

CHAPTER V: UNIT 3 COMPARING BURKINA FASO AND TAIWAN FROM EIGHT SELECTED VARIABLES

The next page graph shows that Burkina Faso (from 2000s), is at almost 2/10th of Taiwan achievement in Economic Development (ED), Human Capital (HC), and Government quality (QC) (1951 to 1965). For three other variables including Natural Resources (NR) (Initial Development (ID) and Aid Quality (AQ) the country is at almost 1/10th of Taiwan achievement for the same period. The two last variables of Colonial Legacy (CL) and Joint Semi Autonomous Institution (JSAI) are almost inexistent. To complete series of data analysis, a comparison of Burkina Faso to the Republic of China (Taiwan) helps to bold lessons and derivates recommendations in the conclusion chapter.

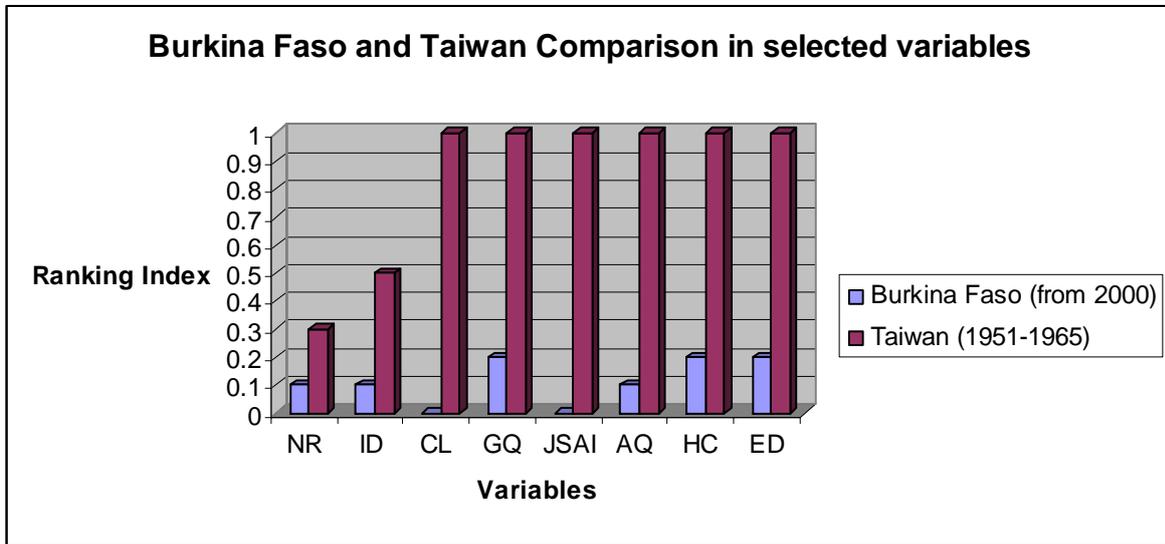
V.1.BURKINA FASO TAIWAN FOREIGN AID TO DEVELOPMENT ACHIEVEMENT

NATURAL RESOURCES (NR)

Taiwan started its Foreign Aid program with a poor index in natural resources. Burkina Faso although showing similitude with Taiwan (0.5 against 0.3 ranking index), is poorer in this variable. The country is eight times larger than Taiwan, but endowed with poor soils, little water, naturals assaults including drought and locus invasions. This variable however, stands as a common constraint for both countries. It raised the question of how Taiwan managed to offset the disadvantage of a scarce land, and the perpetual threat of typhoons, and earthquake.

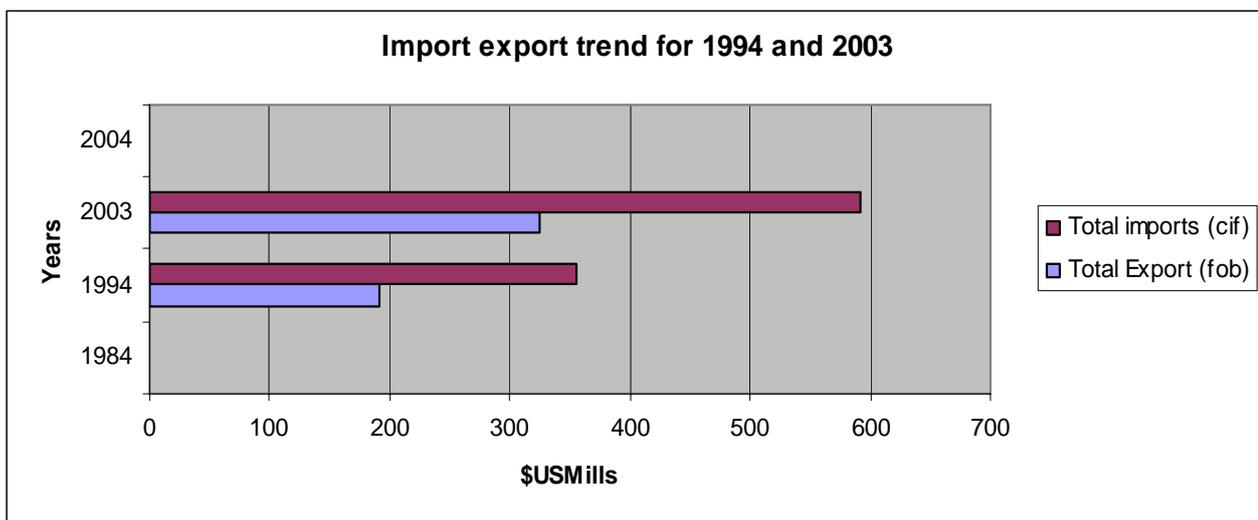
The literature bold the land reform program that lead to a careful distribution of land to the majority of the population, provide means for more production, consumption, and trade. Considering Burkina Faso, small landholders even imperfectly managed, are already established. The means to prevent droughts and locusts invasion, improve the production, consumption, and trade are main worries expressed by the population. Therefore, beyond more financial supplies, knowledge, and technological skills share are urging as outlined from the following lines.

Graph 5: Burkina Faso (from 2000) and Taiwan (1951-1965) Comparison in Selected Variables



Source: the author

Graph 6: Burkina Faso Trade Trend in 1994 and 2003



Source: Figures drew form data collected on World Bank Africa data

INITIAL DEVELOPEMENT

In reference to the graph on the preceding page, Taiwan initial development during 1950s was higher than that of the Burkina Faso today. This low index for the country initial development traduces the poor state of the population in basic education, health, and production for self-nourishment. Before 1951, Japanese colonization, and a historical turn over brings human and financial (gold) capital from the continental China to the island. That is not the case in Burkina Faso where both human and financial capital are scarce.

COLONIAL LEGACY

Shifting to colonial legacy, Japan (for Taiwan), and France (for Burkina Faso) are different colonizers, with different ideologies, geographical spaces, and historical process. In 1953, the percentages of Taiwan's export to different countries uphold Japan as first export market with 45.6 % of the total export, following by Hong Kong 8.2%, the United Kingdom 6.6%, and the USA 4.2%. The Haute Volta of the colonial era was an unstable colony of French *Afrique Occidentale Française*: AOF (French West Africa in English).¹ The Colonial administration and the main economy were under French monopoly for which, Haute Volta (Upper Volta) was important as a transitory colony and a reservoir of human resource for the south natural resources rich colonies. This colonization parenthesis has faded out with the outbreak of the "political independence".

As previously stated, there is trade disequilibrium between France (the ex-colonizer) and Burkina Faso.

In 2002, Burkina Faso has exported goods for a value of 11,139 million Euros to France, while receiving general merchandises for a value of 208,654 million Euros from the same country. Although this general trend is modest comparing to France general exportation, the trade disequilibrium is huge for Burkina Faso. The economic relations ex-colonizer to ex-colonies beyond specifics countries details, is to the disadvantage of the latter's. The total export from Burkina Faso constituted 10% of the country GDP in 2001.

In 2004, the People Republic of China received 32.3% of the country export (cotton mostly), followed by Singapore 10.7%, Bangladesh 4.5%. Turning to imports, the country is a consumption market for France 31.5%, followed by la Cote d'Ivoire 13.9%, and Togo 8.5%. It suggest that the ex-colonizer and the regional neighboring markets are under exploited by Burkina Faso. To fill this gap, human skills upgrading are

¹ The colony of Haute Volta was once part of the French military region. A separate colony created in 1919, suppressed in 1932, and reconstituted in 1947 until the independence in 1960. Otherwise, it was administrated from Dakar (Senegal colony capital) along with the colonies of la Cote d'Ivoire, Dahomey, Guinea, Mauritania, Niger and the Sudan.

fundamental for both top leadership and bottom line population (confer next page for the country trade trend for the years 1994 and 2003)

GOVERNMENT QUALITY

Concerning this variable, the graph (P.59) shows that the Burkinabè government ability to provide an overwhelming environment for private and foreign investment is just 2/10 to that of the Republic Of China (Taiwan) during the 1950s. The dynamism and governance knowledge of the Taiwanese government skills at this early age provide arguments for statist.² Before the U.S Aid, the government launched land and currency reforms, credits policies, and the reconstruction of the industry. When U.S Aid resumed, forty percent of funds served to finance the country input import for projects implementation³.

Years between 1951 and 1957 were those of a strict import control followed from 1958, by an export free era. For each period, accurate regulations took place. During the export free era three important measures including the freeing of importation, the introduction of a single exchange rate system, and the money devaluation brought a big push to the economy output.⁴ The Republic of China (Taiwan) government during this phase of development was according to economic development priorities, was restricted to 16 members. It was a young team (average of 38 years in 1952), highly university educated. 47.7 percent of them were engineers, 34.09 social scientists with major in economics, and the rest from science and military studies. The high proportion of specialized engineers explains in part, their high achievement in project implementation, and technological catch-up. Engineers' education is pragmatic bound to action than social scientists excellent in planning.

² Merriam-Webster defines statism as a "concentration of economic controls and planning in the hands of a highly centralized government." Advocates of economic liberalism typically use the term "statism" to refer to any economy that does not conform to the standard of laissez-faire capitalism (<http://en.wikipedia.org/wiki/Statism>)

³ Maurice Scott, P.313.

⁴ Op-cit, P.327

The leadership team was complementary in skills through a genuine combination of doers, and thinkers. Moreover, they were educated for 85% in USA (important export-import market), and 15 percent in Western Europe (a prospective market)⁵. Foreign investment inflow and trade partnership establishment took advantage from these connections. Well educated, and open to the world, this team believed that:

“Excessive concentration of wealth in a few hands should be prevented . . . , Foreign Aid should not be relied on . . . , their strategy of development can be summarized by Kuo Ting Li statement below (Minister of Economic Affairs and Finance in the 1960s. There is no shortcut to economic development. You must first create self-supporting small farms where people eat and wear what they grow. Then, they begin to sell their surplus and development handicrafts. Next, comes small industries to meet local needs.”⁶

Currently, the international environment is liberalist and free trade friendly. It is unrealistic to suggest an import protection phase. To face weak internal and wild external economic environment in Burkina Faso, is a team of 36 ministers: One Prime minister, One Secretary of the government council, Twenty nine Plain ministers, and Five Delegated ministers. They have an average age of 45 years, highly educated (mostly in social sciences economics as major), and open to the world (confer Annex for government member composition).

The first constraint from this team is its plethoric number. In Taiwan the stability was sustain by a special law based on the threat of communist attack, and the historical context that prevail. In Burkina Faso and most of the African countries, the price for a relative stability is a plethoric government⁷. Secondly, the high majority, based on their education major (Economy) excelled in theorization and planning. Engineers, doers, are scarce in this composition. The qualities of Taiwan leadership education make the catch-up process from U.S Aid technicians easier and quicker than in any other country during the period considered. Moreover, the mostly French educated leadership is heir of a heavy public system that needs huge amount of money for survival on detriment to the private, and productions sectors revitalization. Economic Freedom poor indexes ranking for the country business environment witnesses this inclination.⁸ Lessons from Taiwan in this specific variable implied a need to upgrade economic leadership skills in connection with specifics projects and institutional framework.

⁵ A.P.L Liu, 1987, P.46

⁶ Yu-san WANG.1985. P 124-125

⁷ For government composition and attributions confer <http://www.primature.gov.bf/gouvernement/composition.php>

⁸ Confer, www.heritage.org for the country specifics indexes ranking

JOINT SEMI AUTONOMOUS INSTITUTION

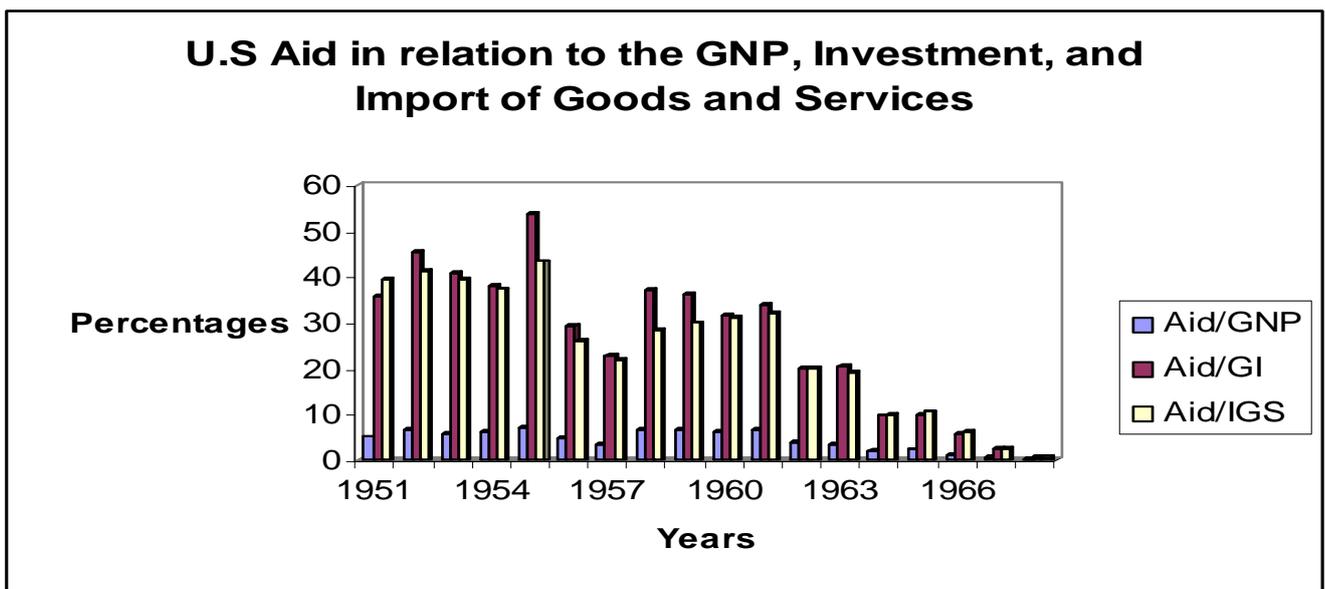
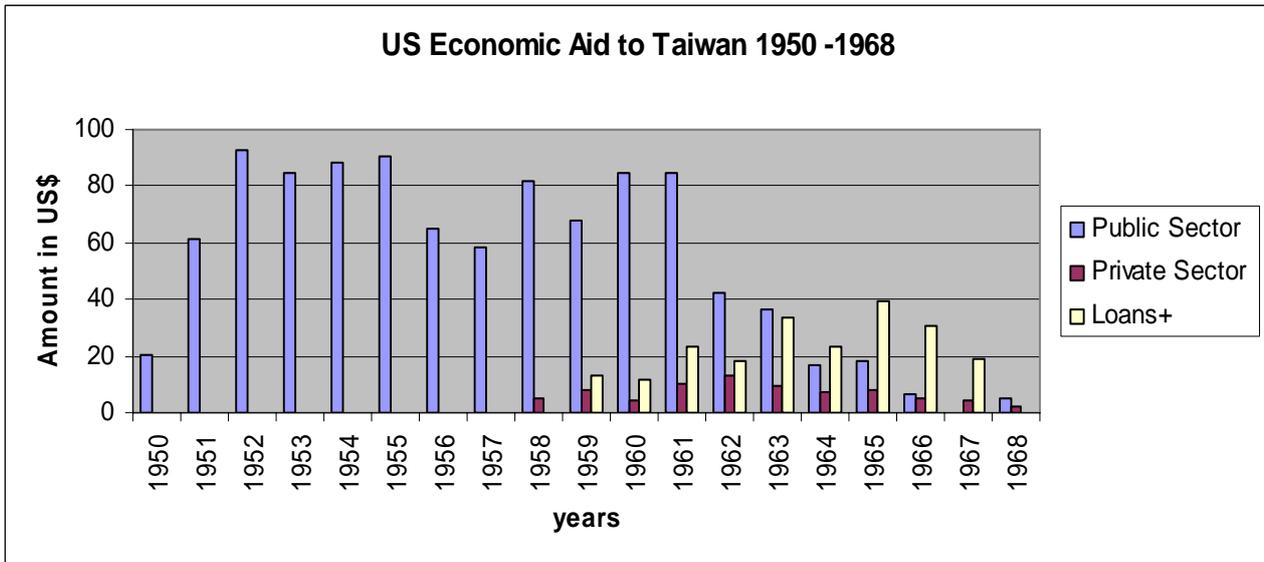
An important characteristic of U.S Aid to Taiwan is its implementation by a joint semi autonomous structure with different area of specification. The Joint Commission on Reconstruction (JCRR) was fully involved with the rural area while the Council on International Economic Cooperation and Development (CIED) directly connected to government department and public enterprises, non-agricultural projects and private enterprise. This institution was trusted to implement the disbursed foreign funds. Burkina Faso foreign aid merged into government structures and addressed many issues indistinctly.

This strategy is inefficient, as government simultaneously addressed multifold issues with insufficient financial, capital means, and human capital. Therefore, the International Community, and Burkina Faso have to harmonize aims and actions through a distinct institution. This institution will welcome government specialists in economic planning to work along with practical expertise from friends' countries to foster aid project implementation.

THE QUALITY OF AID

Taiwan for military, and geo-political reasons, received a tremendous amount of Aid, mostly delivered in grants, therefore a small debt-ratio, and good foreign reserves. The Figure set (7) of next page displays respective global funds allocation and their direction. It shows that U.S Aid program successfully granted results during a short period. One fundamental reason for this success, beyond the availability of financial and technical resources is the systematic procedure followed. The disbursed funds went firstly to the public sector from 1950 to 1957. In 1958, the private sector emerged followed by loans in 1959 (confer the figure on the next page). Smoothly, U.S Aid makes the transition to other financial actors including government, private sector and foreign direct investors.

Graph set 7: Yearly sectored Allocation, and U.S Aid relation to the GNP, Investment, and Import of Good and Services (1951-1968).



Source: Maurice Scott, "Foreign Trade", in *Economic Growth and Structural Change in Taiwan: The post War Experience of the Republic of China* edited by Walter Galenson, (Ithaca and London: Cornell University Press, 1979), PP.306-307.

In conclusion, to this set of figures, aid primary strengthened domestic capacity in economic fundamentals before it opening up to the private sector. The following data (next page) shows that funds fuelled import goods and gross investment in relation to internal development goals.⁹ Otherwise, the macroeconomic evolution from 1951 to 1964 teaches that the GNP steadily grew from US\$106 million in 1951 to US\$187million in 1964 concomitantly to the capital formation. Both government revenue (from US\$153 million in 1951 to US\$414 in 1964), and gross domestic saving (US\$105million in 1951 up to US\$489 million in 1964) have increased significantly. Aid went to four main sectors that were in order of importance: infrastructure, human resources, agriculture, and industry¹⁰. The aid financed import goods, reversely to the case of Burkina Faso (fuel-food), bought: a) Industrial material for domestics processing; b) imports of capital goods; c) import of human capital knowledge; d) technology via U.S technicians and training of Chinese participants; d) import of consumer goods.¹¹

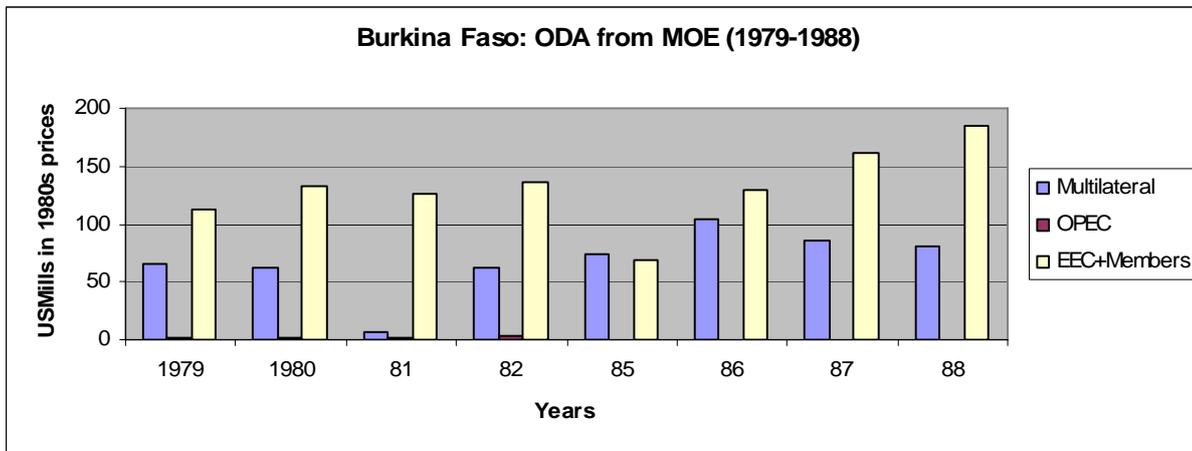
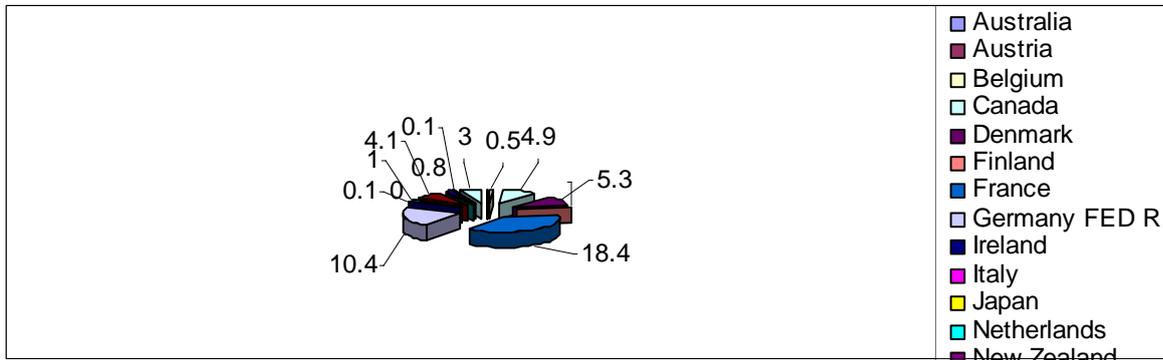
Concerning Burkina Faso, the 1990s to the 2000s have welcomed many changes to launch the development process fuelled by foreign aid. They include the first Structural Adjustment Program (1991); the process of liberalization and privatization of the economy; the devaluation of the CFA in 1994, the Poverty Reduction Strategy Paper from 2000.¹² This last period comprehension required a brief survey of former years back to late 1970s. Bilateral and multilateral donors from European's countries (18 donors 12 European countries) then, delivered financial and technical assistance to the country. Figure attests that France, Germany, the United States and Norway emerged as the most important countries donors at that time.

¹⁰ Confer Jacoby, 1966, P. 50.

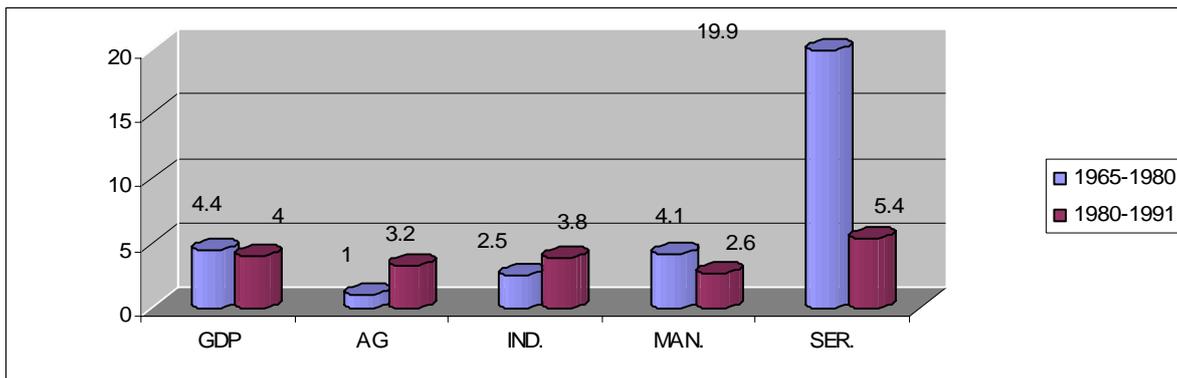
¹¹ Confer Jacoby, (op-cit 1966), P.46. The amount spends in \$US Million is as followed. a) 882,575,000; b) 367,223,000; c) 67,466,000, d) 148, 109,000. Both amounts are from the grand 1, 465,373,000.

¹² Michel Grimm and Isabel Gunter, "Operationalizing pro-poor growth", *AFD, BMZ, DFID and the World Bank*, 2004, <http://www.sciencedirect.com>, and Moussa Batenga, "heritage colonial", 2005: <http://www.histoire-afrique.org>. The CFA (the French Africa Currency) is under French Treasury Tutorship for Burkina Faso, Benin, Cote d'Ivoire, Guinea Bissau, Mali, Niger, and Senegal. In 1994, under economic crisis for both countries, the currency has been devaluated comparatively to the French Franc, and now to the Euro under French umbrella. 1 FF equaled to 100CFA now, one Euro is equal to 655.957 CFA.

Graph set 8: Burkina Faso ODA major bilateral and multilateral donors (1979 to 1988)



Graph 9: Burkina Faso Average Annual Growth Rate and economy structure (1965-1991)



Source: Figures drew from data on Omotayo Olaniyan, 1996, P.33. MOE means Multilateral, OPEC and EEC.

The total amount of bilateral funds was US \$ 132 million in 1979 and US \$ 222 million in 1988. The Multilaterals (Breton Wood institutions, and Non Governmental Actors) and particularly the Europeans Economic Cooperation have been supporting this bilateral trend.¹³

Inflows from this latter donor shows consistency and up trending of disbursed funds even in the difficult year of 1981(refer to figures next page). The grand total of ODA from both actors increased from US \$ 330 million in 1979 to US \$ 527 million in 1988. In parallel to these financial inflows, a persistent external debt equally increased for an average of US \$ 53.1 per capita in (1980-1984) to US \$ 91.2 per capita (1985 to 1989). The average external debt per capita from 1980 to 1989 was US \$ 72.2.

Unsurprisingly, the returns on investment from these inflows were hardly perceptible from the country economic growth variables. Although it was said, ODA went to “Solve the problems of rural development, agricultural transformation, and drought.”¹⁴ The figure 3 (next page) suggest that this investment strategy was unfitted. Agriculture, the supposed utmost care sector observed a timid trend, increasing only for two percent in eleven years (1980-1991). In addition, contrary to the usual trend on economic development where agriculture output grew concomitantly to industry and manufacture, Burkina Faso’s industry is almost inexistent when manufacture and services downsized significantly during the 1980s and 1990s.

The ideological turn of the early 1990s towards market economy has opened a way for more friends and more aid delivers. New ones came to rescue the pioneers. The World Bank mapping of Burkina Faso top-ten donors stipulates that the number of donors does not shrink and that their interest on social matters has increased significantly (see the chart 1 page). A brief overview of this chart instructs us that the International Development Agency (IDA), France and European Cooperation are the country top-three donors where the U.S.A kept the last place. It means that the European Union (with France as a lead) remained the official bilateral donors and internationally bound-to “friend” of the country.

¹³ It has increased its financial outflows from \$US112 million in 1979, to \$US185 million, in 1988.

¹⁴ Omotayo Olaniyan, *Foreign aid, self-reliance, and economic development in West Africa*, (Westport, Conn: Praeger, 1996), P.2.

Chart.3 Burkina Faso top-ten aid recipient and their focus sectors

Burkina Faso

Receipts	2002	2003	2004
Net ODA (USD million)	473	507	610
Bilateral share (gross ODA)	55%	51%	52%
Net ODA / GNI	14.8%	12.1%	12.7%
Net Private flows (USD million)	26	19	34

For reference	2002	2003	2004
Population (million)	11.8	12.1	12.4
GNI per capita (Atlas USD)	250	300	360

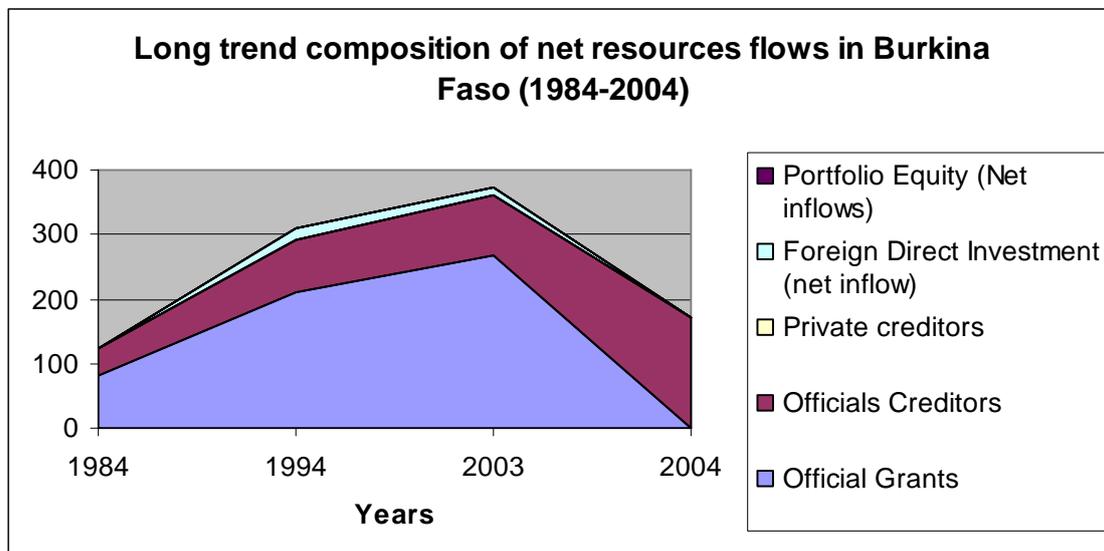
Top Ten Donors of gross ODA (2003-04 average)	(USD m)
1 IDA	129
2 France	90
3 EC	87
4 Netherlands	47
5 AfDF	40
6 Germany	34
7 Denmark	30
8 Switzerland	21
9 Belgium	16
10 United States	16

Bilateral ODA by Sector (2003-04)



Sources: OECD, World Bank.

Graph 10: Burkina Faso net resources flow (1984-2004)



Source: World Bank, 2005: www.worldbank.org

Although forgotten on the chart, no less important intervening actors are Taiwan, Japan and Libya. Increased interests towards social sectors are also noticeable. Altogether, ten sectors are sharing the ODA inflows, an amount that has been increasing: from 473, to 507, and 610 (US \$ millions respectively in 2002, 2003, 2004). The percentage of bilateral gross ODA share was 55 in 2002 it decreased to 51 in 2003 and pushed slightly up to 52 in 2004.

The percentage of the net ODA share to the GNI has also fluctuated from 14.8 to 12.1 and 12.7 during the same length of time. The net private flows percentage has also decreased from 26 in 2002, to 19 in 2003, and significantly increased to 34 in 2004. The population of the country grew in parallel from 11.6 million (with US \$ 250 per capita in 2002) to 12.4 million people in 2004 (with US \$ 360 GDP per capita). Within the ten sectors selected from the chart, the ODA share to emergencies is almost imperceptible while debt disbursement stands for 10 percent of the total funds. The figure 4 shows that considering the long trend (1984-2004), official grants and official creditor grants had constituted the most important sources of inflows to Burkina Faso.

HUMAN CAPITAL

For all the variables listed human capital is appears fundamental. Indeed, to conduct research and find solution to alleviate natural resources constraints, human skills are required. To upgrade the initial condition that include socio variables, human capital is required for census, and basic education planning for health improvement, agriculture production, and trade extension programs. Human capital is as much important to offset the colonial legacy weakness, find a “niche” in the sub-regional and the world markets. The Government member’s education quality, as well as U.S Aid quality required human capital investment. Taiwan through multifold stress on human capital has filled the gap, and therefore, launch its economic development. As displays by the graph, Burkina Faso after several years of aid program, achieved only 2/10th of what Taiwan achieved in 15 years.

V2.ECONOMIC DEVELOPMENT BURKINA FASO VERSUS TAIWAN

The population of Burkina Faso several years after foreign aid infusion remained on the early phase of the first stage of its development. In 1952, Taiwanese infant mortality was 79 per 1000 births while 57.9 percent of the adult population was literate. The GNP per capita was US\$879 (1951). In 1975, Burkina Faso HDI was 0.237. In 2001, it decreased to 0.330 after 26 years of foreign assistance nothing seems to have moved socially.

The 2001 GDP per capita was 214 US \$(1,120 in US\$PPP), with 24.8% literacy rate for the population above 15 years, 45.7 for life expectancy at birth, and 104 per 1000 of infant mortality rate.

The 2005 human development report sustain that in average, the net disbursement of ODA as percentage of the GDP has slightly increased from 10.6 in 1990, to 10.8 in 2005. The total debt service outflow as percentage of the GDP also increased from 1.1 to 1.2 percent. Debt repayment from goods exports and income from abroad grew from 7.8 in 1990 to 12.5 in 2003. These data suggests that stabilization and liberalization reforms initiated by international and national leaders since the early 1990s has achieved low results for economic recovery.

However, these results are improvable. Currently, bilateral, multilateral aid delivers, and internal actors followed a general document called Poverty Reduction Strategic Paper. They address many crucial issues concomitantly. That comes out with weak results. The promise of debt forgiveness for Burkina Faso and other country bear a hope. Freeing from debt repayment, the country may in a first step, saved a substantial amount for investment in people technological skills upgrading, and basic education akin to the rural production incensement. To do so, technical assistance from partners is essential.

Comparing Taiwan and Burkina Faso based on their respective foreign aid policies shows many discrepancies and inspired ways of improvement for Burkina Faso. In Burkina Faso, people are poorly educated, living in a low natural endowment area with limited physical and capital means for survival. Mainly agricultural and cotton producer, the economic performance is widely dependent on climatic conditions and the world market price for cotton. The public revenue financed by external bilateral and multilateral aid. Taiwan holds an important place in the list of the bilateral aid delivers to the country.¹⁵

¹⁵ In 2001, Taiwan granted 11 Million Euro to Burkina Faso for the management of 6000 ha of rice, and in 2003, 4.5 Million Euro were directed to the telecommunication sector: www.izf.net/izf/Guide/Burkina.