

**FOR  
AGENDA**

EBS/10/104  
Supplement 3

June 9, 2010

To: Members of the Executive Board

From: The Secretary

Subject: **Burkina Faso—Request for a Three-Year Arrangement Under the Extended Credit Facility—Revised Proposed Decision and Text of the Arrangement**

Attached for consideration by the Executive Directors is a supplement to the paper on the request for a three-year arrangement under the Extended Credit Facility for Burkina Faso (EBS/10/104, 6/1/10), which is tentatively scheduled for discussion on **Monday, June 14, 2010**. The supplement contains a revised proposed decision and revised text of the proposed arrangement, which has been modified to reflect the following changes:

**Proposed Decision**

Paragraph 1, line 2: for “SDR 46.15 million” read “SDR 46.154 million”

**Text of Arrangement**

Paragraph 1(a), line 3: for “SDR 46.15 million” read “SDR 46.154 million”

Paragraph 1(b), lines 1-2: for “SDR 20.36 million” read “SDR 20.354 million”

Paragraph 1(b), line 3: for “SDR 33.26 million” read “SDR 33.254 million”

Questions may be referred to Ms. Kabedi-Mbuyi (ext. 36387) and Mr. Gudmundsson (ext. 39489) in AFR.

This document will shortly be posted on the extranet, a secure website for Executive Directors and member country authorities.

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## **PROPOSED DECISION**

The following decision, which may be adopted by a majority of the votes cast, is proposed for adoption by the Executive Board:

1. Burkina Faso has requested a three-year arrangement under the Extended Credit Facility in an amount equivalent to SDR 46.154 million.
2. The Fund approves the arrangement set forth in EBS/10/104 and decides that Burkina Faso may request the first disbursement under the arrangement.

**BURKINA FASO****THREE-YEAR ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY**

Attached hereto is a letter dated May 31, 2010 (the “Letter”), with its attached Memorandum of Economic and Financial Policies (the “MEFP”) and Technical Memorandum of Understanding (the “TMU”), from the Minister of Economy and Finance requesting from the International Monetary Fund, as Trustee of the Poverty Reduction and Growth Trust (the “Trustee”), a three-year arrangement under the Extended Credit Facility (“ECF”), and setting forth:

- (a) the objectives and policies of the program that the authorities of Burkina Faso intend to pursue during the three-year period of the arrangement;
- (b) the objectives, policies and measures that the authorities of Burkina Faso intend to pursue during the first year of the arrangement; and
- (c) understandings of Burkina Faso with the Trustee regarding reviews that will be made of progress in realizing the objectives of the program and of the policies and measures that the authorities of Burkina Faso will pursue during the second and third years of the arrangement.

To support these objectives and policies, the Trustee grants the requested three-year arrangement in accordance with the following provisions, and subject to the provisions applying to assistance under the Poverty Reduction and Growth Trust (the “PRG Trust”).

1.
  - (a) For a period of three years from the date of approval of this arrangement, Burkina Faso will have the right to obtain disbursements from the Trustee in a total amount equivalent to SDR 46.154 million, subject to the availability of resources in the PRG Trust.
  - (b) Disbursements under this arrangement shall not exceed the equivalent of SDR 20.354 million in the first 12 months of the arrangement, and the equivalent of SDR 33.254 million in the first twenty-four months of the arrangement.
2. During the period of the arrangement:
  - (a) the first disbursement, in an amount equivalent to SDR 7.454 million, will be available upon approval of the arrangement at the request of Burkina Faso;
  - (b) the second disbursement, in an amount equivalent to SDR 6.45 million, will be available on or after December 15, 2010, at the request of Burkina Faso and subject to paragraphs 4 and 5 below;

(c) the third disbursement, in an amount equivalent to SDR 6.45 million, will be available on or after June 14, 2011, at the request of Burkina Faso and subject to paragraphs 4 and 5 below;

3. The right of Burkina Faso to request further disbursements during the second and third years of this arrangement shall be subject to such phasing and conditions as shall be determined in the context of reviews under Burkina Faso's ECF arrangement.

4. Burkina Faso will not request the second and third disbursements under this arrangement specified in paragraphs 2(b) and 2(c) above respectively:

(a) if the Managing Director of the Trustee finds that, with respect to the second disbursement, the data as of June 30, 2010, and with respect to the third disbursement, the data as of December 31, 2010, indicate that:

(i) the ceiling on the overall fiscal deficit including grants,

as set out in Table 1 of the MEFP and further specified in the TMU was not observed; or

(b) until the Trustee has determined that, with respect to the second disbursement the first program review, and with respect to the third disbursement, the second program review, referred to in paragraph 36 of the MEFP, has been completed.

5. Burkina Faso will not request any disbursement if at any time during this arrangement

(a) The government of Burkina Faso

(i) contracts or guarantees new non-concessional external debt, or

(ii) contracts or guarantees new external debt of less than one year's maturity; or

(iii) accumulates new external payment arrears,

as set out in Table 1 of the MEFP and further specified in the TMU, is not observed; or

(b) Burkina Faso:

(i) imposes or intensifies restrictions on the making of payments and transfers for current international transactions, or

(ii) introduces or modifies multiple currency practices, or

- (iii) concludes bilateral payments agreements that are inconsistent with Article VIII, or
  - (iv) imposes or intensifies import restrictions for balance of payments reasons.
- 6. When Burkina Faso is prevented from requesting disbursements under this arrangement because of paragraphs 4 and 5 above, such disbursements may be made available only after consultation has taken place between the Trustee and Burkina Faso and understandings have been reached regarding the circumstances in which Burkina Faso may request the disbursements.
- 7. In accordance with paragraph 5 of the Letter, Burkina Faso will provide the Trustee with such information as the Trustee requests in connection with the progress of Burkina Faso in implementing the policies and reaching the objectives of the program supported by this arrangement.
- 8. During the period of this arrangement, Burkina Faso shall remain in close consultation with the Trustee. In accordance with paragraph 5 of the Letter, Burkina Faso shall consult with the Trustee on the adoption of any measures that may be appropriate at the initiative of the government or whenever the Managing Director of the Trustee requests such a consultation. Moreover, after the period of this arrangement and while Burkina Faso has outstanding financial obligations to the Trustee arising from loan disbursements under this arrangement, Burkina Faso will consult with the Trustee from time to time, at the initiative of the government or whenever the Managing Director of the Trustee requests consultation on Burkina Faso's economic and financial policies. These consultations may include correspondence and visits of officials of the Trustee to Burkina Faso or of representatives of Burkina Faso to the Trustee.