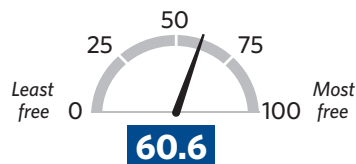


BURKINA FASO

Economic Freedom Score



World Rank: **85** Regional Rank: **10**

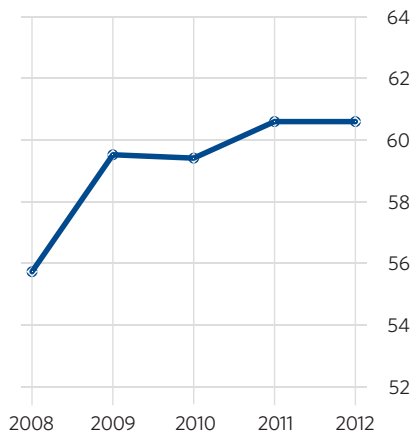
Burkina Faso's economic freedom score is 60.6, making its economy the 85th freest in the 2012 *Index*. Its overall score is the same as last year, with improvements in labor freedom and monetary freedom offset by declines in trade freedom and freedom from corruption. Burkina Faso is ranked 10th out of 46 countries in the Sub-Saharan Africa region, and its overall score is above the world average.

Progress in reforming the economy and developing the private sector has led to an average annual growth rate of almost 5 percent over the past five years. Burkina Faso scores relatively well in fiscal freedom and monetary freedom. Sustained efforts and pro-growth investments have resulted in some positive trends in overall human development, reducing poverty.

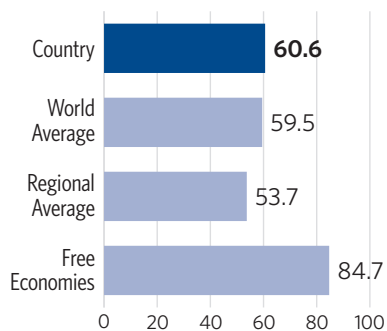
Nonetheless, Burkina Faso continues to confront systemic economic challenges. The foundations of economic freedom remain fragile because of a weak judiciary and pervasive corruption. Coupled with a lack of transparency, the regulatory burden on businesses continues to prevent the emergence of a more dynamic private sector.

BACKGROUND: Former army officer Blaise Compaoré, who seized power in 1987, won re-election for a fourth term in November 2010. (A constitutional amendment that would limit any president to two terms had been ruled not to apply to him.) Army revolts and mass protests contributed to a highly unstable political climate in 2011, and the president was forced to flee the palace during a mutiny by the presidential guard. Burkina Faso is one of the world's poorest countries. Approximately 80 percent of the population relies on subsistence agriculture. Drought, poor soil, lack of adequate communications and other infrastructure, a low literacy rate, and an economy vulnerable to external shocks are long-standing problems. Many Burkinabé live and work abroad, and remittances are a substantial source of income.

Freedom Trend



Country Comparisons



Quick Facts

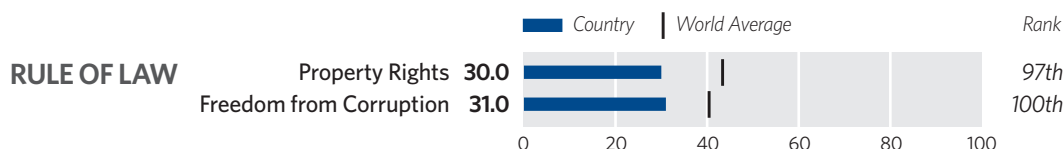
- Population:** 14.7 million
- GDP (PPP):** \$20.0 billion
- 5.8% growth in 2010
- 5-year compound annual growth 4.7%
- \$1,360 per capita
- Unemployment:** 77.0%
- Inflation (CPI):** 0.4%
- FDI Inflow:** \$37.1 million
- Public Debt:** 27.1% of GDP

How Do We Measure Economic Freedom?

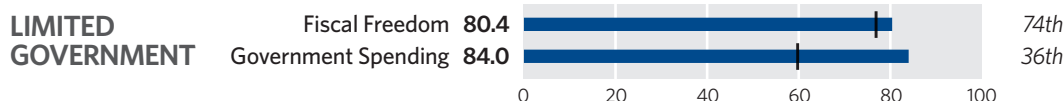
See page 455 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

2010 data unless otherwise noted.
Data compiled as of September 2011.

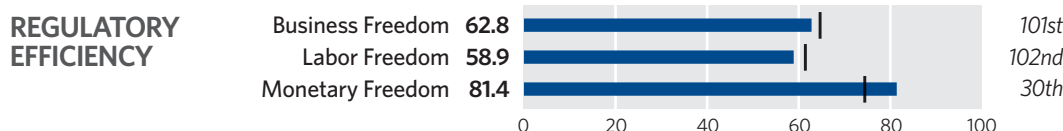
THE TEN ECONOMIC FREEDOMS



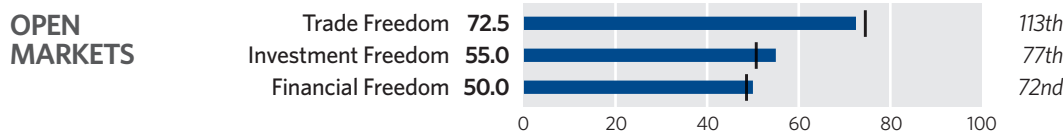
The judicial system is weak. The executive has extensive appointment and other judicial powers. Systemic weaknesses include arbitrary removal of judges, outdated legal codes, too few courts, a lack of financial and human resources, and excessive legal costs. Corruption is pervasive, partly because of the limited enforcement powers of anti-corruption institutions and the lack of an effective separation of powers.



The top income and corporate tax rates are 30 percent. Other taxes include a value-added tax (VAT), with the overall tax burden amounting to 12.6 percent of total domestic income. Government spending has been expansionary, rising to 23.1 percent of GDP. Budget deficits have widened to 5.8 percent of total domestic output. Public debt remains below 30 percent of GDP, although it has been increasing in recent years.



Reforms to reduce red tape and streamline the regulatory process have been put into practice. Despite mixed progress, these measures have helped to enhance the regulatory environment and maintain the momentum for reform. A formal labor market has not been fully developed, but some modernization measures have been implemented. The state maintains price supports for cotton and influences other prices through the public sector.



The trade weighted tariff rate is 8.8 percent, with lingering non-tariff barriers increasing the cost of trade. Although investment laws can be enforced unevenly, they guarantee equal treatment of foreign and domestic investors. The government has pursued banking liberalization and restructuring, limiting its direct participation. However, financial firms still lack the capacity to provide a full range of modern services for financing.

Score Changes

RULE OF LAW		LIMITED GOVERNMENT		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	0	Fiscal Freedom	-0.1	Business Freedom	+1.3	Trade Freedom	-3.7
Freedom from Corruption	-5.0	Government Spending	-2.0	Labor Freedom	+5.4	Investment Freedom	0
				Monetary Freedom	+4.6	Financial Freedom	0