International Monetary Fund

IMF Executive Board Completes Fourth Review Under Extended Credit Facility Arrangement for Burkina Faso and Approves US$46.1 Million Disbursement

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The Executive Board of the International Monetary Fund (IMF) today completed the fourth review of Burkina Faso's economic performance under the program supported by the Extended Credit Facility (ECF) arrangement. In completing the review, the Board also approved an augmentation of access equal to 60 percent of quota, an amount equivalent to SDR 36.12 million (about US$54.6 million). The Board's approval of the augmentation would lead to a total access in an amount equivalent to SDR 82.274 million (about US$124.3 million; or 136.67 percent of quota), under the ECF arrangement.

The completion of the review will enable the disbursement of an amount equivalent to SDR 30.53 million (about US$46.1 million), bringing total disbursements under the arrangement to an amount equivalent to SDR 57.334 million (about US$86.6 million).

The Executive Board approved the three-year ECF Arrangement for Burkina Faso on June 14, 2010 for an original amount of total access equivalent to SDR 46.154 million (about US$69.7 million; or 76.67 percent of quota) (See Press Release No. 10/241).

Following the Executive Board's discussion on Burkina Faso, Mr. Min Zhu, Deputy Managing Director and Acting Chair, issued the following statement:

"The Burkinabé authorities are to be commended for their strong performance under the program in the face of continuing challenges. In 2011, despite a slowdown, growth remained above regional averages, and the fiscal deficit was reduced. The authorities put public finances on a more stable footing by improving revenue collection and reducing fuel subsidies. Measures were also taken to contain the public wage bill and other current spending, while improving overall public financial management, including spending execution.

"Burkina Faso is facing two shocks: inadequate food supplies and an influx of refugees. The authorities are implementing a comprehensive and well-targeted set of measures to meet domestic food security needs. However, the refugees are facing increasingly dire living conditions, requiring redoubled efforts from the authorities and the international community.

"The immediate increase in financing under the Fund-supported program will help meet import needs arising from the crises. This is also intended to safeguard spending for Burkina Faso's homegrown development program, the *Stratégie pour une Croissance Accélérée et pour le Développement Durable* (SCADD). The SCADD contains a number of welcome measures to improve resilience and make growth more sustainable and inclusive, notably through diversifying agricultural production, expanding irrigation systems, improving food distribution systems, and introducing a social protection framework for the most vulnerable households. The authorities should accelerate reforms to boost private sector led growth, in particular strengthening the judicial framework.

"New analysis by the IMF and World Bank resulted in lowering Burkina Faso's risk of debt distress rating from "high" to "moderate." This opens the door to new financing opportunities, other than grants, but implies that care is required when choosing projects and evaluating financing in order to maximize growth returns and to keep public debt sustainable," Mr. Zhu added.

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