Public education spending and poverty in Burkina Faso
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EDUCATION, SOURCE OF ECONOMIC PROSPERITY
Education is often presented as the solution to poverty in developing countries. The literature states that education and training improves workers’ productive capacities. The economic benefits of education are measured both at the level of individuals through higher wages for more educated workers and at the social level through improved economic growth.

In Burkina Faso, various studies based on household survey data have shown that the probability of a household being poor decreases with the household head’s number of years of education (Lachaud, 2003). The researchers in the present study opted to use a computable general equilibrium analysis to capture the effects of an increased public education spending policy on poverty and the welfare of the Burkinabé population.

THE IMPACT OF EDUCATION SPENDING IN BURKINA FASO BY METHOD OF FINANCING
The researchers simulated a 40% increase of spending on public primary education. They consider two alternative financing methods:

1) an increase in taxes on household income
2) an increase in sale taxes

The results of the first scenario clearly indicate a decline in the number of poor in the country (-0.42%).

Distinguishing households by socio-professional category allows the study’s results to highlight two extremes: the poverty rate among both households informally working in the private sector and cotton farmers remains unchanged, while all other household categories experience a decline in poverty.

This differentiation is explained by differing consumption patterns as well as changes in prices and incomes due to the increased public education spending shock.

In comparison with the first scenario, the second scenario leads to a smaller decrease in the number of poor across the economy (-0.33%), a decrease that also varies by socio-professional category.

Graph: Impact on poverty (1st scenario)

CONCLUSIONS AND RECOMMENDATIONS
This study shows that a public education spending policy in Burkina Faso would have substantial and differentiated impacts which benefit the poor and non-poor alike. It also highlights that the method of financing an additional spending policy in the education sector conditions the impact of the policy.

According to the simulation results, financing the policy through a tax on household incomes would have greater redistributive effects – a greater decrease in the number of poor households – than if it is financed by a sale tax. This finding shows that the government must choose wisely when considering policies to domestically finance education policy.

This policy brief summarizes the results of the study carried out under PEP project MPIA-11335.