ³ of backfill executed; 20 FCFA per m ³ of concrete used, all types of concrete combined

Source: Decree 2015.

70. The Authorities have made important progress to improve access of drinking water supply to the population. In urban areas, water supply is delivered through a network that connects to private households and public taps, with wells and boreholes also utilized, particularly in surrounding regions. ONEA is responsible for urban water supply, overseeing 60 centers. Previous institutional reforms and capital investments have led to a substantial increase in access to potable water in urban settings. As of 2020, Burkina Faso boasted the second highest rate of access to drinkable water in the region (Figure 24). Significant initiatives included the hiring of skilled management staff, enhancing water supply through the construction of the Ziga Dam, establishing a service contract with a private operator, and implementing block rates. However, the urban water sector is confronted with a significant sustainability challenge due to rising water demand, driven by rapid urban population growth, particularly in Ouagadougou, which is ONEA's largest center, along with limited financial resources.

Figure 24. Burkina Faso: Access to Water Supply in Urban and Rural Area, 2020



Note : In 2024, access to water in Burkina Faso reached 91.8% in urban areas compared to 71.5% in rural areas. [MEEA].

Source: AQUASTAT.

71. Insufficient water pricing hinders cost recovery and undermines efficient water use and service delivery. ONEA is tasked with regulating urban water tariffs to ensure management efficiency, water quality, and financial sustainability. A regional comparison of financial and performance indicators reveals that while the utility company has a high collection recovery rate, there is room for improvement in physical and financial productivity as well as pricing (Figure 25). The current tariffs do not sufficiently cover the utility's operation and maintenance (O&M) costs, debt service, and partial contributions to capital expenditures. ONEA's financial viability is compromised in part due to an inefficient pricing system: (i) the absence of regular tariff adjustments to address increasing operational costs, such as energy, chemicals, and labor -the last adjustment occurred in 2018, (ii) a tariff structure that heavily relies on industrial and commercial users to subsidize the lifeline tariff; (iii) a significant shift in the customer profile, where new customers often limit their consumption to the subsidized lifeline tariff of less than 8 m³/month, resulting in 40 percent of all consumers falling under this category (Table 3). Additional challenges constitute (i) a backlog of unpaid bills from the public sector, (ii) a high rate of Non-Revenue Water (NRW), estimated at 30 percent, stemming from aging infrastructure, leakages, illegal connections, and commercial losses due to faulty meters and (iii) rapid, extensive growth in peri-urban areas, particularly in Ouagadougou and Bobo Dioulasso, necessitating substantial investments in network expansion and (iv) the impact of climate change affecting the operational cost due to damages related to floods, pollution and sedimentation of dams. Due to limited financial resources, investments in water infrastructure are made on an ad-hoc basis.

Figure 25. ONEA – Selected Financial and Performance Indicators

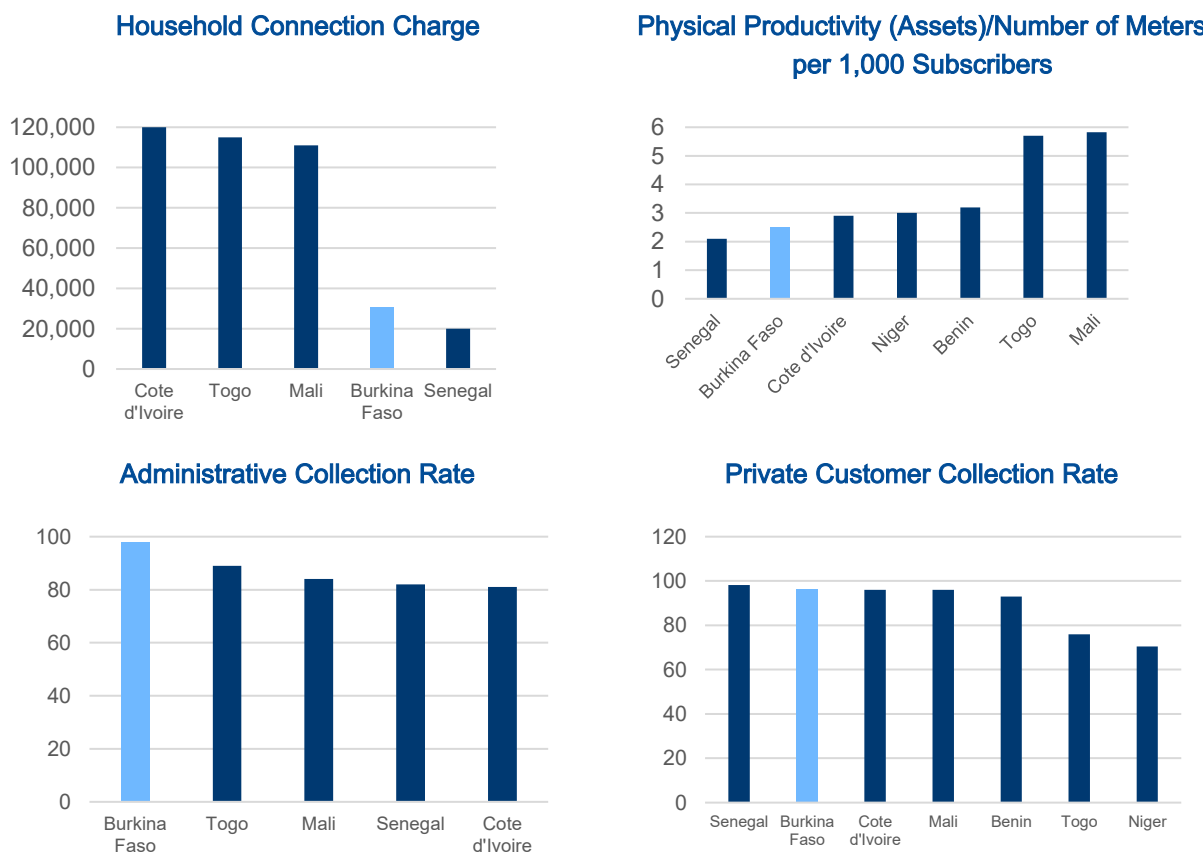
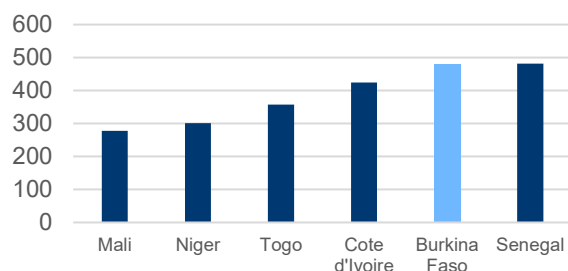
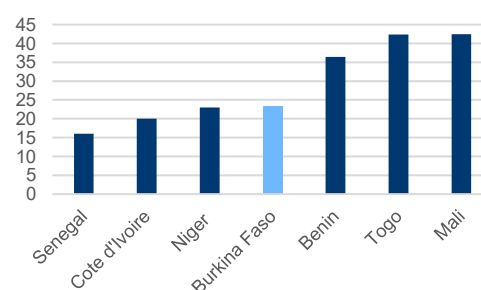


Figure 25. ONEA – Selected Financial and Performance Indicators (Continued)

Average Sales Price (FCFA/m³)



Financial Productivity: Personnel Costs/Turnover



Source: ONEA.

Table 3. ONEA - Tariffs for Drinkable Water and Sanitation

Connections		Hydrants/ Company	
Categories individuals and pensions : household tariffs		Individuals supplying standpipes and water stations	
Band 0 to 8 m ³	188 FCFA m ³	20-litre bucket	5 FCFA m ³
Band 9 to 15 m ³	463 FCFA m ³	40-litre basin	10 FCFA m ^{3h}
Band 16 to 25 m ³	663 FCFA m ³	220-litre drum	60 FCFA m ³
Band over 25 m ³	1104 FCFA m ³		
Customer service charge	1000 FCFA m ³	Fountain hydrants	188 FCFA m ³
Independent sanitation fees	21 FCFA m ³	Sanitation charge	10 FCFA m ³
Collective sanitation fees	60 FCFA m ³		
TVA: 18% (fees, sewerage fees, and water consumption >50 m ³)		Stand-alone water stations	95 FCFA m ³
Category large firm, industry, municipalities, administrations: company tariffs		Sanitation charge	10 FCFA m ³
Single rate (no band)	1104 FCFA m ³		
Customer service charge	1000 FCFA m ³	Raw water	439 FCFA m ³
Sanitation fee	21 FCFA m ³	Sanitation charge	52 FCFA m ³
Collective sanitation fees	90 FCFA m ³		

Source: ONEA.

72. ONEA has made efforts to overcome its financial and operational challenges. To reduce the high operational cost, ONEA is currently exploring cost-reduction strategies, such as piloting prepaid meters and investing in solar energy to lower energy expenses. The performance contract with the utility company also offers an opportunity to improve its operational efficiency, albeit its risk assessment can be strengthened by integrating climate change impacts on water systems and incorporating these into the performance metrics. As part of the current renewal of its performance contract, ONEA aims to open

discussions regarding the settlement of unpaid bills and the tariff policy, exploring various scenarios for tariff adjustments.

73. Important progress has been achieved in rural areas, coinciding with a major reform in service delivery. In 2000, the GoBF implemented a substantial reform that mandated the management of boreholes equipped with hand pumps managed by AUE through a delegation agreement established between the municipality and the AUE. Pump maintenance and repair are ensured by an operator based on a contract signed with the municipality. The management of drinking water supply system is delegated to a private operator, selected by the municipality through a competitive bidding process. This structure aims to achieve cost recovery through tariffs while ensuring that water remains affordable for users. The successful execution of the rural water reform is evidenced by impressive functionality rates of 88.6 percent for the hand pumps and 84.3 percent for rural water systems.²⁵ As of 2020, Burkina Faso boasts the highest access to water sources in rural areas within the region, reaching 76 percent.

74. There is an opportunity to consolidate the current management systems to improve scalability and ensure financial viability. The current system utilizes a single water tariff of 500 FCFA/m³, which is allocated across various cost categories: 60 FCFA/m³ for the fountain operator, 50 FCFA/m³ for the center manager, 15 FCFA/m³ for the AUE FCFA/m³, 75 for operating expenses, 60 FCFA/m³ for the local management centers (centre de gestion, CDG, 100 FCFA/m³ for the maintenance fund, 100 FCFA/m³ for the renewal fund, and 40 FCFA/m³ for the investment fund. However, this tariff does not fully cover all expenses, particularly investment costs. Given the successful application of this model in semi-rural areas, there is an opportunity to refine the approach by adopting a communal management structure. This would involve streamlining the commercial management of users and leveraging economies of scale through increased consumption volumes.²⁶ Such a transition would necessitate the establishment of new management frameworks, a revision of the tariff system, and the development of an inter-municipal consultation mechanism.

Recommendations

Strengthen Water Resource Legislation

- Adopt regulations on (i) the responsibilities of sector agencies involved in water resource/supply (related to climate informed planning, surface and groundwater management, water abstraction, coordination...), (ii) sustainable use of surface water and groundwater and (iii) improving water use efficiency and conservation
- Adopt a regulation for (i) the sustainable exploration, operation and management of surface and groundwater resource and (ii) water efficiency [rainwater harvesting, water reuse systems in agriculture]

Enhance Institutions for Effective Integrated Water Resource Management

- Enhance the role of the National Water Council ensuring it is operational and provides guidance on water related issues, such as planning, investment and responsible water use

²⁵ World Bank, Water supply and sanitation program – for Results, 2018

²⁶ PS-eau, Developing sustainable local responses that are closely tailored to needs, 2010

- Clarify the coordination of the five RBAs with other sector agencies Review the collaboration of transboundary water authorities that are not part of the Alliance of Sahel States (Mali, Niger and Burkina Faso)
- Review and streamline mandates across different land management agencies for sustainable land use practices and food security Scale up the implementation of land certificates in line with the regulation and streamline current registration procedures

Enhance Climate Informed Planning for Water Resource Management

- Modernize the National Water Information System, strengthen the data repository and establish requirements that integrate climate risks and source water protection enabling better data-driven decision-making

Promote Sustainable Financing of Water Use and Services

- Update the regulation on the raw water levy, informed by a new study assessing the economic value of the water resources, expand the coverage to large consumers in the agro-pastoral sector users
- Update the decree on urban water tariffs to enhance cost recovery, while maintaining social tariff for low consumption levels
- Incorporate climate relevant targets as part of its efficient, sustainable performance indicators within ONEA's framework contract to better manage risks, improve resource management, and ultimately enhance the sustainability of its services
- Enhance cost recovery by reducing (i) NRW losses (investing in water infrastructure and distribution network, leak detection and illegal connections, prepayment of water meters) and (ii) operational costs (investing in renewable energy equipment).

IV. Disaster Risk Management and Financing

75. Burkina Faso’s Disaster Risk Management strategy should be considered in the context of very low—but rising—exposure to disasters (ranked 183rd globally) and extremely high vulnerability (17th globally). The shocks affecting the country are primarily localized floods and droughts (Table 4).

76. While the intensity of precipitation and the probability of extreme rainfall have remained relatively stable over the past seven decades, population growth—which doubles every 35 years²⁷—uncontrolled settlements (with an urban growth rate of 5 percent²⁸), 2.1 million conflict-displaced people²⁹, north-to-south migration due to agricultural land degradation³⁰, and the growing stock of vulnerable infrastructure have increased the impact of shocks. Meanwhile, the rise in average temperatures and the increasing prevalence and intensity of extreme heat events—paired with poor health indicators and an extremely low-resilience agricultural sector—further exacerbate the country’s vulnerability.

Table 4. Major Climatic Events Affecting Burkina Faso in Years 2005-2025

Year	Event Type	Description & Impact	Number of Victims/Affected
2009	Flood	Heavy rainfall, 15 dams broke, 42,000 homes destroyed, 22,220 ha farmland flooded, Ouagadougou hit.	119,356 affected, 46 deaths, 63 injured
2015	Flood & Wind	Heavy winds and floods in 7 regions, 8 killed, 54 injured, 24,354 affected, 3,200 homeless.	24,354 affected, 8 killed, 54 injured
2020	Flood	Heavy rains in all 13 regions, national disaster declared; homes, shelters, food stocks destroyed.	71,341 affected, 3,347 houses destroyed
2021	Drought/Water Crisis	Severe water shortages in 6 regions, compounded by drought and conflict.	628,000+ in need, 350,000 displaced
2023	Water Crisis (Conflict)	Attacks on water infrastructure destroyed 32 points, mainly in Djibo, Sahel region.	290,000 directly, 520,000 indirectly
2024	Flood (Boulssa, Centre-Nord)	Torrential rain, 7 deaths, 42 injured, 7,648 people affected, 925 houses destroyed.	7,648 affected, 7 killed, 42 injured
2024	Flood (Nationwide)	Flooding in nine regions, esp. Sahel, Centre-Nord, Est, Boucle du Mouhoun.	16,000 affected, 3,884 women, 10,258 children

Source: IMF staff.

²⁷ UNU-WIDER (n.d.) Burkina Faso – growth without poverty reduction. [Online]. Available at: <https://www.wider.unu.edu/publication/burkina-faso-growth-without-poverty-reduction>

²⁸ UN-Habitat (n.d.) Burkina Faso. [Online]. Available at: <https://unhabitat.org/burkina-faso>

²⁹ Mednick, S. (2025) ‘They fled from extremists. Now the government in Burkina Faso tries to hide their existence’, *Associated Press*, 6 January.

³⁰ Nebie, B. (2025) ‘Migration and Land-Use and Land-Cover Change in Burkina Faso: a comparative case study’, *Journal of Political Ecology*, 32(1).

77. Information on the macro-fiscal impact of climatic shocks is incomplete, and the government and its partners estimate impacts in the context of significant data gaps. The World Bank Hazard Portal, which tracks the number of people affected, identifies five major droughts over the past forty years, with an average of 1.8 million people affected per event and a total economic cost of approximately 12.7 million. While the direct impact of floods on the population appears lower—averaging a human impact about 40 times smaller and a total economic impact about 16 times smaller than that of droughts³¹, these numbers do not accurately reflect the fiscal impact, as the government officials note that floods severely damage public and private infrastructure, intensify competition for water resources, and undermine development efforts. Finally, the health-related hazards such as local epidemics and an increasing risk of heat-related health issues are likely often unreported.

78. In this context of low—but increasing—exposure and high vulnerability, even modest improvements in resilience could significantly reduce the macroeconomic and fiscal cost of shocks. A modeling exercise conducted by the World Bank explores the channels through which productivity in Burkina Faso may be affected by climate shocks under various climate scenarios and assumes different levels and types of adaptation. Over the long term, even partial adaptation investments in some of the vulnerable areas are likely to increase annual GDP growth by over 2.5 percentage points compared to a no-adaptation scenario³². Even moderate investments in agricultural resilience can yield immediate productivity gains by addressing current pressures. Analyses like this help estimate returns on resilience investments at the sectoral level. However, it is crucial to consider cross-sectoral economic transformation, which not only addresses sector-level resilience but also enhances economy-wide macroeconomic resilience—where avoided losses and productivity gains are likely to be even more significant.

A. Disaster Risk Management

79. Despite the long-term benefits of investing in structural and financial resilience,³³ Burkina Faso's DRM approach prioritizes post-disaster resilience and focuses on humanitarian response. This approach is evident in the DRM legislation, fiscal practices, and long-term development planning.

80. Law No. 012-2014/AN is the main legal instrument governing disaster risk management in the country. It appropriately assigns high-level responsibility for the DRM cycle to the central government, placing it under the authority of the Prime Minister. However, the remainder of the act places emphasis on two ministries with an exclusively response-focused mandate, suggesting a relatively narrow intended focus. While the act envisions a decree to define the central structure responsible for DRM, such a decree has not yet been issued. Furthermore, despite Act's requirement, DRM is not currently guided by a national policy, which would be essential for mainstreaming DRM into the government's development plans, investment strategies, and budgeting processes. According to the government, such document is currently being developed.

³¹ World Bank (n.d.) *Climate risk profile: Burkina Faso – vulnerability*.

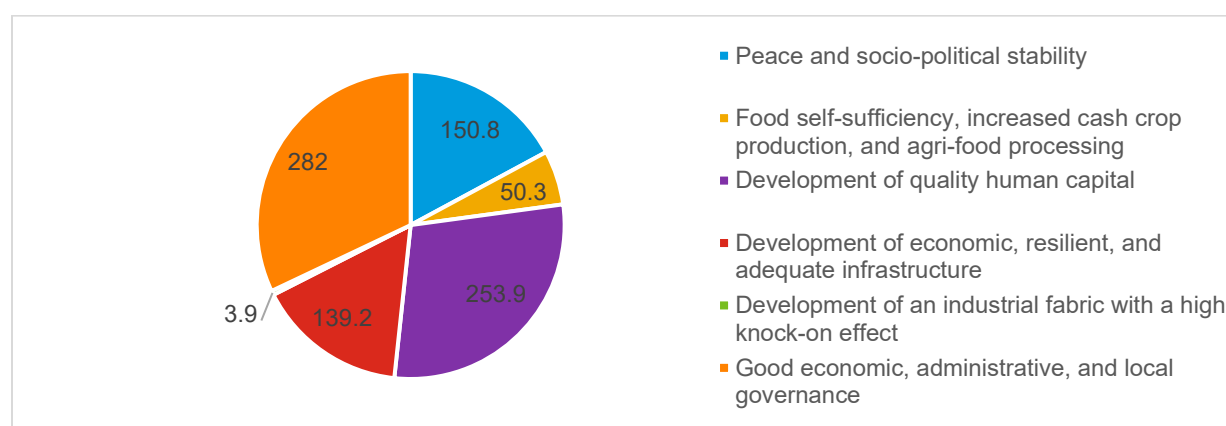
³² World Bank. 2023 Burkina Faso Economic Update - Special Chapter : Building Financial Resilience to Climate Risks (English). Washington, D.C.

³³ IMF. 2019. Building Resilience in Developing Countries Vulnerable to Large Natural Disasters. Policy Paper No. 2019/020.

81. Unlike in the case of broader DRM coordination, specific response activities in the areas of civil protection and humanitarian action are addressed more thoroughly in legislation. The main responsibility for response activities is shared between the General Directorate for Civil Protection of Burkina Faso, under the Ministry of Territorial Administration and Decentralization, and the Ministry of Humanitarian Action and National Solidarity, which provides humanitarian assistance. The exact structure and responsibilities of the Ministry of Humanitarian Action were recently defined in Decree No. 2024-1601/PRES/PM. The decree reiterates the establishment of Secrétariat permanent du Conseil national du secours d'urgence et de la réhabilitation (SP/CONASUR) as the executive body of the National Council for Emergency Relief and Rehabilitation (CONASUR). In current legislation, the Ministry of Humanitarian Action is responsible for “Restoration, rehabilitation and reconstruction operations”, which are narrowly understood in the Act as the “restoration of people’s normal living conditions”.

82. DRM is not currently explicitly addressed in the mid-term budget strategy. The latest Multi-Year Budgetary and Economic Programming Document (DPBEP) 2026–2028 correctly identifies six budget priorities, each with strong—though not fully acknowledged—links to disaster risk management (Figure 26). However, these priorities do not fully recognize the critical connection between resilience-building, the protection of socio-economic gains, and the avoidance of costs related to climatic shocks. While some aspects of resilience-building are mentioned—particularly in relation to infrastructure, and food self-sufficiency—they are not yet fully mainstreamed into the planning framework.

Figure 26. The Breakdown of the Total Investment Envelope of 880.1 billion FCFA for 2026 (Own Resources)



Source: Detailed report DPBEP 2026-2028.

83. The government has made a significant step forward in planning for climatic shocks affecting the fiscus, having first introduced fiscal risk statements that include fiscal risks in 2022, and since then have strengthened the climate risk analysis in its fiscal risk statement. However, gaps remain. Notably, the strategy does not provide details on the priority areas for adaptation building, does not reference a long-term strategy for risks reduction, and does not cite a document or outline a strategy for improved risk financing—except for streamlining some of the funds and incorporating them into the reserve.

84. The National Plan for Economic and Social Development (PNDES II) – Burkina Faso (2021–2025) recognizes climate risk as a medium-level threat to development, in contrast to the

worsening security situation, which is considered the primary threat in the country. The proposed actions to mitigate climate risk focus mainly on response measures rather than structural changes. Adaptation is preparedness and risk reduction are addressed primarily through efforts to improve agricultural productivity for food security, and to a lesser extent through resilience-building investments in water, sanitation, housing, and energy infrastructure. This vision is broadly reflected in both fiscal planning and sectoral policies.

85. Considering present and increasing risks of agricultural droughts, the agricultural policy faces challenges in reconciling its objectives of increasing employment in agriculture sevenfold, tripling productivity, doubling the rate of industrialization, and increasing forest cover. In terms of preparedness, the strategy focuses primarily on diversifying crop production and expanding irrigation. However, it places greater emphasis on the role of agriculture in addressing food insecurity and protecting the rural population from disasters through market interventions, increased national grain reserves, and higher intervention stock levels. It also includes targeted support to vulnerable households through production aid, efforts to diversify household diets, and measures to reduce structural food insecurity. The strategy aims to integrate vulnerable populations, including displaced persons, into production systems.

Past Damage, Disaster Risk, and Disaster-related Budgetary Data

86. Despite some efforts in recent years—such as Burkina Faso joining the Open Government Partnership (OGP) at the World Summit in 2016 in Paris, and the publication of the Plan d'Action National 2023–2025—access to information crucial for disaster risk finance remains very limited, fragmented, and difficult to obtain for government stakeholders, the public, and the private sector. An online portal developed under the World Bank–financed Faso eGovernment Project has been offline for at least a year.³⁴

87. Ministries and agencies in Burkina Faso primarily collect DRM-critical data for their own use and are often reluctant to share it, typically requiring formal requests and justifications. This fragmented approach leads to frequent data duplication. Various ministries develop DRM critical data without coordination. Civil Protection has developed a national plan for risk analysis and coverage, including hazard maps. The Directorate of Water Resources holds partial hydrological hazard maps, which are not available online, only partially validated, and accessible only upon request. The Ministry of Urban Planning issued a decree in 2024 on flood zones, and 26 urban master plans now include climate risk considerations, with risk mapping integrated into planning tools. Drone-based hazard mapping has also been conducted, covering areas such as 45 hectares of informal settlements, but the data is not currently accessible to other stakeholders. The Geographic Institute produces thematic maps related to land use, forest cover, and meteorological data for dams and dykes.

88. There is no shared standard for DRM-critical data collection, processing, or integration. Collected data is often not geotagged or is geotagged incorrectly. The lack of guidelines on data collection methods makes integration difficult. Some of the challenges are further compounded by hardware limitations—for example, the Ministry of Infrastructure has only two road profiling UNIBOX V

³⁴ Government of Burkina Faso (n.d.) *eBurkina official website* [Archived]. Available at: https://web.archive.org/web/20250000000000*/https://www.eburkina.gov.bf/ (Accessed: 12 June 2025).

devices, forcing local authorities to rely on manual assessments. Neither of the two weather radars available in the country is currently operational, and a large portion of meteorological data collection relies on 145 manual stations³⁵ that require physical logbook submissions, resulting in significant delays.

B. Shock-Responsive Social Protection

89. There is no specific law for social protection, and the main policy, the National Social Protection Policy (PNPS, 2013–2022), is currently under revision. Further, Burkina Faso is developing a Single Social Registry to enhance its capacity to support vulnerable populations during shocks. With support from the World Bank, the registry currently covers approximately 30 percent of the population, and data collection has been completed in only 2 out of the country's 13 regions. Efforts to expand the database are ongoing, with additional data collection supported by the World Food Programme in the northern regions and the United Nations International Children's Emergency Fund (UNICEF) in the eastern regions.

90. The development of the Single Social Registry is guided by strong governance and overseen by a dedicated technical secretariat. Its objectives include avoiding duplication, ensuring coordination among stakeholders collecting data, and enabling integration with other databases—such as the database of disaster victims maintained by CONASUR. This means that whenever individuals registered by CONASUR become structurally vulnerable, they are transitioned into the social registry database.

91. In response to disasters, cash transfers are often the most efficient way to quickly reach affected populations and address a variety of needs, though the effectiveness depends on the existence of functioning markets. Unfortunately, in 2023, cash transfers managed by the government and humanitarian actors were suspended due to the security situation. They have been replaced with in-kind support, primarily focused on food security and, to a lesser extent, the provision of seeds and fertilizers to affected communities. While authorities plan to gradually resume transfers in regions where the Single Social Registry is operational, there is currently no nationwide cash transfer program in place.³⁶

C. Disaster Risk Finance

92. In the case of mild to moderate shocks, the expectation in Burkina Faso is that the response will be financed from sectoral resources—either by repurposing funds allocated to relevant programs or through virements. While the organic law places a cap on virements that modify allocations between programs within the same ministry, there is no limit on the repurposing of funds within a specific program, provided the nature of expenditure remains unchanged. This practice creates inefficiencies in three ways: i) large fiscal buffers allocated at the beginning of the year reduce the efficiency in the use of scarce fiscal resources; ii) within-year reallocations come at the expense of

³⁵ There are also 260 automatic stations, but these remain insufficient, and the integration of satellite and ground data lacks full systematization.

³⁶ International Monetary Fund (2024) *Burkina Faso: 2024 Article IV Consultation and First Review under the Extended Credit Facility Arrangement and Financing Assurances Review – Press Release; Staff Report; and Statement by the Executive Director for Burkina Faso*, IMF Staff Country Report No. 2024/249, 29 July.

development projects; and iii) response financing for medium- to high-return period events is siloed within line ministries.

93. Based on conversations with the authorities, sectors are expected to cover with their own budgets also the more severe events with higher return periods. This creates a situation where certain programs—particularly those whose expenditure types align with response activities, such as maintenance—are routinely used for crisis response. This means that funds originally intended for preparedness are frequently diverted to fund response efforts. Due to insufficient tracking of such expenses, it is currently not possible to precisely estimate the extent to which resources have historically been redirected away from planned activities toward response, and which of the initially planned activities were postponed or cancelled.

94. Despite lack of disaster expense tracking system, it is apparent that programs whose mandates include contingent allocations tend to experience more frequent within-year reallocations and lower execution levels in non-disaster years. This suggests less strict budgeting processes, and the facto large fiscal buffers. For example, in 2024, the Ministry of Territorial Administration executed 83 percent of its adjusted budget, and only 63 percent compared to the original budget. The Ministry of Humanitarian Action spent just 66 percent of its initial allocation (and 99 percent of the adjusted), with the national disaster program experiencing the largest reduction through reallocation. Similarly, agriculture-related programs focusing on food crisis prevention, agricultural development, and animal production executed only 83 percent, 77 percent, and 65 percent of their originally allocated budgets, respectively. Execution under the infrastructure program was among the lowest, at just 60 percent of the initial allocation.

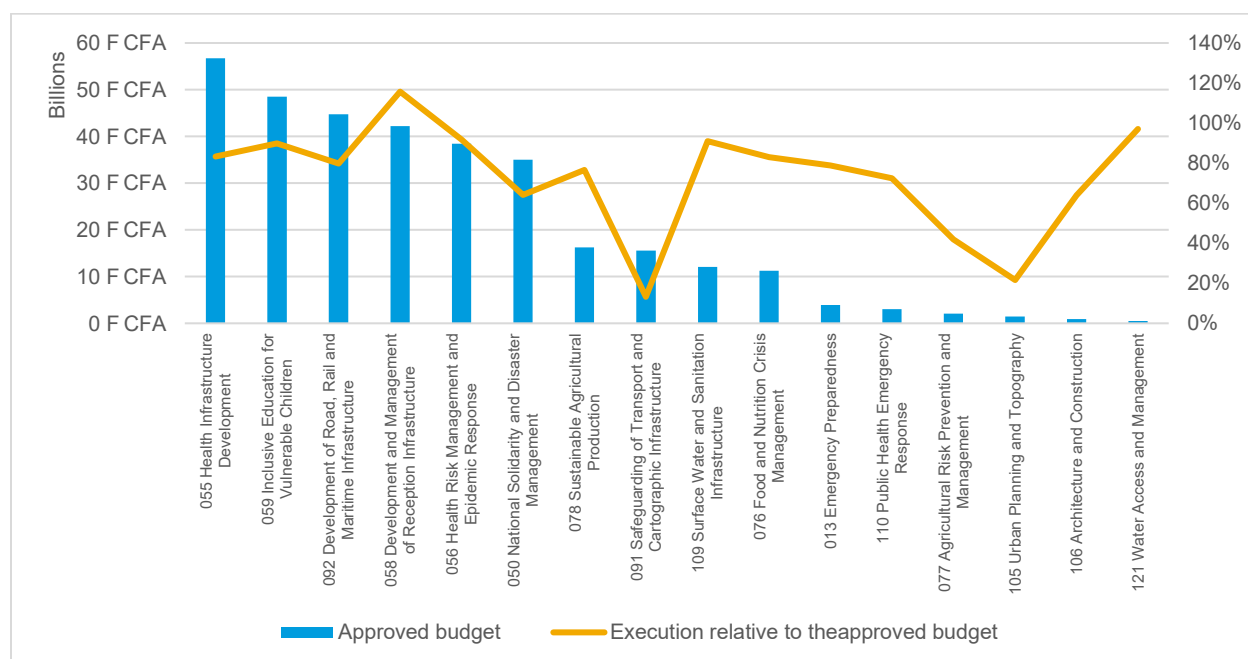
95. This contrasts with the average execution rate across all programs, which stood at 94 percent of the initial allocation and 98 percent of the adjusted budget. Overall, programs with significant contingent exposures were among those with the lowest execution rates in 2024—a year without major disasters—suggesting the presence of large implicit fiscal buffers that, when left unutilized, undermine development outcomes (see Figure 27).

96. To address some of the contingent challenges faced by certain ministries, the government has relied on a number of special funds (Table 5). While the government is making significant progress to consolidate, remove, or improve reporting on these funds, issues remain. The fragmentation of funds, including those used for shock response, leads to inefficient cash management and makes the consolidation of information on their use difficult.

97. The Patriotic Support Fund is the largest of the funds, with an annual allocation of about FCFA 100 billion. It is primarily focused on improving the security situation in the country, but some of its functions overlap with disaster response, as conflict and disasters are closely linked. While the fund is included in the budget, improving transparency and budgeting methods is crucial due to its size.

98. The second key response fund is the National Solidarity Fund, which is financed through a combination of government allocations and public donations and is fully administered by the Ministry of Humanitarian Action. It supports emergency relief efforts, particularly in the first 72 hours following a shock, such as floods or other crises. The fund was used during past major disasters, including the 2009 floods in Ouagadougou.

Figure 27. Budget and Execution of Budget Programs that Include Response Activities (Execution for FY2024)



Note: Preliminary identification of programs based on activities identified in program-based budgeting. Identified programs constitute approximately 18 percent of the initial approved budget for the year. Based on Execution status of payment appropriations by ministry and institution and by budget program, excluding debt service, personnel expenses, and external financing as of December 31, 2024.

Source: GoBF. Report on the Budget and Treasury Execution Situation, Fiscal Year 2024, as of December 31. Ministry of Economy, Finance and Forecasting, 2025.

99. The National Solidarity Fund is a State Fund with legal personality and enjoys administrative and financial management autonomy. The fund was first established in 2008 through Decree No. 2008-715/PRES/PM/MEF. Its organizational and reporting responsibilities were updated in 2023 through Decree No. 2023-2/PRES-TRANS/PM/MEFP/MSAHRNGF. It finances humanitarian projects and can directly respond to shocks. The fund is partially independent but de facto primarily finances activities that fall under the responsibility of the Ministry of Humanitarian Action. The fund receives government subsidies and has the legal authority to mobilize resources from the private sector and the public. Every month, a 'Solidarity Month' is held to raise funds and awareness. The annual budget exceeds 2 billion FCFA, with unused resources rolling over.

100. The DRM act envisions that disasters response should be funded from a dedicated fund. However, such structure is not currently in place and the government has not expressed plans to install such a fund in a near future. In case the fund was to be created, it is important to ensure that proliferation of earmarked funds does not undermine budgetary efficacy.

Table 5. Funds and Special Accounts Financed or Managed by the GoBF with a DRF Mandate

English Name	Type	Function	Responsible Ministry	2025 Crédits de Paiement Allocation (in million FCFA)
Health System Development Support Fund	Special Treasury Account	Health infrastructure and service improvement	Ministry of Health	41
Water Supply and Sanitation		Water and sanitation infrastructure	Ministry of Water and Sanitation	63,209
Patriotic Support Fund		National defense and solidarity	Ministry of Defense	100,000
Program for Resilience, Local Governance and Basic Services		Decentralized services and governance	Ministry of Territorial Administration	14,000
National Solidarity Fund	General National Fund	Emergency and humanitarian response	Ministry of Humanitarian Action	450
National Disease Control Fund		Public health and epidemic control	Ministry of Health	30

Source: Budget Law for the Execution of the State Budget, Fiscal Year 2025.

101. Another resource mechanism for responding to shocks, which is managed by a semi-autonomous body is a pre-positioned food security stock—a reserve of basic goods available for emergency response. The National Food Security Stock Management Company (SONAGESS) is a parastatal entity responsible for managing these stocks, both for humanitarian response and market intervention. SONAGESS also holds a mandate to engage in commercial activities, such as providing agricultural inputs to farmers and purchasing produce at discounted prices.

102. When sector-level buffers are insufficient, line ministries can draw on large, broad purpose, contingency reserves, which for many years have exceeded the good public financial management (PFM) practice upper limit of 10 percent of the initial budget³⁷. In the medium term, they are projected to remain at an average level of 11 percent over the next three years.

103. The common allocation is used to finance all contingent expenditures, including responses to shocks. However, its mandate is much broader and covers fuel subsidies, unforeseen program costs, and certain planned maintenance activities—such as the upkeep of public buildings. There are no clearly defined actions under the reserve specifically related to climate-related contingency response, which undermines the appropriate sizing of this allocation. According to authorities, there is no clear system in place for determining the size of the allocation, and probabilistic exercises that would account for disaster-related contingencies and fuel price shocks are not conducted; instead, it's sizing 'depends on the available resources,' according to authorities.

104. Despite the significant size of the reserve, according to authorities, common allocations are rarely used to finance responses to shocks, with the last significant climate-related uses being during the 2009 floods and the COVID-19 pandemic. Right sizing the buffers between sectoral and intersectoral allocations would require accurate risk estimation, with sectoral resources allocated to very

³⁷ PEFA Secretariat (2017) *Public Financial Management Performance Report: Burkina Faso – December 2017*, Public version. PEFACheck.

low return period events and pooled resources reserved for medium return period events at the central reserve level.

105. As part of the broader ongoing efforts to improve public financial management in the country, large contingent fiscal liabilities stemming from the security situation and substantial fuel subsidies also require a strategy for responding to shocks that cannot be financed from sectoral budgets. During periods of heightened security tensions and elevated fuel prices, the common allocation may be exhausted, underscoring the need for a system that enables rapid and efficient budgetary reallocations.

106. Now, reallocations are frequent and significant, as supplementary budgets are passed in most years; however, they do not provide an explicit rationale for the reallocations. According to authorities, the process of reallocating funds between ministries relies on bilateral negotiations between the MEF and line ministries. However, it does not follow explicit rules guided by national policy priorities or investment management processes that would ensure opportunity costs are minimized. Should the country be affected by a large-scale event. Now, reallocations often follow substantial advances, which have to be approved and financed retrospectively. This leads to large variations in the budget, with reallocations often not sufficiently justified.³⁸

107. In the context of limited fiscal space, efforts to improve budgeting processes and reform fuel subsidy levels, the government should pursue both a reduction in the common allocation and a reallocation of some sectoral buffers into the common pool. Striking the right balance between sound budgetary policy, timely access to contingency resources, and minimizing opportunity costs amidst competing priorities will require a robust risk financing strategy for contingencies, and improved efficacy of reallocation.

108. Insurance in Burkina Faso could create an opportunity to reduce the burden of climatic shocks on the state. However, in 2022, Axco ranked Burkina Faso as the 136th non-life market in the world, the 126th personal accident and healthcare market, and the 113th life market. Market penetration is extremely low by global standards, but on par with regional peers (Table 6). Some insurers in the country offer flood cover, at an average rate of around 0.30 percent of the sum insured.³⁹

109. Weather index insurance products are considered an important risk transfer mechanism by the GoBF, especially at the micro level. However, they are currently implemented with limited coordination, as different products methodologies are offered in different regions and are managed by various line ministries. According to officials, Burkina Faso is committed to leveraging index insurance to protect farmers. The President's initiative now focuses on yield-index insurance for nine crops across three regions. The "Index-Based Weather Insurance for Smallholder Farmers in Burkina Faso," supported by UNDP, is part of this effort. In the latest budget, the country allocated funds for the promotion of insurance products to farmers, making it the responsibility of the Ministry of the Environment, Water, and

³⁸ PEFA Secretariat (2017) *Public Financial Management Performance Report: Burkina Faso – December 2017*, Public version. PEFACheck.

³⁹ Axco Information (2025) *Non-life Insurance Market Report: Burkina Faso*. June 2025. Axco Insurance Information.

Sanitation (with an allocation of FCFA 649,407 in 2025). On the other hand, a similar drought insurance product underwritten by ARC is the responsibility of the Ministry of Agriculture.

Table 6. Insurance Penetration Level in 2022

Country	Life (%)	Life (per capita)	Non-life (%)	Non-life (per capita)	Personal Accident & Healthcare (%)	Personal Accident & Healthcare (per capita)	Total (%)	Total (per capita)
Burkina Faso	0.54	4.49	0.51	4.27	0.16	1.36	1.21	10.12
Ivory Coast	0.52	12.72	0.49	12	0.21	5.12	1.22	29.84
Mali*	0.16	1.39	0.37	3.2	0.08	0.7	0.61	5.29
South Africa**	9.96	702.5	2.67	188.4	3.31	233.21	15.93	1124.11

Note: * Refers to 2022 preliminary. ** Refers to 2021 figures.

Source: AXCO 2025 | Non-life Insurance Market 47 Report Generated: Jun 2025 Reports.

110. Burkina Faso does not currently have access to any contingent lending products.

However, through Contingent Emergency Response Components (CERCs) included in most of its World Bank loans, it can repurpose some of the funds⁴⁰ in the event of eligible crises or emergencies, such as natural disasters, health emergencies, or other significant disruptions. With a rising debt burden—debt servicing costs reaching approximately 10 percent of GDP—and the high cost of primarily domestic borrowing (with interest rates on domestic bonds reaching 9 percent despite short maturities⁴¹), the domestic market may be unable to absorb additional government debt in the event of a major shock, and borrowing costs could rise sharply. It is therefore crucial that the government pre-positions as much concessional funding for shocks as possible—both by exploring contingent credit options and by including contingency clauses in its concessional borrowing agreements (Figure 28).

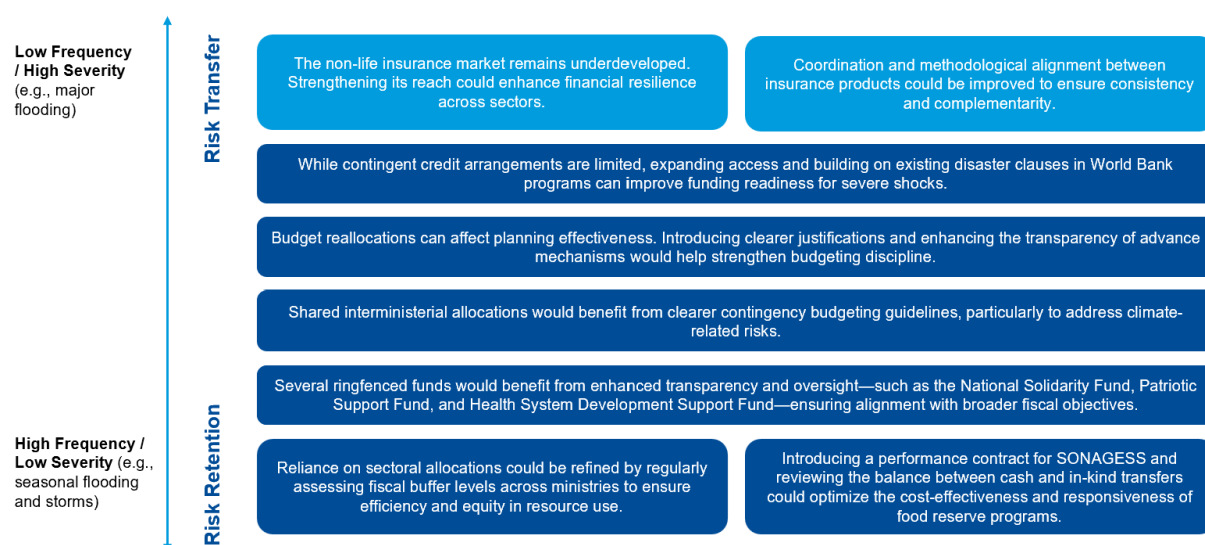
111. Amid limited fiscal space and frequent contingencies, a disaster risk financing strategy (DRF) can create substantial savings by reducing both the actual and opportunity costs of response while increasing speed.

In the case of Burkina Faso, such a strategy would support a more consolidated approach to PFM processes, enhancing budget reliability and reducing the opportunity cost of reallocations. It would further create a pathway, by identifying data and institutional gaps, towards establishing a risk layering strategy that goes beyond risk retention and budget-based responses, and contemplates the introduction of instruments such as contingent credit, insurance, and even humanitarian aid. It could also address disbursement aspects of post-disaster response, reducing potential leakages in emergency procurement and exploring options for scaling up social protection mechanisms.

⁴⁰ World Bank Funded projects with contingency clauses: the Jobs and Economic Transformation Project (P177005), the Community-Based Recovery and Stabilization Project for the Sahel (P173830), Support to the Adaptive Social Protection System (P178667), the Strengthening Climate Resilience in Burkina Faso project (P164078), and the Livestock Resilience and Competitiveness Project (P178598)

⁴¹ International Monetary Fund (2024) *Burkina Faso: 2024 Article IV Consultation and First Review under the Extended Credit Facility Arrangement and Financing Assurances Review – Press Release; Staff Report; and Statement by the Executive Director for Burkina Faso*, IMF Staff Country Report No. 2024/249, 29 July.

Figure 28. Potential Areas for Improvement in the Risk Layering Strategy of Burkina Faso



Source: Authors.

Recommendations

Strengthen DRM Legislation and Planning to Balance Ex-Ante and Ex-Post Activities

- Mainstream, in medium-term planning and through the fiscal risk statement, the criticality of disaster prevention and adaptation. Identify and prioritize prevention in sectors with the highest current and forecasted disaster risk.
- Recognize the responsibility for incorporating disaster preparedness at the national level through an amendment to the DRM Act and a DRM policy that includes structural, financial, and post-disaster resilience measures.

Improve Access to DRM Critical Data

- Create legislation, through an amendment to the DRM Act, or through secondary legislation that mandates open hazard maps in government and sharing with the public.
- Create standards across ministries and agencies for data quality, data collection, and data storage in order to facilitate integration and avoid duplication.
- Consolidate and maintain data on the critical infrastructure using a uniform methodology.

Implement Fair, Efficient and Scalable Social Protection

- While updating the Social Protection Policy, develop a roadmap that guides:
 - Increase coverage to allow for scaling up of social protection in risk-prone areas.
 - Continued prioritization of coordination in data collection, ensuring that each partner follows the same methodology and avoids duplications.
 - Registry's can integrability with DRM data to allow for fast and targeted assistance scale-ups following shocks.
- Assess if the security situation at the national or local level allows for reinstating cash transfers by national and humanitarian actors as a method of providing post-disaster assistance.

Cost the Impact of Shocks on Specific Sectors

- By focusing on ministries whose budgets are most exposed to frequent reallocations to respond to shocks (such as the Ministry of Agriculture and the Ministry of Infrastructure), tag past response expenses.
- Create a system for tracking of future response costs.
- Develop a disaster risk finance strategy that builds on the costing exercise.

Right-Size Fiscal Buffers

- Based on response cost tagging, create fiscal buffers that avoid inefficiency: only very frequent shocks should be financed from sectoral allocations, while less frequent events should be financed from common interministerial expenditures.

Strengthen Implementation of Ex-ante Risk Retention and Transfers

- Create a policy for insuring and guaranteeing major public assets.
- As part of the DRF strategy, recognize high return period, severe events, their scale, and sources of exposure, consider transferring some of the risk away from the budget by leveraging pre-arranged contingent financing, insurance, and creating strong relationships with partners.

V. Sustainable Forestry, Land-Use, and Waste

112. Burkina Faso has significant opportunities to enhance sustainable land use and waste management. Forestry, land use, agriculture and waste contribute to more than 80 percent of emissions in Burkina Faso. However, existing fiscal instruments in these sectors do not provide adequate incentives for conservation and often penalize economic activities without addressing the sustainability of production methods themselves. This chapter analyzes the current situation and the primary challenges related to forestry, land use and waste management, including their intersection with conflict, the mixed or insufficient signals presented by existing fiscal policy instruments, the lack of good quality data and the lack of access to clean technologies for cooking. It concludes with policy recommendations aimed at bridging the identified policy gaps.

A. Forest-Food-Fuel Nexus

Context

113. Food insecurity and population displacement, particularly in conflict-affected areas- pose significant challenges to implementing mitigation policies in the agriculture sector and exert pressure on forest resources. Concerns around food insecurity shift the focus away from mitigation options that may increase the cost of the economic activity itself, while population displacement exerts pressure on ecosystems and forests through multiple channels. First, agricultural expansion in relatively stable regions is often necessary to compensate for reduced production elsewhere, a process commonly associated with deforestation. Second, displacement alters urbanization patterns, increasing land use in areas that might otherwise remain undeveloped. In Sudan, for example, forest cover declined by 5.9 percent between 2016 and 2022 due to conflict and displacement⁴², with similar trends found in Libya and Yemen⁴³.

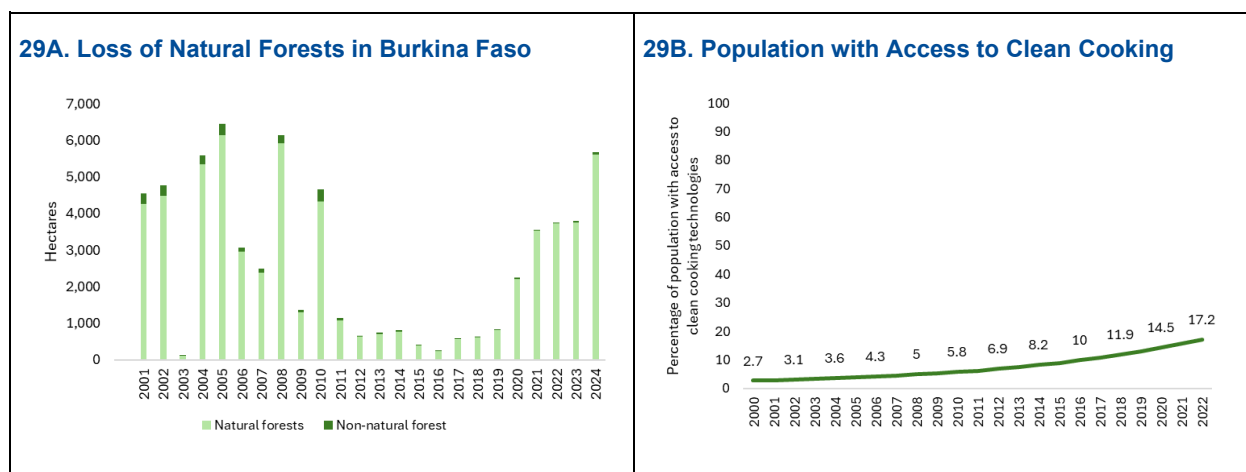
114. Burkina Faso has experienced a substantial decline in forest cover in recent decades. While data quality in the forestry sector needs strengthening, government estimates suggest that approximately half of the country's forest cover has been lost over the last 25 years. This assessment is broadly consistent with available studies: a 2002 report estimated forest cover at 48.5 percent of national territory; by 2011, another report estimates 42.6 percent of forest cover, while the 2015 forest inventory indicated that just over 20 percent of land remained forested. While there might be differences in methodologies and definitions, including in measuring forest density, the pattern about forest loss remains. Data reported by Global Forest Watch points to a marked acceleration in natural forest loss since 2020 (Figure 29A). The main drivers of deforestation in Burkina Faso are the expansion of agriculture area, including as a result of conflict and displacement, urbanization, artisanal gold mining,

⁴² Ahmed A, Rotich B, Czimber K (2024) Assessment of the environmental impacts of conflict-driven Internally Displaced Persons: A sentinel-2 satellite based analysis of land use/cover changes in the Kas locality, Darfur, Sudan.

⁴³ Food and Agriculture Organization of the United Nations (2021). Effects of conflicts on forests and rangelands in the near east and north African regions. FAO.

wildfires and the use of firewood and charcoal as primary cooking fuels, while level of access to clean cooking remains low (Figure 29B).

Figure 29. Loss of Forest Cover and Access to Clean Cooking Technologies in Burkina Faso



Source: IMF Staff using CPAT.

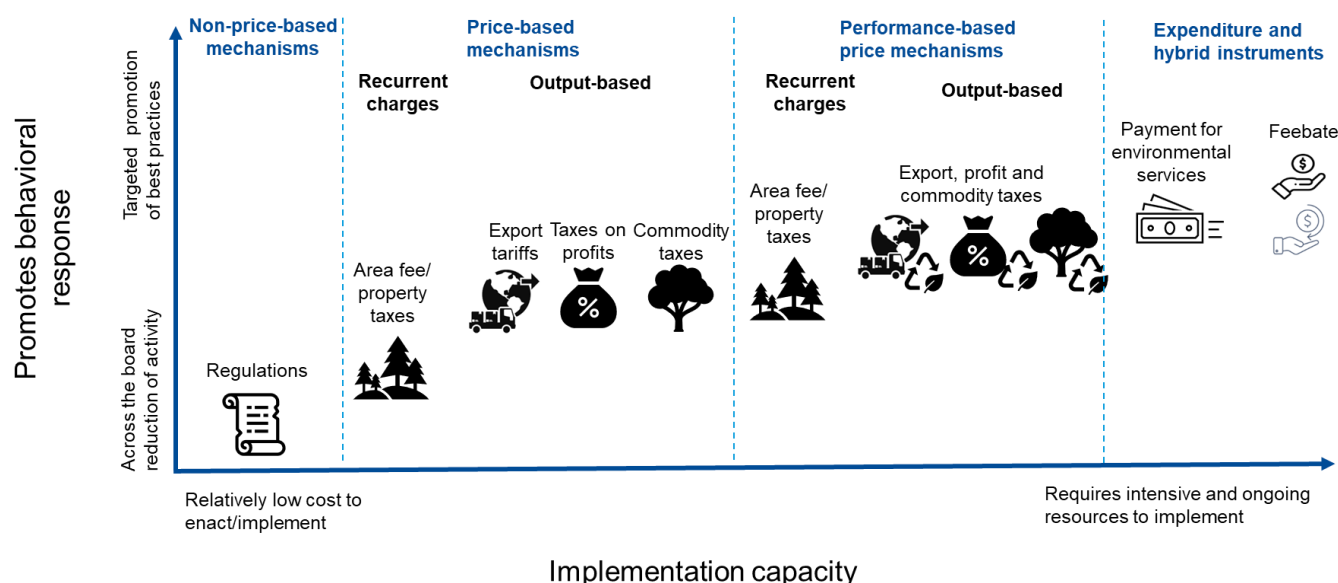
Fiscal Policy to Promote Sustainable Practices and Conservation

115. Existing fiscal policy instruments linked to land management create strong incentives for deforestation by heavily subsidizing agriculture and failing to promote sustainable forestry. A comprehensive, systems-based analysis of land-related fiscal policy is necessary to revert the observed trend in forest cover loss, considering the interaction between competing land uses and the overall price signals that guide households and firm-level decisions. On the one side, in response to food insecurity and the sector's exposure to shocks, the government has prioritized agricultural subsidies, both through input support and guaranteed-price purchasing schemes for main crops. Particularly, SONAGESS purchases agricultural output at guaranteed prices up to a defined quota. On the other hand, forestry is subject to a conventional profit-based tax, which increases with profit levels and is levied only on large-scale formal enterprises. The tax base is limited to the activity itself, without differentiation by production methods or sustainability standards, this failing to incentivize sustainable forest management practices.

116. Forest protection strategies typically fall into two categories: (i) regulatory instruments and (ii) price-based mechanisms (Figure 30). Regulatory instruments impose mandatory restrictions or requirements, such as bans on specific activities or mandates to adopt specific technologies. While such rules can be effective if appropriately enforced, they often overlook the economic incentives that shape household and firm behavior. In contrast, price-based mechanisms seek to align private incentives with conservation objectives by altering the relative costs of alternative land uses. These include recurrent charges, such as property taxes or area-based fees- and output-based taxes, such as stumpage fees or export levies. Output-based taxes are generally more efficient than fixed charges, which can create pressure to overexploit resources in order to recover costs. Price-based instruments can also be tailored to promote sustainability by varying the rates according to production methods or the adoption of environmentally friendly practices. This effectively changes the tax base of the tax from the economic activity itself to the production method, or its associated sustainability. On the expenditure side, targeted payments – such as those under payment for environmental services (PES), can incentivize households,

firms, or communities to conserve rather than extract forest resources. Hybrid instruments, such as feebates, combine both fees and rebates and can be designed to be revenue neutral.

Figure 30. Fiscal Policy Instruments for Forest Conservation



Source: IMF Staff.

117. Environmental taxes are efficient instruments that expand the range of policy options for reducing environmental harm. By internalizing the social cost of environmentally damaging activities, these taxes allow such activities to continue only when their private benefit exceed the associated social costs. This mechanism ensures that environmental damages occur only when they generate a net social gain. Moreover, environmental taxes do not prescribe specific technologies or methods, thereby granting firms the flexibility to adopt the most cost-effective solutions available, including through innovation. This enhances overall efficiency and reduces the cost of achieving environmental objectives, which is particularly relevant in a context of scarce resources.

118. The effectiveness of forest taxation depends critically on the ability to target the appropriate tax base, which presents an opportunity to build on existing fiscal instruments in Burkina Faso. The main drawback of output-based taxes is that they penalize the scale of economic activity, rather than its environmental impact (Table 7). When tax rates increase with the volume of output, firms that could otherwise expand sustainably face disincentives to grow, with relevant consequences on employment creation. A more effective approach would be to anchor taxation to the sustainability of production methods. This would allow the tax system to discourage environmentally harmful practices without deterring firms committed to expanding through sustainable means. In the context of Burkina Faso, the tax on profits to forestry activities could be revised so it provides larger tax discounts depending on the stringency of the certification.

Table 7. Tax on Profits in the Forestry Sector

Profit level	Tax rate
0 - 250,000 FCFA	10%
251,000 – 600,000 FCFA	20%
601,000 – 2,500,000 FCFA	35%
Greater than 2,500,000 FCFA	45%

Source: General Tax Code.

Towards an Effective Incentive System in the Long Run: Payment for Environmental Services

119. Payment for environmental services (PES) schemes have proven effective in reducing deforestation across a range of country contexts. Under these programs, landowners – including households, firms, or communities - submit bids for restoration and conservation projects, with payments tied to environmental services such as carbon sequestration, biodiversity protection, and water protection. Several African countries, including Uganda, Tanzania and South Africa, have implemented PES schemes at various scales. A recent study covering 40 REDD+ projects across nine countries found that PES schemes can reduce deforestation by 47 percent in the first five years, although impacts tend to decline modestly for longer durations (8 to 10 years). Similarly, a randomized control trial in Uganda showed that deforestation rates in PES-supported villages declined to 2-5 percent, compared to 7-10 percent in non-participating villages. In Burkina Faso, achieving a 40 percent reduction in deforestation over five years could yield approximately 40 MtCO₂e in avoided emissions, bringing the country closer to meeting the target established in its NDC. Thus, the implementation of a PES would be aligned with the objectives under the National REDD+ Strategy, which sets a target of sequestered carbon equal to 10.2 MTCO₂e by 2033.

120. The effective implementation of a PES scheme relies on four main pillars: (i) well-established land rights, (ii) a robust targeting mechanism, (iii) a sound methodology for estimating payments, and (iv) fiscal sustainability. First, land-rights need to be well defined. If the country still lacks a proper cadaster and legal gaps on the recognition of land rights, de-facto land rights could also be the basis for a PES. However, using de-facto land rights underscores the relevance of codesigning the policy with the community, as the de facto knowledge of land rights of a community rests inside the community. Second, accurately identifying areas at risk of deforestation is essential. This typically involves using forest monitoring systems and geospatial data to map deforestation risk based on proximity to recently deforested areas, distance to urban centers, and the adaptive benefits of forests—particularly in disaster-prone zones. The inclusion of poverty as a targeting criterion remains debated, as integrating poverty reduction objectives could compromise the environmental effectiveness of PES programs. Second, determining the appropriate level of payment requires balancing effectiveness and coverage, especially in fiscally constrained contexts. Several methodologies exist to determine payments, including opportunity cost and the valuation of avoided CO₂ emissions. Third, ensuring fiscal sustainability is critical. Ideally, PES schemes should be financed through revenue sources linked to the ecosystem services being protected, such as hydropower revenues in the case of watershed

conservation, non-timber forest products, or eco-tourism. Alternatively, linking a share of fuel excise taxes or environmental levies could provide a stable funding stream to support long-term program viability.

Improving Data Quality in the Forestry Sector

121. The most recent forest inventory in Burkina Faso dates back to 2015 and could be complemented by satellite imagery and remote sensing. Historically, authorities have relied on sampling and extrapolation methods – often supported by development partners - to estimate forest cover, focusing on tree density and land cover. However, the deteriorating security conditions in recent years have hindered efforts to update the inventory, as many forested areas are now inaccessible. This lack of access complicates monitoring efforts, which in the past has been instrumental in identifying informal activities such as unregulated logging and artisanal mining. While satellite imagery is currently used to supplement field data, opportunities remain to expand the use of low-cost technologies, such as drones, to monitor forest cover, particularly in remote or insecure areas.

122. The existing tax on forest profits could be updated to include sustainability criteria through independent certification schemes aligned with international standards. A core challenge for governments is the information asymmetry regarding firms' production practices – whether operations are conducted sustainably. In practice, authorities rely on field inspections, self-reported data or ad hoc information from civil society organizations or non-governmental organizations. This challenge is compounded in remote and conflict-affected areas with weak enforcement capacity where most deforestation occurs. In the short term, the government could collaborate with independent entities that offer sustainably forestry certification and are already active in the country, leveraging their expertise to close information gaps. Nonetheless, it is crucial to identify key data gaps that sustainable certification firms encounter to effectively implement this measure. Importantly, this approach could serve as a proxy for a full Monitoring, Reporting, and Verification (MRV) system, which is more costly to implement and places a higher burden on the administrative capacity of government officials.

123. Over the long term, authorities should prioritize the strengthening of the National Forest Monitoring System and the operationalization of the MRV system established under national regulations. Burkina Faso, with support from the Green Growth Global Institute and the government of Sweden, aims to operationalize an MRV system in 2028. This system could be the cornerstone of the National Forest Monitoring System and will contribute to improve the quality of the national GHG inventories, and will place particular emphasis on the agriculture, forestry, and other land use (AFOLU) sectors, given their significant to total emissions and mitigation potential.

Improving Access to Clean Cooking Technologies and Reducing Informality

124. Two of the main drivers of deforestation in Burkina Faso are lack of access to clean cooking technologies and artisanal mining. With only 17 percent of its population with access to clean cooking technologies, such as butane gas or solar stoves, Burkina Faso ranks among the countries with lowest access globally. Firewood and charcoal remain the dominant cooking fuels, particularly among lower-income households, and is closely associated with small-scale informal logging which is difficult to regulate and monitor. In parallel, gold mining plays a central role in the economy, accounting for 85 percent of total exports in 2023, and serving as a key source of employment, fiscal revenues and foreign exchange. Nonetheless, gold mining also occurs informally through artisanal operations some of which

are linked to non-state armed groups. These activities often bypass environmental and work safety regulations and contribute substantially to forest degradation.

125. The government is currently developing a comprehensive strategy to increase access to clean cooking technologies with the objective of coordinating existing efforts. Historically, attempts to increase the uptake of clean cooking technologies have largely been isolated and unsuccessful, largely donor funded and implemented with no scalability criteria in mind, resulting in limited long-term impact and little coverage. The strategy will focus on the development improved cooking stoves, which are still firewood-based but more efficient, including a component of local production. It will also incorporate a biogas component based on animal waste, which has been piloted in selected communities. Authorities noted limited deployment of solar stoves, although no coherent program currently supports their widespread adoption. The strategy should also analyze whether cultural barriers are a constraint for a larger uptake of clean cooking technologies and, if so, propose actions and communication strategies to address them, which should include clear and accurate communication regarding the negative health impacts of indoor pollution.

126. While the GoBF already provides significant subsidies for butane gas, further support could enhance access to clean cooking technologies by addressing both supply- and demand-side barriers. Current butane gas subsidies help reduce the variable cost of clean cooking fuels but do not cover the upfront cost of clean stoves, which remains a constraint for many households. To address this, the government could consider fiscal incentives for the importation or local production of inputs for solar stoves. In urban areas, policy efforts could focus on expanding the adoption of butane gas stoves, potentially through targeted subsidies or financing schemes for the upfront costs. On the supply side, incentives such as tax exemptions or subsidized credit could encourage domestic production and private sector participation in the clean cooking value chain, although additional studies should be conducted to assess its profitability. To minimize fiscal pressure, the government could seek support from development partners to co-finance these initiatives.

127. Artisanal mining in Burkina Faso is not currently classified as an illegal activity, and no fiscal incentives are in place to promote its formalization. While artisanal gold mining posed regulatory challenges prior to the deterioration of the security situation, these issues have become more acute in recent years. Informal miners often operate in hazardous conditions, without adherence to safety standards, exposing workers to significant health and safety risks. To address these challenges, the government should update the legal framework to define the legal status of artisanal mining. In parallel, fiscal incentives – such as a phased introduction of corporate or income tax obligations – could be used to support the gradual formalization of small-scale producers, with potential technical assistance from the Ministry of Energy and Mines to increase the safety of mines. This dual approach would help improve oversight, enhance safety, increase the sector's contribution to fiscal revenues and exports, while addressing one of the most important drivers of deforestation.

Recommendations

Use Price-Based Mechanisms to Provide Clear Policy Signals in Favor of Sustainable Land Management and Conservation

- Revise the tax on profits for forestry activities so it varies according to sustainable certification. Sustainable certification, and its underlying key performance indicators, should be led by independent third-party firms/organizations following international standards.
- Conduct a review of the administrative feasibility to include conditionality in the support provided to farmers, encouraging the uptake of smart agricultural practices, conservation agriculture and agroforestry.
- Long term policy objective: assess the feasibility to implement a payment for environmental services scheme, providing support to households and firms in forests at risk of deforestation.

Strengthen the Forestry Information System

- Work in partnership with third-party agencies that provide forestry sustainable certificates to revise the structure of the tax on profits for forestry activities.
- Explore the use of low-cost new technologies to monitor forests and provide deforestation alerts, particularly for large-scale informal logging activities.
- Long term policy objective: operationalize a Monitoring, Reporting and Verification system with support from development partners.

Use Fiscal Incentives to Decrease Informal Activity in Forests and Increase Policy Coordination

- Develop a medium-term clean cooking strategy, coordinating efforts, providing a framework to engage with stakeholders, including by addressing financial and cultural constraints.
- Subsidize the initial capital cost of gas butane or solar stoves with financial support of development partners.
- Provide fiscal incentives for the import of gas butane or solar stoves and assess the potential profitability of their local production.

B. Waste Management

128. Waste accounts for approximately 8 percent of total GHG emissions in Burkina Faso and constitutes a major development challenge. Improving waste management could have macro-critical implications, including enhances public health outcomes and broader economic benefits through reduced healthcare costs, fewer lost workdays and increased productivity⁴⁴. However, the sector faces significant obstacles, including chronic underfunding, inadequate infrastructure, widespread open burning and weak enforcement of existing regulations. This chapter provides an overview of the waste management landscape in Burkina Faso and examines how fiscal policy can be leveraged to promote better waste management practices while mobilizing revenue that could be reinvested into the sector.

Context

129. The current waste management system poses imminent threats to public health and the environment, and these risks are expected to worsen with climate change. Inadequate waste collection and disposal, particularly in informal settlements, have been linked to increased incidence of waterborne and vector-borne diseases such as cholera, malaria, and typhoid. Experiences from other countries highlight the severity of these risks: in Tanzania, insufficient waste collection has contributed to

⁴⁴ World Health Organization (2023). Economics of the health implications of waste management in the context of a circular economy. WHO, Geneva, Switzerland.

major public health challenges, while targeted waste management interventions have significantly improved health outcomes⁴⁵. Similar patterns have been observed in South Africa. Climate change further exacerbates these threats, as rising temperatures and shifting precipitation patterns expand the geographic range of disease vectors, placing additional pressure on already overstretched health systems.⁴⁶

130. Reliable data on aggregate waste generation in Burkina Faso is limited and likely underestimated, as existing figures are based on an hoc measurement efforts. Government authorities estimate that the city of Ouagadougou alone produces approximately 130,000 tons of plastic waste annually, accounting for around 14 percent of total national waste generation. Municipal data shows that the cost of plastic waste management in the formal system is approximately FCFA 2 billion per year.⁴⁷

Using Fiscal Policy to Decrease Waste Consumption and Encourage Enhanced Waste Management

131. Solid waste disposal generates social and environmental externalities at the local and global scale, making fiscal policy a key instrument for internalizing the true costs of waste-generating goods (Figure 31). Plastic waste, and especially thin plastic bags, is of particular concern due to its non-biodegradability, impermeability, mobility, toxicity and carbon content. In general, the magnitude of environmental externalities is inversely related to the financial cost of the disposal method. Littering and open burning impose the higher external costs, followed by uncontrolled landfilling. In contrast, sanitary landfilling significantly reduces externalities. Even greater benefits can be achieved through waste diversion strategies such as recycling, composting, or waste-to-energy conversions. While these methods entail higher processing costs, they often generate valuable outputs that partially or fully offset those costs, further justifying their fiscal and environmental viability.

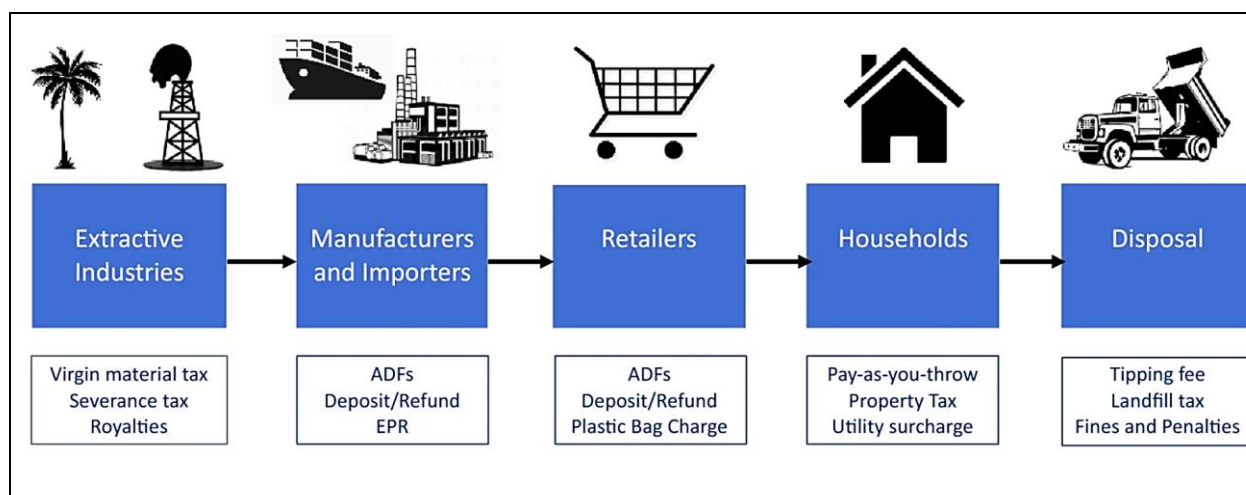
132. Burkina Faso has taken an initial step toward integrating fiscal policy into waste management through the introduction of a tax on plastic bags and packaging. The tax was implemented under the 2017 General Tax Code. The tax, levied at a rate of 5 percent on the local production and importation of plastic packaging, is effectively collected at customs due to the absence of domestic plastic production. Despite this progress, the widespread use of non-biodegradable plastic bags remains a significant challenge. A law passed in 2014 banning the production, importation, marketing and distribution of non-biodegradable plastic packaging has not been fully enforced, limiting its effectiveness.

⁴⁵ Kitole et al. (2024). The Impact of Poor Waste Management on Public Health Initiatives in Shanty Towns in Tanzania. *Sustainability* 2024, 16(24), 10873

⁴⁶ Klepac et al. (2024). Climate change, malaria and neglected tropical diseases: a scoping review. *Tropical medicine & hygiene*.

⁴⁷ [Burkina Faso: The CDN coalition calls for the repeal of the 5% tax on local production or the import of plastic packaging and bags - leFaso.net](https://lefaso.net)

Figure 31. Fiscal Policy Instruments for Waste Management



Source: Matheson (2022).

133. Burkina Faso could strengthen its fiscal policy linked to waste management through the implementation of an advanced disposal fee (ADF). Upstream and downstream fiscal instruments could internalize the negative externalities in the waste sector, while helping to finance waste management (Figure 31). Since Burkina Faso is a net importer of plastics, tires, and consumer durables, fiscal instruments at the import, retail, household, or disposal stages are the most relevant. For consumer durables and other highly polluting products, such as batteries, tires, plastic packaging, and vehicles, an excise tax could be imposed at the import stage. For instance, advance disposal fees (ADFs) and advance recycling fees (ARFs) could be imposed to prepay the cost of disposal or recycling (Matheson 2022). ADFs levied on importers are easier to administer than that at the consumption/retail stage. On the downside, ADFs could reduce consumer salience and not sufficiently incentivize recycling. The fee could also be passed directly to consumers. While ADFs and ARFs could help finance the proper disposal of waste, they may not be fully effective for enhancing waste management as other instruments.

134. In the long term, it could also implement a deposit and refund system to further incentivize good waste management practices. A well-designed and functioning deposit-refund system (DRS) is one of the most effective ways to facilitate waste collection, encourage recycling, and reduce littering. A DRS imposes a surcharge on a product at purchase and offers a rebate when it is returned. It has been implemented in around 40 countries as of 2020 with many more countries and jurisdictions considering its feasibility (Statista 2020). For single-use containers made of recyclable materials, such as plastic, glass and aluminum, a DRS has been shown to substantially increase the return rate (OECD 2020; TOMRA 2021) and reduce plastic waste (RFF 2011). Unlike ADFs that could increase prices for all consumers of a given product, DRS raise prices mainly for consumers that do not recycle. To the extent that wealthier consumers have a higher opportunity cost for returning the empty containers, a DRS on single-use beverage containers could be progressive. The DRS could also provide a source of income for urban scavengers and create incentives for the establishment of microenterprises on recycling. The appropriate deposit fee could follow international best practices to reflect the estimated social cost of disposal, while accounting for the distributional impacts on vulnerable individuals and households. To minimize administrative and compliance costs, the deposit could be collected at the import stage, while consumers

receive the refund at designated collection locations. Over the medium to long-term, unclaimed refund could be used to finance an integrated waste management system.

Recommendations

- Consider the implementation of advanced disposal fees for batteries, tires, plastic packaging, and consumer durables such as electronics and appliances.
- Long-term recommendation: implement a deposit and refund system for one use waste, such as plastic and glass bottles, aluminum cans, automotive parts, electronic waste, tires, among others, to promote recycling and good waste management practices.

VI. Strengthening Climate Governance

135. Strong climate governance helps to build the country's resilience to the challenges of climate change and reduce its costs. Good climate governance implies that institutions play a key role in the regulation, policy development, coordination, resource mobilization and implementation of climate actions. It involves integrating climate considerations into existing systems and processes of the public administration, enhancing them without compromising their efficiency. Ultimately, climate governance ensures that future development gains such as economic growth and stability, peace and social cohesion are not compromised by the impact of climate change while also capitalizing on green growth opportunities deriving from a transition to a low carbon economy. To ensure effective delivery of BFA's Revised NDC 2021 targets and actions and supporting sector roadmaps and the NAP, it is essential that an effective climate governance framework is put in place. This chapter examines BFA's climate governance with a focus on regulations, policies, institutions, and climate finance (Figure 32). By examining current gaps and proposing solutions, it aims to provide a roadmap for enhancing institutional capacity and ensuring coordinated efforts.

A. Legal Framework

136. BFA was an early adopter of international climate change commitments, guiding the development of national climate governance. BFA has ratified key international conventions and agreements on climate change (UNFCCC, 1993; Kyoto Protocol, 2005; Paris Agreement, 2015).⁴⁸ These commitments form a pivotal part of BFA's climate governance within a national framework primarily focused on environmental protection and sustainable development.

137. BFA has established some legal foundation to address climate change. The Constitution of Burkina Faso 1991 recognizes the fundamental right of citizens to a healthy environment. It stipulates the duty of the State to protect, defend, and promote the environment, and declares that the country's natural wealth and resources must be used to improve the living conditions of the population. Citizens are also granted the right to initiate or join collective actions against acts that harm the environment. The Environmental Code 2013 outlines principles for environmental conservation, assessment, and management. It acknowledges the duty of the Government to address the adverse effects of climate change, adapt the occupation of the national territory to the requirements of climate change, maintain ecological balance, and preserve natural resources. It also requires environmental impact assessments (EIAs) and strategic environmental assessments (SEAs) for projects, plans, and programs which may affect the environment significantly. The Orientation Law on Sustainable Development 2014 states the general rules for implementing sustainable development in BFA. It defines sustainable development as a development model premised on economic efficiency, environmental sustainability, and social equity that can meet the needs of present and future generations. It mandates the State to ensure the integration of sustainable development principles in laws, policies, strategies, and all plans/programs of public and private actors. Its provisions and secondary legislation establish the National Council for Sustainable

⁴⁸ Burkina Faso has also ratified Vienna Convention on the Protection of the Ozone Layer 1985, the Convention on Wetlands of International Importance (Ramsar) 1990, the Convention on Biodiversity 1993, and the United Nations Convention to Combat Desertification 1995.

Development (CNDD) at the Prime Minister's Office to guide government action on sustainable development by organizing the National Conference on Sustainable Development (CONADD), and the Permanent Secretariat of the CNDD (SP/CNDD) at the MEEA for coordination and reporting. Finally, the Interministerial Decrees establishing the National Committee on Climate Change (CNACC) in 2024 and the MRV system in 2023 to support NDC implementation encapsulate recent attempts of GoBF to strengthen climate legislation.

138. Legislation has been issued for several sectors to strengthen climate governance.

Legislation for energy, water, waste, land use planning, forestry, and agricultural sectors, which provide an initial basis for regulating how the various actors address climate change, have been in place for several years (Figure 32). Yet, other complementary legislation may be pending or absent. The General Code of Local Authorities 2004 guides decentralization of powers and functions to the local government. This includes environmental and natural resource management, land use planning and management, and water and electricity management, among others. In practice however, the authority of local governments is severely constrained by a lack of technical, financial, and operational capacity. The resource mobilization and financial management of the climate regulations are governed by the PFM and revenue legislation (for example, the Organic Law on the Laws of Finance 2016, Law on Transparency in Public Financial Management 2015, Public Procurement Code 2008, the General Tax Code 2017), and the Investment Code 2018. Overall, these various legislations aid the government in formulating rules and organizational practices for sustainable development management, and can be updated to incorporate climate change.

Gaps and Opportunities

139. Despite important progress, BFA presently lacks a comprehensive climate change legislative framework establishing a legal mandate for climate action. The Environmental Code 2013 and Sustainable Development Orientation Law 2014 do not adequately incorporate key climate governance principles related to climate change adaptation and mitigation planning, implementation, coordination, MRV, and compliance. No central level institutional structure established by these laws currently has the legal mandate for climate change management. In the absence of holistic climate legislation, the SP/CNDD assumes the mandate of coordination and technical facilitation across stakeholders.

Figure 32. Burkina Faso's Climate Governance Landscape

Legal Framework	Constitution of Burkina Faso (1991, amended 2015), Environment Code (2013), SD Orientation Law (2014) and implementing decrees, MRV Decree (2024), Law on Ratification of the Paris Agreement on Climate Change (2016), Decree adopting the National Adaptation and Climate Change Adaptation Program of Action (2007); Prevention and Management of Risks, Humanitarian Crises and Disasters Law (2014); Forest Code (2011); Pastoralism Law (2002); Agrarian and Land Reorganization Law (2012); Law on Agro-sylvo-pastoral, Fisheries and Wildlife Policy (2015); Urban Planning and Construction Code (2006); Electricity Law (2017); Mining Code (2024); General Code of Local Authorities (2004); Investments Code (2018), PPP Code (2013); Decree establishing the CNACC (2023); Interministerial Order establishing the National Consultative Framework on National Focal Agencies for Climate Finance (2022)			
Institutional Framework	Climate Policy PMO: DGDR, SE-FVC, CONADD, CONEDD, CONASUR, CN-CMAPR) MoE: SP/CNDD, SP/CONEDD, DGEVCC, DGPE, CNACC, CCUC, SP/REDD+), MEF Environmental Units in line ministries and provinces	Climate Finance PMO, MoE (SP/CONEDD, SP/REDD), MEF, line ministries, local governments, other agencies	Planning and Budgeting MEF line ministries, local governments	Climate Relevant Agencies Env & Forestry: ANAM, ANEVE, OFINAP, CNSF, Energy: ARSE, ANEREE, SONABEL, SONABHY Disaster: SP/CONASUR, COS, Water: ONEA Infrastructure & Transport: AGETIB, SOTRACO Agriculture: BUNASOLS, SONAGESS
				Research institutes, CSOs
Policy Framework	NDC I and II (forthcoming, 2025), NAP I, NAP II, NAPA, LT-LEDS, National Climate Security Strategy 2024, Framework for Nationally Appropriate Mitigation Actions (2016), National Green Economy Strategy (2019), National Action Programme for Adaptation to Climate Variability and Change (2007), National Sustainable Development Policy (2013), Climate Change Learning Strategy (2016)	Climate Finance Strategy (under preparation)	Vision 2050, PA-SD, PNDES II, sector investment plans	Sectoral policy on the environment, water and sanitation (2018-2027), National Policy for the Sustainable Development of Livestock (2010-2025), National Fisheries and Aquaculture Policy (2011-2025), National Strategy for the Sustainable Development of Fisheries and Aquaculture 2025, Infrastructure, Transport and Housing Policy (2018), National Industrialization Strategy (NIS) 2019-2023, National Action Plan for Energy Efficiency (2015-2030), National Action Plan for Renewable Energy (2015-2030), National Water Policy, National Integrated Water Resources Management Program 2016-2030, National Wastewater and Excrement Treatment Program (2016-2030), National Action Plan for Capacity Building in Risk Reduction and Emergency Preparedness, Electricity Master Plan (2020-2040), CSLP, SDR, PAN/LCD, the National Biodiversity Strategy and Action Plan, PAGIRE, National Strategy on Food Security and Nutrition, SND-AE (2023-2027), Framework on Incentivizing Private Sector Engagement on Climate Finance (under preparation), Disaster Risk Reduction Strategy (under preparation)
Climate Finance	GEF, CIF, FIE (GCF accredited), Adaptation Fund, EMOFA-B, Fund for Future Generations, donors		National and provincial budgets, social programs	Solidarity fund, Agriculture Fund, Renewable Energy Fund

Source: IMF Staff.

140. Existing climate-relevant legislation is fragmented, and gaps undermine climate action and NDC implementation. There are several examples of missing/pending legislations. The national MRV Decree of 2024 requires that BFA's MRV system cover GHG emissions, mitigation and adaptation efforts, and other climate actions in NDC sectors. While the decree specifies the bodies responsible for MRV operation and requires annual reporting, it does not provide sanctions for non-compliance. More fundamentally, no legislation explicitly covers planning and implementation of climate actions prior to MRV. The revised Urban Planning and Construction Code which incorporates provisions for energy efficiency, rainwater drainage, and bioclimatic design, among others, has been awaiting Cabinet approval since 2021. Other legislations are outdated and incorporate varying levels of climate considerations.⁴⁹ EIA requirements under the Environmental Code and its implementing decree deal with environmental harm without explicitly addressing climate change. Waste management regulations primarily deal with pollution control and public health and lack an integration of climate change mitigation. This contributes to an increase in GHG emissions improper disposal of waste and lost opportunity for waste generation minimization and recycling. The Humanitarian Crises and Disasters Law 2014 does not adequately incorporate disaster preparedness and is disproportionate in its coverage of different types of natural disasters which may be exacerbated by climate change. Also, sectors often lack implementing regulations or require updated regulations. Though the government established the Water Act 2001, specific regulations for efficient water use and those against depletion of water resources are absent. The "Polluter Pays" principle, promulgated in the Environmental Code, is recognized in the Water Financial Contribution Law 2001 as a component to be included in the parafiscal tax on the water sector. However, it still lacks an implementing decree. The Mining Code 2024 introduces provisions for environmental management, including the treatment of mining tailings, but is missing detailed implementing regulations. Methane and fugitive emissions are also not regulated contributing to emissions in extractive industry. An interministerial decree makes the provisions of the NAP legally binding. However, there are no implementing regulations and sanctions to ensure compliance.

141. Recognizing the need for a holistic approach to climate governance, GoBF is considering several updates to legislation. The government has identified some areas for climate reform. Most significantly, the EIA requirement for activities under the Environmental Code 2013 and its implementing decrees are being updated to include climate change considerations. The government has also drafted a bill to regulate carbon markets. Both are currently pending approval of the Cabinet. Additionally, a decree is under development to formalize a standardized carbon credit allocation framework as a national standard for carbon credit certification. Further, the revised Urban Planning and Construction Code would represent a significant step forward in integrating climate issues into land use planning and construction once approved. Similarly, GoBF has expressed its intent to update the legal framework for urban planning (urban planning documents, master development plans, waste management plans, etc.) to help strengthen cities' adaptation to growing climate risks while contributing to mitigation through densification and controlling urban sprawl. Despite these efforts, there remains a need to undertake a more comprehensive review of national and sectoral legislation to address the fundamental challenges outlined

⁴⁹ In some instances, outdated laws have resulted in legal inconsistencies and insufficient coordination of policies across sectoral laws. For example, there are overlaps between the Forestry Code 2011 and Mining Code 2024 over land use, environmental protection, and resource extraction. While the Mining Code recognizes this existence of other legal frameworks, such overlaps can lead to complexities in enforcement and compliance.

above, integrate key climate governance principles consistently across legal instruments, and translate them into sustainable development planning.

B. Policy Framework

142. BFA has developed and implemented several overarching climate strategy documents, which cover, in principle, most policy needs. The government's commitment to address climate change is anchored in its national policies and strategies, such as the 2050 Vision for Low-Carbon and Climate -Resilient Development, National Sustainable Development Policy 2013, National Plan for Economic and Social Development (PN-DES) II 2021-2025, and the National Green Economy Strategy 2019. The Climate Security Strategy 2024 further contextualize these commitments along with other urgent development challenges including instability, conflict and terrorism. In compliance with the UNFCCC reporting requirements, the country has prepared and submitted its First, Second and Third National Communication (2002, 2015, and 2022), its NDCs (2016 (revised 2021) and 2025 (forthcoming)) and its First Biennial Update Report (2024). The NAP I and II (2015 and 2024) identify actions to be implemented through sectoral climate change adaptation plans in agriculture, livestock, health, energy, infrastructure, and water resources, as well as incentivize adaptation planning at national and regional level. Several sectoral policies/strategies integrating these targets and principles of climate change management to varying degrees have been adopted such as the National Renewable Energy Policy, Energy Efficiency Policy, REDD+ Strategy, National Water Policy and the Action Plan for Integrated Water Resources (PAGIRE), among others (Figure 32). The Climate Learning Strategy (2016) and the ongoing development of sectoral climate guides are instrumental in building technical capacity to better inform policy formulation. A Disaster Risk Reduction Strategy (DRR) is also currently under preparation to further enrich the climate policy framework.

Gaps and Opportunities

143. The development of multiple climate policy documents puts a strain on coordination and resources. Climate policies and sector strategies are often developed along different tracks, the former usually led by the SP/CNDD and the latter led by line ministries/agencies. Although consultations are organized often, climate sector documents are at times prepared in silos. Climate policies and sectoral strategies are also largely donor funded, highlighting the dependence of policy development on external technical expertise and resource availability. This translates to infrequent updates and revisions of important policies. Key stakeholders, such as the MEF, do not currently play a leading role in climate policy development, despite their integral role in fiscal policy, public policy, and capital investment oversight. Climate policy development requires coordination to ensure ownership and alignment of efforts toward achieving the NDCs. Given the tight fiscal space, implementation of numerous plans further poses challenges due to limited resources, institutional and capacity weaknesses, and competing development priorities. For similar reasons, national policies and action plans do not always translate to those at the subnational level.

144. Improvements in data quality and institutional coordination on data are also essential in enhancing the effectiveness of climate-related documents to inform policy making. The quality of greenhouse gas inventories is inconsistent across data sources, mainly due to fragmentation of data across government entities and technical capacity limitations despite different ministries/agencies housing research and statistical units. This is detrimental to the credibility of emissions baselines and trajectories,

and design and evaluation of mitigation policies. Climate trends and projections for adaptation measures and disaster risk management are severely constrained by insufficient data sharing across institutions, lack of long-term forecasting, and limited analysis of the physical impacts of climate change on natural resources. A coordinated effort led by SP/CNDD and ANAM to build and share common projections for natural resources can inculcate a collective understanding of constraints, support a cross-sectoral diagnostic, and smoothen inconsistencies across sectoral strategies to make them more resilient.

145. For some sectors, there is room to be more ambitious and better align sectoral strategies and the NDC and Long Term – Low GHG Emissions Development Strategy (LT-LEDS) targets. For instance, the Power Sector Master Plan (2020-2040) sets out to increase the share of renewable energy to 20 percent of the overall energy mix by 2030. The share of renewables in overall generation in 2023 was already 21 percent. Moving forward, there is an opportunity to update these plans and reflect renewed ambition in the forthcoming NDC 2025.

146. Climate change was identified as a development challenge in the recently concluded National Plan for Economic and Social Development II (PN-DES II), but competing national priorities have complicated policy implementation. Operationalizing the National Action Plan for Stabilization and Development (PA-SD), PN-DES II was aligned with national and international commitments, including the Sustainable Development Goals (SDGs), the African Union's Agenda 2063, and the West African Economic and Monetary Union's (WAEMU) strategic framework. It primarily focused on building resilience (including resilience to climatic hazards), and restoring peace, security and cohesion. It also propagated a structural transformation of the economy to unlock sustainable and inclusive growth with strategic priorities linked to climate change. Specifically, it emphasized i) incorporating climate change into national and local planning and budgeting; ii) improving living standards and access to essential services; iii) promoting renewable energy and energy efficiency; iii) developing sustainably the sectors of agriculture, forestry, wildlife and fisheries; iv) reducing greenhouse gas emissions and environmental degradation. While this strategic vision partially translated to the national climate policy and sectoral strategy level, the transitional government in 2022 reoriented its priorities and resources to combatting terrorism, restoring territorial integrity, and providing care and assistance to displaced persons and victims of conflict. GOBF is currently preparing the new action plan and has expressed its intentions to prioritize climate change adaptation and mitigation, and explore opportunities to harness climate change as an economic lever. Overall, there is scope to strengthen climate change priority in macro-fiscal planning.

C. Institutional Framework

147. Several institutional arrangements have been established for climate-related policy making and implementation at the national level. They derive from various sources. Legislation establishes the National Council for Sustainable Development (CNDD) and its components, the Sustainable Development Commission, and the National Committee on Climate Change, among others. The revised Nationally Determined Contributions (2021) provide for the creation of Coordination Units, while the NAP 2024-2026 lists three upper-level committees in addition to Regional Dialogue Frameworks (RDF). The operationalization of these bodies demonstrates varying degree of progress; information on composition, meeting schedules, and minutes is not available for several. Some are listed in Table 8. This

list is not exhaustive. As outlined in Figure 32, there also exist parallel institutional arrangements for disaster risk management, climate finance, and various sectoral taskforces/councils.

Table 8. Institutional Arrangement for Climate Change

No.	Institution Name	Description
1	Sustainable Development Commission	A parliamentary committee to oversee action on sustainable development. This committee is operational but has limited capacity for oversight.
2	National Council for Sustainable Development (CNDD)	Established under the Sustainable Development Orientation Law 2014 to implement sustainable development tools, and ensure sustainable development is integrated in legislation, policies, programs, actions of public and private actors. It is a high-level interministerial body chaired by the Prime Minister, and informs the National Conference on Sustainable Development (CONADD).
3	National Conference on Sustainable Development (CONADD)	The CONADD is a multistakeholder conference overseeing progress on sustainable development and making recommendations. It is chaired by the Prime Minister. The decree allows for the establishment of multiple technical committees and thematic working groups to discuss and advise on priority issues. The CONADD meets once every two years.
4	Permanent Secretariat of the National Council for Sustainable Development (SP/CNDD)	The PS of the CNDD at the MEMC implementing national sustainable development policy, missions of the CNDD, CONADD recommendations, and coordination at the national and subnational levels. It is also the operational Focal Point for the Global Environment Facility (GEF).
5	National Council for the Environment and Sustainable Development (CONEDD)	Established in 2002 and chaired by the Prime Minister, the council undertakes stakeholder engagement, and provides advice and recommendations on National Sustainable Development Policy. It comprises a multistakeholder Conference, and a Permanent Secretariat (SP/CONEDD) which implements and executes its functions. Its technical committees are consultative bodies advising on priority areas. CONEDD and SP/CONEDD are not operational.
6	National Committee on Climate Change (CNACC)	A consultative framework created by an interministerial decree to consult, facilitate, and reflect on climate change. It is viewed as a supporting framework for the CONADD, though it is not legally under the CNDD framework. It has met once since it was established in 2024.
7	Directorate General for Green Economy and Climate Change (DGEVCC)	The DG at MEMC overseeing green economy and climate change policy design, implementation and monitoring.

8	Secrétariat Permanent for REDD+ (SP/REDD+)	The SP/REDD+, attached to the Ministry of the Environment, Water and Sanitation, coordinates activities relating to the REDD+ framework, as well as the development and implementation of measures to reduce emissions from deforestation and forest degradation.
9	Sector Coordination	Decree N ° 2008-125 / PRES / PM / MECV calls for the creation of Environmental Units at various ministries and levels of government. The Environmental Code 2013 upholds existing mechanisms to coordinate environmental action across ministries and levels of government.
10	NDC Coordination Unit	The Revised NDC 2021 proposes the formation of a coordination unit under the supervision of the SP/CNDD. It shall comprise i) a coordinating entity; ii) an adaptation technical unit; and iii) a mitigation technical unit. This Coordination Unit shall work closely with focal points from key ministries.
11	NAP National Technical Steering Committee	Coordination and guidance body of the NAP, overseeing implementation and MRV. Chaired by SP/CNDD.
12	NAP National Reporting Committee	Technical arm of the NAP national coordination body. Its responsibilities include (i) validating the annual sectoral technical reports on climate resilience, ii) producing monitoring reports on the implementation of the Action Plan to be submitted to the national coordination body, and iii) formulating recommendations. It is composed of representatives from the sectoral technical committees, as well as from the ministries responsible for environment, finance, research, agriculture, gender, mining, and digital transition. It may meet as often as necessary.
13	NAP Sector Technical Committees	There are 4 - Energy, Industrial Processes and Product Use (IPPU), AFAT, and Waste. They produce sectoral data and prepare sectoral technical reports on NAP implementation. They are primarily composed of representatives from the ministries responsible for these areas. They may meet as often as necessary.
14	NAP Regional Dialogue Framework	At the regional level, this framework serves as the Steering Committee for NAP. Chaired by the Regional Governor and co-chaired by the President of the Regional Council—and, where applicable, the President of the Special Regional Delegation.

Source: IMF staff.

Gaps and Opportunities

148. The proliferation of institutional structures due to inconsistent climate related laws and policies have resulted in overlaps, weak coordination, and overall institutional inefficiency. In the absence of a legally mandated central coordination mechanism for climate change, several entities have assumed overlapping responsibilities. The SP/CNDD and CNACC, appear to have overlapping responsibilities without clear guidelines on their distinct duties, potential synergies, and coordination framework. Similarly, CNDD and CONEDD have almost identical mandates and common membership and leadership. The creation of ad-hoc committees and working groups in place of formalized/permanent channels has contributed to high staff turnovers, disrupting the transfer of knowledge and continuity of programs. Many bodies are never operationalized, introducing greater costs to an already burdened

framework. Though the SP/CND is the de-facto climate coordination entity, its authority is thus weakened by a lack of legislative backing, and largely hinges on informal relationships for coordination and an inefficient administrative system.

149. There is room to institutionalize structures at sectoral agencies and across levels of government, and to mainstream climate change in the functions of the MEF. To date, only few Environmental Units have been embedded in sectoral ministries and at the level of subnational governments owing to capacity constraints. These units are important for planning, coordination, resource mobilization and effective use of resources. BFA can consider expanding the scope of these units to include climate change, formalizing them in the line ministries of key NDC sectors and subnational governments (potentially as climate change focal points). There is also potential for the MEF to assume more of a leadership role in driving climate priorities. This can be initiated by mainstreaming climate change considerations into the core functions of the ministry including fiscal policy formulation, taxation, expenditure planning, and financing and debt management (see Box 1).

Box 1. Strengthening the Role of Ministries of Finance in Driving Climate Action

Ministries of Finance can mainstream climate into their three typical core functions:

Economic strategy and vision: using their responsibility for oversight or involvement in national development strategies, sector plans and capital investment planning to participate in the development of national climate strategies, greening national development and sector plans, shaping industrial and innovation strategies, and assessing investment needs for the transition—in partnership with relevant line ministries.

Fiscal policies and budget management: using their primary responsibility for fiscal policy, taxation, and budget planning and execution to design carbon taxation and new forms of environmental taxation, reform fossil fuel subsidies, introduce new fiscal incentives for green sectors, reform multi-annual expenditure frameworks and annual budgets, and green public investment and procurement strategies. The Ministry of Finance's central role in the budget formulation process is a particularly important entry point for driving climate action and investment.

Financial policy and regulation and oversight of the financial system: using their core responsibility for the regulation of state-owned banks and enterprises, sovereign wealth funds, financial institutions and debt markets, interfaces with central banks, and shareholdings and relationships with the international finance institutions and multilateral development banks to green the entire financial system, improve financial resilience and stability, and mobilize finance into sustainable investments. This can be achieved through frameworks for green bonds, catalyzing private capital, adaptation and disaster risk finance and insurance, and international climate finance—in partnership with central banks and the private sector.

To enhance these core functions, three capabilities are critical:

Leadership capability: strengthening the range of champions for climate action at the political and officials' level, strengthening the Ministry's vision, mission and mandate to drive climate action, and creating clear responsibilities and organizational structures for climate leadership.

Coordination capability: driving effective collaboration across government and with the private sector, civil society and international financial institutions, and multilateral platforms and processes supported by effective strategies for consultation and communication.

Box 1. Strengthening the Role of Ministries of Finance in Driving Climate Action (Continued)

Human and analytical capability: ensuring dedicated staffing resources for climate action, upgrading expertise in climate policy, and revamping tools and analytical approaches for data collection and economic decision-making.

Source: Coalition of Finance Ministers for Climate Action.

D. Climate-Related Data

150. Data plays a crucial role in decision-making by providing objective insights that can help GoBF make more informed choices. It enables decision-makers to identify trends, assess risks, and evaluate outcomes based on factual evidence rather than intuition or anecdotes. Accurate and timely data helps reduce uncertainty, allowing for better projections, and more strategic planning. It can also lead to improved efficiency, resource allocation, and innovation. This is not limited to climate-related data.

151. A lack of technical capacity and resources significantly limits climate-related data collection, analyses, dissemination. This challenge is exacerbated by the need for very long-run forecasting and projections, whereas traditionally MDAs have taken a short-to-medium-run view: ANAM provides seasonal weather forecasts for the government and civil society up to 6-month horizons; the MEF's resource envelop is determined through the Medium Term Expenditure Framework (MTEF) which typically covers a three year period; and the PN-DES II only covers a 5-year horizon. Given the uncertainty around climate projections, defining methodologies and building capacity for making decisions under uncertainty will be an important task for policy design and policy assessment.

152. With limited resources, the GoBF will need to determine its main data priorities and ensure better data sharing. The mission learned that there are pockets of data that exist across the GoBF, some of which overlaps with other data related work, however they are not widely being shared within or between MDAs and in some instances the data resides in hands of the Development Partner that originally supported the activity. The mission identified various instances where data was produced once, and then not updated or maintained for future use. To address this, the government needs to introduce a system for effective data management and sharing between MDAs and development partners through standing MoUs. MDAs should be surveyed to understand their main data needs and to take stock of existing data they hold (and vintage). Several data priorities are discussed throughout this report including disaster risk data, GHG inventory, forestry inventory, climate scenarios and hazard vulnerability maps, and structural plans.

E. Climate Finance

153. BFA has access to some key global financial mechanisms, but resource mobilization efforts fall short of climate adaptation and mitigation requirements. BFA's financial requirements for NDC implementation, as detailed in the revised NDC 2021, are estimated at US\$4.1 billion by 2050. With respect to adaptation, approximately, US\$1.1 billion is allocated for the agricultural sector which represents the highest investment requirement, followed by ecosystem services and water. In terms of mitigation, about \$1 billion is required by the energy sector to promote renewable energy projects and

reduce greenhouse gas emissions. The NAP 2024-2026 is costed at US\$3.2 billion. In 2019/20, US\$567 million was invested in climate related activities in BFA, representing only 13 percent of its total NDC requirements. Of this, 76 percent was provided by multilateral and bilateral partners as low-cost debt (42 percent) and project-level debt (21 percent). Corporations provided the largest share of private climate finance (65 percent), followed by commercial financial institutions (24 percent), and institutional investors (10 percent). In terms of global funds, climate related projects in BFA have received funding from Green Climate Fund (GCF), Global Environment Facility (GEF), and Climate Investment Funds (CIF). Earlier this year, the Environmental Intervention Fund (FIE) received GCF accreditation. Notable GCF-backed projects include the Africa Hydromet Program, the Yeleen Rural Electrification Project, and the Local Climate Adaptive Living Facility Plus (LoCAL+). BFA is currently in the process of applying for Adaptation Fund accreditation as well. Though funding from all sources does not meet the level required to achieve the enhanced NDC, implement the NAP, and support a green transition, this accreditation process should help attract investment.

154. GoBF has adopted a consultation framework for resource mobilization coordination, with key policies and plans in the pipeline. In 2022, The National Consultation Framework on National Focal Agencies for Climate Finance was established by a joint decree of MEF and MEEA (Decree n°2022-0520/MEFP/MEEA, 30 December 2022). With representation of all relevant agencies, global funds and development partners, the body is responsible for coordinating and improving climate finance mobilization. The framework meets twice a year, extending invites to prospective development partners when a financing opportunity has been identified. In 2024, the framework developed a 3-year priority action plan to optimize resource mobilization. The plan has 3 strategic pillars: i) supporting the design of climate finance tools and instruments, ii) monitoring and evaluation, and iii) facilitation of the framework for key stakeholders. The action plan is available internally with an intention to eventually share it with other stakeholders. Additionally, the framework is considering the introduction of climate finance tracking through nomenclature within a chart of accounts (COA). GoBF is in the process of drafting a Climate Finance Strategy with the World Bank. The FIE is also developing a strategy on engaging the private sector in collaboration with an accredited private commercial bank.

Gaps and Opportunities

155. Notwithstanding coordinated efforts, several challenges to public and private resource mobilization persist. A lack of capacity (operational, technical, financial, and institutional) limit GoBF's efforts. The Government has aspirations to become a delivery partner for projects. This requires institutional reforms to set up an agency and technical committees, operational and technical appetite for organizing trainings and workshops, and funds to cofinance projects. The quality of data collection and processing needs to be significantly improved in order to develop bankable projects to attract financing. Moreover, transparency and fiduciary functions of the FIE and other funds seeking accreditation should be enhanced in line with international best practices. Finally, updates to the Investment Code 2018 can be considered to further incentivize investment in climate adaptation and mitigation technologies.

156. The forthcoming Climate Finance Strategy should be comprehensive and in tandem with mobilizing private engagement. The strategy should contain a status of current climate finance flows, both private and public, domestic and international and compare it with needs to quantify the gap. The strategy should identify key recommendations to close the gap, including through a systematic analysis of available instruments, and their suitability for BFA. If BFA cannot use certain instruments, the strategy

should clarify why. If some instruments are feasible to tap on and the country is currently not doing so, the strategy should identify key regulatory and operational steps so BFA can start tapping on those instruments. It is also important to identify priority projects and include them in a pipeline.

Recommendations

Strengthening the Legislative Framework for Climate Action

- Integrate climate change into sustainable development planning:
 - Amend the Sustainable Development Orientation Law 2014 to incorporate key climate governance principles related to climate change adaptation and mitigation (planning, implementation, monitoring, climate finance, decentralization, and responsible institutions)
 - Develop and adopt implementing decrees:
 - Revise the CNDD decree 2017-0459, 13 June 2017 and the SP/CNDD decree (N°2018-009, 11 January 2018) in line with the changes of the Sustainable Development Orientation Law 2014 to establish and refine the legal mandate of CNDD and the SP/CNDD for climate change management
 - Clarify and coordinate responsibilities of SP/CNDD and CNACC with respect to the CNDD framework
 - Consider regulations assigning responsibilities for policy, coordination, planning and reporting on climate change to subnational governments
- Review the current national and sectoral legislative framework on climate change (for example, Environment Code, DRM Law, Forestry Code, Mining Code), and align with the revised Sustainable Development Orientation Law if needed

Improve the Institutional Framework for Climate Action

- Assess the effectiveness of parallel coordination mechanisms for climate change and sustainable development to identify overlapping mandates and streamline where needed
- Update responsibilities of Environmental Units at the line ministries of key NDC sectors and of decentralized governments to include climate change
- Mainstream climate change into the core functions of the MEF including macro-fiscal planning, revenue mobilization, budget, and PFM

Climate Finance Mobilization

- Enhance transparency and fiduciary functions of the Environmental Intervention Fund (FIE) in line with international best practices
- Develop, adopt, and implement a comprehensive Climate Finance Strategy