POLICY BRIEF

The Golden Ticket: How Foreign Investments Finance the Education System: Proof from Burkina Faso

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Key messages

- Free trade policies and those related to the attraction of foreign capital have led to a gradual improvement in the collection of tax income and an increase in the level of openness of the national economy.
- An increase in tax income has over time led to a rise in budget allocations notably to the education sector.
- FDI investment flows improve education in Burkina Faso thanks to fiscal pressure.

- The effective application of Corporate Social Responsibility (CSR) is a means of boosting human capital development in Burkina Faso.

Increasing access to education, a topical issue?

The challenge of human capital development remains an interesting subject for developing countries notably in Burkina Faso as is stipulated in the key objectives of the SDGs. Countries are struggling to achieve the objectives of inclusive and quality education in accordance with ordinance n° 59-45 of 6th January 1959 on the compulsory right to education for children aged 6 to 16 years, and to spread that to tertiary levels. Education indicators have experienced a decrease. For example the Gross Enrolment Rate experienced a decrease of 2.0 percentage points between 2019 and 2020, being placed at 47.3% and 49.3% in 2020/2021 and In 2019/2020 respectively. The complete rate which is at 36.7% has experienced a decrease by 2.3% percentage points as compared to 2019/2020.

How do we ensure effective financing of education programmes?

Having been left to the government over a long period of time, the main obstacles related to access to education in Burkina Faso are financial constraints. Thus, several plans and education programmes remain in abeyance notably action plans and and education development programmes (The 2022 action plan to increase access to education by 60% to 90% in primary school, 48% at the post-primary school level, by

50-58% at the secondary school level, by 16% to 30%; Sectoral Plan for Education and Training (PSEF 2017-2030), within the framework of objectives related to Goal 4 of SDGs. Tax mobilisation is the main channel through which FDI impacts on the development of human capital in Burkina Faso among other channels (income, productivity, and the spread of technology). Source : Chambre des Mines du Burkina This policy brief gives a summary of the concusions of that study, which shows how Burkina Faso's government could derive more profit from multinational firms in the development of human capital.

What actions should be taken by policy makers?

FDI investment flows improve education in Burkina Faso thanks to fiscal pressure. FDI increases the level of primary and secondary school in the long-term, and FDI increases the level of tertiary school education in the short term. However, FDI does not have a direct impact on the level of secondary school education in the short term, but in the long term, it reduces the level of secondary school education.

- Policy makers should strengthen fiscal control on large firms that have already been exonerated from paying several types of taxes: optimise the income from taxes to which they are subjected.
- Promote the development of social responsibility of firms and direct them towards financing training and education, notably at secondary and primary school levels.
- Strengthen and rigorously apply laws related to fighting corruption in all sectors.

References

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