

**EXECUTIVE
BOARD
MEETING**

EBS/20/42

April 8, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **Burkina Faso—Requests for Disbursement Under the Rapid Credit Facility and Rephasing of Access Under the Extended Credit Facility**

Board Action:	Executive Directors' consideration (Formal)
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Questions:	Mr. Ahokossi, AFR (ext. 39573) Mr. Mpatswe, AFR (ext. 39513) Mr. Simione, AFR (ext. 34878)
Document Transmittal in the Absence of an Objection and in accordance with Board policy:	After Board Consideration—African Development Bank, Islamic Development Bank, Organisation for Economic Cooperation and Development, West African Economic and Monetary Union, World Trade Organization

*The authorities have indicated that they consent to the Fund's publication of this paper.



BURKINA FASO

April 8, 2020

REQUESTS FOR DISBURSEMENT UNDER THE RAPID CREDIT FACILITY AND REPHASING OF ACCESS UNDER THE EXTENDED CREDIT FACILITY

EXECUTIVE SUMMARY

Context. Burkina Faso is facing a security crisis and the COVID-19 pandemic shocks. The number of internally displaced persons (IDPs) has surged nine-fold since January 2019 and is likely to further increase. Access to food and basic services is increasingly difficult for both displaced and host communities. The security crisis is starting to weigh on economic activity and has put the budget under pressure, as security spending is narrowing fiscal space for spending in other priority areas (social, education, health and investment). The global COVID-19 outbreak is worsening the short-term outlook for Burkina Faso further, given the country's limited preparedness and weak health system.

Economic impact of global COVID-19 outbreak: The economic outlook has deteriorated sharply, especially on account for the global effects of the COVID-19 pandemic and given the heightened security situation. As a result, the 2020 growth forecast was revised down by 4 percentage points to 2 percent in 2020.

Program performance. Preliminary data shows that all quantitative performance criteria (QPCs) and all but one indicative targets for end-December 2019 were met. All structural benchmarks were also met. Due to the COVID-19 pandemic, it will be difficult to complete the fourth review under the ECF arrangement on the original schedule. As a result, the authorities have requested a rephasing of the fifth disbursement related to the fourth review to July 20, 2020.

Request for Fund support. The authorities have requested a disbursement under the Rapid Credit Facility exogenous shocks window (provided that the Executive Board first approves rephasing the ECF arrangement) to support the authorities measures of addressing the double shock of security and COVID-19 pandemic. The authorities are also seeking additional financing from multilateral and bilateral donors.

Staff supports the authorities' request for rephasing the ECF arrangement and a disbursement under the Rapid Credit Facility exogenous shocks window in the amount of SDR 84.28 million (70 percent of quota), to cover part of the estimated balance of payments needs of CFA 179 billion (US\$ 310 million). The requested RCF disbursement would fill about 39 percent of the estimated external financing gap.

Approved By
Dominique Desruelle
(AFR) and A. Ahuja
(SPR)

An IMF team consisting of Messrs. Ahokpossi (head), Mpatswe, Simone, Ms. Nikaein (all AFR), Mr. Gbohoui (FAD), Mr. Varghese (SPR), Mr. Jenkinson (Resident Representative) and Mr. Ouattara (local economist) held discussions by teleconferences with Burkinabe authorities led by Mr. Kabore, Minister of Finances and Economic Development and other senior government officials on March 30–April 01, 2020. Mr. Raghani (Executive Director) and Mr. Bah (all OED) participated in policy discussions.

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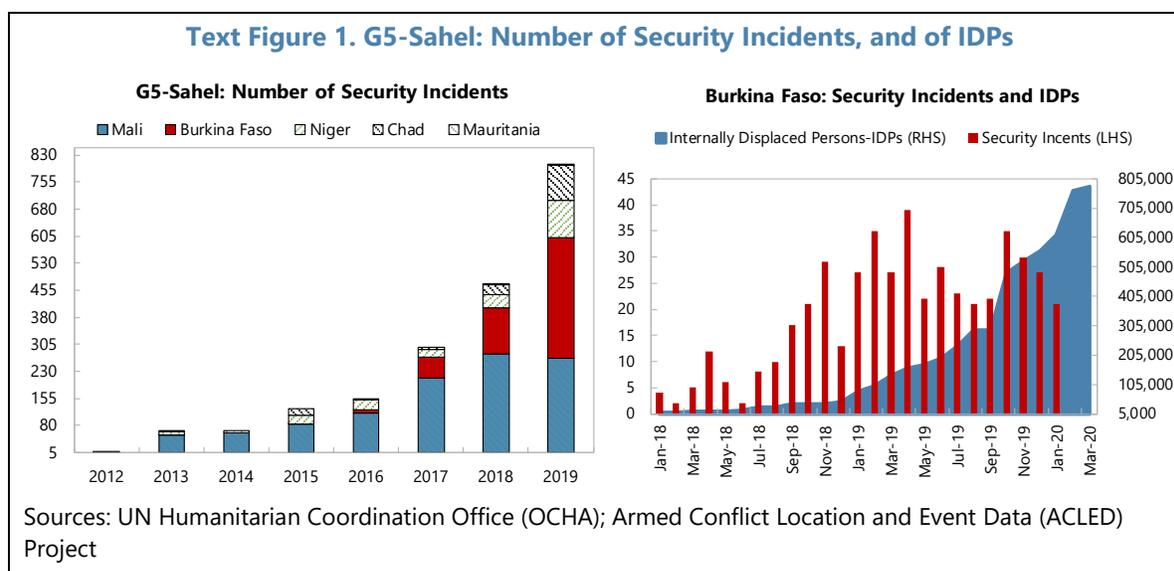
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CONTEXT

1. Burkina Faso was already gripped by an escalating security crisis prior to the COVID-19 Pandemic. The country was the hardest hit in the Sahel region in 2019. The number of terrorism incidents almost tripled from about 130 in 2018 to 336 in 2019, causing more than 2,400 fatalities since January 2019. The scope and intensity of security incidents have rendered large parts of the country's northern territory hard to govern and forced almost 800,000 people to flee their homes, leading to unprecedented humanitarian and socio-economic consequences.



2. The COVID-19 pandemic compounds this difficult situation and shifts the priorities of the Burkinabe authorities. Burkina Faso reported its first COVID-19 case on March 9; and, since then, the number of confirmed cases has risen rapidly to reach 384 cases as of April 7 (the highest in West Africa and second in SSA after South Africa) and 19 fatalities. In the context of the heightened security situation, rising number of internally displaced people (IDPs) and weak health infrastructure, a rapid spread of the virus would, at least temporarily, reverse the macroeconomic and development gains achieved so far and disrupt the political calendar (registration for the November 2020 legislative and presidential elections has already been delayed). Implementation of measures to contain and mitigate the global and domestic effects of the pandemic has created an urgent balance of payments need for Burkina Faso, which, if not addressed, would result in immediate and severe economic disruption.

3. Public finances have come under intense pressures. The pandemic and the associated high spending pressures came at a time when it was already challenging for the authorities to balance the desired scaling up in security and social spending with fiscal and debt sustainability.

According to available data, defense and security spending rose to about 4 percent of GDP in 2019¹, up by about 1.7 percentage point of GDP from their average before 2017, and increasingly crowd out domestically-financed priority programs at the time they are needed most to address the socio-economic root causes of the crisis.

4. Performance under the ECF-supported program has been satisfactory and the economy has remained resilient despite security challenges. Preliminary data shows that all quantitative performance criteria (QPCs) and all but one indicative targets for end-December 2019 were met. All structural benchmarks were also met. Although the security threats to economic activities had substantially increased, real economic growth stood at 5.7 percent in 2019, as major economic activities are mostly concentrated in zones less affected by insecurity. Due to the global COVID-19 pandemic, it will be difficult to complete the fourth review under the ECF arrangement on the original schedule. Accordingly, the authorities have requested a rephrasing of the fifth disbursement related to the fourth review to July 20, 2020.

IMPACT OF THE COVID-19 PANDEMIC AND OUTLOOK

5. The macroeconomic impact of the COVID-19 pandemic is projected to be large (Box 1). Notwithstanding the large uncertainty surrounding the time it will take to contain the outbreak, growth is projected to decline to 2 percent in 2020, about 4 percentage points lower than previously projected. Inflation is projected to rise above 2 percent in the medium term, as security threats and COVID-19 pandemic constrain agricultural activity resulting in higher food prices. The current account deficit is projected to widen relative to previous projections, as gold and cotton production and export are disrupted, and remittances and tourism decline.

6. Downside risks are very significant. The main domestic risks relate to the COVID-19 pandemic. How deep will the coronavirus spread in Burkina Faso and what will be the health and economic toll remains highly uncertain. Heightened security threats could also weigh on mining, cotton production, tourism, private investment, and government revenue and expenditure, and a continued uncertainty could have long-lasting impacts on business environment, investment and productivity. On the external side, Burkina Faso would be adversely affected by the spillovers from regional measures to contain and mitigate the effects of the pandemic, regional security threats and instability, and lower international prices for gold and cotton. In addition, there is a risk that the above tensions will intensify in the ahead of the upcoming elections in November 2020.

¹ The figure is aggregated based on the administrative—as opposed to functional—classification of the budgetary allocations for defense and security, and therefore might understate the effective fiscal costs. Security functions in Burkina Faso are scattered in various institutions including at the presidency and prime minister office. Furthermore, the estimate doesn't account for the indirect costs on sectors such as criminal justice and correction services, community policing, and security-related social expenditure.

Box 1. Economic Impact of COVID-19 on Burkina Faso

Tourism, transport and gold mining. With the closure of terrestrial borders and commercial flights, schools and universities, as well as social distancing and other measures in place, the impact of COVID-19 is noticeable on hotels, restaurants and transportation companies. Although gold offers global investors “flight to safety” in crisis times, Burkina Faso’s exports will be affected negatively. Burkina Faso’s gold is processed abroad. With disruptions in the global supply chain and transportation networks, the ability to export will be constrained.

Balance of Payments. Despite lower oil prices, the current account deficit is projected to widen relative to the projections at the time of the Third ECF Review. This deterioration reflects lower volumes from domestic production of both gold and cotton. Tourism receipts are projected to sharply decline. Remittances too are projected to be lower, particularly as Côte D’Ivoire, the major source of workers remittances, is also significantly affected by the pandemic. FDI inflows related to the exploration of gold, the main commodity export, are also negatively impacted.

Public finances. Expenditure on health and public safety will surge, as the government implements its containment and mitigation plan, deploys already strained security and police forces, distributes essentials, and meets heavy demands for health goods and services. Current transfers to vulnerable households and small businesses are also likely to increase. At the same time, revenues will be hit as business and consumers put off purchases in the face of uncertainty, firms scale back production, transportation and tourism are on pause, and borders are closed. The authorities have already reported lower-than-expected domestic VAT collections at end- February.

POLICY ISSUES AND DISCUSSIONS

A. Fiscal Policy to Mitigate the Socio-Economic Impacts

7. The government response plan is evolving along with severity of the local outbreak of COVID-19 (Box 2). The authorities are committed to ramp up public health and economic support measures depending on the evolution of the pandemic. Staff underlined that the priority is to limit the spread of the disease and to urgently care for those who contract it. Quick action will help reduce the risk of Burkina Faso’s health system becoming overwhelmed and will save lives both in Burkina Faso and abroad.

Box 2. Burkinabe Emergency Response to the COVID-19 Pandemic amid Security Crisis

Burkina Faso continues to take steps to strengthen its COVID-19 preparedness, which is assessed as “weak” by the WHO. The first testing laboratory was operational in Bobo Dioulasso (the second largest city of the country) in mid-February by leveraging the capabilities of an existing international public health center. Other urgent actions planned or initiated include the purchase of healthcare supplies and material and efforts to expand bed capacities.

The government is actively seeking donor support to complement its own commitment and the World Bank’s pledge. The authorities’ initial commitment amount US\$20 million and could rise to US\$160 million. The World Bank has pledge US\$21.2 million for emergency health support on top of its regular development policy operations (DPO) of US\$100 million for 2020.

On March 20, the President of Burkina Faso announced a series of urgent measures to contain the outbreak. These include (i) nationwide curfew from 7pm to 5am, (ii) closure of schools and universities, (iii) suspension of public gather of 50 persons or more; (iv) restrictions on entertainment activities and restaurants, (v) implementation of strict hygiene measures in public and private spaces to limit the spread of the virus, and (vi) closure of terrestrial borders, and suspension of commercial flights.

Text Table 1. Burkina Faso: Revised Macroframework, 2018–22

	2018		2019			2020			2021	2022
	Est.	3rd Rev.	3rd Rev. / rebased GDP	Prel.	3rd Rev.	3rd Rev. / rebased GDP	Proj.	Proj.	Proj.	
Real GDP (percent change)	6.8	6.0	6.0	5.7	6.0	6.0	2.0	5.8	5.6	
GDP deflator (percent change)	2.4	1.8	1.8	-3.0	2.0	2.0	2.7	1.8	2.1	
CPI inflation, average (percent)	2.0	-3.4	-3.4	-3.2	2.0	2.0	3.2	2.1	2.5	
CPI inflation, eop (percent)	0.3	-3.5	-3.5	-2.6	2.0	2.0	3.2	2.1	2.5	
Current account (percent of GDP)	-4.1	-5.2	-5.2	-4.4	-4.0	-4.0	-4.3	-4.5	-4.6	
Overall fiscal balance, incl. grants (percent of GDP)	-4.2	-3.0	-2.8	-2.7	-3.0	-2.9	-5.0	-3.5	-3.0	
Total public debt (percent of GDP)	37.7	43.5	39.9	40.0	43.1	40.8	43.0	43.3	43.1	
Memorandum items:										
Nominal GDP (CFAF billion)	8,998	8,471	9,226	9,226	9,156	9,666	9,666	10,409	11,224	

Sources: Burkinabè authorities; and IMF staff estimates and projections.

8. On top of the direct costs associated with the healthcare response, the authorities are contemplating a series of tax policy and administration measures for tax relief especially on SMEs (Box 3). The fiscal measures include providing economic relief that could amount to 0.9 percent of GDP. The Burkinabe government plans to continually review and adjust these measures as the situation evolves to help stabilize the economy. At the same time, revenue administrations need to work to prevent a collapse in revenue collections. Any fiscal measures should be targeted and temporary.

Box 3. Potential Fiscal Measures to Mitigate the Impact of the Pandemic

- **Tax relief to alleviate costs of prevention and treatment of the disease.** This includes in particular lower import duties and VAT for hygiene and healthcare goods and services critical to tackle COVID-19, and for the tourism sector (Hotels and restaurants).
- **Tax relief to the sectors most affected by the pandemic shock,** including through lower rates for turnover-based taxes; delayed tax payments, waiving late payment penalties; and accelerated depreciations for investment.
- **Increased health and social spending to protect the most vulnerable households.** This includes the provision of free testing, care for the infected and preventive care in all regions of the country. Cash transfer, particularly through the strong existing programs, local small businesses and household associations, and time-tested channels of the World Food Program. Finally, special attention will be paid to IDPs, to ensure that their leave in conditions that do not facilitate the spread of the disease.

9. The COVID-19 pandemic and the authorities' response will widen the fiscal deficit. Domestic revenue mobilization is projected to be 2.1 percent of GDP lower and current expenditure to be 1.7 percent of GDP higher compared to projections at the time of the third ECF review. These are partially offset by domestically financed investments, which are projected to decline by 1.6 percent of GDP. As a result, the fiscal deficit will expand to 5 percent of GDP, compared to previous projection of 2.7 percent of GDP. Staff supports a temporary relaxation of the deficit, as it would allow the authorities to effectively tackle the COVID-19 challenge. Staff encourages the authorities to reach understanding with the WAEMU authorities on a temporary deviation from the fiscal deficit convergence criterion.

Text Table 2. Burkina Faso: Fiscal Financing Requirements, 2018–2021
(Percent of GDP)

	2018	2019			2020			2021
	Act.	3rd. Rev.	3rd Rev. / rebased GDP	Prel.	3rd. Rev.	3rd Rev. / rebased GDP	Proj	Proj
Total revenue and grants	19.4	24.2	22.3	20.9	24.2	22.9	19.5	20.9
Total revenue	17.0	21.1	19.3	19.5	20.6	19.5	17.4	18.5
Tax revenue	15.1	17.5	16.1	16.0	18.0	17.1	15.2	16.5
Nontax revenue	2.0	3.6	3.3	3.5	2.6	2.4	2.2	2.0
Grants	2.4	3.2	2.9	1.5	3.6	3.4	2.1	2.4
Total expenditure	23.6	27.3	25.1	23.7	27.3	25.8	24.5	24.4
Current expenditure	15.4	19.2	17.7	17.9	18.3	17.3	19.0	18.2
<i>of which: COVID-19 related spending</i>	...	...	...	...	0.0	0.0	1.3	...
Health							0.6	
Others							0.7	
Investment expenditure	8.4	8.1	7.5	6.0	9.0	8.5	5.6	6.2
<i>of which: COVID-19 related spending</i>	...	...	...	...	0.0	0.0	0.4	...
Health							0.4	
Others							0.0	
Overall balance	-4.2	-3.0	-2.8	-2.7	-3.0	-2.9	-5.0	-3.5
<i>Overall balance excl. COVID-19 related spending</i>	...	...	...	...	0.0	0.0	-3.3	...
Cash basis adjustment	-1.1	0.0	0.0	-0.5	0.0	0.0	0.0	0.0
Overall balance (cash basis)	-5.3	-3.0	-2.8	-3.2	-3.0	-2.9	-5.0	-3.5
Financing	5.3	3.0	2.8	3.2	2.7	2.6	3.0	3.2
Financing gap	0.0	0.0	0.0	0.0	0.3	0.3	2.0	0.3
Prospective ECF disbursements	...	...	...	...	0.3	0.3	0.3	...
Prospective RCF disbursement	...	...	...	...	0.0	0.0	0.7	...
World Bank additional financing	...	...	...	...	0.0	0.0	0.1	...
AfDB additional financing	...	...	...	...	0.0	0.0	0.1	...
Residual financing gap	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.3
Memo: security expenditure	2.8	3.9	3.6	3.6	4.0	4.0	...	...

Sources: Burkinabè authorities; and IMF staff estimates and projections.

10. The authorities are taking steps to create fiscal space for COVID-19 and other priority spending, notwithstanding the difficult socio-economic conditions. Immediate focus would be a prioritization of spending for security operations and for the containment, mitigation and treatment of COVID-19 infections, including timely payment of health workers and support to frontline agents and their families. Nonetheless, given the magnitude of spending needs and the budgetary constraints, staff and the authorities agree that steps would be taken to:

- Limit the downward effects on tax collections, including by refraining from extending tax incentives beyond those necessary to mitigating the immediate effects of the pandemic and by enhancing the digitization of tax declarations and payment systems to facilitate the filing and payments of tax obligations.
- Ensure VAT refunds are timely processed and paid out to preserve the liquidity of taxpayers.

- Stay the course with the commitment not to grant any new benefits to the non-security public service personnel that would result in the public sector's wage bill returning to unsustainable level. The government adopted measures to support health workers, frontline agents and impacted public sector's employees, as part of the overall national emergency response plan. These measures will be implemented as long as the COVID-19 emergency remains active, and be phased out once the pandemic has abated.
- Reprioritize expenditures as permitted by laws and regulations in place or whenever necessary, seek parliamentary approval for reallocation of expenditures. In the same context, the authorities will explore all possible venue to save on operating costs of the government, especially on fuel subsidies (given lower projected international oil prices) and non-essential services while most people work remotely. The authorities have already taken measures to transparently track resources and expenditures related to the pandemic, including by opening new accounts at the central bank specific for COVID-related accounts. Periodic report on these accounts will be produced.
- Put together some contingency measures, given the significant uncertainties surrounding the size and persistence of the impact of Covid-19 on growth, fiscal revenue and spending needs. Should the impact of COVID-19 be more prolonged than projected, investment implementation will be challenge. This will help offset the downside impact on revenue. Staff plans to continue engaging the authorities on the level of financing needs as the situation evolves, on the mobilization of external support, and on contingency measures for implementation when resources fall short of the needs.
- Take necessary steps to ensure that expansionary measures will be targeted and temporary. Once the impact of the shock has abated, the fiscal policy will be rebalanced toward a more growth friendly composition, including rising domestically financed development spending back to the pre-epidemic path and scaling down elevated current transfers. The authorities confirmed that any fiscal measures will include a sunset date that will would be revisited as the pandemic evolves.
- In close collaboration with development partners and stakeholders in the sector, take necessary measures to ensure that supports provided to affected vulnerable households are well-targeted and cost-effective.

11. The Burkinabe authorities are exploring a variety of additional financing sources to support their efforts and close the financing gap. Besides the requested disbursement under the RCF in amount of SDR 84.28 million, which would support the budget, the authorities are discussing exceptional financing from the members of the *Alliance pour le Sahel*² and other development

² *Alliance pour le Sahel* was launched in 2017 by France, Germany and the EU, and includes the World Bank, The AfDB, UNDP, and more recently Italy, Spain and the UK. The alliance aims to finance development aspects of restoring security in the Sahel region.

partners. In this context, rapid financial supports are expected from the World Bank (see Box 2), the African Development Bank (US\$10 million), China (US\$1.2 million, in-kind grant), France, and the European Union. The authorities also plan to mobilize additional financing from regional bodies, including the Western African Development Bank (BOAD). The authorities would seek to fill any remaining financing gap by tapping into regional bond market.

B. Providing Liquidity and Safeguarding Financial Stability

12. Providing liquidity and preserving financial sector stability. While the financial sector appears resilient to current threats, pockets of vulnerability could exist if the disruption caused by the Pandemic is significant. Staff welcomes the measures taken by regional central bank (BCEAO) (Box 4) to preserve financial stability but, more immediately, to provide additional liquidity to banks and, by extension bank clients squeezed by Covid-related fall in revenue. Further measures could be needed as the situation evolves.

Box 4. BCEAO's Policy Measures to Provide Liquidity and Safeguard Financial Stability

On March 21, 2020, the BCEAO announced the following monetary and macro-financial measures with the aim to mitigating the negative economic impact of the Covid-19 crisis by: (i) increase the total liquidity made available to banks by weekly and monthly auctions from CFAF 4410 billion to CFAF 4750 billion; (ii) extending the collateral framework to access the BCEAO's refinancing to include CFAF 1,050 billion of bank debt of prequalified 1,700 private companies that could thus benefit from better financing conditions. and (iii) setting-up a framework with the banking system to support firms with Covid19-related repayment difficulties.

Other policy announcements included: (i) allocating FCFA 25 billion to the trust fund of the West African Development Bank (BOAD) to increase the amount of concessional loans to eligible countries to finance urgent investment and equipment expenses; (ii) communicating on the special program for refinancing bank credits granted to SMEs; (iii) initiating negotiations with firms issuing electronic money to encourage its usage; and (iv) ensuring adequate provision of banknotes for satisfactory ATM operation.

ACCESS AND CAPACITY TO REPAY

13. Disbursements under the ECF arrangement are expected to be delayed. Although the implementation of the program was satisfactory (see above, paragraph 4), the severity of the shock, uncertainty about the outlook, and logistical constraints make it difficult to complete the 4th review under the ECF arrangement on the original timetable. Because of the urgency of the balance of payments need, and the need for additional time to assess the full impacts of the pandemic and recalibrate the program, a disbursement under the RCF is more appropriate at the moment. As a result, the authorities requested that the fifth disbursement related to the 4th ECF review be delayed to July 20, 2020, instead of June 15, 2020. This makes it possible to make additional resources available under the RCF request to help close the urgent BOP needs.

14. The authorities are requesting a disbursement under the RCF exogenous shocks window equivalent to 70 percent of quota (SDR 84.28 million). This disbursement will allow increased expenditure to address the COVID-19 crisis without jeopardizing external reserves of the BCEAO. At the same time, the strong signal of increased access to Fund resources should also act as an important catalyst for additional budget support from other donors. The disbursement would provide timely support to address the urgent fiscal and balance of payments needs and provide additional foreign exchange to avoid a sharp drop in international reserves. The balance of payments needs that necessitated the RCF request is caused primarily by a sudden exogenous shock and expected to resolve within the next 12 months without major policy adjustments.

15. The RCF disbursement will not have a material impact on Burkina Faso's debt sustainability and capacity to repay the Fund. Including the RCF disbursement, the total amount of outstanding credit from the Fund would amount to SDR 249 million or 207 percent of quota. The preliminary DSA update indicates that the relaxation of the deficit and the RCF disbursement will maintain Burkina Faso at a moderate risk of external debt distress (see DSA update and capacity to repay table).

16. Safeguards. The BCEAO has only one recommendation outstanding from the 2018 safeguards assessment. This relates to the strengthening of the risk management function, which is in process. The assessment found that overall the central bank has maintained a strong control culture.

STAFF APPRAISAL

17. Burkina Faso is feeling the brunt of the Coronavirus Pandemic. The economic outlook is deteriorated quickly owing to a projected slowdown in economic activity following the authorities' decision to deploy a series of containment and mitigation measures.

18. Staff welcomes the authorities' commitment to step up response to contain and mitigate the impact of the COVID-19 virus. Staff supports the widening of the fiscal deficit to create room for health care spending and for the mitigation of the economic impact of the pandemic.

19. The authorities remain committed to medium term fiscal and debt sustainability. The authorities are seeking grants and concessional resources from development partners to address the fiscal pressures from security-related costs, health spending and to safeguard debt sustainability. A stress test to approximate the impact of the security and the COVID-19 pandemic on the Burkinabe economy, assures debt sustainability even under the significantly negative outlook.

20. Against this background, staff support the authorities' request for a disbursement under the Rapid Credit Facility exogenous shocks window in the amount of SDR 84.28 million (70 percent of quota); provided that the Executive Board approves the requested rephasing of the fifth disbursement related to the fourth review under the ECF arrangement. Staff support is

based on the urgent balance of payments need resulting from the impact of the COVID-19 Pandemic which is expected to be resolved within one year and the likelihood of the next ECF review being completed by July 2020. The support will help in catalyzing the mobilization of external financial supports.

Proposed Decisions

The following decisions, which may be adopted by a majority of the votes cast, are proposed for adoption by the Executive Board. Decision 2 is proposed for adoption only if Decision 1 is adopted by the Executive Board.

Decision 1: Rephrasing of Access under the ECF Arrangement

1. The letter dated April 8, 2020 from the Minister of the Economy, Finance and Development of Burkina Faso (the "April 2020 Letter") shall be attached to the ECF Arrangement, and the letter dated February 27, 2018 from the Minister of the Economy, Finance and Development of Burkina Faso, together with its attachments, as supplemented and modified, shall be read as further supplemented and modified by the April 2020 Letter.
2. Accordingly, paragraph 2(e) of the ECF Arrangement for Burkina Faso shall be amended by replacing the reference to "June 15, 2020" with "July 20, 2020".

Decision 2: Request for Disbursement under the Rapid Credit Facility

1. Burkina Faso has requested a loan disbursement in an amount equivalent to SDR 84.28 million (70 percent of quota) under the Rapid Credit Facility of the Poverty Reduction and Growth Trust.
2. The Fund notes the intentions of Burkina Faso as set forth in the letter from the Minister of the Economy, Finance and Development, dated April 8, 2020, and approves the disbursement in accordance with the request.

Table 1. Burkina Faso: Selected Economic and Financial Indicators, 2018–25

	2018	2019			2020			2021	2022	2023	2024	2025
	Est.	3rd Rev.	3rd Rev. / rebased GDP	Prel.	3rd Rev.	3rd Rev. / rebased GDP	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
<i>(Annual percentage change, unless otherwise indicated)</i>												
GDP and prices												
GDP at constant prices	6.8	6.0	6.0	5.7	6.0	6.0	2.0	5.8	5.6	5.6	5.6	5.6
GDP deflator	2.4	1.8	1.8	-3.0	2.0	2.0	2.7	1.8	2.1	2.4	2.4	2.4
Consumer prices (annual average)	2.0	-3.4	-3.4	-3.2	2.0	2.0	3.2	2.1	2.5	2.8	2.8	2.8
Consumer prices (end of period)	0.3	-3.5	-3.5	-2.6	2.0	2.0	3.2	2.1	2.5	2.8	2.8	2.8
Money and credit												
Net domestic assets (banking system) 1/	8.6	11.2	11.2	7.7	13.6	13.6	11.5	13.8	...	...	...	...
Credit to the government (banking system) 1/	-0.2	4.8	4.8	2.6	5.1	5.1	10.6	6.4	...	...	...	...
Credit to private sector	6.7	11.9	11.9	11.1	12.5	12.5	3.5	11.3	...	...	...	...
Broad money (M3)	10.4	12.7	12.7	8.8	15.4	15.4	12.6	15.7	...	...	...	...
Private sector credit/GDP	26.6	31.7	31.7	28.9	32.9	32.9	28.5	29.5	...	...	...	...
External sector												
Exports (f.o.b.; valued in CFA francs)	10.1	1.9	1.9	2.1	11.6	11.6	-1.9	5.2	5.2	4.7	4.9	4.0
Imports (f.o.b.; valued in CFA francs)	7.7	6.6	6.6	5.0	5.5	5.5	-4.5	5.8	7.3	7.1	7.2	7.0
Current account (percent of GDP)	-4.1	-5.2	-5.2	-4.4	-4.0	-4.0	-4.3	-4.5	-4.6	-4.8	-5.0	-5.3
Real effective exchange rate	2.5	...	...	...	...	...	...	...	...	...	...	...
<i>(Percent of GDP, unless otherwise indicated)</i>												
Central government finances												
Current revenue	17.0	21.1	19.3	19.5	20.6	19.5	17.4	18.5	18.8	19.0	19.3	19.5
Of which: tax revenue	15.1	17.5	16.1	16.0	18.0	17.1	15.2	16.5	16.8	17.1	17.4	17.7
Total expenditure and net lending	23.6	27.3	25.1	23.7	27.3	25.8	24.5	24.4	24.2	24.4	24.6	24.8
Of which: current expenditure	15.4	19.2	17.7	17.9	18.3	17.3	19.0	18.2	17.6	17.1	17.0	17.0
Overall fiscal balance, incl. grants (commitments)	-4.2	-3.0	-2.8	-2.7	-3.0	-2.9	-5.0	-3.5	-3.0	-3.0	-3.0	-3.0
Total public debt	37.7	43.5	39.9	40.0	43.1	40.8	43.0	43.3	43.1	42.8	42.6	42.4
Of which: external debt	21.5	24.6	22.6	22.6	23.6	22.3	23.0	21.9	22.0	22.1	22.4	22.6
Memorandum items:												
Nominal GDP (CFAF billion)	8,998	8,471	9,226	9,226	9,156	9,666	9,666	10,409	11,224	12,133	13,116	14,185
Nominal GDP per capita (US\$)	821	714	775	775	748	785	785	830	874	920	969	1,020

Sources: Burkina Faso authorities; and IMF staff estimates and projections.

1/ Percent of beginning-of-period broad money.

Table 2. Burkina Faso: Balance of Payments, 2017–25

	2017	2018	2019	2020	2021	2022	2023	2024	2025
	Act.	Est.	Prel.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
	<i>(CFAF billions, unless otherwise indicated)</i>								
Current account	-412	-369	-402	-412	-465	-513	-587	-656	-754
Trade balance	105	161	106	160	156	121	73	21	-56
Exports of goods	1,996	2,196	2,242	2,201	2,316	2,437	2,553	2,679	2,787
<i>Of which: cotton</i>	253	250	184	151	162	170	178	187	196
<i>Of which: gold</i>	1,387	1,492	1,660	1,680	1,777	1,879	1,973	2,073	2,155
Imports of goods	-1,890	-2,035	-2,136	-2,040	-2,160	-2,316	-2,480	-2,658	-2,843
<i>Of which: oil</i>	-356	-420	-423	-276	-298	-343	-384	-421	-456
Services, net	-518	-525	-542	-581	-637	-666	-696	-726	-758
Primary income, net	-230	-267	-246	-266	-272	-272	-285	-288	-295
Secondary income, net	232	262	280	274	289	305	322	338	355
Of which: Official transfers, net	100	123	131	119	125	131	139	146	155
Capital account	173	176	100	181	221	229	238	248	258
Project grants	120	122	46	127	167	175	184	194	204
Financial account	369	511	407	83	288	355	425	502	619
Direct investment	-4	111	112	88	95	75	96	93	90
Portfolio investment	70	327	202	57	113	104	105	107	105
Other investment	304	73	93	-62	79	175	224	301	425
Commercial banks	-79	21	48	10	-6	-6	-6	-6	-6
General government	77	76	97	77	88	209	234	262	293
Project loans	124	103	91	124	125	141	160	180	204
Program loans	0	28	65	15	27	131	142	153	166
Amortization of public loans (excl. IMF)	-50	-55	-59	-62	-64	-63	-67	-71	-76
Other private	305	-24	-51	-150	-3	-28	-5	45	138
Errors and omissions	-4	-4	11	0	0	0	0	0	0
Overall balance	125	314	117	-148	44	71	76	93	123
Net change in foreign assets of the central bank	-125	-314	-117	-30	-94	-105	-103	-119	-147
of which: IMF net financing	11	5	-24	17	16	14	10	11	16
ECF Disbursements (past)	4	14	44	0	0	0	0	0	0
Repayments (excluding charges)	-14	-19	-19	-17	-16	-14	-10	-11	-16
Financing gap	0	0	0	-179	-50	-34	-26	-26	-24
Prospective ECF disbursements	...	...	...	29	...	...	...	...	...
Prospective RCF disbursement	...	...	...	69	...	...	...	...	...
World Bank additional financing	...	...	...	12	...	...	...	...	...
AfDB additional financing	...	...	...	6	...	...	...	...	...
Residual financing gap	0	0	0	-62	-50	-34	-26	-26	-24
	<i>(Percent of GDP, unless otherwise indicated)</i>								
Memorandum items:									
Exports of goods	24.3	24.4	24.3	22.8	22.2	21.7	21.0	20.4	19.6
Imports of goods	-23.0	-22.6	-23.2	-21.1	-20.7	-20.6	-20.4	-20.3	-20.0
Trade balance (goods)	1.3	1.8	1.1	1.7	1.5	1.1	0.6	0.2	-0.4
Trade balance (services)	-6.3	-5.8	-5.9	-6.0	-6.1	-5.9	-5.7	-5.5	-5.3
Trade balance (goods and services)	-5.0	-4.0	-4.7	-4.4	-4.6	-4.9	-5.1	-5.4	-5.7
Current account (= deficit)	-5.0	-4.1	-4.4	-4.3	-4.5	-4.6	-4.8	-5.0	-5.3
GDP at current prices (CFAF billions)	8,228	8,998	9,226	9,666	10,409	11,224	12,133	13,116	14,185
BCEAO Reserves									
<i>In billion USD</i>	13	15	18	...	...	...	...	...	...
<i>In months of next year's WAEMU imports</i>	4.0	4.4	5.5	...	...	...	...	...	...
<i>In percent of broad money</i>	29.4	31.1	34.1	...	...	...	...	...	...

Sources: Burkinabè authorities and BCEAO; and IMF staff estimates and projections.

Table 3. Burkina Faso: Monetary Survey, 2017–21

	2017	2018	2019	2020	2021
	Act.	Act.	Act.	Proj.	Proj.
<i>(CFAF billions, unless otherwise indicated)</i>					
Net foreign assets	1,333	1,441	1,505	1,576	1686
BCEAO 1/	2	308	73	104	198
Assets	902	928	1,049	1,200	1356
Liabilities	901	620	976	1,096	1159
Commercial banks	1,331	1,133	1,432	1,472	1488
Net domestic assets	1,949	2,221	2,491	2,928	3520
Domestic credit	2,444	2,731	3,074	3,576	4168
Net Bank credit to government	74	67	158	564	840
BCEAO	-48	-57	-35	46	30
Commercial banks	122	124	194	518	811
Credit to other sectors	2,370	2,665	2,916	3,012	3328
<i>of which: Credit to private sector</i>	2,246	2,396	2,663	2,755	
Other items (net)	31	39	47	112	112
Shares and other equities	464	471	536	536	536
Total broad money liabilities	3,282	3,662	3,996	4,504	5206
Liquid liabilities	3,174	3,503	3,812	4,293	4968
Non-liquid liabilities (excl. from broad money)	108	159	184	210	238
<i>(Annual percentage change, unless otherwise indicated)</i>					
Memorandum items:					
Net foreign assets	26.8	8.1	4.4	4.7	7.0
Net domestic assets 2/	11.5	8.6	7.7	11.5	13.8
Net credit to government 2/	5.9	-0.2	2.6	10.6	6.4
Credit to Private Sector	14.4	6.7	11.1	3.5	11.3
Private sector credit (percentage of GDP)	27.3	26.6	28.9	28.5	29.5
Money supply	21.6	10.4	8.8	12.6	15.7
Velocity of money (GDP/M2) 3/	2.6	2.6	2.4	2.3	2.1
Sources: Burkinabè authorities; and IMF staff estimates and projections.					
1/ Only includes current reserves in BCEAO Ouagadougou. It does not include all regional reserves.					
2/ Annual change as a percentage of broad money from 12 months earlier.					
3/ End-of-period average.					

Table 4. Burkina Faso: Selected Financial Soundness Indicators, 2012–June 2019
(in percent)

	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18 1/	Jun-19
Capital Adequacy								
Reg. capital to risk-weighted assets	12.4	10.2	11.4	11.1	13.0	12.2	12.0	12.7
Asset Quality								
Gross NPLs / Total loans	10.3	9.9	8.6	8.9	8.9	8.8	7.4	7.7
Provisions / NPLs	67.7	62.6	64.9	67.6	70.4	66.4	70.4	69.4
Loan Concentration								
5 largest clients / equity	157.9	108.4	158.4	179.6	114.5	79.8	70.6	81.1
By Sector: (share of total)								
Agriculture	1.8	3.3	2.8	1.9	3.7	4.4	4.7	3.9
Extractive Industries	1.0	1.1	2.0	2.3	1.5	2.0	2.9	2.8
Manufacturing	9.8	13.9	16.1	15.2	13.2	13.6	12.5	13.2
Electricity, gas, water	1.9	1.3	1.3	1.0	0.8	1.2	1.0	1.5
Buildings/Public Works	13.2	14.6	13.6	16.6	16.2	16.9	17.8	17.5
Commercial (restaurants, hotels)	38.3	33.2	26.0	28.3	25.6	23.9	23.6	21.2
Transportation/communication	9.6	11.7	9.5	8.4	10.3	8.8	9.1	11.7
Insurance, real estate, business services	3.9	3.4	3.7	3.0	5.0	5.6	7.2	5.4
Other	20.6	17.5	25.1	23.1	23.7	23.7	21.3	22.8
Liquidity								
Loans to deposits	82.1	87.7	99.8	91.2	86.1	83.9	85.7	86.1
Liquid assets / total assets	34.8	34.7	34.8	29.2	23.2	24.7	25.7	25.1

Sources: Central bank (BCEAO) authorities and IMF staff estimates.

1/ First year of data reporting in accordance with Basel II/III prudential standards and the new banking chart of account (interim data).

Table 5a. Burkina Faso: Consolidated Operations of the Central Government, 2018–25
(CFAF billions)

	2018	2019		2020		2021	2022	2023	2024	2025
	Act.	3rd Rev.	Prel.	3rd Rev.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
Total revenue and grants	1,746	2,054	1,932	2,217	1,886	2,180	2,378	2,592	2,826	3,083
Total revenue	1,531	1,783	1,798	1,888	1,683	1,930	2,114	2,311	2,528	2,766
Tax revenue	1,354	1,481	1,475	1,651	1,471	1,720	1,888	2,077	2,285	2,514
Of which: Gold Mining CIT	49	51	53	64	59	71	85	99	114	119
Nontax revenue	177	302	323	237	212	211	226	234	243	253
Of which: Royalties from gold	62	46	37	74	67	71	75	79	83	86
Grants	215	270	134	329	203	250	264	280	298	316
Project	122	171	46	253	127	167	175	184	194	204
Program	93	99	88	77	77	82	89	96	104	112
Expenditure and net lending 1/	2,128	2,311	2,184	2,496	2,370	2,545	2,719	2,961	3,224	3,514
Current expenditure	1,383	1,630	1,651	1,672	1,832	1,895	1,973	2,076	2,234	2,407
Wages and salaries	705	846	844	898	898	950	990	1,025	1,108	1,198
Goods and services	196	187	198	197	237	245	253	266	280	297
Interest payments	97	117	117	127	127	149	169	185	199	214
Domestic	74	73	96	98	98	116	135	146	155	164
External	23	44	22	29	29	33	34	39	44	51
Current transfers	385	480	492	450	570	551	561	601	647	697
Investment expenditure	754	690	557	823	537	649	747	884	990	1,107
Domestically financed	529	388	420	446	286	358	430	540	616	699
Externally financed	225	302	136	377	251	292	316	344	374	408
Net lending	-10	-9	-24	0	0	0	0	0	0	0
Overall balance 1/	-382	-258	-252	-278	-483	-364	-341	-369	-399	-431
Cash basis adjustment	-97	0	-46	0	0	0	0	0	0	0
Overall balance (cash basis)	-478	-258	-298	-278	-483	-364	-341	-369	-399	-431
Financing	470	258	294	249	294	334	341	369	399	431
Foreign financing	76	90	97	78	77	88	209	234	262	293
Drawings	131	150	156	140	139	152	272	301	334	369
Project loans	103	131	91	124	124	125	141	160	180	204
Program loans	28	20	65	15	15	27	131	142	153	166
Amortization (excl. IMF)	-55	-60	-59	-62	-62	-64	-63	-67	-71	-76
Domestic financing	395	167	197	171	216	246	132	135	136	138
Bank financing	142	167	19	171	216	246	132	135	136	138
Central bank	29	24	11	-17	-17	-16	-14	-10	-11	-16
of which: IMF net financing	3	24	28	-17	-17	-16	-14	-10	-11	-16
ECF Disbursements (past)	22	44	48	0	0	0	0	0	0	0
Repayments	-19	-19	-19	-17	-17	-16	-14	-10	-11	-16
Commercial banks	113	143	8	188	233	262	146	145	147	154
Nonbank financing	252	0	177	0	0	0	0	0	0	0
Errors and Omissions	8		4							
Financing gap	0	0	0	29	190	30	0	0	0	0
Prospective ECF disbursements	...	...	...	29	29	...	...	...	...	...
Prospective RCF disbursement	...	...	...	0	69	...	...	...	...	...
World Bank additional financing	...	...	...	0	12	...	...	...	...	...
AfDB additional financing	...	...	...	0	6	...	...	...	...	...
Residual financing gap	0	0	0	0	73	30	...	...	...	...

Sources: Burkinabè authorities; and IMF staff estimates and projections.

1/ Commitment ("engagement") basis.

Table 5b. Burkina Faso: Consolidated Operations of the Central Government, 2018–25
(In percent of GDP)

	2018	2019			2020			2021	2022	2023	2024	2025
	Act.	3rd Rev.	3rd Rev. / rebased GDP	Prel.	3rd Rev.	3rd Rev. / rebased GDP	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
Total revenue and grants	19.4	24.2	22.3	20.9	24.2	22.9	19.5	20.9	21.2	21.4	21.5	21.7
Total revenue	17.0	21.1	19.3	19.5	20.6	19.5	17.4	18.5	18.8	19.0	19.3	19.5
Tax revenue	15.1	17.5	16.1	16.0	18.0	17.1	15.2	16.5	16.8	17.1	17.4	17.7
Of which: Gold Mining CIT	0.5	0.6	0.6	0.6	0.7	0.7	0.6	0.7	0.8	0.8	0.9	0.8
Nontax revenue	2.0	3.6	3.3	3.5	2.6	2.4	2.2	2.0	2.0	1.9	1.9	1.8
Of which: Royalties from gold	0.7	0.5	0.5	0.4	0.8	0.8	0.7	0.7	0.7	0.7	0.6	0.6
Grants	2.4	3.2	2.9	1.5	3.6	3.4	2.1	2.4	2.4	2.3	2.3	2.2
Project	1.4	2.0	1.9	0.5	2.8	2.6	1.3	1.6	1.6	1.5	1.5	1.4
Program	1.0	1.2	1.1	1.0	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Expenditure and net lending 1/	23.6	27.3	25.1	23.7	27.3	25.8	24.5	24.4	24.2	24.4	24.6	24.8
Current expenditure	15.4	19.2	17.7	17.9	18.3	17.3	19.0	18.2	17.6	17.1	17.0	17.0
Wages and salaries	7.8	10.0	9.2	9.2	9.8	9.3	9.3	9.1	8.8	8.4	8.4	8.4
Goods and services	2.2	2.2	2.0	2.2	2.2	2.0	2.5	2.4	2.3	2.2	2.1	2.1
Interest payments	1.1	1.4	1.3	1.3	1.4	1.3	1.3	1.4	1.5	1.5	1.5	1.5
Domestic	0.8	0.9	0.8	1.0	1.1	1.0	1.0	1.1	1.2	1.2	1.2	1.2
External	0.3	0.5	0.5	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4
Current transfers	4.3	5.7	5.2	5.3	4.9	4.7	5.9	5.3	5.0	5.0	4.9	4.9
Investment expenditure	8.4	8.1	7.5	6.0	9.0	8.5	5.6	6.2	6.7	7.3	7.5	7.8
Domestically financed	5.9	4.6	4.2	4.6	4.9	4.6	3.0	3.4	3.8	4.5	4.7	4.9
Externally financed	2.5	3.6	3.3	1.5	4.1	3.9	2.6	2.8	2.8	2.8	2.9	2.9
Net lending	-0.1	-0.1	-0.1	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance 1/	-4.2	-3.0	-2.8	-2.7	-3.0	-2.9	-5.0	-3.5	-3.0	-3.0	-3.0	-3.0
Cash basis adjustment	-1.1	0.0	0.0	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance (cash basis)	-5.3	-3.0	-2.8	-3.2	-3.0	-2.9	-5.0	-3.5	-3.0	-3.0	-3.0	-3.0
Financing	5.2	3.0	2.8	3.2	2.7	2.6	3.0	3.2	3.0	3.0	3.0	3.0
Foreign financing	0.8	1.1	1.0	1.1	0.8	0.8	0.8	0.8	1.9	1.9	2.0	2.1
Drawings	1.5	1.8	1.6	1.7	1.5	1.4	1.4	1.5	2.4	2.5	2.5	2.6
Project loans	1.1	1.5	1.4	1.0	1.4	1.3	1.3	1.2	1.3	1.3	1.4	1.4
Program loans	0.3	0.2	0.2	0.7	0.2	0.2	0.2	0.3	1.2	1.2	1.2	1.2
Amortization (excl. IMF)	-0.6	-0.7	-0.6	-0.6	-0.7	-0.6	-0.6	-0.6	-0.6	-0.6	-0.5	-0.5
Domestic financing	4.4	2.0	1.8	2.1	1.9	1.8	2.2	2.4	1.2	1.1	1.0	1.0
Bank financing	1.6	2.0	1.8	0.2	1.9	1.8	2.2	2.4	1.2	1.1	1.0	1.0
Central bank	0.3	0.3	0.3	0.1	-0.2	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1
of which: IMF net financing	0.0	0.3	0.3	0.3	-0.2	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1
ECF Disbursements (past)	0.2	0.5	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayments	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1
Commercial banks	1.3	1.7	1.5	0.1	2.1	1.9	2.4	2.5	1.3	1.2	1.1	1.1
Nonbank financing	2.8	0.0	0.0	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Errors and Omissions	0.1			0.0								
Financing gap	0.0	0.0	0.0	0.0	0.3	0.3	2.0	0.3	0.0	0.0	0.0	0.0
Prospective ECF disbursements	...	...	...	...	0.3	0.3	0.3	...	...	...	...	...
Prospective RCF disbursement	...	...	...	...	0.0	0.0	0.7	...	...	...	...	...
World Bank additional financing	...	...	...	...	0.0	0.0	0.1	...	...	...	...	...
AfDB additional financing	...	...	...	...	0.0	0.0	0.1	...	...	...	...	...
Residual financing gap	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.3	...	...	...	...
Memorandum items:												
Nominal GDP (CFAF billion)	8,998	8,471	9,226	9,226	9,156	9,666	9,666	10,409	11,224	12,133	13,116	14,185
Wage bill to tax revenue ratio (percent)	52.1	57.1	57.1	57.3	54.4	54.4	61.0	55.2	52.4	49.3	48.5	47.7

Sources: Burkinabè authorities; and IMF staff estimates and projections.

1/ Commitment ("engagement") basis.

Table 6. Burkina Faso: External Financing Requirements, 2018–22
(CFAF billions)

	2018	2019	2020	2021	2022
	Est.	Prel.	Proj.	Proj.	Proj.
Financing need	-78	-247	-551	-416	-521
Current account balance (excl. official transfers)	-493	-533	-532	-590	-644
IMF repayments	-19	-19	-17	-16	-14
Private capital flows	489	364	60	254	200
Amortization of public loans (excl. IMF)	-55	-59	-62	-64	-63
Financing	67	192	372	366	487
Project loans:	103	91	124	125	141
Program loans (excl. IMF):	28	65	15	27	131
Official transfers, net	123	131	119	125	131
Change in NFA central bank (excl. prospective IMF disbursements and repayments)	-309	-141	-14	-78	-92
Project grants	122	46	127	167	175
Errors and Omissions	-4	11	0	0	0
Residual Gap	-14	-44	-179	-50	-34
IMF Financing (past and prospective)	14	44	98	0	0
World Bank additional financing	...	...	12	...	...
AfDB additional financing	...	...	6	...	...

Sources: Burkinabè authorities and IMF staff estimates and projections.

Table 7. Burkina Faso: Indicators of Capacity to Repay the IMF, 2018–34 1/
(in millions of SDRs)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Act.	Act.								Projections							
Fund obligations based on existing and prospective credit																	
(In millions of SDRs)																	
Principal	24.1	23.6	19.0	21.2	18.3	14.2	16.3	32.5	42.2	41.2	34.9	33.1	13.9	0.0	0.0	0.0	0.0
Charges and interest	0.0	0.0	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Total obligations based on existing and prospective credit																	
In millions of SDRs	24.1	23.6	19.2	21.4	18.5	14.4	16.5	32.7	42.4	41.4	35.1	33.3	14.0	0.2	0.2	0.2	0.2
In billions of CFAF	19.0	19.1	15.6	17.3	14.9	11.6	13.3	26.4	34.3	33.5	28.4	26.9	11.4	0.2	0.2	0.2	0.2
In percent of government revenues	1.2	1.1	0.9	0.9	0.7	0.5	0.5	1.0	1.1	1.0	0.8	0.7	0.3	0.0	0.0	0.0	0.0
In percent of exports of goods and services	0.8	0.7	0.6	0.7	0.5	0.4	0.4	0.8	1.0	1.0	0.8	0.7	0.3	0.0	0.0	0.0	0.0
In percent of debt service 2/	19.3	18.7	14.5	15.4	13.4	10.0	10.5	18.5	19.5	17.6	13.5	11.6	4.5	0.1	0.1	0.1	0.0
In percent of GDP	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.1	0.1	0.0	0.0	0.0	0.0
In percent of quota	20.1	19.6	15.9	17.7	15.3	12.0	13.7	27.1	35.2	34.4	29.2	27.7	11.7	0.2	0.2	0.2	0.2
Outstanding IMF credit																	
In millions of SDRs	135.8	166.3	267.7	246.6	228.3	214.1	197.8	165.3	123.1	81.9	47.0	13.9	0.0	0.0	0.0	0.0	0.0
In billions of CFAF	106.7	134.7	217.6	199.3	184.3	172.8	159.8	133.7	99.6	66.2	38.0	11.2	0.0	0.0	0.0	0.0	0.0
In percent of government revenues	7.0	7.5	12.9	10.3	8.7	7.5	6.3	4.8	3.3	2.0	1.0	0.3	0.0	0.0	0.0	0.0	0.0
In percent of exports of goods and services	4.3	5.3	8.7	7.7	6.7	6.0	5.3	4.2	3.0	1.9	1.1	0.3	0.0	0.0	0.0	0.0	0.0
In percent of debt service 2/	108.5	131.5	201.7	177.5	166.0	148.7	126.2	95.5	56.7	34.7	18.0	4.8	0.0	0.0	0.0	0.0	0.0
In percent of GDP	1.2	1.5	2.3	1.9	1.6	1.4	1.2	0.9	0.6	0.4	0.2	0.1	0.0	0.0	0.0	0.0	0.0
In percent of quota	112.8	138.2	222.4	204.8	189.6	177.8	164.3	137.3	102.2	68.0	39.0	11.5	0.0	0.0	0.0	0.0	0.0
Net use of IMF credit (in millions of SDRs)	-6.1	30.6	101.4	-21.2	-18.3	-14.2	-16.3	-32.5	-42.2	-41.2	-34.9	-33.1	-13.9	0.0	0.0	0.0	0.0
Disbursements	18.1	54.2	120.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayments and repurchases	24.1	23.6	19.0	21.2	18.3	14.2	16.3	32.5	42.2	41.2	34.9	33.1	13.9	0.0	0.0	0.0	0.0
Memoandum items:																	
Nominal GDP (in billions of CFAF)	8,998	9,226	9,666	10,409	11,224	12,133	13,116	14,185	15,340	16,589	17,937	19,394	20,969	22,670	24,509	26,495	28,641
Exports of goods and services (in billions of CFAF)	2,506	2,558	2,494	2,604	2,748	2,889	3,042	3,179	3,299	3,424	3,555	3,691	3,833	3,982	4,139	4,303	4,476
Government revenue (in billions of CFAF)	1,531	1,798	1,683	1,930	2,114	2,311	2,528	2,766	3,041	3,324	3,634	3,972	4,342	4,746	5,188	5,671	6,199
Debt service (in billions of CFAF) 2/ 3/	98	102	108	112	111	116	127	143	176	191	211	232	252	266	305	345	392
CFAF/SDR (period average)	786	810	813	808	807	807	807	809	809	809	809	809	809	809	809	809	809

Sources: IMF staff estimates and projections.

1/ Includes proposed disbursements under the new ECF of 90 percent of quota.

2/ Total external debt service includes IMF repurchases and repayments.

3/ Includes state-owned enterprises debt.

Table 8. Burkina Faso: Schedule of Disbursements Under Three-Year ECF Arrangement 2018–20

Amount	Percent of quota	Availability date	Conditions for disbursement 1/
SDR 18.06 million	15 percent	March 14, 2018	Executive Board Approval of a new arrangement under the Extended Credit Facility
SDR 18.06 million	15 percent	December 15, 2018	Observance of continuous and end-June 2018 performance criteria, and completion of the first review under the arrangement
SDR 18.06 million	15 percent	June 15, 2019	Observance of continuous and end-December 2018 performance criteria, and completion of the second review under the arrangement
SDR 18.06 million	15 percent	December 15, 2019	Observance of continuous and end-June 2019 performance criteria, and completion of the third review under the arrangement
SDR 18.06 million	15 percent	July 20, 2020	Observance of continuous and end-December 2019 performance criteria, and completion of the fourth review under the arrangement
SDR 18.06 million	15 percent	December 15, 2020	Observance of continuous and end-June 2020 performance criteria and completion of the fifth review under the arrangement

Sources: Burkinabè authorities; and IMF staff estimates.

1/ In addition to the generally applicable conditions under the Extended Credit Facility.

Annex I. Debt Sustainability Analysis

Risk of external debt distress	Moderate
Overall risk of debt distress	Moderate
Granularity in the risk rating	Substantial space to absorb shocks
Application of judgement	No

This joint World Bank/IMF Debt Sustainability Analysis (DSA) has been prepared in the context of the 2020 request for the Rapid Credit Facility (RCF) disbursement and the Catastrophe and Containment Relief Trust (CCRT). The macroframework underlying this DSA update is the same as that included in the staff report of the 2020 RCF and CCRT request, which reflects recent global and domestic developments. It accounts for Burkina Faso's recent GDP rebasing, which has caused downward revision to all debt to GDP indicators, and incorporates the impact of the virus and the deteriorating security situation. It is based on end-2018 debt data and the latest methodology underpinning the LIC DSF. The current debt-carrying capacity is consistent with a classification of 'medium.' The risk of external debt distress in Burkina Faso remains moderate. All external debt indicators remain below the relevant indicative thresholds under the baseline scenario. Under a standard stress test of a shock to exports, two of the thresholds for PPG external debt are breached. Overall public debt does not breach the relevant benchmark under all scenarios, yet Burkina Faso is assessed as having a moderate risk of public debt distress, as the external debt risk rating is moderate.

1. Burkina Faso's debt is assessed to remain sustainable with a moderate risk of debt distress, even under the COVID-19 pandemic shock. The assessment is unchanged relative to the previous DSA. Burkina Faso would need to: (i) maintain a sound macro-fiscal framework; (ii) implement structural reforms to diversify its export base; (iii) exercise control over government guarantees and contingent liabilities; and (iv) limit non-concessional borrowing and strengthen the implementation of its medium-term debt strategy to contain its debt service and gross financing needs in order to prevent a deterioration of its debt sustainability outlook.

2. The depth and duration of the COVID-19 pandemic shock tilts the balance of risks to the outlook to downside. Burkina Faso faces real economic shocks that partially net out as the oil import bill is expected to cushion the fall in exports. However, the country is the most affected by the outbreak in West Africa. A further rapid growth in new cases would significantly increase the fiscal burden from public health expenditure and measures to support economic activity. However, DSA stress tests suggest that only a persistent shock to the level of exports would push debt and debt service above the relevant thresholds. Other risks include volatile external price conditions, increased imbalances in services trade, and an escalation of the Sahel security situation. While no public liquidity risks and contingent liabilities arising from the pandemic shock is known at the moment, staff urged the authorities to monitor these and the potential materialization of any existing government guarantees.

3. Besides the requested RCF disbursement of SDR 84.28 million, financing assumptions have been updated with residual needs covered mostly by additional external support with some further domestic financing. Rapid financial support is expected from the World Bank (US\$21.15 million), the African Development Bank (USD 10 million), France, and the European Union.

Text Table 1. Burkina Faso: Changes in Assumptions for Current DSA (new GDP) Compared with December-2019 DSA (old GDP)			2019	2020	2021	2025	2028
			est.				
Gold (USD/ounce)	↓	Current DSA	1,392	1,500	1,499	1,571	1,571
		Dec-2019 DSA	1,400	1,531	1,558	1,619	1,619
Cotton Prices (cts/lb)	↓	Current DSA	78	70	71	70	70
		Dec-2019 DSA	77	76	80	81	81
Exports of goods (% of GDP)	↓	Current DSA ¹	24.3	22.8	22.2	19.6	17.0
		Dec-2019 DSA	26.4	27.3	26.1	21.9	19.1
Real GDP Growth (y/y)	↓	Current DSA	5.7	2.0	5.8	5.6	5.6
		Dec-2019 DSA	6.0	6.0	6.0	6.0	6.0
Current Account (% of GDP)	↓	Current DSA ¹	-4.4	-4.3	-4.5	-5.3	-6.2
		Dec-2019 DSA	-5.2	-4.0	-4.3	-5.7	-6.7
Overall Fiscal Balance (% of GDP)	↓	Current DSA ¹	-2.7	-5.0	-3.5	-3.0	-3.0
		Dec-2019 DSA	-3.0	-3.0	-3.0	-3.0	-3.0

Sources: IMF staff estimates and World Economic Outlook projections.

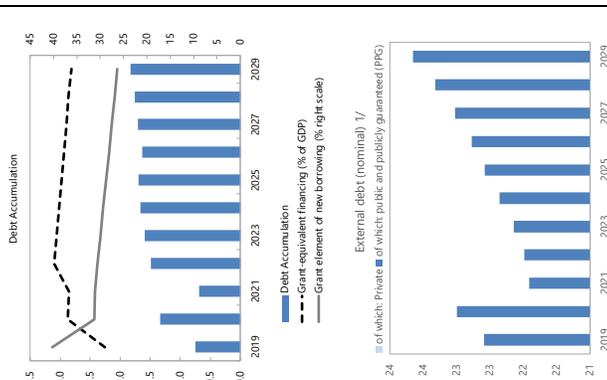
¹ Burkina Faso's recent GDP rebasing has caused a revision downwards to these ratios.

Table 1. Burkina Faso: External Debt Sustainability Framework, Baseline Scenario, 2016–2039
(In percent of GDP, unless otherwise indicated)

	Actual					Projections										Average 8/	
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Historical	Projections	
External debt (nominal) 1/	23.7	21.1	21.5	22.6	23.0	21.9	22.0	22.1	22.4	23.7	23.7	23.7	23.7	23.7	21.4	22.7	
of which: public and publicly guaranteed (PPG)	23.7	21.1	21.5	22.6	23.0	21.9	22.0	22.1	22.4	23.7	23.7	23.7	23.7	23.7	21.4	22.7	
Change in external debt	0.5	-2.6	0.4	1.1	0.4	-1.1	0.1	0.2	0.2	0.3	0.4	0.4	0.4	5.2	4.8	5.9	
Identified net debt-creating flows	7.0	2.7	2.7	4.3	4.7	4.2	4.1	4.5	4.6	5.7	5.7	5.7	5.7	5.2	4.8	5.9	
Non-interest current account deficit	5.9	4.8	4.0	4.1	4.0	4.2	4.3	4.5	4.7	6.0	6.0	6.0	6.0	4.6	4.8	6.4	
Deficit in balance of goods and services	6.2	5.0	4.0	4.7	4.4	4.6	4.9	5.1	5.4	7.0	7.0	7.0	7.0	7.0	7.0	7.0	
Exports	25.5	27.6	27.8	27.7	25.8	25.0	24.5	23.8	23.2	19.0	14.8	14.8	14.8	22.5	22.5	22.5	
Imports	31.7	32.7	31.9	32.5	30.2	29.6	29.3	28.9	28.6	26.0	22.5	22.5	22.5	22.5	22.5	22.5	
Net current transfers (negative = inflow)	-3.2	-2.8	-2.9	-3.0	-2.8	-2.8	-2.7	-2.7	-2.6	-2.2	-1.5	-1.5	-1.5	-3.8	-2.6	-2.6	
of which: official	-1.1	-0.9	-1.0	-1.0	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	1.4	1.9	1.9	
Other current account flows (negative = net inflow)	2.8	2.6	2.6	2.4	2.4	2.3	2.1	2.0	1.9	1.2	0.3	0.3	0.3	1.4	0.7	0.7	
Net FDI (negative = inflow)	2.7	-0.1	1.2	1.2	0.9	0.9	0.7	0.8	0.7	0.5	0.2	0.2	0.2	1.4	0.7	0.7	
Endogenous debt dynamics 2/	-1.6	-2.1	-2.3	-1.0	-0.1	-0.9	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	0.7	0.7	0.7	
Contribution from nominal interest rate	0.2	0.2	0.3	0.2	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.7	0.7	0.7	
Contribution from real GDP growth	-1.3	-1.3	-1.3	-1.3	-0.4	-1.2	-1.1	-1.1	-1.1	-1.2	-1.2	-1.2	-1.2	0.4	0.4	0.4	
Contribution from price and exchange rate changes	-0.5	-0.9	-1.4	...	...	...	...	...	...	...	...	...	...	...	...	...
Residual 3/	-6.5	-5.3	-2.3	-3.2	-4.3	-5.2	-4.0	-4.3	-4.4	-5.4	-5.4	-5.4	-5.4	-5.2	-4.6	-4.6	
of which: exceptional financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Sustainability indicators																	
PV of PPG external debt-to-GDP ratio	...	...	14.0	15.1	15.8	15.2	15.4	15.6	16.0	17.7	17.7	17.7	17.7	5.7	5.7	5.7
PV of PPG external debt-to-exports ratio	3.6	3.5	3.9	54.6	61.2	60.6	62.7	65.7	68.9	92.8	92.8	92.8	92.8	0.1	0.1	0.1	
PPG debt service-to-exports ratio	5.6	5.7	6.4	5.7	6.4	5.8	5.3	5.0	5.0	5.8	5.8	5.8	5.8	1.7	1.7	1.7	
Gross external financing need (Billion of U.S. dollars)	1.2	0.8	1.0	1.0	1.0	1.1	1.1	1.3	1.4	2.6	2.6	2.6	2.6	1.0	1.0	1.0	
Key macroeconomic assumptions																	
Real GDP growth (in percent)	6.0	6.2	6.8	5.7	2.0	5.8	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.7	5.7	5.7	
GDP deflator (in U.S. dollars) (change in percent)	2.2	4.1	7.1	-8.1	2.3	2.8	2.6	2.6	2.6	2.6	2.6	2.6	2.6	0.1	0.1	0.1	
Effective interest rate (percent) 4/	0.9	0.9	1.7	1.1	1.4	1.5	1.5	1.5	1.6	1.7	2.0	2.6	2.6	1.0	1.0	1.0	
Growth of exports of GBS (US dollar terms, in percent)	18.7	19.7	15.2	-3.3	-2.9	5.5	6.0	5.4	5.5	3.8	19.1	18.9	18.9	3.3	3.3	3.3	
Growth of imports of GBS (US dollar terms, in percent)	7.8	13.8	11.7	-1.1	-3.1	6.9	7.3	6.9	6.9	6.0	10.8	9.6	9.6	5.0	5.0	5.0	
Grant element of new public sector borrowing (in percent)	...	...	...	40.2	31.3	31.2	30.6	30.0	29.3	26.3	20.2	...	...	30.0	30.0	30.0
Government revenues (excluding grants, in percent of GDP)	16.2	16.9	17.0	19.5	17.4	18.5	18.8	19.0	19.3	20.5	22.9	...	...	19.3	19.3	19.3
Aid flows (in Billion of US dollars) 5/	145.1	124.8	131.4	...	...	...	...	...	...	...	...	...	...	...	...	...
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	2.3	2.9	2.9	3.1	3.1	3.0	2.8	2.3	...	...	2.9	2.9	2.9
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	65.4	63.0	74.0	64.8	63.7	62.7	57.3	45.4	...	...	62.8	62.8	62.8
Nominal GDP (Billion of US dollars)	13	14	16	16	16	16	19	21	23	34	73	...	...	23	23	23
Nominal dollar GDP growth	8.3	10.5	14.4	-2.8	4.3	8.8	8.3	8.4	8.3	8.1	8.1	...	...	6.9	6.9	6.9
Memorandum items																	
PV of external debt 7/	...	...	14.0	15.1	15.8	15.2	15.4	15.6	16.0	17.7	17.7	17.7	17.7	5.7	5.7	5.7
In percent of exports	...	...	3.5	54.6	61.2	60.6	62.7	65.7	68.9	92.8	92.8	92.8	92.8	0.1	0.1	0.1
Total external debt service-to-exports ratio	3.6	3.5	3.9	4.0	4.3	4.3	4.0	4.0	4.2	6.3	6.3	6.3	6.3	1.1	1.1	1.1	
PV of PPG external debt (in Billion of US dollars)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
(PV-PPG)/GDP-1 (in percent)	...	...	...	2.3	2.4	2.6	2.7	3.0	3.3	3.6	5.9	...	...	2.3	2.3	2.3
Non-interest current account deficit that stabilizes debt ratio	5.4	7.4	3.4	3.0	3.6	3.2	4.2	4.4	4.4	4.4	4.4	...	...	5.4	5.4	5.4

Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.
2/ Derived as $(r - g - p) / (1 + r - g - p)$ times previous period debt ratio, with r = nominal interest rate, g = real GDP growth rate, and p = growth rate of GDP deflator in U.S. dollar terms.
3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.
4/ Current-year interest payments divided by previous period debt stock.
5/ Defined as grants, concessional loans, and debt relief.
6/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).
7/ Assumes that PV of private sector debt is equivalent to its face value.
8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.



Definition of external/domestic debt
is there a material difference between the two criteria?
Currency-based
Yes

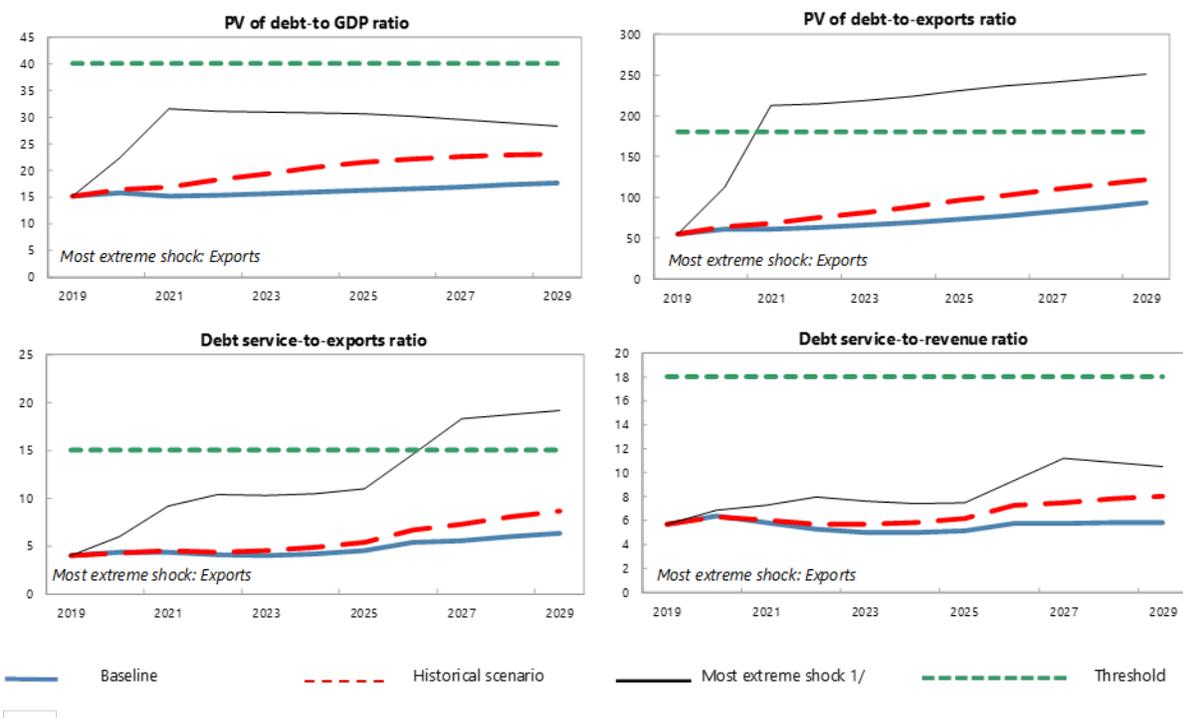
Table 2. Burkina Faso: Public Sector Debt Sustainability Framework, Baseline Scenario, 2016–2039
(In percent of GDP, unless otherwise indicated)

	Actual					Projections								Average 6/	
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Historical	Projections
Public sector debt 1/	33.3	33.5	37.7	40.0	43.0	43.3	43.1	42.8	42.6	41.9	41.2	29.0	42.3	29.0	42.3
of which: external debt	23.7	21.1	21.5	22.6	23.0	21.9	22.0	22.1	22.4	23.7	27.8	21.4	22.7	21.4	22.7
Change in public sector debt	1.9	0.2	4.2	2.3	3.0	0.3	-0.2	-0.2	-0.2	-0.1	0.0	1.4	0.5	1.4	0.5
Identified debt-creating flows	0.8	1.6	1.6	0.8	3.5	0.4	-0.1	-0.1	-0.1	0.4	0.4	2.8	1.8	2.8	1.8
Primary deficit	18.6	19.2	19.4	20.9	19.5	20.9	21.2	21.4	21.5	22.5	24.5	19.0	21.5	19.0	21.5
Revenue and grants	2.4	2.4	2.4	1.5	2.1	2.4	2.4	2.3	2.3	2.1	1.6	21.8	23.3	21.8	23.3
of which: grants	20.8	25.3	22.7	22.7	23.2	23.0	22.7	22.9	23.1	24.1	26.1	0.0	0.0	0.0	0.0
Primary (noninterest) expenditure	-1.3	-4.4	-1.3	-0.6	-0.2	-1.7	-1.6	-1.6	-1.6	-1.1	-1.0	0.0	0.0	0.0	0.0
Automatic debt dynamics	-1.6	-1.9	-2.1	-0.6	-0.2	-1.7	-1.6	-1.6	-1.6	-1.1	-1.0	0.0	0.0	0.0	0.0
Contribution from interest rate/growth differential	0.1	0.0	0.1	1.4	0.6	0.7	0.7	0.6	0.7	1.1	1.2	0.0	0.0	0.0	0.0
of which: contribution from average real interest rate	-1.8	-1.9	-2.1	-2.1	-2.0	-0.8	-2.4	-2.3	-2.3	-2.2	-2.2	0.0	0.0	0.0	0.0
of which: contribution from real GDP growth	0.4	-2.4	0.8	...	...	...	...	...	...	...	...	0.0	0.0	0.0	0.0
Contribution from real exchange rate depreciation	-0.1	0.0	-0.4	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	-0.2	-0.2	-0.1
Other identified debt-creating flows	0.0	0.0	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Privatization receipts (negative)	-0.1	0.0	-0.1	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Recognition of contingent liabilities (e.g., bank recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt relief (HIPC and other)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt creating or reducing flow (please specify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residual	1.1	-1.4	2.6	1.5	-0.5	-0.1	-0.1	-0.1	-0.1	-0.5	-0.5	-0.2	-0.2	-0.2	-0.1
Sustainability indicators															
PV of public debt-to-GDP ratio 2/	...	...	30.7	32.7	35.7	36.5	36.4	36.3	36.2	35.9	35.7	5.7	5.3	5.7	5.3
PV of public debt-to-revenue and grants ratio 3/	...	...	158.1	155.9	182.8	174.1	172.0	170.1	168.3	159.1	146.0	10.0	10.0	10.0	10.0
Debt service-to-revenue and grants ratio 3/	...	...	25.2	28.3	31.8	42.6	47.2	45.3	44.8	37.7	23.1	3.1	4.3	3.1	4.3
Gross financing need 4/	6.8	10.3	8.4	8.1	12.0	12.1	11.5	11.2	11.0	10.0	7.7	1.6	1.6	1.6	1.6
Key macroeconomic and fiscal assumptions															
Real GDP growth (in percent)	6.0	6.2	6.8	5.7	2.0	5.8	5.6	5.6	5.6	5.6	5.6	5.7	5.3	5.7	5.3
Average nominal interest rate on external debt (in percent)	1.0	0.9	1.7	1.2	1.4	1.5	1.5	1.6	1.7	2.0	2.6	1.0	1.7	1.0	1.7
Average real interest rate on domestic debt (in percent)	1.8	2.1	1.9	9.8	3.3	4.2	3.9	3.7	3.7	3.7	3.8	3.1	4.3	3.1	4.3
Real exchange rate depreciation (in percent, + indicates depreciation)	1.7	-1.0	4.0	...	...	...	...	...	...	...	...	1.6	1.6	1.6	1.6
Inflation rate (GDP deflator, in percent)	2.5	2.0	2.4	-3.0	2.7	1.8	2.1	2.4	2.4	2.4	2.4	2.1	1.8	2.1	1.8
Growth of real primary spending (deflated by GDP deflator, in percent)	11.6	29.1	-4.2	5.6	4.4	5.0	4.2	6.3	6.4	5.0	6.4	8.8	5.9	8.8	5.9
Primary deficit that stabilizes the debt-to-GDP ratio 5/	0.3	5.8	-0.9	-0.6	0.7	1.8	1.7	1.8	1.7	1.7	1.6	1.8	1.4	1.8	1.4
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0



Sources: Country authorities; and staff estimates and projections.
 1/ Coverage of debt: The central government, central bank. Definition of external debt is Currency-based.
 2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of difference depending on exchange rates projections.
 3/ Debt service is defined as the sum of interest and amortization of medium and long term, and short-term debt.
 4/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.
 5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio (i.e. a primary surplus), which would stabilize the debt ratio only in the year in question.
 6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Figure 1. Burkina Faso: Indicators of Public and Publicly Guaranteed External Debt under Alternatives Scenarios, 2019-2029



Customization of Default Settings		
	Size	Interactions
Tailored Stress		
Combined CL	Yes	
Natural disaster	n.a.	n.a.
Commodity price	No	No
Market financing	n.a.	n.a.

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

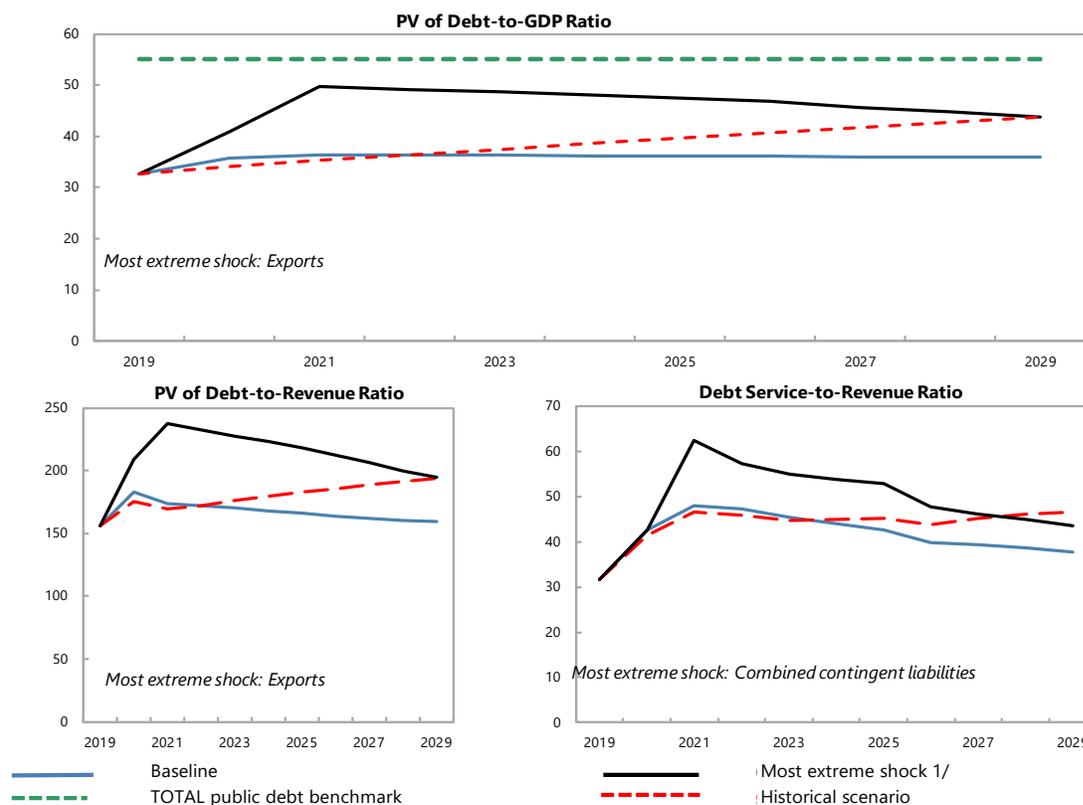
Borrowing assumptions on additional financing needs resulting from the stress tests*		
	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	2.2%	2.2%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	24	24
Avg. grace period	5	5

* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2029. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Figure 2. Burkina Faso: Indicators of Public External Debt Under Alternative Scenarios, 2019–2029



Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	23%	23%
Domestic medium and long-term	43%	43%
Domestic short-term	33%	33%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	2.2%	2.2%
Avg. maturity (incl. grace period)	24	24
Avg. grace period	5	5
Domestic MLT debt		
Avg. real interest rate on new borrowing	4.5%	4.5%
Avg. maturity (incl. grace period)	5	5
Avg. grace period	1	1
Domestic short-term debt		
Avg. real interest rate	3.2%	3.2%

* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2029. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Table 3. Burkina Faso: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2019–2029

(In percent)

	Projections 1/										
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
PV of debt-to GDP ratio											
Baseline	15	16	15	15	16	16	16	17	17	17	18
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	15	16	17	18	19	21	21	22	23	23	23
B. Bound Tests											
B1. Real GDP growth	15	16	16	16	16	17	17	17	18	18	19
B2. Primary balance	15	16	16	16	16	17	17	18	18	18	19
B3. Exports	15	22	31	31	31	31	31	30	29	29	28
B4. Other flows 3/	15	18	19	19	19	19	19	19	19	20	20
B5. Depreciation	15	20	16	17	17	18	18	19	19	20	21
B6. Combination of B1-B5	15	21	20	20	21	21	21	21	21	21	21
C. Tailored Tests											
C1. Combined contingent liabilities	15	17	17	17	18	19	19	19	20	20	21
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	15	17	17	17	17	18	18	18	18	18	18
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	40	40	40	40	40	40	40	40	40	40	40
PV of debt-to-exports ratio											
Baseline	55	61	61	63	66	69	73	77	82	87	93
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	55	64	68	75	81	88	96	103	109	116	121
B. Bound Tests											
B1. Real GDP growth	55	61	61	63	66	69	73	77	82	87	93
B2. Primary balance	55	62	63	66	69	73	77	82	87	92	98
B3. Exports	55	113	213	215	219	224	231	237	241	246	252
B4. Other flows 3/	55	68	75	77	79	82	86	90	94	99	104
B5. Depreciation	55	61	52	54	57	60	64	69	74	80	86
B6. Combination of B1-B5	55	88	74	101	105	109	114	119	125	131	137
C. Tailored Tests											
C1. Combined contingent liabilities	55	67	68	71	75	80	85	91	96	103	109
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	55	67	69	71	74	77	80	83	87	92	96
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	180	180	180	180	180	180	180	180	180	180	180
Debt service-to-exports ratio											
Baseline	4	4	4	4	4	4	4	5	6	6	6
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	4	4	4	4	5	5	5	7	7	8	9
B. Bound Tests											
B1. Real GDP growth	4	4	4	4	4	4	4	5	6	6	6
B2. Primary balance	4	4	4	4	4	4	5	5	6	6	7
B3. Exports	4	6	9	10	10	10	11	15	18	19	19
B4. Other flows 3/	4	4	5	4	4	5	5	6	7	7	7
B5. Depreciation	4	4	4	4	4	4	4	5	5	5	6
B6. Combination of B1-B5	4	5	6	6	6	6	6	9	9	9	10
C. Tailored Tests											
C1. Combined contingent liabilities	4	4	4	4	4	4	5	6	6	6	7
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	4	5	5	4	4	4	5	6	6	7	7
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	15	15	15	15	15	15	15	15	15	15	15
Debt service-to-revenue ratio											
Baseline	6	6	6	5	5	5	5	6	6	6	6
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	6	6	6	6	6	6	6	7	7	8	8
B. Bound Tests											
B1. Real GDP growth	6	7	6	6	5	5	5	6	6	6	6
B2. Primary balance	6	6	6	5	5	5	5	6	6	6	6
B3. Exports	6	7	7	8	8	7	7	9	11	11	11
B4. Other flows 3/	6	6	6	6	6	5	6	7	7	7	7
B5. Depreciation	6	8	7	6	6	6	6	7	6	6	7
B6. Combination of B1-B5	6	7	7	6	6	6	6	8	7	7	7
C. Tailored Tests											
C1. Combined contingent liabilities	6	6	6	6	5	5	6	6	6	6	6
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	6	7	6	6	6	5	6	6	6	6	6
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	18	18	18	18	18	18	18	18	18	18	18

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the threshold.

2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.

3/ Includes official and private transfers and FDI.

Table 4. Burkina Faso: Sensitivity Analysis for Key Indicators of Public Debt, 2019–2029
(In percent)

	Projections 1/										
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
PV of Debt-to-GDP Ratio											
Baseline	33	36	36	36	36	36	36	36	36	36	36
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	33	34	35	36	37	39	40	41	42	43	44
B. Bound Tests											
B1. Real GDP growth	33	37	40	40	41	42	43	43	44	45	45
B2. Primary balance	33	37	39	39	39	39	38	38	38	38	38
B3. Exports	33	41	50	49	49	48	47	47	46	45	44
B4. Other flows 3/	33	37	40	40	40	39	39	39	39	38	38
B5. Depreciation	33	38	37	35	34	33	31	30	29	28	27
B6. Combination of B1-B5	33	35	36	36	35	35	35	35	35	35	34
C. Tailored Tests											
C1. Combined contingent liabilities	33	44	44	44	43	43	43	42	42	42	41
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	33	37	40	42	43	45	45	46	47	47	48
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
TOTAL public debt benchmark	55	55	55	55	55	55	55	55	55	55	55
PV of Debt-to-Revenue Ratio											
Baseline	156	183	174	172	170	168	166	164	162	161	159
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	156	175	170	172	176	179	183	185	189	192	194
B. Bound Tests											
B1. Real GDP growth	156	189	188	190	192	193	195	195	197	198	200
B2. Primary balance	156	190	187	184	182	179	177	174	172	170	168
B3. Exports	156	209	237	232	228	223	219	213	206	200	194
B4. Other flows 3/	156	192	191	188	185	183	180	177	174	171	168
B5. Depreciation	156	195	177	169	161	153	146	138	131	125	119
B6. Combination of B1-B5	156	182	174	168	165	163	160	159	157	155	153
C. Tailored Tests											
C1. Combined contingent liabilities	156	223	210	206	203	200	196	192	189	187	184
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	156	202	200	207	210	212	212	210	211	212	213
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Debt Service-to-Revenue Ratio											
Baseline	32	43	48	47	45	44	43	40	39	39	38
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	32	42	47	46	45	45	45	44	45	46	47
B. Bound Tests											
B1. Real GDP growth	32	44	51	51	51	50	50	48	48	49	48
B2. Primary balance	32	43	50	51	49	47	46	43	42	41	40
B3. Exports	32	43	49	49	47	46	44	42	43	42	41
B4. Other flows 3/	32	43	48	48	46	44	43	40	40	40	39
B5. Depreciation	32	41	46	44	43	42	40	37	37	36	35
B6. Combination of B1-B5	32	41	47	47	45	43	42	40	40	38	37
C. Tailored Tests											
C1. Combined contingent liabilities	32	43	62	57	55	54	53	48	46	45	43
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	32	45	52	54	54	54	54	52	52	52	52
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

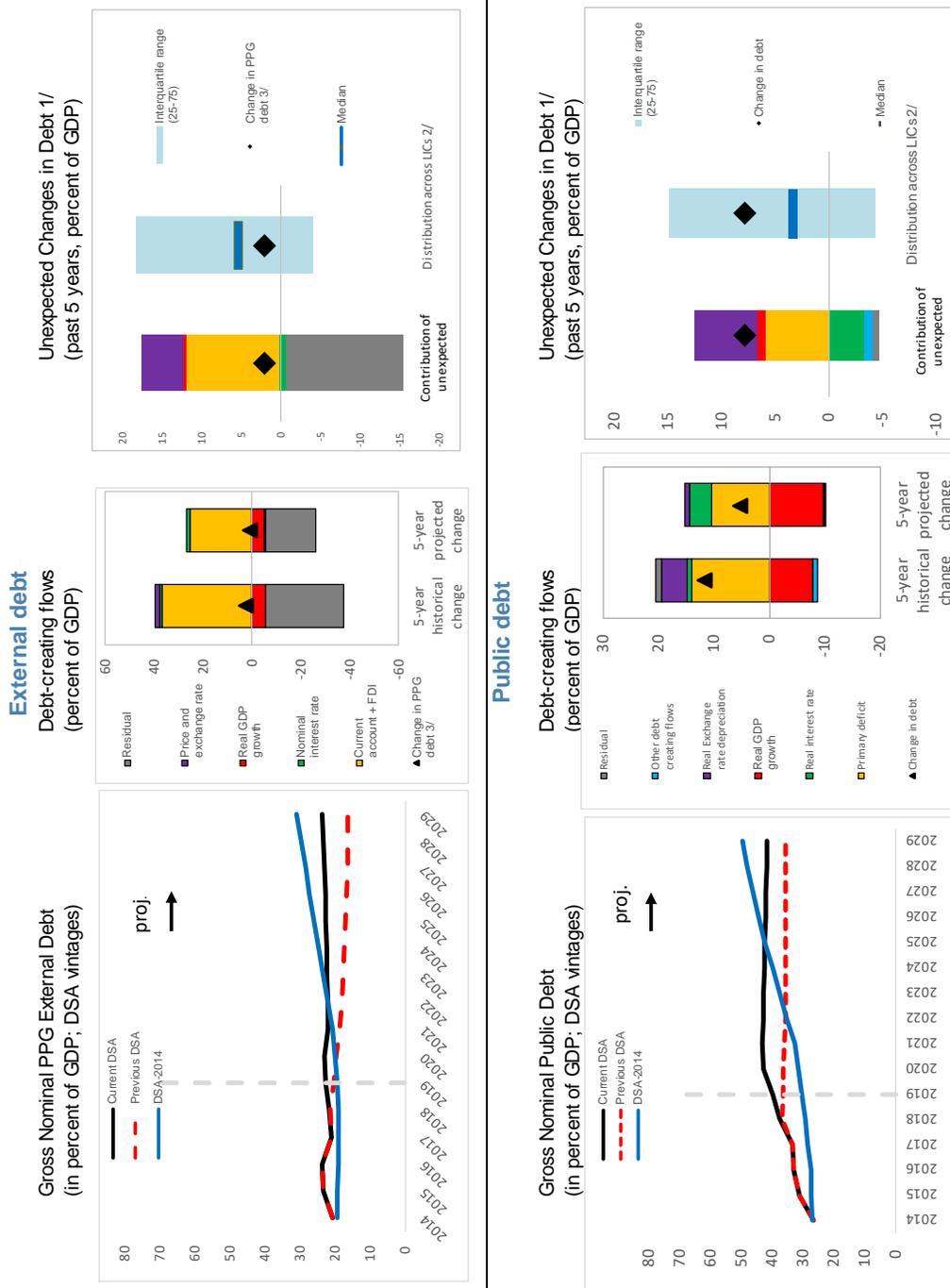
Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the benchmark.

2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.

3/ Includes official and private transfers and FDI.

Figure 3. Burkina Faso: Drivers of Debt Dynamics - Baseline Scenario



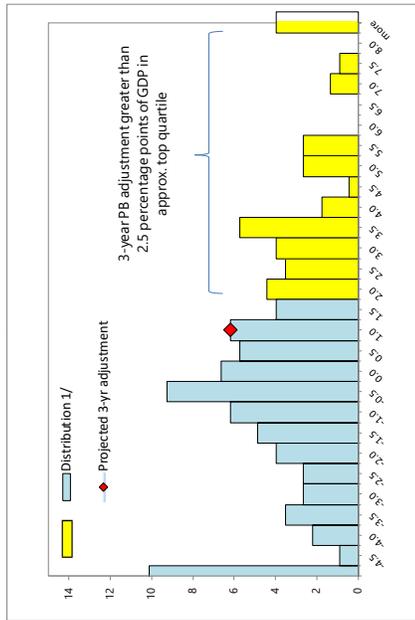
1/ Difference between anticipated and actual contributions on debt ratios.

2/ Distribution across LICs for which LIC DSAs were produced.

3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics

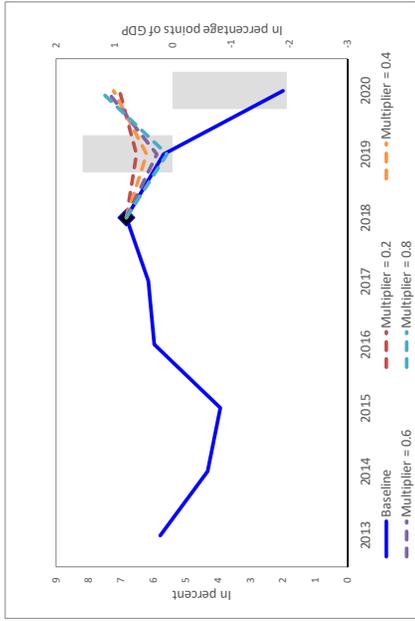
Figure 4. Burkina Faso: Realism Tools

3-Year Adjustment in Primary Balance (Percentage points of GDP)



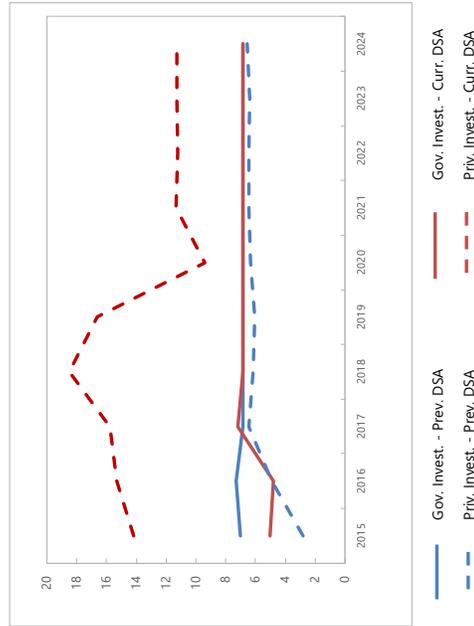
1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

Fiscal Adjustment and Possible Growth Paths 1/



1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).

Public and Private Investment Rates (percent of GDP)



Contribution to Real GDP growth (percent, 5-year average)

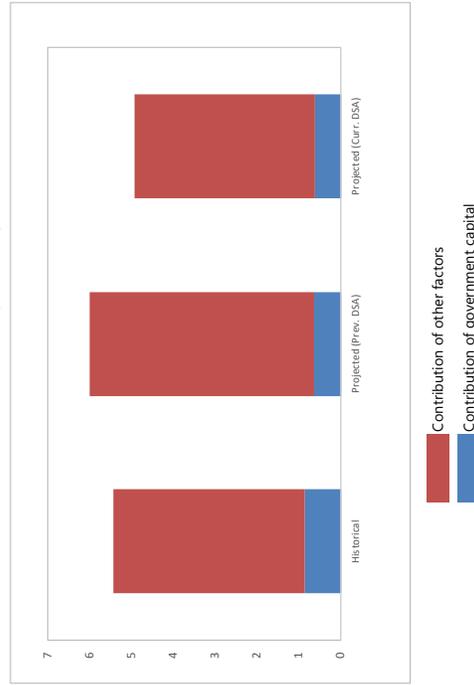
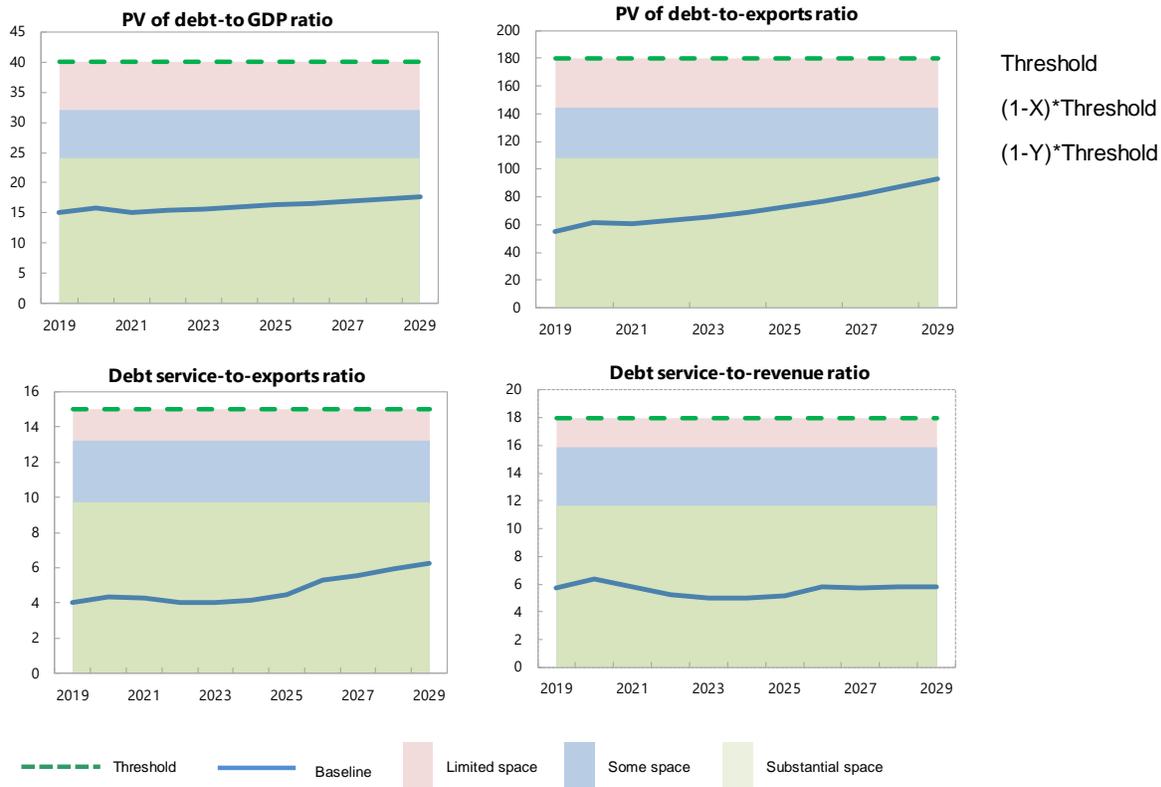


Figure 5. Burkina Faso: Qualification of the Moderate Category, 2019–2029 ^{1/}



Sources: Country authorities; and staff estimates and projections.

^{1/} For the PV debt/GDP and PV debt/exports thresholds, x is 20 percent and y is 40 percent. For debt service/Exports and debt service/revenue thresholds, x is 12 percent and y is 35 percent.

Appendix I. Letter of Intent

Ouagadougou, April 8, 2020

Ms. Kristalina Georgieva
Managing Director
International Monetary Fund
700 19th Street NW
Washington, DC 20431 (USA)

Dear Madam Managing Director:

1. Burkina Faso's economic outlook for 2020 has worsened significantly due to the negative impact of the Covid-19 pandemic. As of today, Burkina Faso is one of the countries most affected by this epidemic in Sub-Saharan Africa. Since the first confirmed case on March 9, the number of infections has grown to 384 by April 7, resulting in nineteen deaths. To contain the outbreak, the government has undertaken several urgent measures, including a nationwide curfew, closure of schools and universities, cancelation of major public events, closure of terrestrial borders and suspension of commercial flights, prohibition of interurban public transport, closure of main markets in major urban centers, and the quarantine of the affected cities (prohibition of entry and exit), including Ouagadougou, Bobo-Dioulasso, etc.. This hardship comes at a time when the country was already facing marked deterioration of security conditions, resulting in a sharp rise in Internally Displaced People, as well as persistent social unrest in the public administration.

2. Our preliminary estimates suggest that real GDP growth could decline to at least 2.0 percent in 2020, 4 percentage points lower than the pre-pandemic projection of 6 percent at the time of the third review of the ECF arrangement. We anticipate that activity in the sectors of tourism, transportation, commerce and mining will be seriously impacted. This situation, combined with the widespread slowdown in activity due to individual and public health measures, is expected to worsen revenue collection by 2.1 percentage points of GDP compared to projections at the time of the third review. In this context, construction and public works and the preparation of the 2020-2021 agricultural campaign will also be very affected.

3. The government budget will be adjusted to mitigate the socio-economic impacts of the pandemic. Although the duration of the pandemic remains very uncertain, we have prepared a response and mitigation plan for the effects of COVID-19 on the national economy, with a total cost currently estimated at CFAF 256.4 billion (2.7 percent of GDP) in 2020. Our health sector response plan, with a provisionally estimated cost of CFAF 177.2 billion (1.8 percent of GDP), aims to address immediate medical needs as well as actions to strengthen the resilience of our health system. Short-term measures include the purchase of medical supplies and materials, as well as mobilizing additional resources to expand lab testing capacity and bed availability in the hospitals. In the medium term, the plan envisages massive investment and upgrading of the technical platforms of the national and regional university hospital centers. The government is further working on

budgetary measures to limit the harmful economic effects of COVID-19 on businesses and workers, and fiscal and financing measures will be enacted. In addition to such measures, other strong actions will be deployed in favor of vulnerable populations and informal sector operators who are strongly affected. The government will continually review its Covid-19 response and mitigation plan as the situation evolves.

4. The country's external account is expected to worsen in 2020, despite lower oil prices. The current account deficit is projected to widen relative to the pre-pandemic projection, reflecting likely lower exports of cotton and gold. Declines in tourism receipts could further deteriorate the current account. Remittances are projected to be lower, particularly as the neighbor Côte D'Ivoire, the major origin of workers remittances, is also significantly affected by the pandemic. FDI inflows related to the exploration of gold, our main commodity export, along with portfolio inflows, are also negatively impacted, compared to the third review.

5. Against this background, the Government of Burkina Faso requests emergency financing from the IMF under the Rapid Credit Facility (RCF) exogenous shocks window in the amount of SDR84.28 million, equivalent to 70 percent of the country's quota, to ease the fiscal and BOP pressure. The Fund's disbursement along with the expected financing from the World Bank and the African Development Bank, will help catalyze support from other partners, to close the remaining financing gap in 2020. We are reaching out to other donors to help close this gap.

6. The government remains committed to the ECF-supported program. We met all December 2019 quantitative performance criteria and all-but-one indicative target. All structural benchmarks were also met, including our continuous commitment not to conclude any new wage agreements outside of the security sector. However, the impact of the pandemic on the economic outlook and the accompanying restrictions make completing the fourth review of the ECF arrangement difficult at this juncture. We will ensure that the any additional spending beyond the required to directly address the pandemic will not jeopardize the macroeconomic stability envisaged under the ECF program, and that the public debt remains sustainable, in conformity with the regional and international agreements in effect or which may be agreed. The government also commits to a transparent and accountable use of the funds disbursed under the RCF, including by enhancing transparency of health-related expenditures. Due to the delay in the completion of the fourth review under the ECF arrangement and to allow for an RCF request of 70 percent of quota, we request that the availability date for the fourth review under the ECF arrangement be moved from June 15, 2020 to July 20, 2020.

7. The government believes that the requested RCF disbursement will be essential to achieve the social and economic objectives. The government stands ready to take, in consultation with the IMF, any further measures that may prove necessary to that end. The government will provide the IMF with any information relating to the use of the RCF disbursement at the IMF's request. The government will not introduce measures or policies, including exchange measures and trade restrictions, that would compound Burkina Faso's balance of payments difficulties. With respect to the safeguards assessment, we note that the latest safeguards assessment of the BCEAO was completed in 2018.

As in the past, the government authorizes the IMF to publish this Letter and the IMF Staff Report once they are approved by the IMF Executive Board.

Very truly yours,

/s/

Lassané KABORE

Officier de l'Ordre de l'Étalon