



MINISTRY OF ECONOMY, FINANCE AND PLANNING

MANAGING SIGNIFICANT AND UNFORESEEN BUDGET REQUESTS: PRESSURES ON THE WAGE BILL

Ouagadougou - 07/03/2017

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Presentation Outline

- I. FISCAL POSITION AND IMPACT OF MEASURES AFFECTING THE WAGE BILL**
- II. BUDGET MEASURES TAKEN TO CONTAIN THE IMPACT OF PRESSURE ON THE WAGE BILL**
- III. LESSONS LEARNED**

Introduction

2014 and 2015

- ➔ A time of socio-political tension
- ➔ Social upheaval at boiling point
- ➔ Drop in key commodity prices (gold, cotton....)

CONSEQUENCE

Slowing down the pace of economic growth (7% on average between 2010-2013, the growth rate stood at 4% in 2014 and 2015)



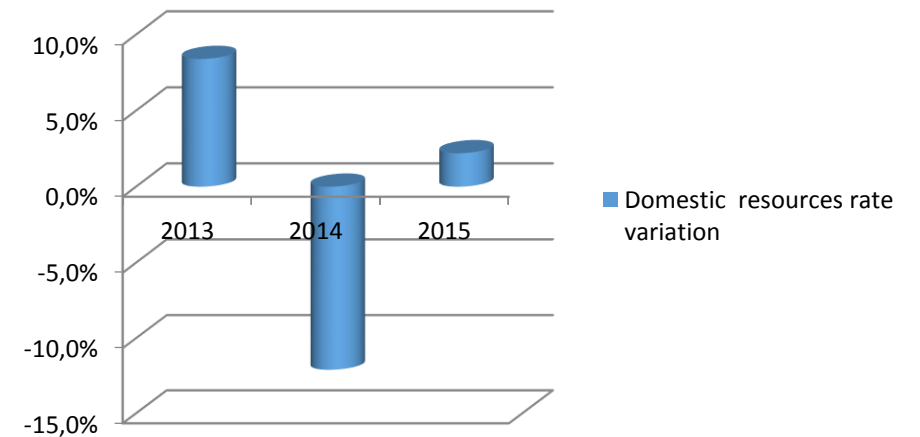
I. FISCAL POSITION AND IMPACT OF MEASURES AFFECTING THE WAGE BILL

FISCAL POSITION AND IMPACT OF MEASURES AFFECTING THE WAGE BILL

The situation in 2014 and 2015 has had some impacts from a fiscal point of view :

- ❑ A decline in domestic resources

Year	2012	2013	2014	2015
Domestic resources rate variation	27.3%	8.4%	-12.1%	2.2%

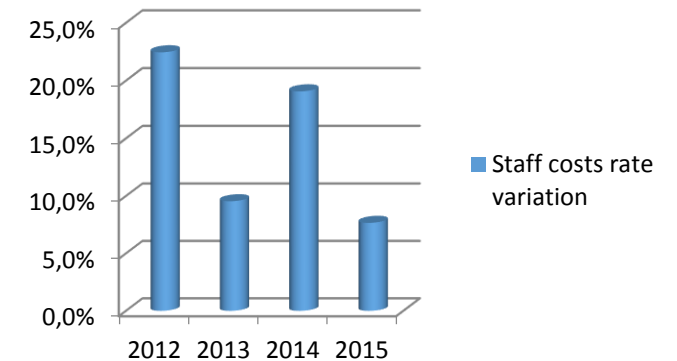


FISCAL POSITION AND IMPACT OF MEASURES AFFECTING THE WAGE BILL

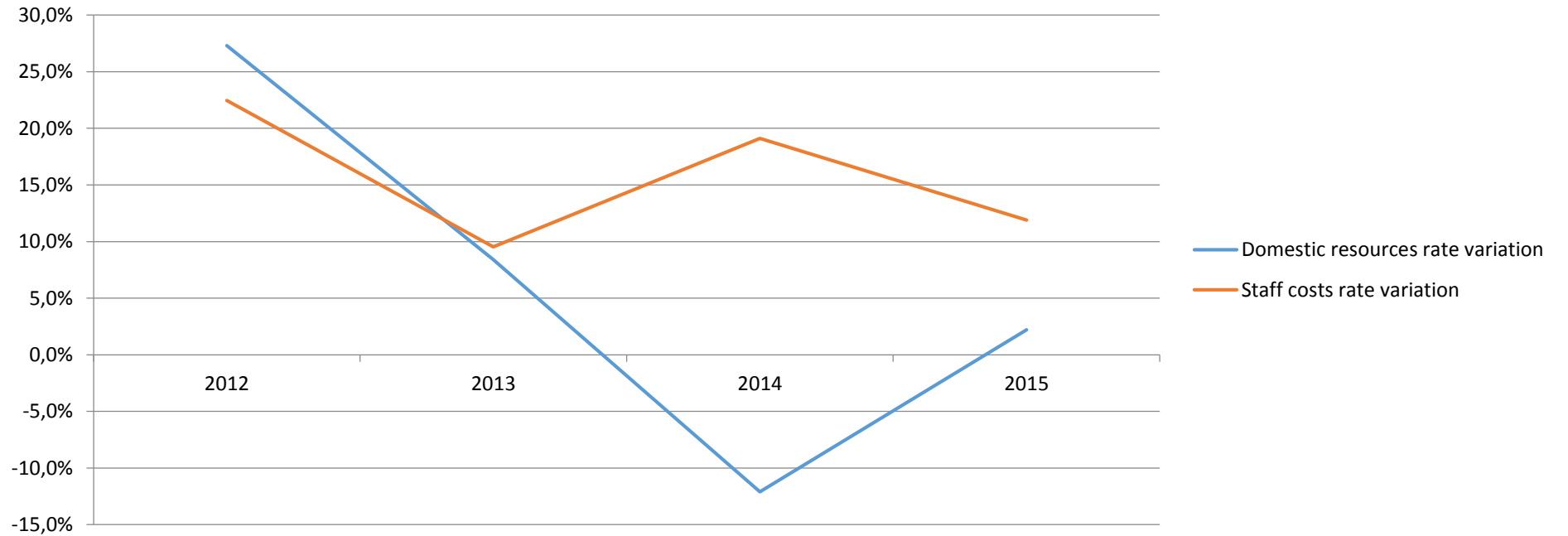
□ An increase in recurrent expenditure associated with a sharp increase in staff costs

Year	2012	2013	2014	2015
Evaluation of staff costs	334 360 916 160	366 265 398 108	436 122 973 130	469 531 073 000
Staff costs rate variation	22.5%	9.5%	19.1%	7.7%

Staff costs rate variation



A more than proportional variation in staff costs compared with domestic resources





II. BUDGET MEASURES TAKEN TO CONTAIN THE PRESSURE IMPACT ON THE WAGE BILL

BUDGET MEASURES TAKEN

1 Adjustment by way of regulatory and legislative texts (supplemental appropriation decree, supplementary budget);

2 Priorisation of staff cost items



A multiyear management of the financial impact

CONSEQUENCE OF THE MEASURES TAKEN

- 1-** Reduction in financial limits/margins to be allocated to capital expenditure and therefore a slowdown in growth leading to a loss in domestic resources;
- 2-** Impact of the pressure on upcoming budgets associated with the risk of high social tensions;
- 3-** Non conformity with the key WAEMU criterion (the fiscal deficit is lower than 3% of GDP)



III. LESSONS LEARNED

LESSONS LEARNED

- ❑ Decisions with a financial impact on staff costs are frequent and non manageable;
- ❑ Establishment of minimum provisions in order to support in-year unforeseen and urgent expenditure;
- ❑ For any decision with a financial impact, ensure that the budget can finance it. For this, **the Government** needs to assert its **leadership** during negotiations with a financial impact.

LESSONS LEARNED

- ❑ Maintain good visibility on the financial impact of draft decisions before involving the **Government**;
- ❑ Strengthen the dialogue with social partners by anticipating highly sensitive human resources issues;
- ❑ Put in place a proper system of compensation to minimise the **vague attempts** of demands made by the social partners;
- ❑ Move towards a **social pact** based on a review cycle of wage elements.



Thank you!