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November 11, 2020

**Statement by Mr. Bhalla and Ms. Indraratna on Burkina Faso
(Preliminary)
Executive Board Meeting
November 13, 2020**

1. We thank staff for the comprehensive reports and Mr. Andrianarivelo, Mr. Sylla and Mr. Alle for the useful buff statement.
2. Burkina Faso is currently under a Fund financed Extended Credit Facility (ECF), for which a combined evaluation of the fourth and fifth reviews are under consideration together with a request for rephasing of access and a waiver on non-observance of performance criterion. Prior to the pandemic, the Burkina Faso economy had robust growth, low inflation and an improved fiscal position helped by fiscal consolidation. However, deteriorating security conditions and the COVID-19 pandemic have had a severe impact on the economy with growth expected to significantly contract in 2020 in contrast to a positive GDP growth envisaged earlier. The authorities have drawn on RCF funds in April 2020, in addition to financing from other external partners, to help support the policy response to the crisis. Emergency funding has also helped keep the ECF program on track and performance has been satisfactory as most conditions related to the disbursements have been met despite pandemic challenges. All QPCs and a substantial number of ITs have been achieved for the 4th review in December 2019, while four out of five QPCs have been met for the 5th review in June 2020 with the QPC on NDF and a few ITs being missed due to COVID-19 issues. We take positive note of the substantial progress made on structural benchmarks in the fourth and fifth reviews with the completion of all but one benchmark and note the fulfillment of all prior actions. **We support the completion of the fourth and fifth reviews under the ECF and the authorities' request for a waiver of nonobservance of performance criterion and rephasing of access.**
3. We welcome the authorities' efforts at preserving macroeconomic stability and limiting the adverse social and economic effects of the pandemic. We note positively key investments made towards strengthening the health system, increased social

assistance to help vulnerable households, particularly the extension of the cash transfer program to non-traditional beneficiaries - most of whom are women, and relief measures to support the corporate sector during the pandemic period. We welcome the establishment of the guarantee fund to enhance credit delivery to the economy.

4. We take positive note of the staff view that Burkina Faso faces a moderate risk of external debt distress and overall risk of public debt distress with substantial space to absorb shocks. We note positively the significant reduction in the budget deficit over the recent past and commend the authorities for their commitment towards fiscal discipline. However, as reflected in the revised 2020 budget, a temporary widening of the budget deficit is warranted to combat the fallout from the pandemic and cater to security related expenditures. Nevertheless, efforts taken by the authorities to accommodate the additional expenses within the current expenditure envelope by trimming non-priority spending on goods and services, maintaining the wage bill and reducing transfers through savings on fuel subsidies are welcome. The higher budget deficit for 2020 is fully financed by additional external budget support. We look forward to the 2021 budget, which is underpinned by strong policy efforts -including the continuation of wide-ranging fiscal reforms, to support a sound and inclusive recovery.
5. We welcome the authorities' commitment to good governance, including the accountability and transparency of COVID-19 related spending. We take positive note of the channeling of all COVID-19 related expenditure through the revised 2020 budget and we welcome the establishment of the high - level oversight mechanism with the participation of civil society to coordinate COVID-19 related spending to ensure transparency and accountability. We commend the authorities for completing the first audited report on pandemic related spending up to June 2020 and look forward to the publication of all pandemic related procurement contracts with beneficial ownership and an audited report on COVID-19 related spending up to December 2020 in 2021. We also positively note the progress in reforms to strengthen public financial management.
6. During the post-pandemic period, we encourage the authorities to continue its structural reform agenda to achieve sustained inclusive growth in the medium term and note the authorities' interest to consider a successor program after the current arrangement expires.
7. With these remarks, we wish the authorities success in their future endeavours.