

SU/20/57

April 14, 2020

**The Acting Chair's Summing Up
Burkina Faso—Requests for Disbursement Under the Rapid Credit Facility and
Rephasing of Access Under the Extended Credit Facility
Executive Board Meeting 20/42
April 14, 2020**

Executive Directors expressed sympathy for the loss of life and the severe social and economic damage in Burkina Faso caused by the COVID-19 pandemic. They agreed that, in the current context of deteriorating security conditions in the country and the resulting humanitarian assistance needs, containment and mitigation costs of the pandemic are expected to be high and would lead to an urgent balance of payments need. They agreed that the timely disbursement under the Rapid Credit Facility would help address immediate financing needs and play a catalytic role in securing further support from donors.

Directors commended the authorities for their swift response to contain the outbreak. They noted that a widening of the fiscal deficit in 2020 is warranted to ramp up health and social spending and economic support measures. This additional spending should be temporary, cost-effective and appropriately targeted so as not to jeopardize macroeconomic stability and debt sustainability. Efforts to reprioritize non-essential spending and reduce energy subsidies would also be important.

Directors noted that once the impact of the COVID-19 pandemic has abated, fiscal policy should be rebalanced toward a more growth-friendly composition to increase space for domestically-financed development spending. Sustaining the reform agenda would also be important.

While the financial sector appears resilient, Directors called for close monitoring of financial sector vulnerabilities in close coordination with the regional entities. They also welcomed recent actions taken by the regional central bank (BCEAO) to preserve financial stability.

Directors agreed that additional financial support is needed to restore normalcy in the economy, support the most vulnerable, and strengthen resilience to future shocks. Given Burkina Faso's limited fiscal space, Directors encouraged the authorities to rely mainly on grants and concessional loans. They also welcomed the authorities' commitment to an accountable and transparent use of the funds disbursed under the RCF.