INVEST IN BURKINA FASO

274 200 Km² of Investment opportunities

ENERGY INVESTMENT FACILITATION: THE EXPERIENCE OF BURKINA FASO

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STRATEGIC AND UNIQUE GEOGRAPHICAL POSITION

- Area of 274 200 km².
- Burkina is in the middle of west African market with an access to 101 million people through WAEMU, 308 through ECOWAS, USA (318) and EU (738). Burkina Faso population (18,3)
- The Transit point of trade among west african countries
- Member of ECOWAS and UEMOA
## MACROECONOMIC KEY INDICATORS

<table>
<thead>
<tr>
<th>INDICATORS</th>
<th>VALUE</th>
<th>YEAR</th>
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<tbody>
<tr>
<td>GDP (World Bank)</td>
<td>12,54 billion US$</td>
<td>2014</td>
</tr>
<tr>
<td>GDP PER CAPITA</td>
<td>710 USD</td>
<td>2014</td>
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<tr>
<td>GDP growth</td>
<td>4 %</td>
<td>2014</td>
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<tr>
<td>INFLATION RATE</td>
<td>0,5%</td>
<td>2013</td>
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<tr>
<td>Average growth rate</td>
<td>6%</td>
<td>2002-2013</td>
</tr>
<tr>
<td>Foreign direct investment, net inflows</td>
<td>490 million US$</td>
<td>2013</td>
</tr>
<tr>
<td>Currency (fixed parity with euro)</td>
<td>XOF</td>
<td>1 € = 655,957 CFA F</td>
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<tr>
<td>Budget deficit</td>
<td>2,5% of GDP</td>
<td>2014</td>
</tr>
<tr>
<td>S&amp;P rating</td>
<td>B-/B stable</td>
<td>Oct. 2015</td>
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Burkina Faso Trade partners

**Exports**

- **Main exports:** Gold, Cotton, Sesame, Shea nuts & butter, cashew nuts, fruits & vegetables, arts, livestock, ruminants hides & skins;
- **Major Customers:** Switzerland, South Africa, China, Singapore, Malaysia, Japan, France, Indonesia, Ghana, Côte d’Ivoire

**Imports**

- **Main Imports:** Oil and oil related products, pharmaceuticals, foodstuffs, cars, electric equipment and materials, IT&Telecom equipment.
- **Main suppliers:** China, France, Netherlands, Côte d’Ivoire, USA, India, Togo, UK, Germany, Ghana, Japan

Source: INSD 2013
Institutions

The Ministry of Mines and Energy: is responsible for energy policy, strategic planning for the electrification of the country, regulation and control of electrical infrastructure.

The Regulatory Authority of the Electricity Subsector: monitors the application of the texts and consumer protection; grants licenses or concession applications as well as the rates of electricity to ensure the financial stability of the energy sector.

Establishment of an Electrification Fund: Its main mission is to promote fair coverage of the national territory in energy by developing rural electrification.
The main actors

**The territorial authorities:** they participate in the development of electrification plans, distribution and control of energy; they are also involved in the management of energy infrastructure and public lighting.

**The National Electricity Company of Burkina (SONABEL):** is responsible for implementing the national electrification plan; it has a monopoly on transmission and distribution of energy activities.

**Private operators:**
- **Electricity’s Cooperatives** receive a concession to build and operate their electric public service system;
- **Social and professional organizations** in the energy sector that represent the interests of their professions.
The legislative and regulatory framework

Act No. 053-2012 / AN of 17 December 2012 on general regulation of the electricity sub-sector in Burkina Faso;

Decree No. 2008-370 / PRES / PM / MCE / MEF / MCPEA / MATD of 24 June 2008 on the conditions for granting licenses and authorizations, conclusion of concession contracts or leasing and reporting obligation of Installation in the electricity subsector in Burkina Faso.
Electricity:
An enabling legislation and institutional framework are in place to allow the private sector to engage in electricity generation and distribution through IPP framework.

- Country rate of coverage: 31.5%
- Rate of electrification: 17.68%
- Growth of demand: +13%/year

- Current production of about 160 MW
  - The diesel thermal production: 42%
  - Hydroelectric production: 8%
  - Imports from neighboring countries (Ivory Coast, Togo, Ghana): 50%

- Peak demand 270 MW
- Deficit of 110 MW
ENERGY SECTOR

- Objective of the **Government to acquire immediately 70 MW**
  - +1000 MW planned from 2015-2025, total of 1.2 billion US$
  - +625 M$ to invest in distribution infrastructures 2015-2025
- High potential for renewable energy production (Solar and Waste-to-energy)

**Top solar radiation:** 5 kWh/m²/day during 3000-3500 hours per year.

**Waste-to-energy:** Cotton swab, livestock, rice husk, shea and cashew nuts, mangoes
ENERGY POLICY

The overall objective through the implementation of this policy is to make energy accessible to all by promoting the sustainable use of our indigenous resources and leveraging opportunities for sub-regional cooperation.

This overall objective is divided into two specific objectives:
• Making energy available and accessible to all;
• Strengthening institutional and operational capacities of the sector.

The sectoral energy policy is based on the following four strategic directions:
- Promote the use of local resources;
- Take advantage of opportunities for sub-regional cooperation;
- Ensure universal access to quality energy services;
- Make energy, an engine of sustainable development
INVESTMENT INCENTIVES

Rights and warranties granted to investors

- Right for foreign investors to benefit from the same protection laws granted to nationals

- Freedom to transfer funds and income and make foreign exchange
  - Free access to currencies at market rate
  - Freedom to convert local currency and other currencies

- Ability to acquire any kind of rights required for their activities
  - Ability to register your intellectual properties and benefit of protection

- Labour market liberalisation with a Labour Code which fosters a full control of human resources management by employers
No independent operator is active in Burkina Faso despite the liberalization of the sector:

- **complex regulatory framework:** Required for investors to negotiate:
  - obtaining a license;
  - The tariff with SONABEL;
  - The benefits of the investment code.

- **Lack of transparency, regulatory deadlines:** the use of an independent producer is not consistent with the PPP Law that requires competition, in addition no deadline is set in the record of the treatment process.

- **institutional confusion:** the role and the real place of different actors is still to be defined, in particular that of the ARSE, supposed to ensure transparency.
RECOMMENDATIONS

- **A reform of the sector:** Facilitating the entry of private operators in the sector, taking into account the PPP and RE, clarification of the role of all stakeholders.

- **Increasing renewable energy:** Encouraging the installation of solar power plants; establishment of a support mechanism to the RE.

- **Facilitation:** Clarifying and simplifying administrative procedures for granting licenses with specific deadlines, making information available and accessible to all, review and strengthen incentives especially for RE.

- **Governance:** Ensuring better planning of supply and demand and improve transparency in the sector, providing the means and structures necessary to accomplish their tasks.

- **Funding:** Create ways for effective financing of the sector and supporting its stakeholders Implementation of innovative mechanisms use the FDI, stock exchange, creation of investment companies, etc.
**SOME ECONOMIC INDICATORS**

- **PIB/hbt 2014**: 710 Dollars US
- **Growth rate 2014**: 4%
- **inflation Rate 2014**: -0.3%
- **Doing Business Ranking**: 37e en Afrique, 8e dans la CEDEAO en 2015
- **Transparency International ranking**: 12ème en Afrique, 4e dans la CEDEAO et 2e dans l’UEMOA en 2015
- **Exports (millions de dollars US)**:
  - 2013 – 2 356
  - 2014 – 2 436
- **Imports (millions de dollars US)**:
  - 2013 – 3 900
  - 2014 – 3 730
- **FDI (millions de dollars)**:
  - 2012 – 329
  - 2013 – 490
  - 2014 – 342
API-BF is the entry point for investors in Burkina Faso, and their main contact. Our role is to:

- Roll out the red carpet to investors that visit Burkina Faso
- Support and provide assistance and guidance to foreign and domestic investors
- Arrange and facilitate meetings with relevant Government Agencies and local entrepreneurs
- Negotiate special incentive packages for investment projects
- Arrange and coordinate visits in Burkina Faso
- Provide prompt assistance to investors where they encounter problems (under the Presidential Council for Investment)
THANK YOU FOR CONSIDERING TO INVEST IN « BURKINA FASO, 274 200 KM² of opportunities »