INTERNATIONAL MONETARY FUND

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BURKINA FASO

April 2025

SECOND REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT AND FINANCING ASSURANCES REVIEW—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR BURKINA FASO

In the context of the Second Review Under the Extended Credit Facility Arrangement and Financing Assurances Review, the following documents have been released and are included in this package:

- A **Press Release** including a statement by the Chair of the Executive Board.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on December 19, 2024, following discussions, that ended on October 25, 2024, with the officials of Burkina Faso on economic developments and policies underpinning the IMF arrangement under Extended Credit Facility. Based on information available at the time of these discussions, the staff report was completed on December 5, 2024.
- A **Supplementary Information** updating information on recent developments.
- A **Statement by the Executive Director** for Burkina Faso.

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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International Monetary Fund
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PRESS RELEASE

PR 24/491

IMF Executive Board Completes the Second Review under the Extended Credit Facility Arrangement for Burkina Faso

FOR IMMEDIATE RELEASE

- The IMF Executive Board today completed the second review under Burkina Faso's Extended Credit Facility arrangement, thereby enabling an immediate disbursement of about US$31.4 million.
- Burkina Faso's performance under the program has been satisfactory. The authorities met all quantitative performance criteria, all indicative targets but one, and most structural benchmarks. The remaining structural benchmarks were implemented with delay. The authorities are progressing in their structural reform agenda, including on fiscal governance, while increasing social and development spending in a difficult context.
- The volatile security situation continues to weigh on economic activity, especially gold mining, which remains a vital sector for the economy.

Washington, DC – December 19, 2024: The Executive Board of the International Monetary Fund (IMF) completed the Second Review under the 48-month Extended Credit Facility (ECF) arrangement that was approved on September 21, 2023. The completion of the second review enables the immediate disbursement of about US$31.4 million (SDR 24.08 million), bringing total IMF financial support under the arrangement to about US$ 94.3 million (SDR 72.24 million).

Conflict and adverse climate conditions continue to hamper economic growth and living conditions. With real GDP growth in 2023 revised down to 3.0 percent from 3.6 percent, it is projected to rise to a moderate 4.2 percent in 2024 and 4.3 percent in 2025. The volatile security situation has had a negative impact on key sectors, especially gold mining. Inflation has accelerated and is expected to rise to 3.6 percent on average in 2024 largely due to food price increases. The current account deficit is expected to improve from 8.6 percent of GDP in 2023 to 5.2 percent in 2024 supported by higher gold prices despite weaker gold production. Fiscal performance remains strong, supported by robust revenue collection. As a result, the overall fiscal deficit is projected to improve from 6.5 percent of GDP in 2023 to 5.0 percent in 2024. The financial sector weakened amid lower capital adequacy and higher non-performing loan ratios. Risks to the outlook are tilted to the downside due to continuous threats of terrorist attacks, which weigh on mining and agriculture, impact government revenues, and add to spending pressures.

Progress under the ECF arrangement has been satisfactory. The authorities have met all six quantitative performance criteria and indicative targets for end-June 2024, except for the indicative target on the non-accumulation of domestic arrears. They advanced their structural reform agenda, meeting five out of seven structural benchmarks for the second review. The structural benchmark for the audit of government arrears was not met but completed with delay. The tripartite performance contract with the state-owned energy companies was a prior action. The authorities have provided a closing report and an audit of measures under the IMF Food Shock Window. They focus on improving fiscal governance and transparency, adding four structural measures, including in the areas of procurement and treasury management, to their program at this review.

At the conclusion of the Executive Board's discussion, Mr. Kenji Okamura, Deputy Managing Director, and Acting Chair, issued the following statement:

"Burkina Faso continues to face a fragile security situation on top of large development needs and recurring adverse climate events. A substantial and lasting economic recovery will require meaningful progress on security, as well as structural reforms on fiscal governance, economic diversification, and fostering resilience to climate change. These reforms will help create the foundation for stable and inclusive medium-term growth, which is necessary for lifting living standards.

"Despite the challenging context, program implementation has been broadly satisfactory. Given the still significant downside risks, a resolute commitment by the authorities to continued prudent fiscal policies and to their reform agenda is critical for maintaining debt sustainability, improving the macroeconomic outlook, catalyzing concessional financing, and boosting sustainable, resilient, and inclusive growth.

"The authorities have put renewed focus on fiscal governance and transparency, particularly to improve procurement and treasury deposit account management. These measures are partly informed by the preliminary findings of the IMF's Governance Diagnostic Assessment conducted in September. The authorities have committed to publishing the final report and implementing key recommendations. Further strengthening fiscal governance and transparency is paramount to restore donors' trust and catalyze concessional financing.

"The authorities remain committed to gradually reducing the overall fiscal deficit to three percent by the end of the ECF arrangement. Their fiscal consolidation path builds on further mobilizing domestic revenues, while controlling expenditures. This includes continued efforts to bring the public sector wage bill to a sustainable level and further advancing the energy sector reform. At the same time, safeguarding fiscal space for priority social spending is essential. These efforts should be accompanied by a strengthened debt management—including the clearance of government arrears—and by a prudent borrowing strategy."

Table 1. Burkina Faso: Selected Economic and Financial Indicators, 2021–27

Population (2023): 23.3 million	Gini Index (2021): 37.4
Per capita GDP (2023): 910 USD	Life Expectancy (years): 60
Share of population below the poverty line (2022): 43.7%	Literacy rate (2022): 34%

	2021	2022	2023	2023	2024	2024	2024	2025	2026	2027
	Act.	Act.	Program	Act.	ECF Approval	ECF 1st Review	Proj.	Proj.	Proj.	Proj.
	(Annual percentage change, unless otherwise indicated)									
GDP and Prices										
GDP at constant prices	6.9	1.5	4.4	3.0	6.4	5.5	4.2	4.3	4.5	5.0
GDP deflator	-0.2	9.8	1.9	2.2	3.0	2.2	7.2	5.6	3.7	3.0
Consumer prices (annual average)	3.9	14.1	1.4	0.7	3.0	2.1	3.6	3.0	2.6	2.3
Consumer prices (end of period)	8.2	9.6	2.4	1.0	2.0	2.6	3.4	2.8	2.5	2.0
Money and Credit										
Net domestic assets (banking system) 1/	5.2	16.0	...	5.3	...	...	18.7	14.7	10.7	9.1
Credit to the government (banking system) 1/	-5.8	6.6	...	3.0	...	...	9.8	8.1	6.1	4.4
Credit to private sector	10.1	14.2	...	5.9	...	...	13.1	9.5	7.0	7.5
Broad money (M3)	17.6	2.5	...	-3.0	...	...	20.8	15.6	11.5	8.8
Private sector credit/GDP	29.4	30.1	...	30.3	...	...	30.7	30.5	30.2	30.0
External Sector										
Exports (f.o.b.; valued in CFA francs)	12.9	5.2	0.7	-9.1	7.5	15.0	10.5	10.5	5.3	6.0
Imports (f.o.b.; valued in CFA francs)	21.1	35.3	-2.8	-5.2	6.6	5.9	5.3	3.5	5.4	6.2
Current account (percent of GDP)	0.4	-7.2	-4.7	-8.6	-4.2	-5.7	-5.2	-3.5	-3.4	-3.1
	(Percent of GDP, unless otherwise indicated)									
Central Government Finances										
Current revenue	17.8	18.8	19.0	19.8	19.1	20.4	20.1	18.6	18.8	19.1
Of which: tax revenue 2/	15.4	16.8	16.7	17.5	16.9	17.9	17.8	16.9	17.1	17.5
Total expenditure and net lending	27.8	31.2	26.5	27.9	26.0	27.4	26.3	24.1	23.6	23.3
Of which: current expenditure	18.6	20.8	17.4	17.2	17.3	16.8	16.5	15.4	15.2	15.1
Overall fiscal balance, incl. grants (commitments) 3/	-7.5	-10.3	-6.6	-6.5	-5.6	-5.6	-5.0	-4.3	-3.6	-3.0
Total public debt	55.4	56.4	60.9	53.6	61.0	57.2	52.6	52.2	51.8	51.1
Of which: external debt	25.6	25.1	24.5	24.5	23.9	25.5	23.3	22.2	21.6	21.2
Memorandum items:										
Nominal GDP (CFAF billion)	10,945	12,195	12,527	12,831	13,742	13,323	14,330	15,791	17,114	18,509
Nominal GDP per capita (US$)	893	862	892	910	964	910	990	1,050	1,112	1,168
Nominal exchange rate (CFAF/US$, period average)	554	622	...	606	...	...	602	598	596	597

Sources: Burkinabé authorities; IMF staff estimates and projections.

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

2/ Includes large, one-off VAT reimbursement in 2021.

3/ Includes the *fonds de soutien patriotique* (FSP) in 2023.

INTERNATIONAL MONETARY FUND

BURKINA FASO

SECOND REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT AND FINANCING ASSURANCES REVIEW

December 5, 2024

EXECUTIVE SUMMARY

Context. The authorities remain committed to the program's objectives, including on fiscal consolidation, fiscal governance, and other structural reforms, despite the challenges posed by insecurity, poverty, climate change, and their interactions. Improving security is critical to economic stability and social resilience.

Program Performance. The government met almost all quantitative targets and structural benchmarks, including on the floor on social spending, the ceiling on the primary fiscal deficit, reviewing energy subsidies, auditing domestic arrears, and raising the ceiling of VAT credit reimbursements. They did not meet the end-June 2024 indicative target on the ceiling on the accumulation of domestic arrears but are committed to clearing them. The authorities have adopted, with delay, a tripartite agreement protocol on the performance contracts with their state-owned energy companies (a structural benchmark under the first review, and a prior action for the conclusion of this review, met on December 3, 2024).

Key Program Policies. Discussions focused on fiscal consolidation, the macroeconomic outlook in the context of continued insecurity, and fiscal transparency and governance. The authorities included four new structural benchmarks on fiscal governance for the fourth review, which require immediate action, informed in part by preliminary findings of the IMF's Governance Diagnostic Assessment (GDA) conducted in early September.

Staff's View. In light of satisfactory program performance and the authorities' commitment to a substantive fiscal governance agenda, staff supports the completion of the second review under the ECF arrangement, which will result in the disbursement of SDR 24.08 million (20 percent of Burkina Faso's quota). Fiscal governance will need to remain a key element in the government's structural reform agenda, including further follow-up on the GDA.

Approved By
Annalisa Fedelino (AFR) and Bergljot Barkbu (SPR)

An IMF team comprising Mr. Schindler (head), Messrs. Cook, Gbohoui, Kouassi, Mpatswe, Stuermer (all AFR), Mr. Coble (SPR), assisted by Messrs. Ben Hassine (Resident Representative) and Sebre (Local Economist), held discussions with the authorities in Ouagadougou during September 30–October 9, 2024 and in Washington during the 2024 Annual Meetings. The mission met with Finance Minister A. Nacanabo and BCEAO National Director A. Badiel, their teams, and other members of the government. The team also met with members of the diplomatic community and development partners, as well as representatives of the private sector. Mmes. Ndome-Yandun and Eckling (all AFR) provided administrative support.

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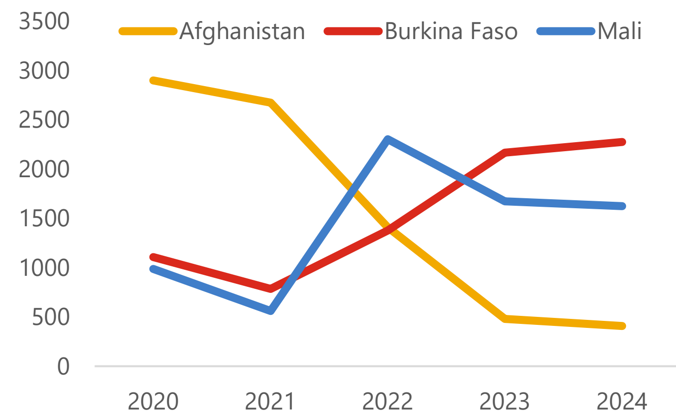
CONTEXT

1. **The authorities remain committed to the ECF-supported program despite severe security, political, and humanitarian challenges.** Burkina Faso has become one of the world's countries most affected by terrorism.[1] Terrorist attacks cost more than 2,100 lives in 2023 and continue to disrupt supply routes and economic activity (Text Figure 1, Annex I). The number of undernourished people has increased to 3.5 million (about 15 percent of the population),[2] with over two million people displaced.[3] The political situation remains fragile, and elections were delayed to 2029. The authorities of Burkina Faso, Niger and Mali formed the Confederation of Sahel States (AES),[4] focused on defense, diplomatic and development cooperation.

Text Figure 1. Burkina Faso: Casualties from Terrorism, 2020–24



Source: ACLED (Armed Conflict Location & Event Data)
Note: Terrorism fatalities are categorized as those from attacks on civilians, suicide bombings, or remote explosions/IEDs. Actual 2024 data through Oct. Estimates for Nov. and Dec. assume that monthly fatalities stay at Oct. levels.

2. **Burkina Faso is highly vulnerable to climate change.** Ranked as one of the most climate-vulnerable countries,[5] climate shocks have a large economic impact, as droughts and floods affect agriculture, which employs about 80 percent of the workforce. According to World Bank estimates, over 40 percent of households live below the poverty line,[6] with limited ability to cushion such shocks.

[1] The Global Terrorism Index ranks Burkina Faso first among 163 countries based on a weighted composite of four indicators (number of terrorist incidents, fatalities, injuries, and hostages caused by terrorists) over five-year intervals. See Institute for Economics and Peace (2024). Global Terrorism Index 2024. https://www.economicsandpeace.org/wp-content/uploads/2024/02/GTI-2024-web-290224.pdf.

[2] FAO (2025). Suite of Food Security Indicators. License: Available at https://www.fao.org/faostat/en/#home.

[3] Internal Displacement Monitoring Centre. Global Internal Displacement Database. IDMC (2023). Available at: https://www.internal-displacement.org/database/displacement-data/.

[4] Traite portant création de la confédération des états du Sahel (AES). Available at: https://www.rtb.bf/wp-content/uploads/2024/07/Traite-portant-creation-de-la-Confederation-AES-1.pdf.

[5] The ND-GAIN vulnerability index measures a country's vulnerability to climate change and ranks Burkina Faso as the 37th most vulnerable country out of 187. Notre Dame Global Adaptation Initiative Country Index (ND-GAIN). (2024). Available at https://gain.nd.edu/our-work/country-index/.

[6] See https://www.banquemondiale.org/fr/country/burkinafaso/overview#1.

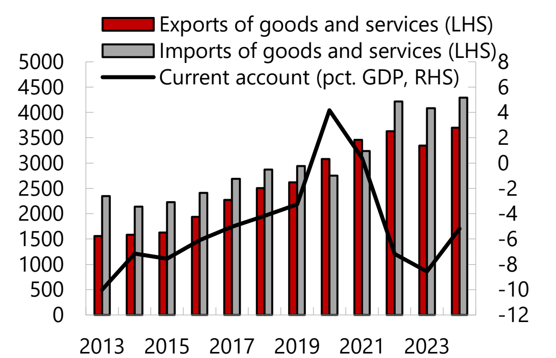
RECENT DEVELOPMENTS

3. **Conflict and adverse climate conditions continue to hamper economic growth.** Real GDP growth in 2023 has been revised from 3.6 to 3.0 percent due to the fallout from insecurity on mining and a weak cotton harvest amid a late start to the rainy season. Preliminary data for 2024H1 point toward real GDP growth of 4.4 percent (year-on-year), as real output from gold mining declined by 3.3 percent (y/y). The exit from ECOWAS did not have a major impact on the economy according to the authorities.

4. **Headline consumer price inflation has trended up in 2024, in line with broader developments in WAEMU.** Twelve-month average inflation reached 3.6 percent at end-October, from 0.7 percent on average in 2023. October 2024 over October 2023 inflation rose to 6.3 percent, largely reflecting a 10.8 percent increase in locally produced food prices. Year-on-year inflation accelerated from 2.7 percent in January to 4.4 percent in June.

5. **The current account deficit widened to 8.6 percent of GDP in 2023, from 7.2 percent in 2022**, driven by a decline in exports (-9.1 percent y/y) compared to a smaller import decrease of 5.2 percent y/y (Text Figure 2). Major contributors to the former include gold and cotton with -1.2 and -2.5 percent, respectively. During 2024H1, gold production and export volumes decreased further, while gold prices rose about 14 percent. A delayed cotton season and lower cotton prices negatively affected exports. The financial account in 2024H1 was supported by project loans, bond issuances in the regional market, and direct and portfolio investments focused mainly on mining and agriculture.

Text Figure 2. Burkina Faso: Current Account, Balance, 2014–24 (CFAF billions)



6. **Fiscal performance remained strong, supported by robust revenue collection (Text Table 1).** Tax revenue in 2024H1 exceeded 2023H1 due to strong tax collection on domestic goods and services and large dividends from the state-owned oil enterprise Société Nationale Burkinabè d'Hydrocarbures (SONABHY), more than offsetting the 4.3 percent decline in income tax revenue (Text Table 1). Non-tax revenue rose by around 30 percent (y/y) at end-June owing to a one-off increase in the collection of fees by the digital regulatory authority. Total spending grew by 4.2 percent (y/y) in June, driven by higher current expenditure, especially on goods and services. Capital spending weakened, as higher domestically financed capital expenditures did not fully compensate for lower externally financed investment. The overall fiscal balance stood at CFA 330.2 billion (2.3 percent of GDP), 18.8 percent lower than at end-June 2023.

Text Table 1. Burkina Faso: 2024.H1 Fiscal Performance

(CFAF billions and percent)

	2023.H1	2024.H1	Y/Y Percent
Total revenues and grants	**1,361.5**	**1,511.8**	**11.0**
Total revenues	1,193.7	1,417.3	18.7
Tax revenue	1,073.8	1,261.4	17.5
Income and profits	371.8	355.6	-4.3
Property Taxes	33.0	37.2	13.0
Domestic goods and services	507.5	696.5	37.2
O/W: VAT	367.8	396.3	7.8
International trade	151.5	161.4	6.5
Other taxes	10.1	10.7	6.2
Non-tax revenue	119.8	155.9	30.1
Grants	167.8	94.5	-43.7
Project grants	167.8	94.5	-43.7
Program grants	-	-	-
Expenditure and net lending	**1,768.1**	**1,842.0**	**4.2**
Current expenditure	1,080.4	1,168.9	8.2
Investment expenditure	697.6	665.6	-4.6
Domestically financed	304.2	393.1	29.2
Externally financed	393.4	272.5	-30.7
Overall balance	**-406.6**	**-330.2**	**-18.8**

Sources: Burkinabè authorities and IMF staff calculations

7. **The financial sector has weakened.** While credit to the private sector accelerated from 8.2 percent average growth in 2023 to 10 percent during 2024H1 (compared to 2023H1), the banking sector's capital adequacy ratio declined from being sufficiently capitalized with 14.3 percent in December 2023 to 9.4 percent in June 2024, below the regulatory minimum of 11.3 percent (Table 5). Loan concentration rose significantly, with exposure to the top 5 borrowers having increased from 67.9 percent in December 2023 to 82.8 percent in June 2024, although still below levels from June 2023 at 91 percent. Non-performing loans rose from 7.4 percent to 8.4 percent of total loans. Bank exposure to sovereign securities also increased, with public sector securities representing 11 percent of banks' total assets as of June 2024, a two-percentage point increase from December 2023. However, at 18 percent in June 2024, banks' exposure to the public sector (including securities and loans) remained below the WAEMU (21 percent) and Sub-Saharan Africa (23 percent) averages.

PROGRAM PERFORMANCE

8. **Program performance has remained satisfactory, as only one indicative target was missed.** All six quantitative performance criteria (QPCs) for end-June 2024 were met (Table 9). All indicative targets (ITs) were met except for the non-accumulation of domestic arrears, which amounted to CFAF 52.1 billion at end-June. According to the latest (December 2023) audit report on domestic arrears, reasons for arrears accumulation include treasury stress, owing to financing

constraints as well as time mismatch between revenue collection and service delivery; institutional instability; and the provision by some suppliers of services without proper contract and untimely provision of necessary documentation. The government has committed to preparing by end-December 2024 a plan to clear its arrears (MEFP ¶16).

9. The implementation of structural reforms is advancing. The authorities met five of seven structural benchmarks (SBs) (Tables 10a and 10b). The SB on the audit of government arrears was not met but completed with delay in November 2024. The SB on performance contracts with SONABHY was approved by the Council of Ministers in June 2024, and that with the Société Nationale d'Électricité du Burkina Faso (SONABEL) in October 2024. The tripartite State/SONABEL/SONABHY agreement protocol, which was set as a Prior Action (PA) for the conclusion of this review, was met on December 3, 2024. The authorities confirmed and staff assessed that recently imposed trade restrictions (import quotas on goods for which local substitutes exist; import bans on weaving yarn and woven loincloth; and an export suspension of shea almonds) were not imposed for balance of payments (BOP) purposes.[7]

10. Measures under the IMF Food Shock Window (FSW) have been implemented. The Autorité Supérieure de Contrôle d'Etat et de Lutte contre la Corruption (ASCE-L) conducted a one-year audit of cash transfers and other food security related expenditures, which reviewed the procedure and protocols used to ensure the support was received by the intended and appropriate beneficiaries.[8] It concluded that operations were satisfactory and alleviated the extreme vulnerability of target groups. The authorities are exploring ways to follow up on the audit's recommendations. They have provided a closing report in November 2024 (MEFP ¶60). The government has uncovered alleged embezzlement during 2020–24 of about CFAF 3 billion (approximately US$5 million) of food-aid-related funds in the Ministry of National Solidarity and Humanitarian Action. The Prosecutor in Chief is investigating the embezzlement, with the accused in custody. The FSW audit indicates that related expenditures were not affected. The authorities have made fiscal governance and transparency to fight corruption their focus of reforms during upcoming reviews.

OUTLOOK AND RISKS

11. Economic activity will remain hampered by insecurity. Annual real GDP growth is projected to accelerate to 4.2 percent y/y in 2024, a downward revision from a previously projected 5.5 percent reflecting continued security concerns. Main drivers are weaker mining growth, a dismal cotton harvest season, and slower growth in other sectors. Following a decline in

[7] Preliminary staff estimates suggest that the import restrictions could affect 2 percent of total imports (roughly about 0.6 percent of GDP), while the export ban may reduce total exports by around 1 percent (about 0.2 percent of GDP).

[8] Rapport_d'audit_du_programme_d'urgence_alimentaire and its Annexes. The government identified and regularly published the beneficial owners of entities awarded public procurement contracts financed from the FSW funds in the Finance Ministry's "La Revue des Marches Publiques." For example, N°3698-bis.

gold mining in 2024H1, a moderate mining rebound in 2024H2—implying broadly constant gold mine production in 2024—underpins staff's 2024 GDP growth projection. Downside risks dominate. 2025 growth is expected to remain moderate at 4.3 percent amid a volatile security situation, with gold production assumed to grow by a modest ½ percent. Security improvements may materialize in 2026, allowing gold production to grow by 1.8 percent and real GDP by 4.5 percent. The latter returns to its potential in 2027, based on a return of gold production growth to its historical annual average of 3.1 percent.

12. **Inflation is expected to rise to 3.6 percent on average in 2024** before converging to its two-percent target by end-2027 amid lagged effects of monetary policy tightening and softening food prices. Short-term risks are strongly tilted to the upside, as most recent data show inflation by end-October at 6.3 percent (y/y), driven by higher local food prices. The GDP deflator is projected to rise by 7.2 percent and 5.6 percent driven by projected gold price increases of 20 percent and 9 percent in 2024 and 2025, respectively.

13. **The current account deficit is projected to shrink to 5.2 percent of GDP in 2024 and 3.5 percent in 2025.** Higher gold prices drive export growth despite stagnant gold export volumes in 2024 and 2025. Cotton exports are projected to fall due to the delayed growing season and lower global prices. Fiscal consolidation efforts, governance and regulatory reforms, and industrial policies aimed at diversifying the economy, further support this trend. Capital and financial flows—except those associated with foreign investments in the mining sector—may moderate, reflecting reduced donor support and tighter conditions on the regional market. Insecurity poses downside risks.

14. **Burkina Faso's medium-term risk of debt distress remains moderate.** Staff's Debt Sustainability Analysis conducted under the first ECF review pointed to a moderate risk of external debt distress. While the model signaled a low risk, staff elevated the risk to moderate due to uncertainty about concessional financing and the macroeconomy amidst a volatile security situation. As regional bond issuances remain costly (Annex II), IMF and donor support will be essential to meet financing needs. The balance of risks is tilted to the downside. Adverse weather shocks, political instability, and other shocks could undermine investors' confidence. Fiscal sustainability risks arise from higher spending pressures to contain the security and humanitarian crisis, rising borrowing costs, and insufficient concessional financing.

POLICY DISCUSSIONS

A. Policies for Creating Fiscal Space and Ensuring Debt Sustainability

15. **Fiscal policy and reforms aim to create fiscal space for priority spending.** The fiscal deficit is envisaged to gradually decline to 3 percent of GDP by end-2027. Budget support from bilateral donors remains suspended and access to concessional financing constrained which, combined with elevated costs of domestic borrowing, necessitates a prudent fiscal strategy to preserve debt sustainability.

- *In 2024, the overall fiscal deficit is set to reach 5.0 percent of GDP (CFAF 711.6 billion)*, in line with the revised budget and compared to 5.6 percent (CFAF 744.9 billion) projected under the first ECF review. This deficit is consistent with the QPCs ceilings on the primary fiscal deficit and net domestic financing, while accommodating priority spending, including an increase in domestically financed investment. The latter includes the recent purchase of an aircraft for Air Burkina (CFAF 8.0 billion), to make the state-owned airline more attractive for private co-investors and improve limited regional interconnectivity, as well as the purchase of two gold mines (CFAF 36.0 billion) to ensure continued operation (MEFP ¶26).

- *For 2025, staff projects a further consolidation by 0.6 percentage points of GDP, with the primary fiscal deficit narrowing to 2.3 percent of GDP (CFAF 361.7 billion).* The overall fiscal deficit would reach 4.3 percent of GDP (CFAF 680.4 billion), with net domestic financing needs of 3.3 percent of GDP, down from 3.6 percent in 2024.

16. The proposed fiscal stance would be mostly achieved through continued revenue mobilization efforts and current expenditure rationalization (Text Table 2). In view of performance until end-June 2024, the annual nominal 2024 targets for revenue and current expenditure remain achievable:

- *Domestic revenue mobilization* (MEFP ¶33, 36). Reforms to strengthen capacity and efficiency of the tax and custom administrations continue, including the clearance of tax arrears, broadening the tax base, strengthening tax and customs audits, and improving the connectivity of tax and customs IT infrastructures. The authorities are implementing the recommendations of the 2018 and 2021 TA reports and a related 2022 World Bank study[9] assessing the fiscal costs of tax expenditures, supporting the elaboration of a new strategic plan for revenue mobilization during 2024–27 (SB for December 2024). The new mining code could further help improve revenue mobilization (MEFP ¶28 and Annex III).

- *Current expenditure control and rationalization* (MEFP ¶38–¶39). Efforts continue to (i) improve the management of state-owned/-rented real estate; (ii) control wage bill growth, including through eliminating "ghost workers" and the audit of the payroll management system; and (iii) rationalize government operating costs, focusing on electricity,[10] water, and communication, as well as the further digitalization of public procurement and budget execution processes.

- *Energy subsidy reform* (MEFP ¶11–¶12). Despite international oil price declines, the authorities have not changed gasoline prices, resulting in reversed subsidies (*plus value*) of CFA 17.4 billion during 2024H1 compared to subsidies (*moins-value*) of CFA 55.1 billion during 2023H1. For the remainder of 2024, the authorities plan to maintain constant pump prices, potentially increasing reversed subsidies to about CFA 55 billion in 2024. Subsidies remain on butane

[9] World Bank. 2022. Public Expenditure and Revenue Review for Burkina Faso. Washington, D.C.

[10] The government's tentative plans to establish a nuclear power agency and build a nuclear power plant in cooperation with ROSATOM do not, according to the authorities, have fiscal implications in the near to medium term.

gas, mostly used for cooking, and on fuel supply to SONABEL for power generation. The authorities are developing an energy subsidy reform plan (SB for June 2025) leveraging the findings of IMF TA on Energy Subsidies conducted in November 2024. They are also strengthening regulations to ensure that subsidized butane gas is not used for profit-generating activities. A forceful enforcement of the new contracts with SONABHY and SONABEL would improve operating efficiency, income statements and balance sheets, and reduce the drain on the budget.

17. **A revised 2024 budget reflecting the program objectives was adopted by parliament on October 15, 2024 (Text Table 2).** Tax revenue collection is expected to be lower than in the original budget, offset by higher non-tax revenue. On the expenditure side, somewhat higher current transfers, reflecting additional allocations to butane gas and SONABEL subsidies, are broadly offset by lower domestically financed investment. Overall, the revised budget remains consistent with program objectives. Should revenue mobilization and/or other financing fall short, the authorities should consider reducing current expenditures and/or domestically financed public investment as contingency plans. The 2025 draft budget adopted by the Council of Ministers on November 13, 2024, and under discussion at the parliament is aligned with program objectives.

18. **A prudent debt strategy is necessary to maintain debt sustainability.** While the risk of overall debt distress is “moderate,” borrowing costs remain high, with average bond yields standing at 9.6 percent in October 2024 (Annex II), and access to external budget grants and concessional financing diminished. Continued performance under ECF-supported program remains a key avenue for the authorities to catalyze further concessional financing.

Text Table 2. Burkina Faso: Fiscal Projections and Revised 2024 Budget

(CFAF billions)

	2024	2024	2024				2025	
	ECF Approval	ECF 1st Review	Proj.	Proj. (FSP Excl.)	Initial Budget	Revised Budget	Proj.	Draft Budget
Total revenue and grants	**2,802.5**	**2,899.3**	**3,056.7**	**2,906.7**	**3,019.1**	**3,030.6**	**3,126.2**	**3,129.8**
Total revenue	2,628.6	2,723.5	2,877.1	2,727.1	2,791.8	2,851.1	2,938.9	2,942.0
Tax revenue	2,320.8	2,390.5	2,549.7	2,404.7	2,528.5	2,428.5	2,662.6	2,664.1
Nontax revenue	307.8	333.1	327.3	322.4	263.3	422.5	276.4	277.9
Grants	173.9	175.8	179.6	179.6	227.3	179.6	187.3	187.8
Project	173.9	175.8	179.6	179.6	179.6	179.6	187.3	187.8
Program	-	-	-	-	47.7	-	-	-
Expenditure and net lending	**3,576.8**	**3,644.2**	**3,768.3**	**3,618.3**	**3,694.6**	**3,706.1**	**3,806.6**	**3,593.9**
Current expenditure	2,371.0	2,242.5	2,366.5	2,262.6	2,282.1	2,311.2	2,430.2	2,387.8
Wages and salaries	1,202.3	1,202.3	1,202.2	1,202.2	1,202.2	1,202.2	1,274.6	1,274.6
Goods and services	248.1	238.5	329.1	225.2	236.0	224.2	264.6	249.5
Interest payments	355.4	249.7	292.8	292.8	292.8	292.8	318.7	343.9
Current transfers	565.2	551.9	542.4	542.4	551.1	592.0	572.3	519.8
Investment expenditure	1,205.9	1,411.7	1,411.7	1,365.6	1,412.5	1,394.9	1,376.4	1,206.1
Domestically financed	757.1	969.4	945.4	899.4	1,027.6	1,010.0	936.5	793.3
Externally financed	448.8	442.3	466.3	466.3	384.9	384.9	439.9	412.8
Net lending	-	-9.9	-9.9	-9.9			-	
Overall balance	**-774.3**	**-744.9**	**-711.6**	**-711.6**	**-675.5**	**-675.5**	**-680.4**	**-464.2**
Primary Fiscal balance (including grants)	-418.9	-495.2	-418.8	-418.8	-382.7	-382.7	-361.7	-120.2

Sources: Burkinabè authorities; IMF staff estimates and projections.

1/ Commitment basis (base d’engagement).

2/ Cash adjustments in 2023 and 2024 represent the difference between revenue and spending of the Patriotic Support Fund (PSF).

3/ Other domestic financing represents (i) floating debt and (ii) balance changes of Treasury accounts outside the banking system.

4/ Other loans include the new IDA financing modality.

B. Strengthening Social Protection and Food Security

19. Amid a difficult humanitarian situation, strengthening social protection is a key priority. The programmed consolidation path will open fiscal space for priority spending, including on education, health, and food security, much of which in cooperation with multilateral and bilateral partners. With a 2024 budget allocation of about CFAF 495 billion on social spending, the government is expected to substantially exceed the end-2024 floor of CFAF 309 billion. The 2024 allocation on social expenditure also exceeds the budget realization in 2023 by about CFAF 107 billion. By comparison, total (gross) IMF disbursements in 2024 under the ECF arrangement amount to about CFAF 39 billion (or net disbursements of about CFAF 26 billion, Table 8).

20. Expansion of the Unique Social Registry (USR) continues. Following a World-Bank-supported pilot project in 2023, the authorities have scaled up household registration into the USR. As of end June 2024, it registered 277,204 households, covering around 1.6 million people. The authorities aim for a total of almost 1 million households by 2025 and plan to make the USR interoperable with the Burkinabè Council for Emergency Relief and Rehabilitation registry. Financing and security are challenges (MEFP ¶56). In August 2024 the authorities provided a comprehensive summary of progress on the USR expansion and continue to provide frequent updates.

21. Progress on the Economic Empowerment Support Program for Poor and Vulnerable Households (PAMPV) continues. The program consolidates social assistance to the poorest 20 percent of the population, strengthening the social protection system and increasing access for poor and vulnerable households to social safety nets based on the deployment areas of the USR. The World Bank continues to support the social protection agenda, including the implementation of the PAMPV program (MEFP ¶57).

22. The authorities have moved from cash transfers to alternative forms of assistance. With parts of the country outside government control, the authorities are concerned about the potential for misuse of cash transfers. They have therefore replaced them with other social programs for low-income households, including subsidies of health and education expenses, micro-credits for small entrepreneurs, and vocational training in the agricultural sector (MEFP ¶58).

23. The authorities continue their work on food security in collaboration with partners. Programs include the distribution of subsidized food for internally displaced people and low-income households, supplemental nutrition programs for children, as well as food and agricultural oriented educational programs. Several NGOs and international organizations, including the IMF through the 2023 Food Shock Window, have been partnering with the government in this context (MEFP ¶60).

C. Advancing the Governance Agenda

24. Strengthening the framework for anti-corruption and fiscal transparency is a priority. At the authorities' request, an IMF Governance Diagnostic Assessment (GDA) mission took place in Ouagadougou in September, focusing on public financial management (PFM), corruption, tax policy, tax and customs administrations, the rule of law, and anti-money laundering/combatting the financing of terrorism (AML/CFT) (MEFP ¶48). In this context, the authorities have taken strong actions following the recent discovery of alleged cases of embezzlement in the context of policy measures related to food security (see above).

25. The authorities are operationalizing the new Treasury Deposit Bank (Banque de dépôt du Trésor, BDT). This new Treasury unit will centralize treasury management functions and carries both potential benefits and risks. It could allow for better oversight; improve the delivery of banking services assigned to the treasury: enhance treasury cash management; and support financial inclusion by further extending digital financial services. At the same time, while not a lending institution, it could carry financial-sector risks as the transfer of government funds from commercial banks into the BDT could deprive commercial banks of some of their deposit base and reduce lending. Also, transitional arrangements are needed for civil servants who have collateralized their salaries for bank loans. In its implementation, it will be essential to mitigate adverse impacts, including by ensuring a frictionless ability for institutions and government employees to transfer funds into/out of the BDT (MEFP ¶45).

26. The authorities are implementing actions to improve treasury management, including the enactment of a March 2024 decree to enhance the management of treasury deposit accounts. The decree clarifies the authorization and use of treasury deposit accounts for personalized versus non-personalized services.[11] All treasury deposit accounts are to be transferred to the BDT or be deleted automatically by March 2025. Those for non-personalized entities increase the risks of exceptional procedures—a key PFM vulnerability highlighted by the recent GDA mission—and their usage should be minimized. The decree restricts the usage of treasury deposit accounts by non-personalized services by the Finance Minister's authorization, specifying intended revenue and expenditure operations and their duration. An effective implementation could improve the management of non-personalized services accounts as it requires to entrust them to a public accountant or an authorized person. After a successful experimentation with the Ministry of Education, the government is proceeding with a broader decentralization of the Treasury's accounting function to ensure adherence of deposit accounts for non-personalized services with required PFM standards, as well as to enhance and expedite the processing and reporting of financial operations of ministries and other public institutions.

27. The authorities are working on strengthening public financial management. Initial findings from the GDA mission point to significant vulnerabilities in (i) public procurement; (ii) the oversight and execution of public investment projects; and (iii) the use of exceptional procedures

[11] Personalized services are legal entities or organizations that, in accordance with laws and regulations or by virtue of agreements, are required or authorized to deposit funds with the Treasury or are allowed to carry out revenue or expenditure operations through the direct treasury accountants. Examples include local governments, public institutions outside the central government, development projects and programs. Non-personalized services are administrative services under the central government and other public organizations without legal personality, such as general public administration under line ministries.

(e.g., Treasury Deposit Accounts and other funds release mechanisms). The authorities are committed to publish the final report of the GDA upon receipt and to develop an action plan within 6 months from receipt of the final report (SB, MEFP ¶48). In addition, they have included three new SBs (MEFP ¶46):

- ASCE-LC will audit the five largest public procurement contracts (outside the defense and security sectors) to assess legality and value for money by end-June 2025);
- Based on this audit, the authorities will develop a detailed action plan by end-August 2025; and
- The authorities will include as standard annexes to the TOFE on a quarterly basis an exhaustive list of Treasury Deposit Accounts with their balances, which will allow for the identification of accounts opened for the benefit of non-personalized services (see ¶27), and the net position of the government starting by end-June 2025. The authorities are committed to sharing the exhaustive list of Treasury Deposit Accounts as of March 2025, including their balances and the government's net position, well in advance of the third review (by end-June 2025 at the latest).

28. Work towards the Treasury Single Account (TSA) is proceeding. A draft agreement was submitted to the BCEAO for signature in September 2024. Project and other public services accounts are consolidated and integrated based on the World Bank's economic governance and citizen participation project and the Council of Ministers' report on the centralization of public funds.

29. The authorities have revamped the legal framework governing extractive activities to maximize benefits from the mining sector. The new mining code, which became effective in July 2024, aims at revitalizing and strengthening the sector to enhance its contribution to the economy (Annex III), including through increased mining tax revenues, contributions of mining companies towards the establishment of a national gold reserve and the formalization of artisanal mining. Additionally, the authorities have enacted a law on local content to boost the contribution of domestic suppliers in the mining value-added chain, including to facilitate technology transfer to develop national skills and expertise. In its implementation, it will be essential that these local content requirements do not become distortionary, inhibit competition, or divert scarce resources away from more efficient uses.

30. Eliminating the existing stock of domestic arrears and prevent further accumulation will be important. The audit report by the Supreme Authority for State Control and the Fight Against Corruption indicates that as of end-December 2023, domestic arrears totaled CFAF 43 billion, with floating debt, which can be an early indicator of future arrears, at CFAF 58 billion. Recent data show that while some of the arrears have been settled, new ones have arisen. As of end-June 2024, total arrears and floating debt reached CFAF 52 billion and CFAF 178 billion, respectively. The authorities have pledged to develop a strategy for clearing domestic arrears (SB for end-December 2024).

31. Efforts are being made in other governance areas. The authorities are committed to improving the implementation of the organic law of the Annual Public Report by the Court of Accounts. In the context of AML/CFT, they are working on the two remaining items required to exit the grey list of Jurisdictions Under Increased Monitoring of the Financial Action Task Force by February 2025 (MEFP ¶54, ¶55).

D. Strategy to Promote Higher, Sustained and Inclusive Growth

32. The authorities have articulated their Poverty Reduction and Growth Strategy (PRGS) in the Second National Economic and Social Development Plan 2021–2025 (PNDES-II) with an Action Plan for Stabilization and Development 2023–2025 (PA-SD). Adopted by the government in 2022 and updated in January 2023, the PA-SD operationalizes the authorities' development agenda and the United Nation's Sustainability Goals. The PNDES-II provides a comprehensive development framework focused on security, resilience, and structural transformation during 2021–2025 with the goal to reduce the poverty rate below 35 percent in 2025 (from over 40 percent currently). The PA-SD addresses the immediate challenges of the security and humanitarian crises; governance; and social cohesion during 2023–2025. Staff, in consultation with the World Bank, assesses that the PNDES-II and PA-SD—an extensively consulted, comprehensive, and ambitious set of plans—contain the core PRGS elements, addressing Burkina Faso's challenges, including poverty reduction. The ECF arrangement builds upon and supports these plans by fostering domestic revenue mobilization, public investment efficiency, setting a floor on social expenditures, and possibly catalyzing additional (concessional) financing, all key elements of a successful development agenda.

E. Addressing the Effects of Climate Change

33. The authorities are committed to high-quality climate policy reforms.[12] They have adopted climate budgeting as a pilot (MEFP ¶61) and are pursuing continued increases in renewable energy production. They are revising their National Determined Contribution (NDC) climate action plan with the goal to generate 50 percent of power supply from renewables by 2030.[13] The authorities are also undertaking reforms towards more resilient agriculture and to combat deforestation.

34. The authorities have requested climate-related IMF CD in the context of their request for access to the Resilience and Sustainability Facility (RSF). Subject to resource constraints, staff aims to conduct a Climate Public Investment Management Assessment (C-PIMA) and a Climate Policy Diagnostic (CPD) in early 2025. These activities would complement and help

[12] See (1) L*a contribution déterminée au niveau national (CDN), la deuxième CND de 2021–2025*; (2) *Plan régional d'adaptation au changement climatique 2024-2028*; and (3) *le Plan national d'adaptation (PNA)*, adopted in 2015 and revised in 2024.

[13] During 2018–2023, renewable electricity production tripled, reaching a share of 39 percent in total electricity production.

strengthen the authorities' climate agenda to identify reforms that could form the basis of a future RSF arrangement (MEFP ¶61).

PROGRAM MODALITIES, FINANCING ASSURANCES AND OTHER ISSUES

35. Program monitoring. Completion of the second review will make available the third disbursement under the ECF arrangement of SDR 24.08 million (Table 7). Future reviews will continue to consider six-monthly QPCs and ITs. New QPCs and ITs are being proposed for end-June 2025 as part of the fourth review (Table 9). Tables 10a and 10b contain the new list of proposed SBs.

36. Focus of reforms. In a capacity-constrained environment, reforms focus on improving fiscal governance and transparency (2 SBs for the third review plus 4 new SBs for the fourth review), wage bill control (2 SBs for the third review), domestic revenue mobilization (1 SB for the fourth review), enhancing governance and AML/CFT (1 SB for the fourth review), and energy sector reform (1 SB for the fourth review).

37. Burden sharing. The financing gap under the program amounts to CFAF 378.7 billion (Table 6) during 2024–27, of which CFAF 214.6 billion would be covered by other development partners, including the World Bank. The World Bank's Human Capital Protection Project, approved by its Executive Board on September 19, 2024, would provide about US$100 million over the coming 12 months under its rapid-disbursing recurrent-cost financing, of which a disbursement of about US$75 million is expected in CY2024. This support qualifies for gap-filling financing as it includes retroactive financing of up to 50 percent of the credit amount for already budgeted and incurred expenditures, with the remainder constituting future financing of essential expenditures within the unchanged overall expenditure envelope under the program. The Fund would cover the remaining BOP need of CFAF 164.2 billion (170 percent of quota), about 43 percent of the cumulative financing gap (Text Table 3).

Text Table 3. Burkina Faso—Burden Sharing Under the Program
(CFAF billions)

	2023	2024	2025	2026	2027	Total	Percent
Total projected budget support	**0.0**	**83.6**	**95.2**	**95.0**	**104.9**	**378.7**	**100**
IMF ECF	0.0	38.6	38.6	38.6	48.4	164.2	43
Other Donors (including IDA)	0.0	45.0	56.6	56.4	56.5	214.6	57

Source: IMF staff projections.

38. The Fund-supported ECF program remains fully financed, with firm commitments in place over the 12 months after completion of the review and good prospects that financing will be adequate for the remainder of the program. Discussions by the authorities with partners on concessional financing, including with the World Bank, the African Development

Bank, and other partners, are well advanced and would fill the financing gap under the program, as well as possibly catalyze further external support.

39. Capacity to repay. The capacity to repay the Fund remains adequate but with significant risks (Table 8). Total outstanding IMF credits are projected to peak at 309.5 percent of quota by end-2027, equivalent to 2.0 percent of GDP, 7.0 percent of exports and 9.0 percent of revenues. Obligations peak at 0.2 percent of GDP in 2029, 0.9 percent of exports, 1.1 percent of revenues and 43.8 percent of quota. In percent of gross international reserves, total Fund credit exceeds the 75th percentile of PRGT countries (IMF Country Report No. 2024/249). Should concessional and non-concessional borrowing become unavailable, WAEMU international reserves may help service debt to the Fund.

40. Risks to the program. Preliminary findings of the GDA mission point towards significant governance weaknesses, which could imply residual risks to Fund resources and reputation. The authorities have already agreed to address key issues as new SBs and will develop an action plan once they have received the report (new SB) IMF exposure risks are mitigated by continuous engagement with the authorities; conditionality, including new structural conditionality; and the authorities' strong track record of servicing IMF debt obligations.

41. Standard continuous PCs. The authorities have complied with the standard continuous PCs (Table 9, footnote 2).

42. Pre-HIPC initiative legacy external arrears. Arrears of US$54.7 million are due to Côte d'Ivoire, and US$6.9 million to Libya (0.2 and 0.03 percent of GDP in 2023, respectively). The authorities continue to be engaged in good-faith resolution efforts. Consistent with the Fund's lending-into-official-arrears (LIOA) policy and reflecting the good progress being made in the discussions to settle legacy arrears, Côte d'Ivoire and Libya have consented to the IMF providing financing under the ECF despite these arrears.

43. Safeguards assessment. The last IMF safeguards assessment (2023) found the BCEAO to have well-established audit arrangements and a strong control environment. The BCEAO is working to address the assessment's recommendations to align its Statute with changes in the 2019 cooperation agreement with France.

44. Capacity development (CD) to support program objectives and future Fund engagement remains critical. The authorities have requested, among others, CD on energy subsidies, medium-term debt management, climate, and debt sustainability analysis.

STAFF APPRAISAL

45. Insecurity and fragility continue to take a toll on Burkina Faso's growth prospects. Economic growth remains subpar, with real GDP growth in 2024H1 supported by a strong expansion of the tertiary section, mainly in urban areas, while the mining sector slowed due to insecurity. Inflation accelerated amid higher regional food prices. On a more positive note, the current account deficit shrank, as higher gold prices led to higher gold exports. However, risks are tilted to the downside. Mining and financing conditions could deteriorate absent security improvements, with negative implications for growth and the BOP. On inflation, upside risks dominate.

46. Despite the numerous challenges compounded by the country's fragility, program performance has remained broadly satisfactory. The government met almost all quantitative targets and structural benchmarks. The government has accumulated more domestic arrears but is committed to clear them. Finalizing energy sector performance contracts is a prior action for the conclusion of this review.

47. Fiscal developments have been positive. Revenue mobilization and current expenditure rationalization efforts have helped create fiscal space and should be pursued to preserve debt sustainability. This has allowed maintaining significant investment and social expenditures in line with the program, with the latter substantially exceeding IMF (gross) disbursements. Amid a difficult humanitarian situation strengthening social protection is a key priority and continued progress on the USR and the PAMPV is welcome. However, financing conditions remain tight, especially in the regional securities market, with still elevated interest rates and relatively shorter maturities.

48. Staff welcomes the authorities' engagement on fiscal governance. Staff proposes establishing four new SBs for the fourth review based on initial findings of the Governance Diagnostics Assessment, including on procurement, enhanced data provision on treasury deposit accounts, and an action plan on other recommendations. While reforms of the mining code are welcome to ensure natural resources strongly benefit the Burkinabè population, the authorities should monitor its implementation to keep the mining sector attractive to investors. Staff also proposes setting new QPCs and ITs for end-June 2025 and new ITs for end-September 2025.

49. Staff supports the authorities' strong commitment to climate policies. To respond to the authorities' request for an RSF arrangement to support a deeper climate policy agenda, staff plans to provide climate-related CD which can help the authorities to craft reforms that could be supported under an RSF arrangement.

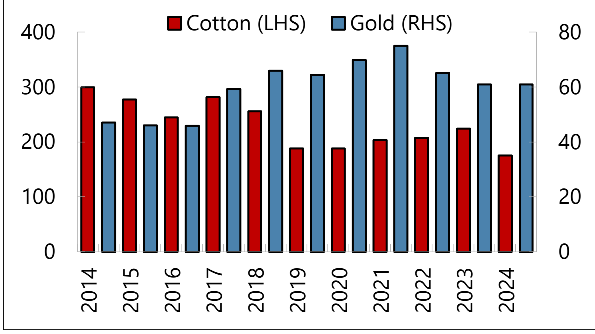
50. Given continued satisfactory program performance and the authorities' commitment to reforms, staff supports the completion of the Second Review under the ECF arrangement and the Financing Assurances Review.

Figure 1. Burkina Faso: Real and External Developments

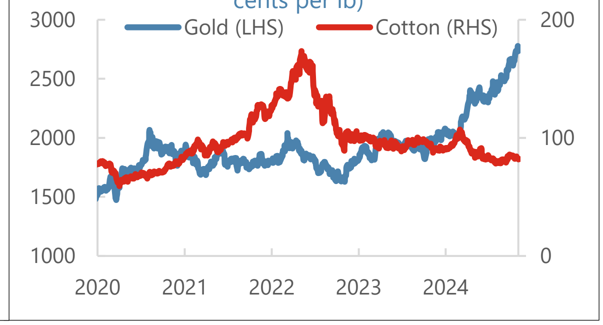
Gold export volumes will likely stay constant in 2024, while cotton export volumes may decline.

Gold prices increased sharply, and cotton prices declined in 2024.

Commodities Exports, 2014–2024
(cotton in thousand tonnes, gold in tonnes)



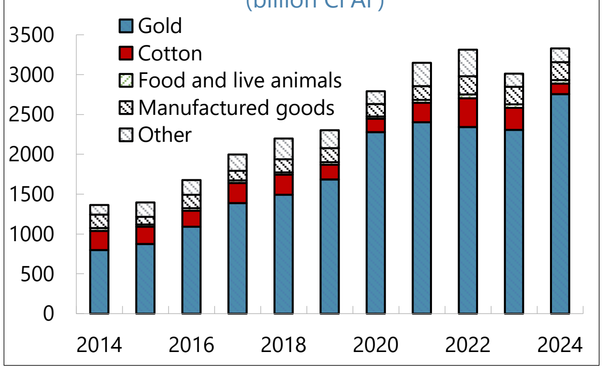
Commodity Prices, Jan. 2020–Oct. 2024
(Gold in USD per troy ounce, Cotton in US cents per lb)



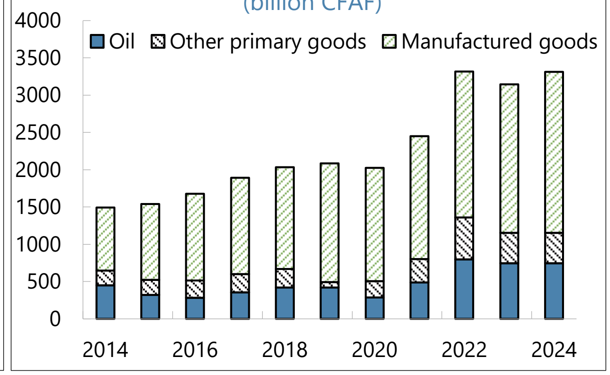
The gold mining sector continues to be the main driver of total exports...

...while oil remains a dominant import.

Composition of Exports, 2014–2024
(billion CFAF)



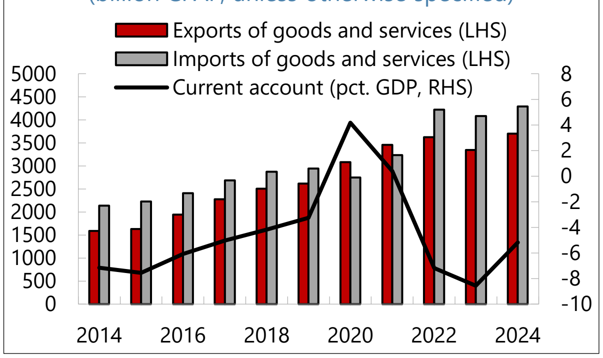
Composition of Imports, 2014–2024
(billion CFAF)



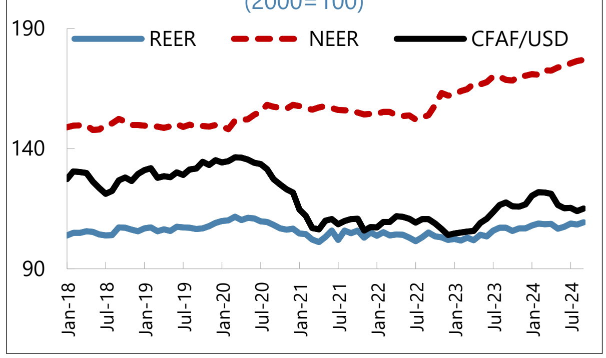
The current account deficit is expected to narrow in 2024.

The real and nominal exchange rates have appreciated since early 2023.

Current Account Balance, 2014–2024
(billion CFAF, unless otherwise specified)



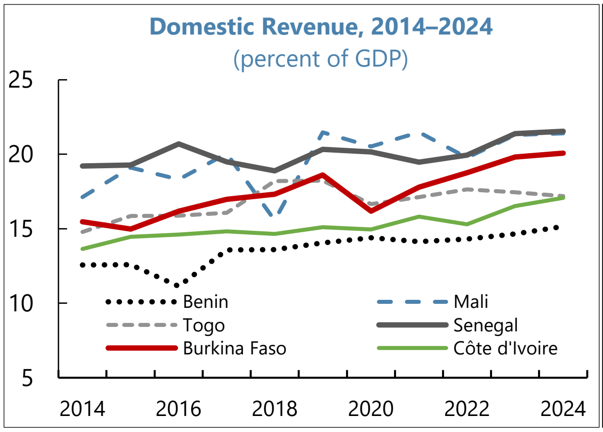
Exchange Rates, Jan 2018–Aug 2024
(2000=100)



Source: Burkinabè authorities; and IMF staff calculations. Note: Staff projections used for 2024.

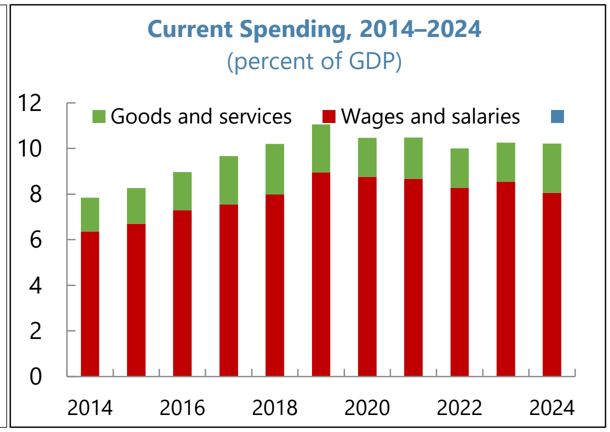
Figure 2. Burkina Faso: Fiscal Developments

Domestic revenue, as a percent of GDP, increased in 2024.



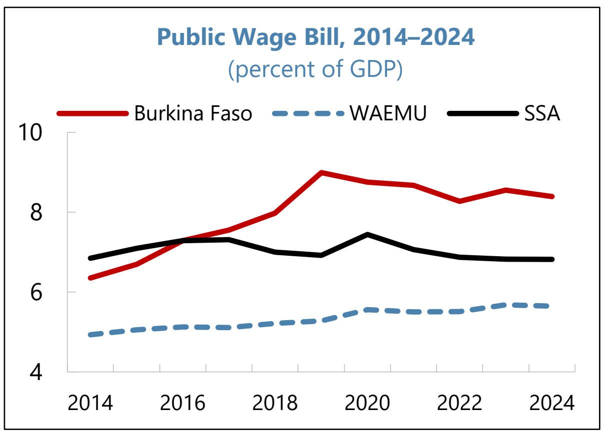
Domestic Revenue, 2014–2024
(percent of GDP)

Current spending remains high but is projected to decline over time.



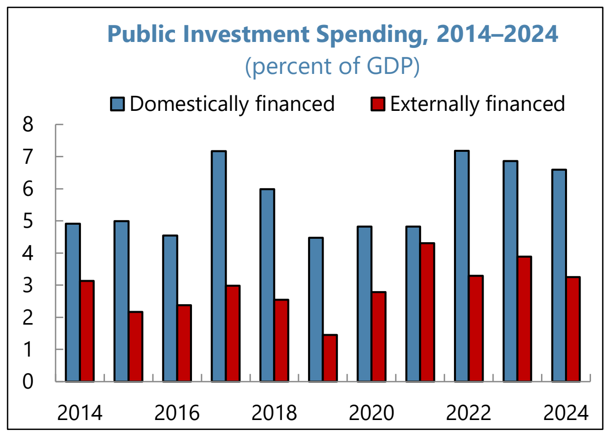
Current Spending, 2014–2024
(percent of GDP)

The public wage bill remains higher compared to its peers.



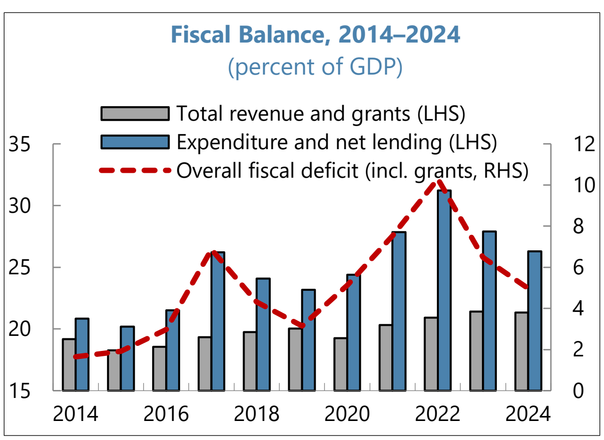
Public Wage Bill, 2014–2024
(percent of GDP)

Investment spending is expected to slow in 2024, financed mostly domestically.



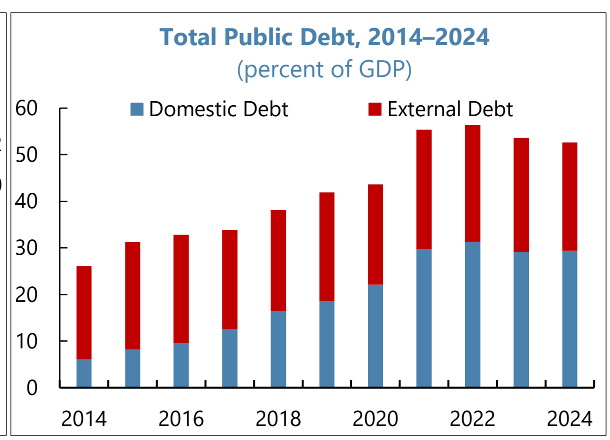
Public Investment Spending, 2014–2024
(percent of GDP)

The fiscal deficit is expected to improve in 2024…



Fiscal Balance, 2014–2024
(percent of GDP)

…financed largely by domestic debt.



Total Public Debt, 2014–2024
(percent of GDP)

Sources: Burkinabè authorities; and IMF staff calculations. Note: Staff projections used for 2024.

Table 1. Burkina Faso: Selected Economic and Financial Indicators, 2021–2027

Population (2023): 23.3 million — Gini Index (2021): 37.4
Per capita GDP (2023): 910 USD — Life Expectancy (years): 60
Share of population below the poverty line (2022): 43.7% — Literacy rate (2022): 34%

	2021	2022	2023	2023	2024	2024	2024	2025	2026	2027
	Act.	Act.	Program	Act.	ECF Approval	ECF 1st Review	Proj.	Proj.	Proj.	Proj.
	(Annual percentage change, unless otherwise indicated)									
GDP and Prices										
GDP at constant prices	6.9	1.5	4.4	3.0	6.4	5.5	4.2	4.3	4.5	5.0
GDP deflator	-0.2	9.8	1.9	2.2	3.0	2.2	7.2	5.6	3.7	3.0
Consumer prices (annual average)	3.9	14.1	1.4	0.7	3.0	2.1	3.6	3.0	2.6	2.3
Consumer prices (end of period)	8.2	9.6	2.4	1.0	2.0	2.6	3.4	2.8	2.5	2.0
Money and Credit										
Net domestic assets (banking system) 1/	5.2	16.0	...	5.3	...	...	18.7	14.7	10.7	9.1
Credit to the government (banking system) 1/	-5.8	6.6	...	3.0	...	...	9.8	8.1	6.1	4.4
Credit to private sector	10.1	14.2	...	5.9	...	...	13.1	9.5	7.0	7.5
Broad money (M3)	17.6	2.5	...	-3.0	...	...	20.8	15.6	11.5	8.8
Private sector credit/GDP	29.4	30.1	...	30.3	...	...	30.7	30.5	30.2	30.0
External Sector										
Exports (f.o.b.; valued in CFA francs)	12.9	5.2	0.7	-9.1	7.5	15.0	10.5	10.5	5.3	6.0
Imports (f.o.b.; valued in CFA francs)	21.1	35.3	-2.8	-5.2	6.6	5.9	5.3	3.5	5.4	6.2
Current account (percent of GDP)	0.4	-7.2	-4.7	-8.6	-4.2	-5.7	-5.2	-3.5	-3.4	-3.1
	(Percent of GDP, unless otherwise indicated)									
Central Government Finances										
Current revenue	17.8	18.8	19.0	19.8	19.1	20.4	20.1	18.6	18.8	19.1
Of which: tax revenue 2/	15.4	16.8	16.7	17.5	16.9	17.9	17.8	16.9	17.1	17.5
Total expenditure and net lending	27.8	31.2	26.5	27.9	26.0	27.4	26.3	24.1	23.6	23.3
Of which: current expenditure	18.6	20.8	17.4	17.2	17.3	16.8	16.5	15.4	15.2	15.1
Overall fiscal balance, incl. grants (commitments) /3	-7.5	-10.3	-6.6	-6.5	-5.6	-5.6	-5.0	-4.3	-3.6	-3.0
Total public debt	55.4	56.4	60.9	53.6	61.0	57.2	52.6	52.2	51.8	51.1
Of which: external debt	25.6	25.1	24.5	24.5	23.9	25.5	23.3	22.2	21.6	21.2
Memorandum items:										
Nominal GDP (CFAF billion)	10,945	12,195	12,527	12,831	13,742	13,323	14,330	15,791	17,114	18,509
Nominal GDP per capita (US$)	893	862	892	910	964	910	990	1,050	1,112	1,168
Nominal exchange rate (CFAF/US$, period average)	554	622	...	606	...	...	602	598	596	597

Sources: Burkinabé authorities; IMF staff estimates and projections.

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

2/ Includes large, one-off VAT reimbursement in 2021.

3/ Includes the *fonds de soutien patriotique* (FSP) in 2023.

Table 2. Burkina Faso: Balance of Payments, 2021–2027

	2021	2022	2023	2024	2025	2026	2027
	Act.	Act.	Act.	Proj.	Proj.	Proj.	Proj.
	(CFAF billions, unless otherwise indicated)						
Current account	42.8	-875.7	-1,098.7	-743.7	-548.9	-588.4	-573.5
Trade balance	698.2	-3.9	-133.4	15.9	249.2	258.4	267.3
Exports of goods	3,148.8	3,312.2	3,011.6	3,328.7	3,676.5	3,870.6	4,103.1
Of which: cotton	245.4	361.6	277.8	130.5	163.1	188.4	197.7
Of which: gold	2,400.6	2,343.6	2,304.3	2,757.1	3,063.2	3,221.0	3,430.0
Imports of goods	-2,450.6	-3,316.1	-3,145.0	-3,312.7	-3,427.3	-3,612.2	-3,835.8
Of which: oil	-489.9	-796.2	-746.2	-747.1	-693.5	-696.3	-714.9
Services, net	-477.0	-586.9	-607.1	-608.0	-612.8	-624.4	-641.3
Primary income, net	-512.0	-647.8	-653.0	-447.5	-487.4	-571.8	-584.6
Secondary income, net	333.7	362.8	294.9	295.8	302.1	349.4	385.1
Of which: Official transfers, net	146.2	169.5	109.2	109.2	109.2	109.2	109.2
Capital account	235.7	261.0	261.1	237.2	244.9	260.6	277.2
Project grants	179.3	203.4	203.5	179.6	187.3	203.0	219.5
Financial account	-1.8	-447.0	1,088.4	580.8	345.4	384.9	334.0
Direct investment	-20.4	403.1	235.4	130.2	139.1	177.5	217.1
Portfolio investment	108.8	-202.1	597.2	192.6	125.5	168.0	208.7
Other investment	-90.1	-648.0	255.8	258.0	80.8	39.4	-91.8
Commercial banks	-40.5	-163.2	209.1	-27.3	-24.6	-21.4	0.7
General government	265.0	161.9	158.1	196.1	164.9	173.5	206.2
Project loans	291.6	199.1	295.1	286.7	252.7	273.8	302.1
Program loans	45.7	56.7	0.0	45.0	56.6	56.4	56.5
Amortization of public loans (excl. IMF)	-72.3	-93.9	-136.9	-135.6	-144.4	-156.7	-152.5
Other private	-314.7	-646.7	-111.4	89.2	-59.5	-112.7	-298.7
Errors and omissions	-23.4	(24.63)	-	-	-	-	-
Overall balance	253.4	-1,086.4	250.8	74.3	41.4	57.1	37.6
Net change in foreign assets of the central bank	-253.4	1,086.4	-250.8	-74.3	-41.4	-57.1	-37.6
of which: IMF net financing	16.3	15.1	-57.7	-25.8	-16.1	-6.1	-18.1
Disbursements (past and prospective)	0.0	0.0	68.8	38.6	38.6	38.6	48.4
Repayments (excluding charges)	-16.3	-15.1	-11.1	-12.8	-22.5	-32.5	-30.2
of which: SDR allocation	90.9	…	…	…	…	…	…
Residual Financing Gap	-	-	-	-	-	(0.00)	-
	(Percent of GDP, unless otherwise indicated)						
Memorandum items:							
Exports of goods	28.8	27.2	23.5	23.2	23.3	22.6	22.2
Imports of goods	-22.4	-27.2	-24.5	-23.1	-21.7	-21.1	-20.7
Trade balance (goods)	6.4	0.0	-1.0	0.1	1.6	1.5	1.4
Trade balance (services)	-4.4	-4.8	-4.7	-4.2	-3.9	-3.6	-3.5
Trade balance (goods and services)	2.0	-4.8	-5.8	-4.1	-2.3	-2.1	-2.0
Current account (– = deficit)	0.4	-7.2	-8.6	-5.2	-3.5	-3.4	-3.1
GDP at current prices (CFAF billions)	10,944.5	12,194.7	12,831.4	14,330.3	15,791.4	17,114.1	18,508.6
BCEAO Reserves							
In billion USD	25.3	18.3	15.6	16.6	18.6	23.5	28.8
In months of next year's WAEMU imports	4.9	4.1	3.3	3.3	3.5	4.1	4.7
In percent of broad money	34.1	24.9	20.0	19.6	19.7	21.8	23.8

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

Table 3a. Burkina Faso: Consolidated Operations of the Central Government, 2022–2027
(CFAF billions)

	2022	2023	2023	2024	2024	2024	2025	2026	2027
	Act.	Program	Act.	ECF Approval	ECF 1st Review	Proj.	Proj.	Proj.	Proj.
Total revenue and grants	**2,551.9**	**2,490.0**	**2,746.9**	**2,802.5**	**2,899.3**	**3,056.7**	**3,126.2**	**3,416.3**	**3,758.3**
Total revenue	2,288.3	2,374.3	2,543.4	2,628.6	2,723.5	2,877.1	2,938.9	3,213.3	3,538.8
Tax revenue	2,052.4	2,096.6	2,246.0	2,320.8	2,390.5	2,549.7	2,662.6	2,930.9	3,233.4
Of which: Gold Mining CIT	105.5	119.5	115.2	143.0	145.9	131.0	122.5	128.8	137.2
Nontax revenue	235.8	277.7	297.4	307.8	333.1	327.3	276.4	282.4	305.4
Of which: Royalties from gold	93.7	95.6	92.2	104.0	106.1	103.4	99.6	112.7	120.0
Grants	263.7	115.8	203.5	173.9	175.8	179.6	187.3	203.0	219.5
Project	203.4	115.8	203.5	173.9	175.8	179.6	187.3	203.0	219.5
Program	60.3	-	-	-	-	-	-	-	-
Expenditure and net lending 1/	**3,807.3**	**3,321.2**	**3,578.6**	**3,576.8**	**3,644.2**	**3,768.3**	**3,806.6**	**4,039.8**	**4,321.7**
Current expenditure	2,539.6	2,177.6	2,211.5	2,371.0	2,242.5	2,366.5	2,430.2	2,593.0	2,794.8
Wages and salaries	1,009.1	1,097.2	1,096.9	1,202.3	1,202.3	1,202.2	1,274.6	1,342.0	1,399.1
Goods and services	210.2	226.1	221.3	248.1	238.5	329.1	264.6	286.8	310.2
Interest payments	229.6	271.1	290.4	355.4	249.7	292.8	318.7	379.6	431.5
Domestic	196.3	223.4	247.0	309.1	216.1	248.3	284.8	345.1	396.2
External	33.3	47.8	43.5	46.3	33.7	44.5	34.0	34.5	35.3
Current transfers	1,090.7	583.2	602.8	565.2	551.9	542.4	572.3	584.5	654.0
Energy subsidies	594.9		189.3			135.0	110.6	108.0	106.5
Investment expenditure	1,277.2	1,143.6	1,378.5	1,205.9	1,411.7	1,411.7	1,376.4	1,446.9	1,526.8
Domestically financed	875.4	820.8	880.0	757.1	969.4	945.4	936.5	970.1	1,005.2
Externally financed	401.9	322.8	498.6	448.8	442.3	466.3	439.9	476.8	521.6
Net lending	-9.5	-	-11.5	-	-9.9	-9.9	-	-	-
Overall balance 1/	**-1,255.3**	**-831.2**	**-831.7**	**-774.3**	**-744.9**	**-711.6**	**-680.4**	**-623.6**	**-563.4**
Cash basis adjustment 2/	386.5	-	-41.8	-	-	-	-	-	-
o/w Variation in arrears (-= reduction) 3/	188.7		-42.3						
Overall balance (cash basis)	**-868.8**	**-831.2**	**-873.6**	**-774.3**	**-744.9**	**-711.6**	**-680.4**	**-623.6**	**-563.4**
Financing	**809.0**	**831.2**	**867.6**	**774.3**	**744.9**	**711.6**	**680.4**	**623.6**	**563.4**
Foreign financing	161.9	91.2	158.1	201.8	187.1	196.1	164.9	173.5	206.2
Drawings	255.8	207.1	295.1	331.0	324.1	331.7	309.3	330.3	358.7
Project loans	199.1	207.1	295.1	274.8	266.5	286.7	252.7	273.8	302.1
Program loans	56.7	-	-	56.1	57.6	-	-	-	-
Other loans 4/						45.0	56.6	56.4	56.5
Amortization (excl. IMF)	-93.9	-115.8	-136.9	-129.1	-137.0	-135.6	-144.4	-156.7	-152.5
Domestic financing	647.0	739.9	709.5	572.5	557.8	515.5	515.5	450.1	357.2
Bank financing	628.1	739.9	584.8	572.5	557.8	515.5	515.5	450.1	357.2
Central bank	208.3	57.5	114.6	25.6	26.0	25.8	16.1	6.1	18.1
of which: IMF net financing	-15.1	57.5	57.7	25.6	26.0	25.8	16.1	6.1	18.1
Disbursements	-	68.5	68.8	38.5	38.9	38.6	38.6	38.6	48.4
Repayments	-15.1	-11.0	-11.1	-12.9	-12.9	-12.8	-22.5	-32.5	-30.2
Commercial banks	419.9	682.4	470.2	546.9	531.9	489.7	499.4	444.0	339.1
Nonbank financing	18.9	-	124.7	-	-	-	-	-	-
Other domestic financing /5			359.6						
Errors and Omissions	59.8	-	5.9	-	-	-	-	-	-
Memorandum items:									
Mining revenue	495.0	504.8	486.7	549.1	560.3	573.5	617.5	659.7	702.5
Overall Balance excl. mining revenue	-1,363.8	-1,336.0	-1,360.2	-1,323.4	-1,305.2	-1,285.1	-1,297.9	-1,283.2	-1,265.9
Primary Fiscal balance (including grants)	-1,025.8	-560.0	-541.3	-418.9	-495.2	-418.8	-361.7	-244.0	-131.9

Sources: Burkinabè authorities; IMF staff estimates and projections.

1/ Commitment basis (base d'engagement).

2/ Cash adjustments in 2023 and 2024 include the difference between revenue and spending of the Patriotic Support Fund (PSF).

3/ Stock of arrears amounted to CFAF 43 billion at end-December 2023 and CFAF 52 billion at end-June 2024.

4/ Other domestic financing represents (i) floating debt and (ii) balance changes of Treasury accounts outside the banking system.

5/ Other loans include the new IDA financing modality.

Table 3b. Burkina Faso: Consolidated Operations of the Central Government, 2022–2027

(in percent of GDP, unless overwise indicated)

	2022	2023	2023	2024	2024	2024	2024	2025	2026	2027
	Act.	**Program 4/**	**Act.**	**Program 4/**	**ECF 1st Review**	**Proj.**	**Proj. (FSP Excl.)**	**Proj.**	**Proj.**	**Proj.**
Total revenue and grants	20.9	19.9	21.4	20.4	21.8	21.3	20.3	19.8	20.0	20.3
Total revenue	18.8	19.0	19.8	19.1	20.4	20.1	19.0	18.6	18.8	19.1
Tax revenue	16.8	16.7	17.5	16.9	17.9	17.8	16.8	16.9	17.1	17.5
Of which: Gold Mining CIT	0.9	1.0	0.9	1.0	1.1	0.9	0.9	0.8	0.8	0.7
Nontax revenue	1.9	2.2	2.3	2.2	2.5	2.3	2.3	1.8	1.7	1.7
Of which: Royalties from gold	0.8	0.8	0.7	0.8	0.8	0.7	0.7	0.6	0.7	0.6
Grants	2.2	0.9	1.6	1.3	1.3	1.3	1.3	1.2	1.2	1.2
Project	1.7	0.9	1.6	1.3	1.3	1.3	1.3	1.2	1.2	1.2
Program	0.5	-	-	-	-	-	-	-	-	-
Expenditure and net lending 1/	31.2	26.5	27.9	26.0	27.4	26.3	25.2	24.1	23.6	23.3
Current expenditure	20.8	17.4	17.2	17.3	16.8	16.5	15.8	15.4	15.2	15.1
Wages and salaries	8.3	8.8	8.5	8.7	9.0	8.4	8.4	8.1	7.8	7.6
Goods and services	1.7	1.8	1.7	1.8	1.8	2.3	1.6	1.7	1.7	1.7
Interest payments	1.9	2.2	2.3	2.6	1.9	2.0	2.0	2.0	2.2	2.3
Domestic	1.6	1.8	1.9	2.2	1.6	1.7	1.7	1.8	2.0	2.1
External	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2
Current transfers	8.9	4.7	4.7	4.1	4.1	3.8	3.8	3.6	3.4	3.5
Investment expenditure	4.9		1.5			0.9	0.9	0.7	0.6	0.6
Investment expenditure	10.5	9.1	10.7	8.8	10.6	9.9	9.5	8.7	8.5	8.2
Domestically financed	7.2	6.6	6.9	5.5	7.3	6.6	6.3	5.9	5.7	5.4
Externally financed	3.3	2.6	3.9	3.3	3.3	3.3	3.3	2.8	2.8	2.8
Net lending	-0.1	-	-0.1	-	-0.1	-0.1	-0.1	-	-	-
Overall balance 1/	-10.3	-6.6	-6.5	-5.6	-5.6	-5.0	-5.0	-4.3	-3.6	-3.0
Cash basis adjustment 2/	3.2	-	-0.3	-	-	-	-	-	-	-
o/w Variation in arrears (-= reduction) 3/	1.5		-0.3							
Overall balance (cash basis)	-7.1	-6.6	-6.8	-5.6	-5.6	-5.0	-5.0	-4.3	-3.6	-3.0
Financing	6.6	6.6	6.8	5.6	5.6	5.0	5.0	4.3	3.6	3.0
Foreign financing	1.3	0.7	1.2	1.5	1.4	1.4	1.4	1.0	1.0	1.1
Drawings	2.1	1.7	2.3	2.4	2.4	2.3	2.3	2.0	1.9	1.9
Project loans	1.6	1.7	2.3	2.0	2.0	2.0	2.0	1.6	1.6	1.6
Program loans	0.5	-	-	0.4	0.4	-	-	-	-	-
Other loans /5						0.3	0.3	0.4	0.3	0.3
Amortization (excl. IMF)	-0.8	-0.9	-1.1	-0.9	-1.0	-0.9	-0.9	-0.9	-0.9	-0.8
Domestic financing	5.3	5.9	5.5	4.2	4.2	3.6	3.6	3.3	2.6	1.9
Bank financing	5.2	5.9	4.6	4.2	4.2	3.6	3.6	3.3	2.6	1.9
Central bank	1.7	0.5	0.9	0.2	0.2	0.2	0.2	0.1	0.0	0.1
of which: IMF net financing	-0.1	0.5	0.4	0.2	0.2	0.2	0.2	0.1	0.0	0.1
Disbursements	0.0	0.5	0.5	0.3	0.3	0.3	0.3	0.2	0.2	0.3
Repayments	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2
Commercial banks	3.4	5.4	3.7	4.0	4.0	3.4	3.4	3.2	2.6	1.8
Nonbank financing	0.2	-	1.0	-	-	-	-	-	-	-
Errors and Omissions	-	-	2.8	-	-	-	-	-	-	-
Errors and Omissions	0.5	-	0.0	-	-	-	-	-	-	-
Financing gap			-			-	-	-	-	-
Memorandum items:										
Nominal GDP (CFAF billion)	12,194.7	12,527.0	12,831.4	13,742.0	13,322.5	14,330.3	14,330.3	15,791.4	17,114.1	18,508.6
Wage bill to tax revenue ratio (percent) 6/	49.2	52.3	51.1	51.8	50.3	47.2	50.0	47.9	45.8	43.3
Primay fiscal balance (including grants)	-8.9	-4.5	-4.2	-3.0	-3.7	-2.9	-2.9	-2.3	-1.4	-0.7

Sources: Burkinabè authorities; IMF staff estimates and projections.

1/ Commitment basis (base d'engagement).

2/ Cash adjustments in 2023 and 2024 include the difference between revenue and spending of the Patriotic Support Fund (PSF).

3/ Stock of arrears amounted to 0.3 percent of GDP at end-December 2023 and 0.4 percent at end-June 2024.

4/ The 2023 and 2024 program numbers are expressed as a share of projected GDP as of the time of IMF Executive Board approval.

5/ Other loans include the new IDA financing modality.

6/ Wage bill to tax revenue ratio in 2023 is adjusted to exclude Patriotic Support Fund (PSF) resources.

Table 4. Burkina Faso: Monetary Survey, 2021–2027

	2021	2022	2023	2024	2025	2026	2027
	Act.	Act.	Act.	Proj.	Proj.	Proj.	Proj.
	(CFAF billions, unless otherwise indicated)						
Net foreign assets	2,633.8	1,974.2	1,627.7	1,779.9	1,891.6	2,009.9	2,045.5
BCEAO 1/	464.4	-622.0	-371.1	-296.9	-255.5	-198.4	-160.7
Assets	1,040.6	169.5	524.2	570.2	634.0	701.8	768.3
Liabilities	576.2	791.5	895.4	867.1	889.4	900.1	929.1
Commercial banks	2,169.3	2,596.2	1,998.8	2,076.8	2,147.1	2,208.3	2,206.3
Net domestic assets	2,952.3	3,797.2	4,087.0	5,069.9	6,004.8	6,792.9	7,539.5
Domestic credit	3,494.0	4,402.7	4,771.3	5,799.3	6,734.2	7,522.3	8,268.9
Net Bank credit to government	-59.9	288.2	450.0	965.5	1,481.1	1,931.1	2,288.3
BCEAO	-88.8	67.1	206.3	232.1	248.2	254.3	272.4
Commercial banks	28.9	221.1	243.7	733.4	1,232.8	1,676.8	2,015.9
Credit to other sectors	3,553.9	4,114.5	4,321.2	4,833.8	5,253.1	5,591.2	5,980.6
of which: Credit to private sector	3,220.3	3,676.4	3,893.0	4,404.8	4,823.2	5,160.2	5,548.6
Other items (net)	-182.4	-152.8	-228.5	-183.4	-183.4	-183.4	-183.4
Shares and other equities	724.1	758.3	912.8	912.8	912.8	912.8	912.8
Total broad money liabilities	5,586.1	5,771.4	5,714.7	6,849.8	7,896.4	8,802.8	9,585.0
Liquid liabilities	5,290.1	5,421.8	5,257.0	6,352.0	7,342.9	8,190.2	8,914.3
Non-liquid liabilites (excl. from broad money)	296.0	349.6	457.7	497.8	553.5	612.7	670.8
	(Annual percentage change, unless otherwise indicated)						
Memorandum items:							
Net foreign assets	32.4	-25.0	-17.6	9.4	6.3	6.3	1.8
Net domestic assets 2/	5.2	16.0	5.3	18.7	14.7	10.7	9.1
Net credit to government 2/	-5.8	6.6	3.0	9.8	8.1	6.1	4.4
Credit to Private Sector	10.1	14.2	5.9	13.1	9.5	7.0	7.5
Private sector credit (percentage of GDP)	29.4	30.1	30.3	30.7	30.5	30.2	30.0
Money supply	17.6	2.5	-3.0	20.8	15.6	11.5	8.8
Velocity of money (GDP/M2) 3/	2.1	2.2	2.4	2.3	2.2	2.1	2.1

Sources: Burkinabè authorities; 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 5. Burkina Faso: Selected Financial Soundness Indicators, 2015–2024

(in percent)

	Dec-15	Dec-16	Dec-17	Dec-18 1/	Dec-19	Dec-20	Dec-21	Dec-22	Jun-23	Dec-23	Jun-24
Capital Adequacy											
Reg. capital to risk-weighted assets	11.1	13.0	12.2	12.0	13.6	13.4	13.7	14.1	14.7	14.2	9.4
Asset Quality											
Gross NPLs / Total loans	8.9	8.9	8.8	7.4	7.6	7.8	7.4	5.6	6.3	7.4	8.4
Provisions / NPLs	67.6	70.4	66.4	70.4	69.1	71.4	71.4	80.2	72.4	68.1	64.7
Loan Concentration											
5 largest clients / equity	179.6	114.5	79.8	70.6	69.3	76.5	66.8	82.7	91.0	68.5	82.8
By Sector: (share of total)											
Agriculture	1.9	3.7	4.4	4.7	3.7	1.8	2.3	2.4	2.4	2.0	2.8
Extractive Industries	2.3	1.5	2.0	2.9	4.1	4.6	4.3	6.3	6.4	5.8	5.7
Manufacturing	15.2	13.2	13.6	12.5	12.1	12.2	11.2	11.2	11.3	11.7	11.6
Electricity, gas, water	1.0	0.8	1.2	1.0	1.0	2.4	2.8	2.1	2.1	2.3	2.0
Buildings/Public Works	16.6	16.2	16.9	17.8	16.5	16.7	16.1	12.4	12.5	11.1	9.6
Commercial (restaurants, hotels)	28.3	25.6	23.9	23.6	18.5	18.0	18.2	28.6	27.8	24.8	26.7
Transportation/communication	8.4	10.3	8.8	9.1	10.9	9.9	9.0	1.8	1.9	7.8	6.9
Insurance, real estate, business services	3.0	5.0	5.6	7.2	7.3	10.1	9.9	6.5	6.5	7.0	7.9
Other	23.1	23.7	23.7	21.3	25.9	24.3	26.2	28.7	29.1	27.5	27.0
Liquidity											
Loans to deposits	91.2	86.1	83.9	85.7	87.4	77.6	71.3	81.9	84.8	85.3	82.3
Liquid assets / total assets	29.2	23.2	24.7	25.7	22.5	20.9	18.7	21.2	22.4	22.9	21.7

Sources: Central bank (BCEAO) authorities; 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 6. Burkina Faso: External Financing Requirements, 2022–2027

(CFAF billions)

	2022	2023	2024	2024	2025	2026	2027
	Act.	Act.	1st ECF Review	Proj.	Proj.	Proj.	Proj.
Financing need	**-1,730.3**	**-368.1**	**-506.9**	**-559.0**	**-586.9**	**-617.8**	**-680.0**
Current account balance (excl. official transfers)	-1,045.2	-1,207.9	-820.3	-852.9	-658.1	-697.6	-682.7
IMF repayments	-15.1	-11.1	-12.9	-12.8	-22.5	-32.5	-30.2
Private capital flows	-576.0	987.9	463.3	442.3	238.2	269.0	185.4
Amortization of public loans (excl. IMF)	-93.9	-136.9	-137.0	-135.6	-144.4	-156.7	-152.5
Financing	**1,673.5**	**368.1**	**410.4**	**475.5**	**491.6**	**522.8**	**575.1**
Project loans:	199.1	295.1	266.5	286.7	252.7	273.8	302.1
Official transfers, net	169.5	109.2	65.3	109.2	109.2	109.2	109.2
Change in NFA central bank (excl. prospective IMF disbursements and repayments)	1,101.6	-308.5	-97.1	-100.0	-57.5	-63.2	-55.8
Past IMF financing	0.0	68.8	...	0.0	0.0	0.0	0.0
Project grants	203.4	203.5	175.8	179.6	187.3	203.0	219.5
Errors and Omissions	**-24.6**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Financing Gap	**81.4**	**-68.8**	**96.6**	**83.6**	**95.2**	**95.0**	**104.9**
IMF Financing (prospective)	...	0.0	38.9	38.6	38.6	38.6	48.4
Other Donors (including IDA)	56.7	0.0	57.6	45.0	56.6	56.4	56.5
Residual Financing Gap (after IMF and Donor Financing)	24.6	0.0	0.0	0.0	0.0	0.0	0.0

Sources: Burkinabè authorities; IMF staff estimates and projections.

Table 7. Burkina Faso: Schedule of Disbursements and Phasing Under Four-year ECF Arrangement, 2023–2027

Amount	Percent of Quota	Availability Date	Conditions for Disbursement[1]
SDR 24.08 million	20.0	21-Sep-23	Executive Board Approval of a new arrangement under the Extended Credit Facility
SDR 24.08 million	20.0	31-Mar-24	Observance of continuous and end-December 2023 performance criteria, and completion of the first review under the arrangement
SDR 24.08 million	20.0	30-Sep-24	Observance of continuous and end-June 2024 performance criteria, and completion of the second review under the arrangement
SDR 24.08 million	20.0	31-Mar-25	Observance of continuous and end-December 2024 performance criteria, and completion of the third review under the arrangement
SDR 24.08 million	20.0	30-Sep-25	Observance of continuous and end-June 2025 performance criteria, and completion of the fourth review under the arrangement
SDR 24.08 million	20.0	31-Mar-26	Observance of continuous and end-December 2025 performance criteria, and completion of the fifth review under the arrangement
SDR 24.08 million	20.0	30-Sep-26	Observance of continuous and end-June 2026 performance criteria, and completion of the sixth review under the arrangement
SDR 30.1 million	25.0	31-Mar-27	Observance of continuous and end-December 2026 performance criteria, and completion of the seventh review under the arrangement
SDR 30.1 million	25.0	31-Aug-27	Observance of continuous and end-June 2027 performance criteria, and completion of the eighth review under the arrangement
Total			
SDR 228.76 million	190.0		

Sources: Burkinabè authorities; IMF staff estimates.

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

Table 8. Burkina Faso: Indicators of Capacity to Repay the IMF, 2024–2038

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
							Projections								
Fund obligations based on existing and prospective credit (in millions of SDRs)															
Principal	16.3	30.7	42.2	41.2	40.9	52.4	44.5	38.5	48.8	51.8	38.5	28.9	19.3	9.0	0.0
Charges and interest	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
Total obligations based on existing and prospective credit															
In millions of SDRs	16.3	30.7	42.2	41.2	40.9	52.4	44.5	38.5	48.8	51.8	38.5	28.9	19.3	9.0	0.0
In billions of CFAF	13.2	24.6	33.8	33.0	32.9	42.2	35.9	31.1	39.3	41.7	31.1	23.3	15.5	7.3	0.0
In percent of government revenues	0.5	0.9	1.2	1.0	0.9	1.1	0.9	0.7	0.8	0.8	0.5	0.4	0.2	0.1	0.0
In percent of exports of goods and services	0.4	0.7	0.8	0.8	0.7	0.9	0.7	0.6	0.7	0.7	0.5	0.4	0.2	0.1	0.0
In percent of debt service 1/	10.6	18.5	22.3	19.4	18.7	21.5	17.3	14.4	18.2	17.9	12.8	9.3	5.9	2.5	0.0
In percent of GDP	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.2	0.2	0.1	0.1	0.0	0.0	0.0
In percent of quota	13.5	25.5	35.0	34.2	34.0	43.5	37.0	32.0	40.5	43.0	32.0	24.0	16.0	7.5	0.0
Outstanding IMF credit based on existing and prospective drawings															
In millions of SDRs	330.2	347.7	353.7	372.6	331.7	279.3	234.8	196.3	147.5	95.7	57.2	28.3	9.0	0.0	0.0
In billions of CFAF	267.1	278.6	283.5	298.6	266.5	225.0	189.3	158.2	118.9	77.2	46.1	22.8	7.3	0.0	0.0
In percent of government revenues	10.5	9.7	9.6	9.3	7.5	5.8	4.5	3.5	2.4	1.5	0.8	0.4	0.1	0.0	0.0
In percent of exports of goods and services	8.0	7.5	6.9	6.9	5.8	4.7	3.8	3.0	2.1	1.3	0.7	0.3	0.1	0.0	0.0
In percent of debt service 1/	215.2	209.2	187.0	175.2	151.3	114.9	91.1	73.2	55.0	33.2	19.0	9.1	2.8	0.0	0.0
In percent of GDP	2.1	1.9	1.8	1.7	1.4	1.1	0.9	0.7	0.5	0.3	0.2	0.1	0.0	0.0	0.0
In percent of quota	274.3	288.8	293.7	309.5	275.5	232.0	195.0	163.0	122.5	79.5	47.5	23.5	7.5	0.0	0.0
Net use of IMF credit (in millions of SDRs)	31.9	17.5	6.0	19.0	-40.9	-52.4	-44.5	-38.5	-48.8	-51.8	-38.5	-28.9	-19.3	-9.0	0.0
Disbursements	48.2	48.2	48.2	60.2	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	16.3	30.7	42.2	41.2	40.9	52.4	44.5	38.5	48.8	51.8	38.5	28.9	19.3	9.0	0.0
Memorandum items:															
Nominal GDP (in billions of CFAF)	12,831.4	14,330.3	15,791.4	17,114.1	18,508.6	19,857.6	21,304.5	22,871.2	24,559.0	26,377.8	28,338.3	30,451.9	32,731.2	35,189.7	37,842.0
Exports of goods and services (in billions of CFAF)	3,342.1	3,697.8	4,083.3	4,311.4	4,579.8	4,803.7	5,037.6	5,232.1	5,532.6	5,851.5	6,190.0	6,549.1	6,930.4	7,335.1	7,764.8
Government revenue (in billions of CFAF)	2,543.4	2,877.1	2,938.9	3,213.3	3,538.8	3,860.3	4,174.9	4,517.7	4,889.4	5,292.5	5,729.7	6,204.1	6,718.9	7,277.9	7,884.8
Debt service (in billions of CFAF) 1/ 2/	124.2	133.2	151.6	170.4	176.1	195.8	207.8	216.1	216.0	232.6	242.4	251.1	262.1	289.7	317.6
CFAF/SDR (period average)	809.0	801.4	801.7	801.3	803.3	805.4	806.1	806.1	806.1	806.1	806.1	806.1	806.1	806.1	806.1

Sources: IMF staff estimates and projections.

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

2/ Includes state-owned enterprises debt.

Table 9. Burkina Faso: Quantitative Performance Criteria and Indicative Targets for ECF Arrangement, 2023–2025

	2023			2024							2025		
	Dec.			Mar. 1/		June			Sept. 1/	Dec.	Mar. 1/	June	Sept. 1/
	Prog.	Act.	Status	Prog.	Prel.	Prog.	Prel.	Status	Prog.	Prog.	Prog.	Proposed	Prog.
Quantitative Performance Criteria 2/													
Ceiling on net domestic financing of the government 3/ 4/ 5/	739.9	709.5	Met	143.1	90.4	286.3	219.9	Met	429.4	572.5	140.6	283.5	386.6
Ceiling on the amount of external debt contracted or guaranteed by the government (PV) 3/ 6/ 7/ 8/	410.0	338.6	Met	410.0		410.0	218.5	Met	410.0	410.0	410.0	410.0	410.0
Ceiling on the accumulation of external payment arrears by the government 9/	-	-	Met	-		-	-	Met	-	-	-	-	-
Ceiling on the guaranteeing of new domestic loans to suppliers and contractors by the government 9/	-	-	Met	-		-	-	Met	-	-	-	-	-
Ceiling on government guarantees of new bank pre-financing for public investments 9/	-	-	Met	-		-	-	Met	-	-	-	-	-
Ceiling on the primary fiscal deficit including grants 3/	560.0	541.3	Met	104.7	105.7	209.5	167.8	Met	314.2	418.9	90.4	198.9	271.2
Indicative Targets													
Ceiling on the accumulation of domestic arrears by the government 9/	-	-	Met	-		-	52.6	Not met	-	-	-		
Floor on government revenue 3/	2,374.3	2,543.4	Met	657.1	638.9	1,314.3	1,417.3	Met	1,971.4	2,723.5	661.3	1,322.5	2,204.2
Floor on poverty-reducing current social expenditures 3/	296.2	300.8	Met	75.9		151.7	155.1	Met	227.6	309.0	82.8	167.7	251.5
Ceiling on the stock of certified and unpaid VAT refunds older than 30 days	40.0	29.5	Met	40.0		40.0	35.2	Met	40.0	40.0	40.0	40.0	40.0
Ceiling on primary current expenditure 3/ 10/	1,906.5	1,921.1	Not met	503.9	476.3	1,007.8	1,006.4	Met	1,511.7	2,015.6	492.4	902.0	1,583.6
Ceiling on the value of PPPs contracted 3/	200.0	2.5	Met	200.0		200.0	19.7	Met	200.0	200.0	200.0	200.0	200.0

Sources: Burkinabè authorities; IMF staff estimates and projections.

1/ March (and September) figures are indicative targets, except for continuous performance criteria. June and December figures are performance criteria.

2/ The Standard Continuous Performance Criteria will also apply: (i) not to impose new or intensify existing restrictions on the making of payments and transfers for current international transactions; (ii) not to introduce new or intensify existing multiple currency practices; (iii) not to conclude bilateral payments agreement that are inconsistent with the IMF's Articles of Agreement (Article VIII); and (iv) not to impose new or intensify existing import restrictions for balance of payments reasons.

3/ Cumulative from beginning of the year.

4/ The ceiling on net domestic financing will be adjusted to reflect the shortfall in program grants and loans, while the overall deficit will be adjusted to reflect the shortfall in program grants.

5/ The ceiling on net domestic financing will be adjusted upward by the amount of securitization of unpaid VAT refunds by end-December 2023, up to a maximum of CFAF 85 billion, as specified in the TMU.

6/ The ceiling on the amount of external debt contracted or guaranteed by the government (in PV terms) will be adjusted upward by the present value of the full amount of loans used for debt management purposes as specified in the TMU.

7/ The limit is not tied to specific projects.

8/ The ceiling on the amount of external debt will be increased up by the present value of the full amount of any concessional loan used for debt management purposes as specified in the TMU.

9/ To be observed continuously.

10/ Primary current expenditure includes spending on the wage bill, goods and services, energy subsidies and excludes interest payments.

Table 10a. Burkina Faso: Continuous Structural Benchmarks, 2023–2027			
Benchmarks	**Objective**	**Timeline**	**Progress**
Do not grant any new wage agreement (except for the security sector) that could impact the wage bill trajectory and push it beyond 45 percent of tax revenues by 2027.	Wage bill control.	Continuous structural benchmark.	Met.
Publish information on the beneficial owners of entities awarded public procurement contracts to address food insecurity on the Ministry of the Economy, Finance and Perspective's website on a quarterly basis the quarter after the contract is awarded.[1]	Improve fiscal transparency and governance.	Continuous structural benchmark.	Met.
Publish on the Ministry of the Economy, Finance and Perspective's website annual (and to the extent possible, quarterly) budget execution reports which will also include information on the use of funds disbursed under the FSW.[2]	Improve fiscal transparency and governance.	Continuous structural benchmark.	Met.
Share an exhaustive list of treasury deposit accounts ("comptes de dépôts du trésor") with balances and the net position of the government as standard annexes to the TOFE on a quarterly basis, allowing the identification of those opened for the benefit of non-personalized services.	Improve fiscal transparency and governance.	Continuous structural benchmark. Starting with the data for end-June 2025.	

[1] See: https://www.dgcmef.gov.bf/sites/default/files/2023-09/Quotidien%20N%C2%B03698-bis_1.pdf

[2] See: Rapport sur la situation d'exécution du budget et de la trésorerie de l'Etat, exercice 2023, au 31 décembre. https://www.finances.gov.bf/fileadmin/user_upload/storage/rapport-sur-la-situation-dexecution-du-budget-de-letat-et-de-la-tresorerie-au-31-decembre-2023.pdf

Table 10b. Burkina Faso: Prior Action and Structural Benchmarks, 2023–2027

Benchmark	Objective	Completion date	Status
First Review			
Adopt performance contracts with SONABHY and SONABEL.	Improve efficiency in the energy sector.	End-December 2023.	Not met. Implemented with delay in June and October 2024.
Second review			
Adopt the tripartite performance contract between the government, SONABHY and SONABEL.	Improve efficiency in the energy sector.	Prior action	Met on December 3, 2024.
Conduct a review of energy subsidies and an assessment of the application of the price mechanism to move towards a reduction in subsidies over the program period.	Improve efficiency in the energy sector and reduce fiscal risks.	End-June 2024.	Met.
Publish an audit of all the government arrears and floating spending on the Ministry of Economy, Finance and Perspective's website[1].	Improve fiscal transparency and governance.	End-June 2024.	Not met. Implemented with delay in November 2024.
Raise the ceiling on VAT credit reimbursements to the CAST account to level consistent to avoid accumulation of arrears.	Reduce fiscal risks.	End-June 2024.	Met.
Third review			
Submit the draft budget for the next fiscal year in line with program objectives, including a budget document detailing plans to combat climate-related budget appropriations, based on an agreed climate budget tagging methodology.	Improve fiscal transparency and governance.	End-December 2024.	
Adopt a new strategic plan for revenue mobilization for the period 2024-27, based on the 2021 self-assessment.	Improve domestic revenue mobilization.	End-December 2024.	

[1]https://www.finances.gov.bf/fileadmin/user_upload/storage/fichiers/Rapport_definitif_audit_dette_VF.pdf.

Table 10b. Burkina Faso: Prior Action and Structural Benchmarks, 2023–2027 (continued)			
Benchmark	**Objective**	**Completion date**	**Status**
Prepare and implement a strategy for clearing government's arrears.	Improve fiscal transparency and governance.	End-December 2024.	
Contain wage bill growth to ensure that the wage bill to tax revenue ratio is below 51.8 percent.	Wage bill control.	End-December 2024.	
Present to IMF staff alternating annual reconciliations between personnel registers and payroll registers either at the level of the Ministry of Education and other ministries covering around 50 percent of the civil service workforce (excluding the security sector), or, in alternation, at the level of the Ministry of Health and the rest of other ministries covering the remaining around 50 percent of the civil service workforce (excluding the security sector).	Wage bill control.	End-December 2024.	
Fourth Review			
Put in place a beneficial ownership registry accessible to government authorities and financial institutions with customer due diligence obligations.	Improve governance and the fight against money laundering and terrorism financing.	End-June 2025	
Present a concrete energy sector reform to rationalize energy subsidies and improve energy sector efficiency, including an implementation timeline.	Improve efficiency in the energy sector and reduce fiscal risks.	End-June 2025	

Table 10b. Burkina Faso: Prior Action and Structural Benchmarks, 2023–2027 (concluded)			
Benchmark	**Objective**	**Completion date**	**Status**
Publish the final report of the IMF Governance Diagnostic Assessment (GDA) mission upon receipt and develop an action plan within a maximum period of 6 months from the availability of the report. (newly proposed SB)	Improve fiscal transparency and governance.	End-June 2025	
Present and share a value-for-money audit on public procurement by the High Authority for State Control and the Fight Against Corruption (ASCE-LC) of the five largest public procurement contracts, covering at least two different ministries outside the defense and security sectors, to assess their legality and value for money. (newly proposed SB)	Improve fiscal transparency and governance.	End-June 2025	
Adopt and present an action plan to implement key recommendations of the public procurement audit, including the responsible institutions and an implementation timeline. (newly proposed SB)	Improve fiscal transparency and governance.	End-August 2025	

Table 11. Burkina Faso: Decomposition of Public Debt and Debt Service by Creditor, 2023

	Debt Stock (end of period)				Debt Service						
	2023			2024H1	2023	2024H1	2024	2025	2023	2024	2025
	(CFAF, bns)	*(% total debt)*	*(% GDP)*	*(CFAF, bns)*	*(CFAF billions)*				*(Percent GDP)*		
Total	**6,876.9**	**100**	**53.6**	**7,354.5**	**1,128.7**	**505.1**	**1,082.6**	**994.7**	**8.8**	**7.6**	**6.3**
External	**3,139.5**	**45.7**	**24.5**	**3,506.2**	**179.5**	**90.4**	**184.9**	**203.0**	**1.4**	**1.3**	**1.3**
Multilateral creditors 1/	*2,783.9*	*40.5*	*21.7*	*3,022.1*	*142.9*	*71.0*	*143.1*	*161.9*	*1.1*	*1.0*	*1.0*
IMF	215.6	3.1	1.7	215.7	11.5		13.2	23.5	0.1	0.1	0.1
World Bank	1,392.6	20.3	10.9	1,537.3	33.6	31.2	41.6	46.9	0.3	0.3	0.3
Other Multilaterals	1,175.7	17.1	9.2	1,269.1	97.8	39.7	88.3	91.4	0.8	0.6	0.6
Bilateral Creditors	*322.4*	*4.7*	*2.5*	*250.3*	*36.7*	*17.5*	*41.7*	*41.1*	*0.3*	*0.3*	*0.3*
Paris Club	145.1	2.1	1.1	120.3	15.5	6.7	15.7	16.4	0.1	0.1	0.1
Non-Paris Club	177.3	2.6	1.4	130.0	21.2	10.8	26.0	24.7	0.2	0.2	0.2
Domestic	**3,737.4**	**54.3**	**29.1**	**3,848.3**	**949.1**	**414.7**	**897.8**	**791.7**	**7.4**	**6.3**	**5.0**

Sources: IMF estimates and projections, based on data based on Burkinabe authorities, according to their classification of creditors. Debt coverage is the same as the DSA

1/ "Multilateral creditors" are simply institutions with more than one official shareholder and may not necessarily align with creditor classification under other IMF policies (e.g. Lending Into Arrears)

Table 12. Burkina Faso: Summary Table of Actual External Borrowing Program, January–December 2024

PPG external debt	Volume of new debt in 2024 1/		PV of new debt in 2024 (program purposes) 1/	
	USD million	Percent	USD million	Percent
Sources of debt financing	**505.6**	**100**	**363.1**	**100**
Concessional debt, of which 2/	**213.5**	**42**	**83.9**	**23**
Multilateral debt	213.5	42	83.9	23
Bilateral debt	0.0	0	0.0	0
Other	0.0	0	0.0	0
Non-concessional debt, of which 3/	**292.0**	**58**	**279.2**	**77**
Semi-concessional	267.0	53	254.2	70
Commercial terms 4/	25.0	5	25.0	7
By Creditor Type	**505.6**	**100**	**363.1**	**100**
Multilateral	505.6	100	363.1	100
Bilateral - Paris Club	0.0	0	0.0	0
Bilateral - Non-Paris Club	0.0	0	0.0	0
Other	0.0	0	0.0	0
Uses of debt financing	**505.6**	**100**	**363.1**	**100**
Infrastructure	505.6	100	363.1	100
Social Spending	0.0	0	0.0	0
Budget Financing	0.0	0	0.0	0
Other	0.0	0	0.0	0
Memo items				
Indicative projections 5/				
2025	**152.1**		**115.1**	
2026	**164.8**		**104.6**	

Source: Burkinabè authorities and IMF Staff Calculations

Note: No collateralized debt was contracted.

1/ Contracting and guaranteeing of new debt. The present value of debt is calculated using the terms of individual loans and applying the 5 percent program discount rate.

2/ Debt with a grant element that exceeds a minimum threshold. This minimum is typically 35 percent, but could be established at a higher level.

3/ Debt with a positive grant element which does not meet the minimum grant element.

4/ Debt without a positive grant element. For commercial debt, the present value would be defined as the nominal/face value.

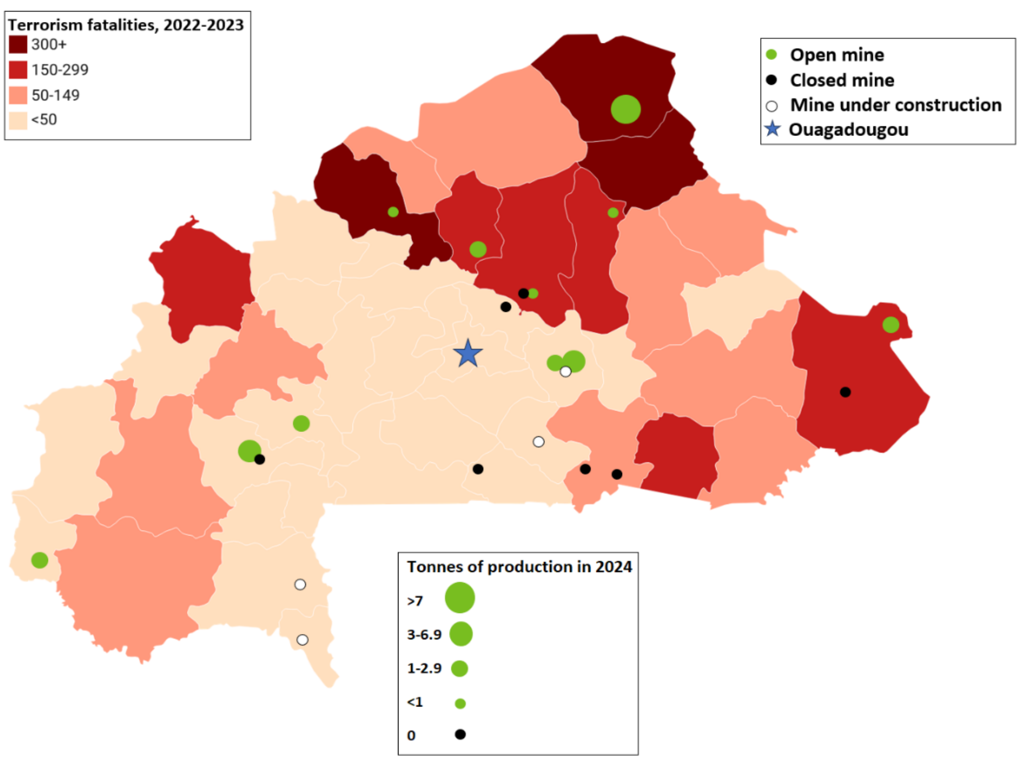
5/ IMF staff estimates.

Annex I. Burkina Faso: Conflict and Gold Mining Activity

1. Insecurity severely impacts life and the economy. Terrorist attacks are particularly common in the Northern and Eastern parts near the borders to Niger, Mali, Togo, and Benin (Figure 1). On August 24 alone, Al-Qaida affiliated groups reportedly killed several hundred civilians in an attack on the village of Barsalogho, about 100 miles north of Ouagadougou.

2. Security threats dampen economic activity, especially in gold mining. Gold mining accounts for about 8 percent of real GDP and 80 percent of export revenues. Terrorist activity has contributed to the closure of six out of seventeen large-scale gold mines and lifted operating costs in other mines that can only be supplied by airplane. Industrial gold production declined by 12 percent from 64.3 tons in 2021 to 56.9 tons in 2023, and private sector investment in the mining sector appears to have been negatively affected as well.

Figure 1. Terrorism Fatalities and Gold Mining

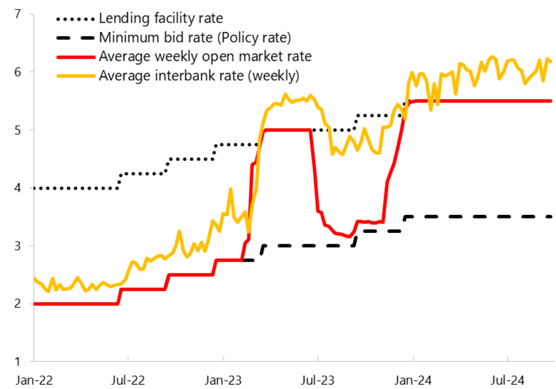


Sources: ACLED and Burkinabè authorities. Note: Terrorism fatalities are categorized as those from attacks on civilians, suicide bombings, or remote explosions/IEDs.

Annex II. Burkina Faso: Government Securities at a Crossroads[1]

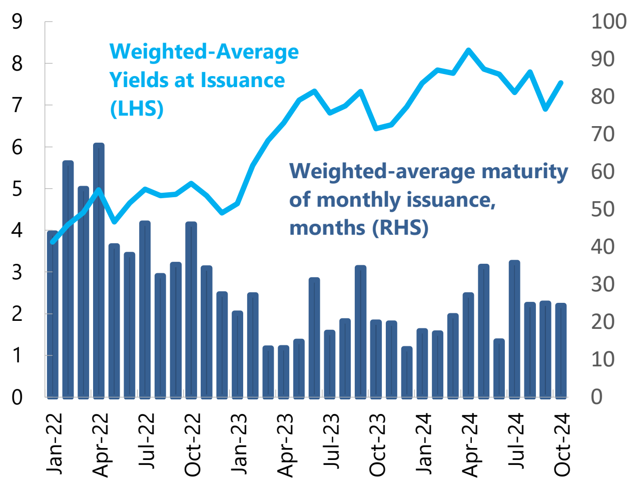
Yields on government debt have increased for all members of the West African Economic and Monetary Union (WAEMU), but especially so for the Alliance of Sahel States (AES) (Burkina Faso, Mali, and Niger), in part reflecting concerns over continued commitment to WAEMU. There are also signs of a bifurcation within Burkina Faso's bond market: regional investors lend at shorter maturities and higher rates, while local lenders invest in longer-maturity bonds at lower rates. This could create domestic financial sector risks. Commitment to WAEMU membership, debt sustainability, and a market-based determination of bond yields are key for Burkina Faso to strengthen financial sector stability and maintain continued access to the regional market.

Figure 1. WAEMU: Monetary Policy Rates, Jan 2022–Sep 2024



Note: Weighted-average Yield is calculated as the effective yield of each issuance weighted by the volume of debt issued in CFAF

Figure 2. WAEMU: Regional Market Financing Conditions, Jan 2022–Oct 2024



Note: Weighted-average Yield is calculated as the effective yield of each issuance weighted by the volume of debt issued in CFAF

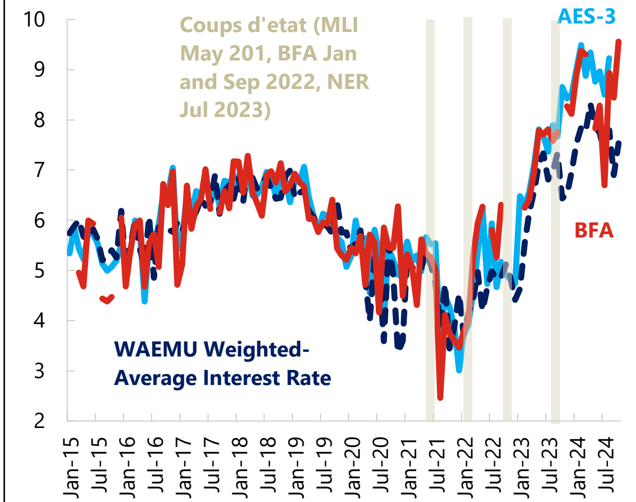
1. **Yields on government debt in the WAEMU region have risen since 2022, reflecting regional and global monetary policy tightening.** Faced with rising inflation and declining foreign exchange reserves, the Central Bank of West African States (BCEAO) has increased interest rates since 2022. After first rising gradually from 2 percent to 2.75 between June 2022 and February 2023, the effective rate for central bank liquidity surged to the top of the policy corridor and has remained at 5.5 percent since December 2023 (Figure 1), driving up yields across the WAEMU. The weighted-average yield on newly issued government debt in the WAEMU region rose from around 4 percent in 2022 to a peak of 8.3 percent in April 2024 (Figure 2).[2]

[1] Prepared by Colin Cook, William Gbohoui, Lawrence Norton, and Martin Stuermer.

[2] The regional bond market refers to UMOA-Titres issued in Dakar. WAEMU sovereigns also have access to a syndicated debt market based at the Bourse Régionale des Valeurs Mobilières in Abidjan, as well as some bilateral bank lending. The latter are more limited in scope, and data is not readily available.

2. Financing conditions have begun to ease in anticipation of a looser monetary policy stance. The BCEAO has kept interest rates steady in its March and June 2024 meetings, driven by a gradual recovery of reserves, contained inflation, and end of monetary tightening in the eurozone. As a result, market participants lowered interest rate expectations, with average yields across the WAEMU falling from 8.3 percent in April to 7.5 percent in October 2024, while average maturities fell to 24 months.

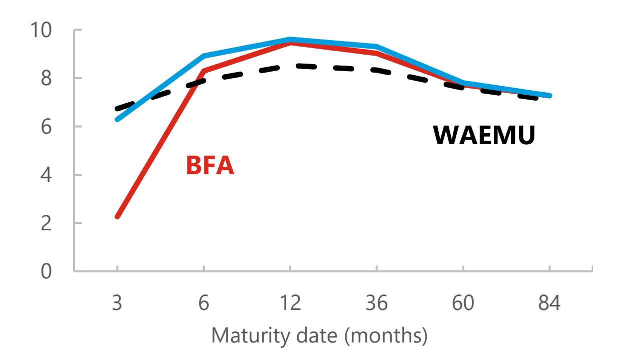
Figure 3. WAEMU: Regional Market Financing Conditions, Jan 2015–Oct 2024



3. Since early 2023, AES members have faced rising spreads over the WAEMU average (Figure 3). AES-specific factors can explain this spread, including tail risks related to insecurity and political instability as well as residual uncertainty over AES countries' commitment to WAEMU.[3] Higher rates could partly reflect concerns that AES countries could face risks of default on CFAF-denominated obligations.

Figure 4. Average Weighted Return Of All Securities Issued In 2024

(percent)



Note: Weighted-average Yield is calculated as the effective yield of each issuance weighted by the volume

4. Bond rates for Burkina Faso and some regional peers have recently seen a spike. While Burkina Faso was able to secure financing at an average of just 6.7 percent in July 2024, the country's yields have since jumped to 9.6 percent on debt issued in October. Guinea Bissau, Niger, and Mali have paid 10.3 percent, 10 percent, and 9.2 percent, respectively, for financing in the same month. While the weighted average return on securities issued in 2024 were lower for 60 months than for 12 months bonds in most AES countries, the downward slope is stronger in Burkina Faso (Figure 4). Nevertheless, the country is likely on track to meet its estimated 2024 financing needs of CFAC 489.7 billion, about 3.4 percent of GDP (see Tables 3a and 3b). West-African Monetary Union (UMOA)-Titres data for bank and non-bank debt purchases show that there was about CFAF 356 billion of net public financing in the year through October. Burkina Faso has also issued syndicated debt of CFAF 130 billion in May 2024, but which is not included in the UMOA-Titres data. For 2025, projected domestic and regional bank and non-bank financing is

[3] The authorities have stated their continued commitment to WAEMU, including in the Memorandum of Economic and Financial Policies of Country Report No. 2024/249 and the Press Release No. 24/71.

slightly higher with CFAF 499 billion compared to 2024 but stays the same as a fraction of GDP. This projection is subject to downside risk in case that financing conditions deteriorated.

5. There is some evidence of a bifurcation in Burkina Faso's bond market. Burkina Faso owes most of its debt to institutions elsewhere in the WAEMU. These institutions tend to lend short term and demand higher rates to compensate for risks. However, Burkina Faso appears to have driven down its interest costs recently by selling to domestic investors at longer maturities as recent data from UMOA-Titres suggest. One potential driver is that a regulatory forbearance in 2023 has made it easier for local public banks to increase exposure to their own sovereign. There could have also been moral suasion.

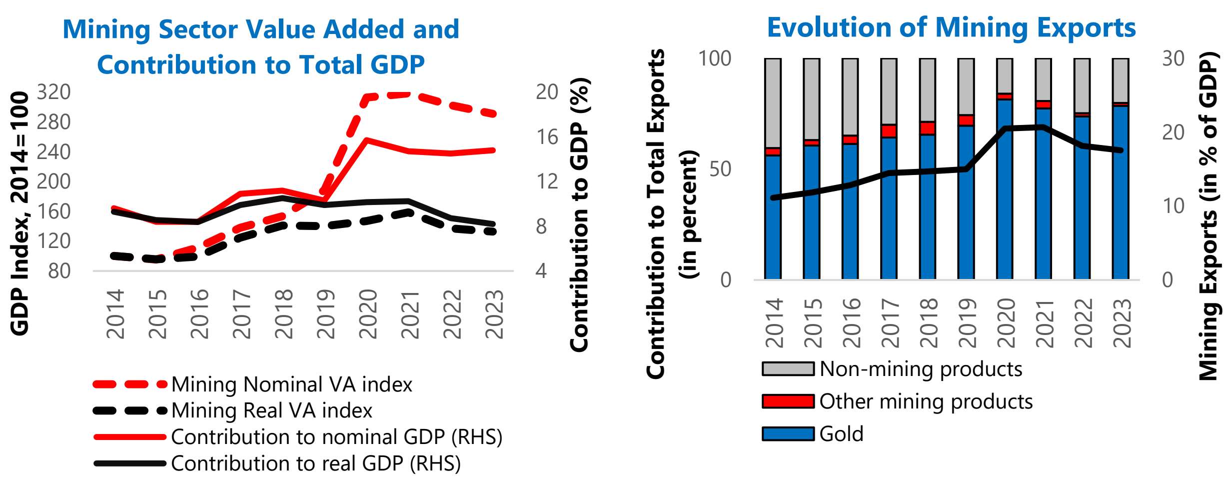
6. The bifurcation of the bond market can have important risks. First, if public banks increase their exposure to their own sovereign at lower rates than regional lenders, credit markets get distorted, and yields may not reflect the underlying risks appropriately. Second, a stronger sovereign-bank nexus could lead to a higher concentration of credit risks. Finally, it may cause higher liquidity risk in case of shocks in conjuncture with the underdevelopment of secondary markets for government securities.

7. A continued commitment to WAEMU and debt sustainability could lower borrowing costs while market-based bond markets would limit financial stability risks. Lower borrowing costs would free up fiscal space for priority expenditures, while undistorted bond market would provide governments with correct market signals and incentives. Avoiding fiscal dominance would also create space for credit to the private sector—an essential element for sustained growth.

Annex III. Burkina Faso: 2024 Mining Code Reform—Implications for the Burkinabè Mining Sector[1]

1. The mining sector is of strategic importance to Burkina Faso's economy. Dominated by gold mining, its share in nominal GDP has steadily increased since 2013 and accounted for 16.1 percent of nominal GDP in 2022, representing 75.2 percent of total exports (Figure 1). It is a major source of government revenue, providing about 23.6 percent of total government revenue in 2022, of which tax revenues accounted for about two thirds, with the remainder mostly revenues from royalties (Figure 2).[2]

Figure 1. Contribution of the Mining Sector to the Economy and Government Revenues, 2014–2023



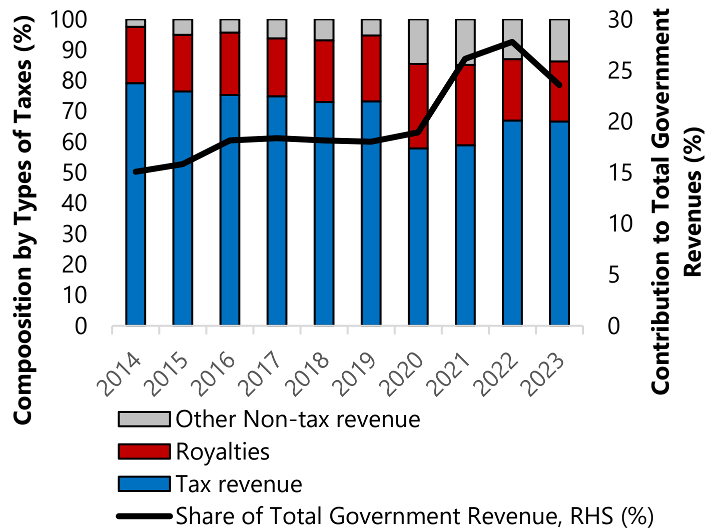
2. Extractive activities are governed by a mining code setting the general framework, which is operationalized through decrees and ministerial orders. Mining activity used to be primarily governed by the 2015 Mining Code, supplemented by a series of decrees and orders. Decree No. 2017-0035 established a standard mining convention, and decree No. 2017-0023 determined mining taxes and royalties. The latter was updated on October 27, 2023, by decree No. 2023-1454.

3. The authorities have adopted a new mining code in 2024, aiming to increase state participation and mining taxation.[3] Key changes in the 2024 Mining Code include:

[1] Prepared by William Gbohoui. The analysis partially draws on FAD TA on a previous version of the mining code.
[2] Tableau de bord 2022 des mines et carrières, Ministère de l'Énergie, des Mines et des Carrières, August 2023.
[3] Loi N°016-2024/ALT portant code minier dur Burkina Faso.

- *Increased State Participation:* the free participation of the state's share increases from 10 percent to 15 percent with state dividends keeping the status of preferred dividends.[4]

Figure 2. Government Revenue from the Mining Sector



- *Increased Mining Royalties:* royalties rise to 6 percent when the gold price is between US$1,500 and 1,700 per ounce, to 6.5 percent when the price is between US$1,700 and 2,000 per ounce, and 7 percent when it exceeds US$2,000 per ounce. Previously, the progressive rate was limited to 3 percent for prices below US$1,000 per ounce, 4 percent for prices between US$1,000 and 1,300 per ounce, and 5 percent for prices above US$1,300 per ounce.[5] The royalty rate was not changed for prices below US$1,500 per ounce.

4. **The changes to the fiscal regime appear consistent with WAEMU wide regulations.** The increase in the free state participation is consistent with the 2023 WAEMU-wide mining code. According to WAEMU regulations, the granting of industrial mining permits should entitle the member state to a priority dividend participation of 10 percent to 15 percent, free of charge, for the entire life of the mine and this participation cannot be diluted by any increases in the capital share.[6]

5. **With the new mining code, Burkina Faso's fiscal regime is at the higher end of effective mining taxation across comparable Sub-Saharan countries** (Table 1). The one-percent levy for the development fund is de facto a royalty for investors and increases the effective royalty rate to 8 percent for gold prices above US$2,000 per ounce. Given current gold prices, the royalties appear higher in Burkina than in comparable countries. The 6 percent overall royalty rate for gold prices between US$1,300 and 1,500 per ounce is also high compared to Cote d'Ivoire's, which used similar price brackets, as well as other countries that cap royalty rates to 5 percent. Moreover, the

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[4] Article 35 of "Règlement N°02/2023/CM/UEMOA portant code minier communautaire." The preferred dividends status implies that dividends are paid out to the State before any other allocation of distributable profits, including dividends to other shareholders. Distributable profits are defined as current year profits reduced by previous losses and provisions for legal reserves and increased by retained earnings carried forward (Article 67 of the 2024 mining code ("Loi N°016-2024/ALT portant code minier dur Burkina Faso").

[5]Décret N°2023 – 1454 portant modification du décret n°2017-0023 du 23 janvier 2017 portant fixation des taxes et redevances minières.

[6] Règlement N°02/2023/CM/UEMOA portant code minier communautaire.

free state participation, though consistent with regional directives, is the highest among WAEMU countries. Only Botswana and Tanzania have similar free participation rates. The increased royalty rates combined with the high free state participation could reduce the attractiveness of Burkina Faso as a privileged mining investment destination.

6. **The impact of the increased tax rates on government revenue will likely be limited in the short term, in part due the stability clauses governing existing contracts.** Increases in royalty rates are immediately applicable to all mines and will impact state revenues positively in the short term as they are not subject to stability clauses (though historically royalties accounted for less than one third of government revenues from the sector). However, stability clauses in previous mining codes have fixed the state participation as well as the tax bases and rates for other government levies for the lifetime of existing contracts.[7] Hence, the increased state participation and other reductions in tax incentives will likely only apply to new contracts, and impacts on government revenues will only materialize in the long run.[8] The weak historical performance of dividends in the mining sector in Burkina Faso suggests that, in the absence of bold revenue administration reforms, revenue yields from the higher state participation could be limited due to low compliance and tax avoidance.

7. **An effective implementation of the new fiscal regime combined with efforts to strengthen compliance could help enhance government revenue from the mining sector.** Improving institutional capacity, strengthening collaboration between all departments involved (Ministry of Mining, General Directorate of Treasury, Customs, General Directorate of Tax, BCEAO, banks) combined with monitoring efforts to limit tax optimization on transfer prices and base erosion techniques would help maximize government revenues from the mining sector. Ensuring acceptability of the new fiscal regime, including through consultations with mining companies, will ease its effective implementation and improve compliance. A close monitoring in collaboration with the BCEAO to improve compliance with the WAEMU-wide obligations to repatriate sales proceeds, could also help limit tax evasion. An effective application of the VAT credit mechanism that reduces delays in effective refund payment reimbursements will also incentivize compliance. Ultimately, however, security conditions will be a critical pre-requisite to attract and retain investors in the mining sector.

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[7] For example, the 2015 mining code (Loi N°036-2015/CNT portant code minier du Burkina Faso) stipulates that the fiscal regime, including the rate and the tax base, is guaranteed for the lifetime of the mining permits and changes to the tax or customs code that would result in higher tax burden are not applicable to the permit holder during this time period (Articles 169 and 170).

[8] The authorities are contemplating to renegotiate existing contracts, but the details on the clauses that will be changed are not available yet.

Table 1. Burkina Faso: Royalty Rates and State Participation in Selected Countries in Sub-Saharan Africa			
Countries	**Royalty Rates**	**Contribution to Development Fund** (in % of Gross value unless otherwise noted)	**State Participation**
Burkina Faso	% of Gross value <= US$1000: 3% <= US$1300: 4% <= US$1500: 5% <= US$1700: 6% <=US$2000: 6.5% >US$2000: 7%	1% Mining Fund for Development 1% Community Solidarity contribution 0.5% ECOWAS Community contribution	15% Free participation + 30% minimum additional non-free subscription rights for the state and/or national private sector
Botswana	5.00% of Gross value		15% Free Participation
DRC	3.50% of Gross value		10% Free Participation
Côte d'Ivoire	% of Gross value <= US$1000: 3% <= US$1300: 3.50% <= US$1600: 4% <= US$2000: 5% > US$2000: 6%	0.5% Net value 1% Community Solidarity contribution 0.5% ECOWAS Community contribution	10% Free participation 15% Additional participation through negotiation
Ghana	5.00% of Gross value	5% profits before Tax: Stabilization Fund	10% Free Participation
Mali	5.00% of Gross value	1% Community Solidarity contribution 0.5% ECOWAS Community contribution	10% Free participation 10% additional participation through negotiation
Senegal	2% of Gross value +5% of net value (FOB price)	1% Community Solidarity contribution 0.5% ECOWAS Community contribution	10% Free participation 25% Additional participation through negotiation
Source: National Mining Code, FAD Technical Assistance Report on Burkina Faso Mining Code 2024			

Annex IV. Burkina Faso: Risk Assessment Matrix[1]

Source of risks	Likelihood	Expected impact if realized	Possible policy response
External			
Intensification of regional conflicts	**High**	**High**	
Escalation or spread of the conflict in Gaza and Israel, Russia's war in Ukraine, and/or other regional conflicts or terrorism disrupt trade (e.g., energy, food, tourism, supply chains), remittances, FDI and financial flows, payment systems, and increase refugee flows.		Higher food, fertilizer and energy prices, subsidies spending and deterioration of the fiscal balance.	Create fiscal space; re-prioritize spending to address food insecurity; seek budget support and concessional financing.
Commodity price volatility	**High**	**High**	
A succession of supply disruptions (e.g., due to conflicts, export restrictions, OPEC+ decisions) and demand fluctuations causes recurrent commodity price volatility, external and fiscal pressures in EMDEs, cross-border spillovers, and social and economic instability.		Higher oil prices deteriorate the fiscal balance if fuel subsidies are maintained.	Activate the fuel price mechanism to reduce subsidies to preserve fiscal space. Pursue energy sector reforms.
Deepening geoeconomic fragmentation	**High**	**High**	
Broader conflicts, inward-oriented policies, and weakened international cooperation result in a less efficient configuration of trade and FDI, supply disruptions, protectionism, policy uncertainty, technological and payments systems fragmentation, rising shipping and input costs, financial instability, a fracturing of international monetary system, and lower growth.		Challenges for export diversification, higher import prices if global supply is disrupted and lower FDI.	Implement reforms to improve competitiveness; diversify exports; pursue efforts to promote regional trade.
Extreme climate events	**High**	**High**	
Extreme climate events driven by rising temperatures cause loss of human lives, severe damage to infrastructure, supply disruptions, lower growth, and financial instability.		Lower agricultural output and exports; food insecurity and rising energy prices; rising poverty and internally displaced people.	Re-prioritize spending to address food emergency; seek concessional financing to invest in infrastructure to enhance resilience to climate-related shocks.

[1] The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path. The relative likelihood is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly. The conjunctural shocks and scenarios highlight risks that may materialize over a shorter horizon (between 12 to 18 months) given the current baseline. Structural risks are those that are likely to remain salient over a longer horizon.

Source of risks	Likelihood	Expected impact if realized	Possible policy response
Domestic			
Security disruptions	**High**	**High**	
Intensification of terrorist attacks generates social discontent and political instability.		Adverse impact on activity, revenues and FDI; risk of higher fiscal deficits and financing needs	Re-prioritize spending to address social emergencies; implement social and financial inclusion; seek support from the international community.
Spending pressures	**High**	**High**	
Pressures for higher spending on wages, energy subsidies and security.		Crowding out of investment spending; pressures on fiscal deficit targets and prices.	Contain the wage bill; reform energy subsidies; intensify efforts to mobilize revenues.
Rollover and interest rate risks	**Medium**	**High**	
Higher interest rates, lack of regional bond market access		Pressures on fiscal deficit targets and prices. Possible accumulation of domestic arrears.	Accelerate fiscal adjustment, prioritize spending, seek concessional financial support from bilateral/multilateral partners.
WAEMU exit	**Low**	**High**	
A deliberate exit could cause financing challenges and macroeconomic policy turmoil		Adverse impact on activity, revenues and FDI; risk of higher fiscal deficits and financing needs; loss of access to regional bank financing.	Clear communication of a continued commitment to WAEMU.
Insufficient revenue collection	**Medium**	**High**	
Delays in revenue mobilization.		Reduced fiscal space and risk of higher fiscal deficits and financing needs.	Pursue tax policy reforms, optimize current spending, and re-prioritize public investment.
Loss of public trust in reforms	**Medium**	**High**	
Reforms lead to social discontent and political instability		Reduced fiscal space and risk of higher fiscal deficits and financing needs.	Clear communication and early engagement in fostering public trust in reforms.

Appendix I. Letter of Intent

Ouagadougou, December 5, 2024

Ms. Kristalina Georgieva

Managing Director

International Monetary Fund

700 19th Street NW, Washington D.C., 20431

Dear Madam Managing Director:

The attached Memorandum of Economic and Financial Policies (MEFP) reports on economic developments, the implementation of our program, and the structural reforms we plan to pursue. The program is intended to (i) create fiscal space for priority spending and reduce debt vulnerability; (ii) strengthen resilience to shocks while reducing poverty and inequality; and (iii) improve fiscal discipline and governance. The reforms build on the agenda envisioned in our Stabilization and Development Action Plan for 2023-2025 to promote more inclusive macroeconomic growth, generating more jobs with higher productivity, including through investment in human and physical capital.

The program's performance has been satisfactory despite the security and humanitarian crisis. The security situation remains challenging, and extreme weather conditions have exacerbated the impact of various shocks on economic activity. We are stepping up our efforts to address insecurity, which has had a negative impact on mining, agriculture, and other economic activities. In this context, the establishment of the Patriotic Support Fund (PSF) has been an essential part of our response to restore security in the affected regions.

All of the program's quantitative indicators were met at end-June 2024, with the exception of the accumulation of domestic arrears. The government is committed to implementing a plan to clear these arrears. Revenue collection, reflecting the impact of the recovery of tax and duty arrears, helped to reduce the primary deficit and keep it below the program target. Current expenditures, including the wage bill, were in line with program projections. The floor for social spending has been exceeded by a considerable margin.

Most of the structural benchmarks have been met. The three continuous benchmarks have been observed. As for the four measures with a deadline of end-June 2024, the government-SONABHY and government-SONABEL performance contracts were adopted by the Council of Ministers in June 2024 and October 2024, respectively. The tripartite memorandum of understanding among the government, SONABEL, and SONABHY was signed with delay. The full achievement of this benchmark, taken as a **prior action for the conclusion of the second review, was completed on December 3, 2024.** Regarding the structural benchmark of publishing the audit of all the government's arrears and floating debts, the final audit report was published on the website of the Ministry of Economy and Finance in November 2024. We are committed to putting in place a plan to clear arrears by end-December 2024 (structural benchmark for December 2024).

We are committed to strengthening governance and fiscal transparency. New structural benchmarks have been introduced to emphasize this commitment:

a) We will publish the report on the Governance Diagnostic Assessment (GDA) conducted by the IMF technical assistance mission and develop an action plan for implementation of its recommendations within a maximum of six months following receipt of the final report.

b) The Supreme State Audit and Anti-Corruption Authority (ASCE-LC) will audit the five largest public procurement contracts, outside the defense and security sectors, to assess their legality and value for money. The audit report will be shared with IMF staff by end-June 2025 at the latest.

c) We will develop a detailed action plan, with a timetable for implementing the recommendations of this public procurement audit, by end-August 2025 at the latest.

d) We undertake to share with IMF staff on a quarterly basis an exhaustive list of treasury deposit accounts with their balances, as well as the government's net position, as standard annexes to the Table of Government Financial Operations (TOFE) starting at end-June 2025. We are committed to sharing the exhaustive list of Treasury Deposit Accounts as of March 2025, including their balances and the government's net position, well in advance of the third review (by end-June 2025 at the latest).

In addition, we make every effort to ensure the regular and timely publication of the annual public reports of the Auditor's Office, which should also reflect monitoring of the implementation of previous recommendations, and to step up anti-money laundering and combating the financing of terrorism (AML/CFT) efforts.

The objective of our tax policy remains to free up space for priority spending. In this context, we adopt a new strategic plan for revenue mobilization for the period 2024-27, based on the 2021 self-assessment (structural benchmark for December 2024). We will stay the course on controlling the wage bill and we will present to IMF staff annual reconciliations between personnel and payroll records (structural benchmarks for December 2024). Finally, we commit to not impose or intensify import restrictions for balance of payments reasons. We also remain committed to Burkina Faso's membership in the West African Economic and Monetary Union (WAEMU).

We express our appreciation to the IMF Executive Board for the support under the Food Shock Window, which has helped mitigate the extreme vulnerability of the targeted populations. The Supreme State Audit and Anti-Corruption Authority found in its assessment that implementation of the program through the various social safety nets was satisfactory and contributed to reducing the suffering of the vulnerable groups targeted. We have shared a closing note with IMF staff at end-November 2024.

Reforms to build resilience to shocks related to climate change. We are dedicated to developing comprehensive reforms. We have requested missions on the Climate Policy Diagnostic (CPD) and a mission on the Climate Public Investment Management Assessment (C-PIMA) with a view to possible access to the Resilience and Sustainability Trust (RST).

To support our efforts in a challenging environment, we request the completion of the second review of the arrangement under the IMF's Extended Credit Facility, the setting of the quantitative targets and structural benchmarks for the fourth review, the completion of the financing assurances review, and the disbursement of the third tranche in an amount equivalent to SDR 24.08 million. We believe that the policies described in the attached MEFP are adequate to achieve the program's objectives in future reviews. We stand ready to take additional measures should they be needed to meet the objectives of the economic program, and we will consult with the IMF in advance of any necessary revisions to the policies contained in this letter and attached memorandum, in line with Fund policies on such matters. We also undertake to improve the timetable for providing IMF staff with all the data and information needed to assess the results of implementing these policies, in particular those mentioned in the Technical Memorandum of Understanding.

We accept the publication of this Letter of Intent, the attached Memorandum of Economic and Financial Policies and Technical Memorandum of Understanding, and the Staff Report on the Second Review of the 48-Month Arrangement under the Extended Credit Facility and Financing Assurances Review, following approval by the IMF's Executive Board.

Sincerely yours,

/s/

Aboubakar Nacanabo

Minister of Economy and Finance

Attachments (2)

Memorandum of Economic and Financial Policies

Technical Memorandum of Understanding

Attachment I. Memorandum of Economic and Financial Policies

I. INTRODUCTION

1. The Memorandum of Economic and Financial Policies (MEFP) updates data on the implementation of Burkina Faso's economic and financial program agreed with the International Monetary Fund under the Extended Credit Facility (ECF) for the period 2023-2027.

2. This economic and financial program is organized around three main pillars, which are: (i) creating fiscal space for priority spending and reducing debt vulnerabilities; (ii) strengthening resilience to shocks while reducing poverty and in equality; (iii) strengthening fiscal discipline, governance, and anti-money laundering and combating the financing of terrorism (AML/CFT).

3. This memorandum describes recent trends in the Burkinabè economy and reports on performance under the program as of end-June 2024. It also presents the main directions for the rest of 2024 and projections for 2025.

II. RECENT ECONOMIC DEVELOPMENTS AND PROGRAM IMPLEMENTATION

A. Recent Developments in the Macroeconomic Framework in 2024

4. Economic activity in 2024 is taking place in an international environment marked by the Russian-Ukrainian crisis, geostrategic tensions, and the socio-political situation in the West African subregion, including the exit of Burkina Faso, Mali, and Niger from the Economic Community of West African States (ECOWAS) and the creation of the Alliance of Sahel States confederation. At the national level, the context is characterized by a challenging security situation, a socio–political environment shaped by transition, the dynamics of a reconquest of the territory, and the prospect of a favorable agricultural season. Thus, economic activity in 2024 is expected to be resilient, posting a growth rate of 4.2 percent after 3.0 percent in 2023.

5. Inflation is accelerating due to a rise in regional food prices. In September 2024, the inflation rate was 6.1 percent compared to September 2023. The rise in inflation is driven by a 10.6 percent increase in food prices in September 2024 compared to September 2023. This recent inflationary surge is mitigated by the sharp deceleration observed toward the end of 2023, so that on an annual average basis, inflation at end-September 2024 stood at 3.0 percent compared to 3.7 percent in the same period in 2023. The government has taken steps to limit the full impact of price rises on imported products and to secure supplies. The Central Bank of West African States (BCEAO) has kept key rates constant since the beginning of the year.

6. Current external transactions at end-June 2024 resulted in a deficit of CFAF 201.3 billion, compared to a deficit of CFAF 367.2 billion in the same period in 2023, representing an improvement of 45.2 percent. This improvement in the current account balance at end-June 2024 is attributable to strong growth in exports, which grew by 15.7 percent compared to the level reached in the same period in 2023, driven by an increase in the value of shipments of gold (+CFAF 228.1 billion), cotton (+CFAF 42.4 billion), and shea nuts (+CFAF 10.6 billion). As for imports, despite the decline in the acquisition of intermediate goods (-CFAF 92.3 billion), they grew at a slower pace (+4.8 percent), driven mainly by purchases of petroleum products (+CFAF 171.9 billion).

7. The money supply is continuing its consolidation in 2024, standing at CFAF 5,928.5 billion at end-June 2024, up 6.8 percent compared to its level on December 31, 2023. This growth is driven by an increase in Net External Assets of CFAF 477.1 billion and an increase in domestic claims of CFAF 37.8 billion, and offset by an increase in non-monetary liabilities of CFAF 33.9 billion.

8. In terms of public finances, the execution of the 2024 budget is being carried out in an environment marked by a tightening of monetary policy by central banks at the global level and the continuation of efforts to reconquer the entire national territory.

- **In terms of resource mobilization**, the continued implementation of actions and reforms by revenue authorities is helping to strengthen the mobilization of domestic resources, in a context characterized by a tightening of financial conditions on the regional and international financial markets and a scarcity of budgetary support. The mobilization of total revenues and grants, including resources from the Patriotic Support Fund, stood at CFAF 1,511.8 billion at end-June 2024 compared to CFAF 1,361.4 billion in 2023, an increase of 11.0 percent. This performance is explained by an increase in tax revenue collections by 17.5 percent and non-tax revenues by 30.2 percent, through measures such as: (i) the obligation to withhold VAT; (ii) the launching of the "eDouane" customs platform; (iii) the strengthening of the interconnection between the information systems of the General Tax Directorate (DGI) and the General Customs Directorate (DGD); and (iv) an increase in payments from the Electronic Communications and Postal Regulatory Authority and mining revenues.

- **In terms of expenditure**, priority is given to the defense and security of the national territory and the response to the social and humanitarian crisis, combined with optimization of government expenses. Total expenditure and net lending stood at CFAF 1,842.0 billion at end-June 2024 compared to CFAF 1,768.1 billion at end-June 2023, representing an increase of 4.2 percent. This increase is attributable to an increase in current expenditure and net lending, with capital expenditure falling by CFAF 30.7 billion (-4.4 percent).

- At end-June 2024, **the overall balance on a commitment basis** showed a deficit of CFAF 330.3 billion compared to a deficit of CFAF 406.8 billion in the same period in 2023, representing an improvement of CFAF 76.5 billion.

9. As part of the effort to keep the wage bill under control, an audit of the payroll file of employees registered in the personnel and payroll system (SIGASPE) made it possible at end-May 2024 to recover revenues in the amount of CFAF 2.03 billion on an adjusted stock of improperly received salary payments of CFAF 6.76 billion, representing a recovery rate of 30.08

percent. In addition, it saved CFAF 5.24 billion on the salary expense paid over the period from January to end-May 2024 (fiscal year 2024), as gross remuneration would have increased by this amount if the adjustments made to remuneration components and salary suspensions had not been made.

10. In terms of public debt, the government is pursuing its debt policy in accordance with sustainability indicators and ratios. Outstanding public debt stood at CFAF 7,354.7 billion as of June 30, 2024, compared to CFAF 6,984.0 billion as of December 31, 2023, representing an increase of 5.3 percent. Public debt service as of June 30, 2024, amounted to CFAF 501.1 billion, remaining almost stable compared to the same period in 2023 (-CFAF 0.4 billion). The ratio of "external debt service to budget revenues" stood at 6.4 percent at end-June 2024 with a maximum threshold of 18 percent.

11. The application of the hydrocarbon price readjustment mechanism in Burkina Faso remained limited in 2024. As of June 30, 2024, there were reversed subsidies (*plus value*) of CFAF 17.4 billion, compared to subsidies (*moins-value*) of CFAF 55.1 billion in the same period in 2023. This improvement is attributable to the freezing of prices at the pump since February 2023, despite the relative decline in the prices of petroleum products on the international market. If all prices at the pump remain as they are, trends show that reversed subsidies at end-2024 could reach about CFAF 55 billion. Subsidies on butane gas and to SONABEL at end-June 2024 reached CFAF 32.6 billion and CFAF 26.1 billion, respectively, for a total payment of CFAF 58.7 billion.

12. Efforts have been made to control hydrocarbon subsidies in the country. They are mainly focused on improving regulations to better reach beneficiaries. The aim is to exclude from the scope of the subsidy certain players who use hydrocarbons for profit-making activities. New provisions have been introduced in the decrees concerning the pricing and use of hydrocarbons to channel subsidies more effectively towards the targets. For example, an article has been introduced in the decrees setting the prices of butane gas to better channel the use of subsidies to households. These actions should eventually make it possible to significantly reduce the volume of subsidies. The full impact of these new measures is expected to be felt in 2025.

13. A total of CFAF 105.5 billion was paid in VAT refunds, and the Special Allocation Account showed a credit balance of CFAF 7.8 billion on June 30, 2024. The outstanding stock is 59 tax-free certificates worth a total of CFAF 35.2 billion on June 30, 2024. This amount is made up of 13 certificates that are less than 90 days old (CFAF 9.2 billion) and 46 certificates that are more than 90 days old (CFAF 25.9 billion).

14. With regard to land management, the authorization of transfers after the deadline for the development of bare land for residential and non-residential use is renewed for the year 2024. Thus, the DGI's collections in transfer taxes at end-June 2024 amounted to CFAF 5.75 billion compared to CFAF 3.26 billion in the same period in 2023, which represents an increase of 76.3 percent. As regards the clearance of land liabilities, as of June 30, 2024, some 312,096 cadastral entries have been digitized, 82,417 owners have been identified and entered in eCadastre, and 234,628 parcels have been assessed.

15. Implementation of public-private partnership (PPP) contracts. As of June 30, 2024, these represented a cumulative amount of CFAF 22.19 billion, consisting of a PPP contract for the construction of the Workers' Health Office clinic and a contract for the construction and maintenance of a system for the issuance of biometric polycarbonate passports equipped with electronic chips (e-PASSPORT) and electronic archiving of files.

B. Program Implementation

16. Implementation of the program remains satisfactory, despite the persistence of the security and humanitarian crisis. Most of the structural benchmarks and quantitative criteria were met at end-June 2024 (Table 1).

- Regarding the quantitative performance criteria, all six (6) were met (see table of criteria in the annex).
- As regards the indicative targets, they have all been met or exceeded, with the exception of the accumulation of arrears. There was an accumulation of domestic arrears of CFAF 52.06 billion at end-June 2024, compared to zero arrears at the beginning of the program. The government has committed to putting in place an arrears clearance plan by end-December 2024 (structural benchmark for the third review).
- Regarding structural benchmarks, twelve (12) reforms are to be implemented in 2024, including three (3) continuous, four (4) at end-June, and five (5) at end-December. All three (3) continuous benchmarks were fully met. As for the four (4) measures with a deadline of end-June 2024, the government-SONABHY and government-SONABEL plan contracts have been adopted by the Council of Ministers, however, the tripartite Government-SONABEL-SONABHY memorandum of understanding was signed with delay. The full achievement of this benchmark as **a prior action** for the conclusion of the second review was met on December 3, 2024**.**
- Regarding the measure to "**publish the audit of all of the government's arrears and floating debts**," the final report is available and has been posted on the website of the Ministry of Economy and Finance (MEF). As for the benchmarks with a deadline of end-December, they are in the process of being implemented.

C. Implementation of the National Development Policy

17. The National Development Policy is implemented through the Action Plan for Stabilization and Development, which is built around four pillars: (i) combating terrorism and restoring territorial integrity; (ii) responding to the humanitarian crisis; (iii) rebuilding the state and improving governance; and (iv) working towards national reconciliation and social cohesion. All these pillars contribute to the goal of poverty reduction. Some major gains have been made during the first half of 2024.

18. Regarding the **efforts to combat terrorism and restore territorial integrity**, actions were focused on strengthening the personnel and operational capacities of the Defense and Security Forces; the recruitment, training, and support of the Volunteers for the Defense of the Homeland; intensification of the fight against crime and organized crime; and cutting off the terrorists' sources of supply of all kinds of resources, in particular through the dismantling of informal channels for the sale of motorcycles and petroleum products. The large-scale operations launched by the Defense and Security Forces have made it possible to reconquer about 70 percent of the occupied territory.

19. Regarding the **response to the humanitarian crisis**, convincing results have been recorded with support for the voluntary return of 795,394 internally displaced persons to their areas of origin with food assistance and 72,883 beneficiary households receiving essential household items. As part of the roll-out of the Single Social Registry (RSU), the pilot phase involved the Center-East and Center-West regions. It has made it possible to register 215,817 poor and vulnerable households in the RSU database. The beginning of the Phase at Scale (Year 1 scale) involved eleven (11) urban municipalities and their attached villages in 11 provinces representing seven (7) regions. This phase also resulted in the registration of 61,403 poor and vulnerable households in the RSU database. At end-June 2024, the RSU registered a total of 277,220 poor and vulnerable households out of the 1,742,463 nationally, representing a gross rate of 19.5 percent.

20. With regard to the **rebuilding of the state and the improvement of governance,** the achievements concern, among other things, improvement of the functioning of the courts, the adoption of a decree implementing the law on the Universal Health Insurance System, and the adoption of a national strategy to combat fraud in the sale of gold and the construction of a mining tailings treatment unit.

21. Under the **national reconciliation and social cohesion** process, the major results relate to, among other things, implementation of the government communication strategy in times of crisis and the socio-economic integration of young people and women at risk of falling into violent extremism, the processing of 224 cases pending before the courts, 45 of which were being handled by the economic and financial divisions, and the trying of 33 cases involving 45 alleged terrorists, as well as the organization of 13 mobile courts and 5 criminal hearings.

III. MACROECONOMIC POLICY FOR THE REST OF 2024 AND FOR 2025

III.1 MACROECONOMIC POLICY FOR THE REST OF 2024

A. Macroeconomic Framework

22. In 2024, economic activity should see a recovery in the pace of its growth, with a real GDP growth rate at around 4.2 percent, compared with 3.0 percent in 2023. Economic growth in 2024 is expected to be driven by the tertiary (+6.0 percent), primary (+4.0 percent), and secondary (+2.9 percent) sectors.

23. As for inflation, for the whole of 2024, it is expected to be 3.6 percentage points, up 2.9 percentage points compared to 2023.

24. In 2024, foreign trade is expected to be marked by stabilization of the exchange rate of the dollar, a slight rise in the price of a barrel of oil, a rise in the price of gold, and a decline in the price of cotton lint. The balance of goods is expected to show a surplus of CFAF 265.0 billion, an improvement of CFAF 321.7 billion compared with 2023, thanks to a 9.0 percent increase in exports, combined with a 1.0 percent decrease in imports. With the expected strength of domestic activity, the current account deficit is expected to narrow to 0.7 percent of GDP from 3.3 percent in 2023. The capital account surplus is expected to decline, and net capital outflows from the financial account are expected to increase. On the whole, the overall balance of payments is expected to remain in deficit in 2024 at CFAF 227.9 billion, or 1.7 percent of GDP, representing an improvement of 1.1 percentage points year-on-year.

B. Fiscal Policy

25. The government will continue the policy of optimizing expenses and consolidating reforms and actions to mobilize internal resources. Looking ahead, for 2024 as a whole, the borrowing requirement is expected to fall by 1.8 percentage points to 4.9 percent of GDP, from 6.7 percent in 2023.

26. At end-December 2024, revenues are projected to increase by 13.2 percent, to CFAF 3,051.2 billion (or 23.2 percent of GDP) after reaching CFAF 2,694.8 billion in 2023. Thus, the tax burden rate would be 19.8 percent in 2024, an improvement of 1.8 percentage points compared to 2023. Expenditure execution is expected to increase by 5.0 percent at end-December 2024 compared to 2023, to reach CFAF 3,702.3 billion, or 28.1 percent of GDP. This increase would be driven by a rise in capital expenditure on domestic financing, including the acquisition of an aircraft for CFAF 8.0 billion to strengthen Air Burkina's fleet as part of a recovery plan, pending the identification of private partners to take a stake in the company's share capital, or a full takeover, depending on which option is chosen. The purchase of two mines (SEMAFO Boungou and WAGNION) for the amount of CFAF 36.0 billion is to ensure the continuity of their operation. Current expenditure as a proportion of total expenditure is expected to fall by 1.7 percentage points to 62.5 percent.

C. Debt Policy

27. For the end of 2024, based on planned disbursements and repayments, the total outstanding public debt is projected at CFAF 7,763.9 billion, up 11.2 percent compared to the end of 2023. In relation to GDP, this outstanding amount would represent 58.9 percent in 2024, compared to 56.4 percent in 2023, a deterioration of 2.5 percentage points. Public debt service is expected to stand at CFAF 1,507.7 billion, compared to CFAF 1,221.1 billion in 2023, an increase of 23.6 percent.

As for the ratio of "external debt service to budget revenues," it is expected to stand at 12.2 percent at end-December 2024. The public securities issuance program will continue in order to partially cover the financing requirement and it is expected to raise CFAF 1,132.35 billion.

III.2 MACROECONOMIC POLICY FOR 2025

28. Economic activity is expected to remain strong in 2025, assuming an easing of geostrategic tensions, particularly the Russian-Ukrainian crisis, a stronger foothold for the Alliance of Sahel States confederation, an improved national security situation, continued implementation of the Action Plan for Stabilization and Development, a peaceful socio-political climate, and favorable rainfall.

A. Macroeconomic Framework

29. Economic growth of 4.3 percent is expected in 2025, compared to 4.2 percent in 2024. All of the sectors are expected to contribute to this growth: the primary sector (+4.0 percent), the tertiary sector (+5.9 percent), and the secondary sector (+3.0 percent).

30. Average annual inflation is expected to slow to 3.0 percent in 2025 under the assumption of a good agricultural season, a slowdown in regional food prices, the continuation of government measures to combat the high cost of living, and the easing of geopolitical tensions. Over the entire period 2025-2027, inflation is expected to remain below the community standard of no more than 3 percent.

31. In 2025, foreign trade is expected to take place in a favorable context marked by a rise in the prices of the main exported raw materials, a decline in the price of a barrel of oil, and stability of the dollar's exchange rate. The main foreign trade balances are expected to improve. The current account balance is expected to post a surplus of CFAF 121.4 billion and represent 0.8 percent of GDP compared to -0.7 percent in 2024. The overall deficit is also expected to narrow to 1.5 percent of GDP, after a deficit of 1.7 percent of GDP in 2024.

B. Fiscal Policy

32. The fiscal policy for the period is in line with the 2025-2027 Multi-Year Budget and Economic Programming Document and the guidelines for better execution of the state budget for fiscal year 2025, adopted by the Council of Ministers and disseminated by a circular of the Prime Minister. Strategic choices continue to be based on increasing the proportion of budget expenditure covered by internal revenues and the use of other forms of financing, in particular the subregional financial market and public-private partnerships.

33. With regard to mobilizing internal resources, the aim will be to continue modernizing procedures at the level of revenue authorities in order to optimize tax yields, on the one hand, and to complete reforms aimed at substantially increasing the tax base, on the other.

34. In terms of mobilizing external resources, the assumption of a relaxation of financial conditions, compliance with commitments made to the IMF and other partners, access to the various climate funds, and recourse to the regional financial market would give new impetus to the mobilization of additional resources. Cooperation with technical and financial partners will continue and be strengthened.

35. In 2025, revenue and expenditure would represent 19.8 percent and 22.8 percent of GDP, respectively, leading to a financing requirement of 3.7 percent of GDP. Revenues would amount to CFAF 3,129.8 billion after a figure of CFAF 3,046.1 billion in the LFR 2024, an increase of 2.7 percent. This increase would be due to tax revenues and donations.

36. On the revenue side: the reforms initiated in previous years would continue and be reinforced by: (i) broadening the tax base by consolidating the new breakdown of businesses and strengthening tax auditing; (ii) clearing the stock of outstanding debts; (iii) the systematic cross-checking of information on taxpayers' returns between the DGI and DGD, based on the taxpayer's unique identifier; (iv) combating fraud in all its forms; (v) pursuing administrative collection operations; and (vi) pursuing the computerization and digitization of tax procedures and services.

37. As for expenditure, it would stand at CFAF 3,593.9 billion after a figure of CFAF 3,955.6 billion in the LFR 2024.

38. Expenditure reforms would be geared towards optimizing the administration's current expenses, with a view to generating savings that would be allocated to investment. These major actions include: (i) improved management of the government's real estate assets through the optimal management of administrative leases and the inclusion of real estate strategy guidelines in all construction projects; (ii) optimizing the management of the government's motor vehicle fleet; and (iii) continued efficiency gains in electricity, water, and telephone use through the termination of meters and telephone lines that are inactive or used by government-related businesses, and the adjustment of electricity consumption capacities for the government

39. With regard to controlling the wage bill, the government intends to: (i) continue its efforts to control staff numbers through the continuation and consolidation of the biometric enrollment of civil servants registered with SIGASPE; (ii) complete the SIGASPE audit in order to assess the operational status of the application's various modules and the accuracy of the statements and reports it generates, with a view to streamlining the administrative and salary management of government personnel; (iii) set up an annual inspection of the payroll file in order to verify the actual service rendered and the regularity of remuneration components; (iv) develop a module for the automated monitoring of government employees, etc.

C. Debt Policy

40. The government intends to continue optimal management of its public debt through the implementation of the 2025-2027 debt strategy and strengthen the capacities of stakeholders in view of changes in the international financial environment for a better appreciation of new financing possibilities. As for public debt, the outstanding amount is expected to increase by 18.9 percent and reach CFAF 9,776.01 billion in 2025. The debt-to-GDP ratio is expected to be 68.0 percent.

41. The Medium-Term Debt Strategy (MTDS) for 2025-2027 will enable the government to mobilize substantial financing to fund the country's economic and social development while contributing to the development of the regional financial market. The government's issuance policy for the period 2025-2027 will be geared towards reducing costs and extending the average maturity of the debt portfolio.

42. The main aims of the strategy can be summarized as follows: (i) maintain the use of concessional resources to finance the needs of the economy. External financing denominated in euros will be favored in view of the low exchange rate risk it presents; (ii) borrow non-concessional external resources denominated in euros to refinance the short part of the domestic debt and investments in the Action Plan for Stabilization and Development; and (iii) contribute to the development of the regional financial market through regular interventions.

43. As far as issues of treasury bills and bonds are concerned, despite the difficult market conditions currently prevailing, the government is making every effort to take advantage of the best possible options in terms of cost and maturity. At the same time, it recognizes the importance of strengthening the planning and monitoring of these operations in order to control the repayment schedule and the refinancing needs related to these operations.

III.3 OTHER STRUCTURAL REFORMS

A. Public Finance Reforms

44. As part of its efforts to monitor the status of payment institutions, the government will implement the recommendations arising from the audit of all the state's arrears and floating debts and will publish the results on the MEF website. An action plan and a clearance schedule will also be drawn up and will be monitored by the supervisory bodies. At the same time, the government will continue its efforts to improve cash management, planning, and transparency in order to avoid periods of tension and minimize the risk of further accumulation of payment arrears.

45. The government will continue the efforts undertaken to set up the **Treasury Single Account (TSA),** it will strengthen information systems, and it will continue its work to make the **Treasury Deposit Bank (BDT)** operational.

- **Regarding the TSA**, the final version of the draft agreement, after taking into account the observations concerning the TSA, was sent to the BCEAO for signature on Friday, September 20, 2024. The scope of the TSA will be broadened through the gradual integration of accounts of projects and programs and other public services by closing their accounts at commercial banks and through the repatriation of cash to the TSA. This expansion will be carried out by: (i) implementing the conclusions of the impact study of the closure of the accounts of projects and programs at banks (structural benchmark), conducted with the support of the

World Bank's Economic Governance and Citizen Engagement Project; and (ii) implementing the recommendations of the report to the Council of Ministers on the centralization of public funds. The closure of inactive agrarian and land reform (RAF) accounts will also be continued.

- **With regard to information systems** (digitization, remote procedures, etc.) for the Automated Interbank Clearing System (SICA) and the Real-Time Gross Settlement System (STAR) of the West African Economic and Monetary Union (WAEMU), configuration work will continue for the operationalization of public accountants' transaction accounts (Recipients (RAF) customs and taxes) to replace bank accounts; and for the cash deposit management system, it will be adapted to the relevant standards, taking into account e-banking.

- As for the **Treasury Deposit Bank**, it was created in 2023 by the decree on the organization of the MEF, in order to further improve the services offered to Treasury customers with deposits. Looking ahead, this will involve implementing an action plan to make the BDT's activities operational, by strengthening its human resources and communicating with the public to promote a better understanding of its missions. In organizational terms, the aim is to operationalize ministerial and institutional cash management systems and the activities of the BDT.

46. The government is committed to strengthening fiscal governance and transparency. To this end, it undertakes to publish the report of the diagnostic mission on governance and to further strengthen fiscal governance and transparency, as well as **the internal and external audit mechanisms for annual execution of the budget**, through new structural benchmarks. In this context, three new structural benchmarks are being added, which are to be observed as part of the fourth review under the program. These are:

- An audit by the Supreme State Audit and Anti-Corruption Authority (ASCE-LC) of the five largest public procurement contracts, outside the defense and security sectors, to assess their legality and value for money. To avoid the risk of concentration in a single ministry or sector, the ASCE-LC will ensure that the public contracts chosen are among the largest public contracts and cover at least two different ministries. The terms of reference will be agreed with the IMF by end-December 2024. The audit report will be shared with IMF staff by end-June 2025.

- A detailed action plan, with a timeline for implementing the recommendations of this public procurement audit, including the names of the institutions responsible for implementing the recommendations, will be adopted and shared with IMF staff by end-August 2025.

- A commitment to share with IMF staff (i) a comprehensive list of treasury deposit accounts with their balances and (ii) the government's net position, as standard annexes to the Table of Government Financial Operations (TOFE). This sharing will take place on a regular quarterly basis starting with end-June 2025 data (structural benchmark). We are committed to sharing the exhaustive list of Treasury Deposit Accounts as of March 2025, including their balances and the government's net position, well in advance of the third review (by end-June 2025 at the latest). The list of treasury deposit accounts must make it possible to identify those opened for the benefit of non-personalized government services. These annexes will provide a level of disaggregation at least as high as has been the practice in the past.

47. The government is committed to further promoting good governance in fiscal management. As a result, every effort will be made by the Auditor's Office to ensure regular and timely publication in accordance with the deadlines set forth in the Organic Law on Annual Public Reporting, also reflecting the follow-up on the implementation of previous recommendations and any proposed corrective actions, by end-November following the financial year at the latest. For the 2024 financial year, efforts will be made to have the annual public report, including the follow-up on the previous recommendations of the Auditor's Office, published by end-November 2025.

48. To strengthen fiscal governance practices, Burkina Faso will implement the recommendations of the Governance Diagnostic Assessment (GDA) report prepared by the IMF technical assistance mission. This interim report has not yet been received. In addition, the government has committed to publishing the final report of the assessment as soon as it is received and to developing its action plan (structural benchmark) within a maximum of six months from the date the report becomes available (June 2025 on the assumption that the final report will be available at end-December 2024).

B. Program Budget

49. The government will continue its actions to implement the reforms introduced by Organic Law No. 073/CNT of November 6, 2015, on Budget Laws (LOLF) through the program budget. Twenty-seven (27) major innovations have been selected. In terms of results, 15 innovations have been fully implemented (55 percent), 8 are in the process of being implemented (30 percent), and 4 are awaiting implementation (15 percent).

C. New Mining Code and Local Content

50. Several major innovations have been introduced by the revision of the mining code in order to revitalize and strengthen the sector to take advantage of dividend yields and the sector's potential. These innovations include: (i) the contribution of mining companies to the constitution of the national gold reserve; (ii) the creation of a Local Content Development Fund; (iii) the exclusion of individuals from the granting of exploration permits; (iv) a reduction in the duration of the exemption granted to mining companies for preparatory work prior to the initiation of mining operations at a deposit; etc.

51. The adoption of the law on local content will strengthen the gains made by the application of national preference through the 2015 mining code. This law provides more details on the local supply of goods and services, subcontracting and co-contracting, the development of national human capital, the promotion of research and development, the transfer of technology and know-how, the processing and local development of mining products, the promotion of domestic investors, and the establishment of a Support Fund for the Development of Local Content.

D. Agricultural Sector

52. In 2025, the government will continue to digitize procedures and improve the functionalities of the SYC@D integrated cadastral and domain management system. In this respect, new functionalities will be implemented, such as the application (eTitre) developed in 2024 for the online issuance of extracts from cadastral maps and titles. It will also continue to digitize parcels, identify owners, carry out cadastral valuations, and implement measures to optimize land-related tax revenues.

E. Strengthening Governance and Anti-Money Laundering and Combating the Financing of Terrorism

53. To continue to improve governance, the government will implement measures to improve cash management and fiscal transparency, including reporting, strengthen the independence of audit institutions, reduce corruption, and address critical challenges in anti-money laundering and combating the financing of terrorism (AML/CFT).

54. As part of the monitoring of the implementation of the International Co-operation Review Group (ICRG) action plan to remove Burkina Faso from the grey list, periodic monitoring reports are drawn up to note the progress made by the country. Burkina Faso has drawn up and submitted nine (9) monitoring reports, the ninth of which, sent to the evaluators on July 19, 2024, is still being reviewed. Following exchanges between Burkina Faso and the ICRG team, the last progress report was sent by the evaluators on September 30, 2024. Pending final validation by the Financial Action Task Force (FATF) plenary meeting in October 2024, this shows that of the eight (8) remaining actions, six (6) have been largely addressed, making a total of thirty-five (35) actions completed. All in all, at the end of the ninth cycle, the action plan completion rate was 94.6 percent, i.e., two actions out of the 37 planned had not yet been completed.

55. The two (2) remaining actions relate to the correction of weaknesses identified in the mechanism for the immediate implementation of targeted financial sanctions linked to the financing of terrorism and the proliferation of weapons of mass destruction. Looking ahead, Burkina Faso has set itself the target of completing the tenth evaluation cycle in February 2025, in order to fully address the two (2) remaining actions and move off the FATF grey list.

F. Strengthening Social Protection and Resilience to Shocks While Reducing Poverty and Inequality

56. The government is committed to continuing the implementation of the RSU over the next few years. For 2025, there are plans to register 470,087 poor and vulnerable households for the Year 2 Scale phase. This phase will cover a total of 989,523 poor and vulnerable households registered in the RSU database, which represents a national coverage rate of 65.2 percent in 30 urban municipalities in the 13 regions.

57. As part of improving the access of poor and vulnerable households to productive social safety nets at the national level, the government of Burkina Faso, through the Ministry of Humanitarian Action and National Solidarity, has initiated the National Support Program for the Empowerment of Poor and Vulnerable Households in Burkina Faso (PAMPV). This program, which will also finance the deployment of the RSU, is expected to strengthen the adaptive social protection system and increase access by poor and vulnerable households to productive social safety nets based on the RSU's deployment areas.

58. In addition, the government has a new vision for cash transfers. This vision is based on the fact that cash transfers have been replaced by economic inclusion measures and consumption support for the benefit of poor and vulnerable households, which are related, among other things, to the financing of production activities, household support for health and education expenditures, etc.

59. The implementation of an interoperability model for the RSU Technical Secretariat and the Permanent Secretariat of the National Council for Emergency Relief and Rehabilitation (CONASUR) databases is also underway. This system will provide the RSU Technical Secretariat with data on households and individuals registered with CONASUR according to the criteria of extreme vulnerability of shock victims and host populations.

60. As part of the "food shocks" program, the Supreme State Audit and Anti-Corruption Authority conducted an audit of cash transfers and other emergency food-related expenditure. It found that the operations have been satisfactory and have helped to reduce the extreme vulnerability of the target groups to some extent. The government has provided the IMF with a closing note at end-November 2024. This is why the audit report was produced for the year 2023, despite the initial timetable providing for a period of action up to March 2024. The government is committed to implementing the recommendations of the audit on cash transfers and other emergency food-related expenditure.

G. Reforms to Build Resilience to Climate Change Shocks

61. An annex identifying actions to mitigate the effects of climate change is attached to the budget and represents 15.01 percent of the payment appropriations of all ministries and institutions, equivalent to a figure of CFAF 465.61 billion. In this regard, Burkina Faso has submitted a request to the IMF's Fiscal Affairs Department for technical assistance in the area of climate tax policy, through a diagnostic assessment of climate mitigation and adaptation policies and climate fiscal frameworks. These diagnostic assessments will help design robust and transformative adaptation and mitigation measures in line with climate tax policy and strengthen institutions to support long-term resilience and develop a medium-term climate plan for our country. The Climate Policy Diagnostic (CPD) mission and the Climate Public Investment Management Assessment (C-PIMA) mission requested by our country will open preliminary discussions on possible access to the Resilience and Sustainability Trust (RST).

H. Energy Sector

62. One of our government's top priorities is to increase electricity production in order to avoid load shedding during the hot season and support growth in the years to come. As part of the strengthening of the energy sector, the government is committed to the peaceful use of atomic energy. In addition, a multidisciplinary committee responsible for monitoring the commitments has been established by decree.

63. Regarding the matter of interconnections, the government, through the National Electricity Authority, will continue its policy of interconnection with the neighboring countries of Ghana, Côte d'Ivoire, and Togo/Benin. The construction of the 330 kV North Core line is still underway.

I. Energy Policy for 2025 and the Medium Term

64. The energy sector strategy is in line with national and international objectives, including Burkina Faso's commitments at the international, regional, and subregional levels. Its vision is to ensure sustainable access to modern energy services that support sustainable development. To this end, the government has committed to developing a new strategy for the period 2025-2029, following an evaluation of the one that has just been completed in 2023.

65. With regard to the energy supply, the following measures will strengthen Burkina Faso's resilience in terms of the availability of electricity. These include: (i) the expansion of the Komsilga power plant by adding two units with a capacity of 50 MW each; (ii) the construction through PPP arrangements of the 100 MW Bobo-Dioulasso power plant, the 100 MW power plant expandable to 200 MW in Ouagadougou, and solar power plants with storage; and (iii) the continuation of interconnections with neighboring countries.

66. Also, in terms of managing the volume of subsidies, efforts in this direction will continue through better targeting of the beneficiary social groups. Awareness-raising, monitoring, and enforcement actions will accompany the implementation of this targeting. In addition, an evaluation of the regulations that govern all activities related to the sale of hydrocarbons in the country will make it possible to better adapt them to the current context and effectively combat fraud.

J. Hydrocarbon Pricing Mechanism

67. To improve the hydrocarbon pricing mechanism, the government conducted a study in June 2024 that covered: (i) an assessment of the application of the pricing mechanisms, focusing on the current one; and (ii) a review of energy subsidies. After a review of the various mechanisms, a number of proposals and recommendations were put forward to improve the contribution of the Hydrocarbons Price-Setting Committee (CIDPH) to the smooth functioning of the hydrocarbon sector management system and the eventual optimization of state subsidies. To better consolidate and further refine certain recommendations, IMF technical assistance is envisaged in

November 2024 to support the government's efforts. The aim of this assistance will be to define the nature of subsidies for petroleum products, to estimate their cost to public finances, to analyze price structures in detail, and to propose reform scenarios for greater efficiency.

K. Implementation of Performance Contracts (SONABEL and SONABHY operational efficiency)

68. A plan contract is a contract under which the government undertakes to support a delegated structure in implementing a program designed to help achieve the objectives of the public mission. In return, said structure undertakes to ensure the implementation of said program in accordance with the terms of the contract. This practice has the advantage of ensuring a certain quality of services provided by the companies involved. A performance contract not only defines the obligations of the parties but, above all, emphasizes the expected results, which are measurable using well-defined indicators, agreed upon according to the resources allocated. The government-SONABHY and government-SONABEL plan contracts were adopted by the Council of Ministers and in accordance with the provisions of Decree No. 2020-0635/PRES/PM/MINEFID/MCIA of July 16, 2020, on adoption of the reference framework for the development, adoption, execution, and monitoring of the execution of plan contracts concluded between the government and state-owned companies, and it is mandatory to provide in the respective plan contracts clauses relating to the establishment of a committee for the monitoring of their execution. Given that the plan contracts have just been signed, each company will have to set up its monitoring committee. The committee will meet only after at least six months of operation.

L. Improvement of Macroeconomic Monitoring

69. The government is committed to supporting the renewal of the base year for the national accounts with 2022 as the new base year. The rebasing work began in 2023 and is continuing. The provisional accounts for 2022 are expected at end-2024. Once the new national accounts series has been updated, work will begin on backcasting the old series, with a view to creating a long series based on the new base year. In addition, actions to deepen the IAP are being implemented, in particular the development of the micro-simulation module taking into account the recent results of the Harmonized Survey on Household Living Conditions and the development of a long-term macro-econometric forecasting model.

70. Efforts will be stepped up to improve compliance with the timing of the publication of budget data and the frequency of publication of external data, and to increase clarity on VAT refunds and the securitization of domestic arrears.

IV. PROGRAM ARRANGEMENTS

71. The government will take all measures required to achieve the objectives and meet the criteria as presented in Tables 1, 2, and 3 of this Memorandum. The program will be evaluated on the basis of Tables 1, 2, and 3, in accordance with the Technical Memorandum of Understanding, which defines the quantitative performance criteria and the requirements with regard to communication of data to IMF staff. The third and fourth reviews are scheduled to be completed on or after March 31, 2025 and September 30, 2025, respectively.

72. In the event of a shock, in order to achieve the fiscal anchoring of the program, the government undertakes to review its fiscal policy by basing it on the alternative scenario (pessimistic or optimistic) of the 2025-2027 Multi-Year Budget and Economic Programming Document. More specifically, given an adverse scenario in which we are unable to meet quantitative performance criteria due to disruptions in economic activity, increased spending pressures, and rising borrowing costs in the regional market, we are ready to implement measures, including fiscal adjustment, possibly achieved with reductions in public investment, to mitigate risks to fiscal and debt sustainability, and to reach a fiscal deficit of 3 percent of GDP by 2027, in line with the fiscal anchoring of the program.

Table 1. Burkina Faso: Quantitative Performance Criteria and Indicative Targets Under the ECF Arrangement, 2023–2025

	2023			2024							2025		
	Dec.			Mar. 1/		June			Sept. 1/	Dec.	Mar. 1/	June	Sept. 1/
	Prog.	Act.	Status	Prog.	Prel.	Prog.	Prel.	Status	Prog.	Prog.	Prog.	Proposed	Prog.
Quantitative Performance Criteria 2/													
Ceiling on net domestic financing of the government 3/ 4/ 5/	739.9	709.5	Met	143.1	90.4	286.3	219.9	Met	429.4	572.5	140.6	283.5	386.6
Ceiling on the amount of external debt contracted or guaranteed by the government (PV) 3/ 6/ 7/ 8/	410.0	338.6	Met	410.0		410.0	218.5	Met	410.0	410.0	410.0	410.0	410.0
Ceiling on the accumulation of external payment arrears by the government 9/	-	-	Met	-		-	-	Met	-	-	-	-	-
Ceiling on the guaranteeing of new domestic loans to suppliers and contractors by the government 9/	-	-	Met	-		-	-	Met	-	-	-	-	-
Ceiling on government guarantees of new bank pre-financing for public investments 9/	-	-	Met	-		-	-	Met	-	-	-	-	-
Ceiling on the primary fiscal deficit including grants 3/	560.0	541.3	Met	104.7	105.7	209.5	167.8	Met	314.2	418.9	90.4	198.9	271.2
Indicative Targets													
Ceiling on the accumulation of domestic arrears by the government 9/	-	-	Met	-		-	52.6	Not met	-	-	-		
Floor on government revenue 3/	2,374.3	2,543.4	Met	657.1	638.9	1,314.3	1,417.3	Met	1,971.4	2,723.5	661.3	1,322.5	2,204.2
Floor on poverty-reducing current social expenditures 3/	296.2	300.8	Met	75.9		151.7	155.1	Met	227.6	309.0	82.8	167.7	251.5
Ceiling on the stock of certified and unpaid VAT refunds older than 30 days	40.0	29.5	Met	40.0		40.0	35.2	Met	40.0	40.0	40.0	40.0	40.0
Ceiling on primary current expenditure 3/ 10/	1,906.5	1,921.1	Not met	503.9	476.3	1,007.8	1,006.4	Met	1,511.7	2,015.6	492.4	902.0	1,583.6
Ceiling on the value of PPPs contracted 3/	200.0	2.5	Met	200.0		200.0	19.7	Met	200.0	200.0	200.0	200.0	200.0

Sources: Burkinabè authorities; IMF staff estimates and projections.

1/ March (and September) figures are indicative targets, except for continuous performance criteria. June and December figures are performance criteria.

2/ The Standard Continuous Performance Criteria will also apply: (i) not to impose new or intensify existing restrictions on the making of payments and transfers for current international transactions; (ii) not to introduce new or intensify existing multiple currency practices; (iii) not to conclude bilateral payments agreement that are inconsistent with the IMF's Articles of Agreement (Article VIII); and (iv) not to impose new or intensify existing import restrictions for balance of payments reasons.

3/ Cumulative from beginning of the year.

4/ The ceiling on net domestic financing will be adjusted to reflect the shortfall in program grants and loans, while the overall deficit will be adjusted to reflect the shortfall in program grants.

5/ The ceiling on net domestic financing will be adjusted upward by the amount of securitization of unpaid VAT refunds by end-December 2023, up to a maximum of CFAF 85 billion, as specified in the TMU.

6/ The ceiling on the amount of external debt contracted or guaranteed by the government (in PV terms) will be adjusted upward by the present value of the full amount of loans used for debt management purposes as specified in the TMU.

7/ The limit is not tied to specific projects.

8/ The ceiling on the amount of external debt will be increased up by the present value of the full amount of any concessional loan used for debt management purposes as specified in the TMU.

9/ To be observed continuously.

10/ Primary current expenditure includes spending on the wage bill, goods and services, energy subsidies and excludes interest payments.

Table 2. Burkina Faso: Continuous Structural Benchmarks, 2023–2027			
Benchmark	**Purpose**	**Timetable**	**Progress**
Do not grant any new wage agreement (except for the security sector) that could impact the wage bill trajectory and push it beyond 45 percent of tax revenues by 2027.	Wage bill control.	Continuous structural benchmark.	Met.
Publish information on the beneficial owners of entities awarded public procurement contracts to address food insecurity on the Ministry of the Economy, Finance and Perspective's website on a quarterly basis the quarter after the contract is awarded.[1]	Improve fiscal transparency and governance.	Continuous structural benchmark.	Met.
Publish on the Ministry of the Economy, Finance and Perspective's website annual (and to the extent possible, quarterly) budget execution reports which will also include information on the use of funds disbursed under the FSW.[2]	Improve fiscal transparency and governance.	Continuous structural benchmark.	Met.
Share an exhaustive list of treasury deposit accounts ("comptes de dépôts du trésor") with balances and the net position of the government as standard annexes to the TOFE on a quarterly basis, allowing the identification of those opened for the benefit of non-personalized services.	Improve fiscal transparency and governance.	Continuous structural benchmark. Starting with the data for end-June 2025.	

[1] See: https://www.dgcmef.gov.bf/sites/default/files/2023-09/Quotidien%20N%C2%B03698-bis_1.pdf

[2] See: Rapport sur la situation d'exécution du budget et de la trésorerie de l'Etat, exercice 2023, au 31 décembre. https://www.finances.gov.bf/fileadmin/user_upload/storage/rapport-sur-la-situation-dexecution-du-budget-de-letat-et-de-la-tresorerie-au-31-decembre-2023.pdf

Table 3. Burkina Faso: Prior Action and Structural Benchmarks, 2023–2027

Benchmark	Purpose	Deadline	Status
First review			
Adopt performance contracts with SONABHY and SONABEL.	Improve energy sector efficiency	End-December 2023	Not met. Implemented with delay in June and October 2024.
Second review			
Adopt the tripartite performance contract between the government, SONABHY and SONABEL.	Improve efficiency in the energy sector.	**Prior action**	Met on December 3, 2024
Conduct a review of energy subsidies and an assessment of the application of the price mechanism to move towards a reduction in subsidies over the program period.	Improve efficiency in the energy sector and reduce fiscal risks.	End-June 2024.	Met
Publish an audit of all the government arrears and floating spending on the Ministry of Economy, Finance and Perspective's website.[3]	Improve fiscal transparency and governance.	End-June 2024.	Not met. Implemented with delay in November 2024.
Raise the ceiling on VAT credit reimbursements to the CAST account to level consistent to avoid accumulation of arrears.	Reduce fiscal risks.	End-June 2024.	Met
Third review			
Submit the draft budget for the next fiscal year in line with program objectives, including a budget document detailing plans to combat climate-related budget appropriations, based on an agreed climate budget tagging methodology.	Improve fiscal transparency and governance.	End-December 2024.	
Adopt a new strategic plan for revenue mobilization for the period 2024-27, based on the 2021 self-assessment.	Improve domestic revenue mobilization.	End-December 2024.	

[3] https://www.finances.gov.bf/fileadmin/user_upload/storage/fichiers/Rapport_definitif_audit_dette_VF.pdf.

Prepare and implement a strategy for clearing government's arrears.	Improve fiscal transparency and governance.	End-December 2024.	
Contain wage bill growth to ensure that the wage bill to tax revenue ratio is below 51.8 percent.	Wage bill control.	End-December 2024.	
Present to IMF staff alternating annual reconciliations between personnel registers and payroll registers either at the level of the Ministry of Education and other ministries covering around 50 percent of the civil service workforce (excluding the security sector), or, in alternation, at the level of the Ministry of Health and the rest of other ministries covering the remaining around 50 percent of the civil service workforce (excluding the security sector).	Wage bill control.	End-December 2024.	
Fourth review			
Put in place a beneficial ownership registry accessible to government authorities and financial institutions with customer due diligence obligations.	Improve governance and the fight against money laundering and terrorism financing.	End-June 2025	
Present a concrete energy sector reform to rationalize energy subsidies and improve energy sector efficiency, including an implementation timeline.	Improve efficiency in the energy sector and reduce fiscal risks.	End-June 2025	
Publish the final report of the IMF Governance Diagnostic Assessment (GDA) mission upon receipt and develop its action plan within a maximum period of 6 months from the availability of the report. (newly proposed SB)	Improve fiscal transparency and governance.	End-June 2025	

Prepare and share a value-for-money audit on public procurement by the High Authority for State Control and the Fight Against Corruption (ASCE-LC) of the five largest public procurement contracts, covering at least two different ministries outside the defense and security sectors, to assess their legality and value for money. (newly proposed SB)	Improve fiscal transparency and governance.	End-June 2025	
Adopt and present an action plan to implement recommendations of the public procurement audit, including the responsible institutions and an implementation timeline. (newly proposed SB)	Improve fiscal transparency and governance.	End-August 2025	

Attachment II. Technical Memorandum of Understanding

1. This Technical Memorandum of Understanding (T.M.O.) defines the quantitative achievement criteria, indicative targets and structural benchmarks that will be used to assess performance under the Extended Credit Facility (ECF)-supported program. It establishes the framework and deadlines for reporting data that will enable IMF staff to assess program implementation.

CONDITIONALITY

2. Quantitative performance criteria and indicative targets are set out in table 1 of the MEFP. The structural benchmarks defined in the program are detailed in tables 2 and 3 of the MEFP.

Definitions

3. Government. Unless otherwise indicated, the term "government" means the central government of Burkina Faso and does not include local governments, the central bank, or any other public or government-owned entity with autonomous legal status not included in the government fiscal reporting table (TOFE).

4. Definition of debt. The definition of debt is set out in IMF Executive Board Decision No. 15688-(14/107), Point 8, as published on the IMF website. The term "debt" will be understood to mean all current, i.e., not contingent, liabilities created under a contractual arrangement through the provision of value in the form of assets (including currency) or services, which require the obligor to make one or more payments in the form of assets (including currency) or services at some future point(s) in time; these payments will discharge the principal and/or interest liabilities incurred under the contract. Debts can take various forms, the primary ones being as follows:

(i) loans, i.e., advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds (including Treasury bills), debentures, commercial loans and buyers' credits) and temporary exchanges of assets that are equivalent to fully collateralized loans under which the obligor is required to repay the funds, and usually pay interest, by repurchasing the collateral from the buyer in the future (such as repurchase agreements and official swap arrangements);

(ii) suppliers' credits, i.e., contracts where the supplier permits the obligor to defer payments until sometime after the date on which the goods are delivered or services are provided; and

(iii) leases, i.e., arrangements under which property is provided which the lessee has the right to use for one or more specified period(s) of time that are usually shorter than the total expected service life of the property, while the lessor retains the title to the property. For the purposes of these guidelines the debt is the present value (at the inception of the lease) of all lease payments expected to be made during the period of the agreement excluding those payments that cover the operation, repair, or maintenance of the property.

5. Under the definition of debt set out above, arrears, penalties, and judicially awarded damages and interest arising from the failure to make payment under a contractual obligation that constitutes debt are debt. Failure to make payment on a contractual obligation that is not considered debt under this definition (e.g., payment on delivery) will not give rise to debt.

6. Debt guarantees. A government debt guarantee means an explicit legal obligation to service the debt in the event of nonpayment by the borrower (through payment in cash or in kind).

7. Debt concessionality. A debt is considered concessional if it includes a grant element of at least 35 percent.[4] The present value (PV) of debt at the time it is contracted is calculated by discounting the borrower's future debt service payments on the debt.[5] The discount rate used is 5 percent.

8. External debt. External debt is debt contracted or serviced in a currency other than the CFA franc. The realization criteria apply to the external debt of the State, public enterprises receiving transfers from the State and other public entities in which the State holds more than 50% of the capital, or to any other private debt for which the State has offered a guarantee constituting a contingent liability.

QUANTITATIVE PERFORMANCE CRITERIA

9. The quantitative performance criteria for 2023 and 2024 are as follows:

(i) A ceiling on the State's net domestic financing;
(ii) A ceiling on external debt contracted or guaranteed by the State in VA;
(iii) A ceiling on external debt servicing arrears;
(iv) A ceiling on domestic loans guaranteed to suppliers and service providers;
(v) A ceiling on the amount guaranteed by the State on bank pre-financing of public investments and;
(vi) A ceiling on the primary budget deficit (commitment basis), including grants.

A. Net Domestic Financing f he Government

Definition

10. Net domestic financing of the government is defined as the sum of (i) net bank credit to the government, including net bank credit to the government as defined below vis-à-vis the national banking institutions; (ii) the stock of unredeemed Treasury bills and bonds (including syndicated issuances) held outside national commercial banks; (iii) privatization receipts and other government claims and debts vis-à-vis national non-bank institutions; (iv) securitized debt; (v) VAT refunds; (vi) any other arrears and floating debts, including payables. Net bank credit to the government is

[4] This IMF webpage provides a tool to compute the grant element in a large range of financial arrangements: http://www.imf.org/external/np/pdr/conc/calculator.

[5] The calculation of the concessionality takes into account all aspects of the debt contracted, including the date of payment, grace period, schedule, commissions and management fees.

defined as the balance of government receivables and payables to domestic banking institutions. Government receivables include cash held by the Burkina Faso government, deposits with the central bank, deposits with commercial banks, guaranteed bonds, and government deposits in postal checking accounts (CCP). Government debt to the banking system includes central bank financing (including statutory advances, consolidated advances and refinancing of guaranteed bonds), government securities held by the central bank, and commercial bank lending (including government securities held by commercial banks). Net bank credit to the State is calculated on the basis of data provided in the TOFE. All these elements are calculated on the basis of the State budget execution report, which is presented each month in the table of State financial operations prepared by the Ministry of the Economy, Finance and Forward Planning.

Adjustment

11. The cumulative ceiling on net domestic financing will be adjusted upward in the amount by which actual external program support falls short of the projected amount, in the event external program assistance is lower than programmed, up to a maximum of CFAF 75 billion. The shortfall will be calculated in relation to the projections in Table 1 below. The ceiling will not be adjusted downward in the event external program assistance is higher than programmed.

Table 1. Burkina Faso: Projected External Program Assistance
(Cumulative, CFAF billion)

	End-June 2024	End-December 2024
Program grants and loans	0	57.6
(of which: program grants)	0	0

12. The Ministry of Economy, Finance and Perspective will forward data on net domestic financing to the IMF within six weeks of the end of each quarter.

B. New External Debt Contracted or Guaranteed by the State and Present Value of External Debt Contracted or Guaranteed by the State

13. This performance criterion applies to external debt as defined in paragraph 4 of this memorandum. It utilizes the concept of concessionality as defined in paragraph 7 of this memorandum. This performance criterion also applies to any private debt guaranteed by the government that constitutes a contingent liability as defined in paragraphs 4 to 7 of this memorandum. For the purpose of this performance criterion, "government" shall include the central government of Burkina Faso, public enterprises that receive government transfers, local governments, and other public sector entities (including public administrative, professional, scientific and technical agencies). However, this performance criterion will not apply to Treasury bills and bonds issued in CFA francs on the WAEMU regional market, to normal import-related commercial debts with a term of less than one year, or to IMF loans. It is measured on a cumulative basis from the date of the IMF Executive Board's approval of the ECF arrangement, and no adjustor will apply.

14. For 2024 and 2025, the government undertakes not to contract or guarantee any external debt (concessional or non- concessional) with a total PV in excess of the ceiling indicated in table 1 of the MPEF, measured cumulatively from the beginning of the year (i.e., January 1 of each year). In the case of a (concessional or non-concessional) loan for debt reprofiling, the ceiling will be raised by the PV of the total amount of the loan if such debt reprofiling operation constitutes an improvement in the overall debt profile as determined by IMF staff. The authorities will consult the IMF staff in advance when such a debt reprofiling operation is expected to materialize. All other provisions and definitions of paragraph 13 will continue to apply.

15. The proceeds of any concessional reprofiling loan referred to in paragraph 13 will be used only to help finance the government's gross financing requirements that are consistent with the overall budget deficit ceilings established in the program. Any surplus resources will be safeguarded.

Reporting Deadlines

16. Details on any loan (terms and creditors) contracted by the government must be reported within four weeks of the end of each month. The same requirement applies to guarantees extended by the government.

C. Non-Accumulation of New External Payment Arrears by the State

17. The term "external arrears" refers to external debt service payments that are due but unpaid. Under the program, the government agrees not to accumulate external payment arrears on its debt, with the exception of arrears arising from external payment obligations currently being renegotiated with creditors, including bilateral creditors who are not members of the Paris Club. The non-accumulation of new external arrears by the government is a performance criterion that must be observed continuously.

D. State Guarantee for New Domestic Loans to Suppliers and Service Providers

18. The government undertakes not to guarantee new bank pre-financing for public investments. In a pre-financing arrangement, a private company granted a public works contract by the government obtains a loan from a domestic commercial bank or group of commercial banks. The Ministry of Finance guarantees this loan and at the same time signs an unconditional and irrevocable substitution of debtor agreement to service all principal and interest. For this performance criterion, government includes the central government, public establishments of an industrial or commercial nature (EPICs), administrative public establishments (EPAs), public establishments of a scientific and technical nature, public establishments of a professional nature, public health agencies, local governments, public enterprises, government corporations, semi-public corporations (public corporations with financial autonomy in which the government holds at least 50 percent of the capital), and government agencies. This performance criterion shall be observed continuously.

E. State Guarantee for New Bank Pre-Financing of Public Investments

19. The State undertakes not to guarantee new bank pre-financing of public investments. In a pre-financing agreement, a private company to which the State awards a public works contract obtains a loan from a national commercial bank or a group of commercial banks. The Ministry of Finance guarantees this loan and at the same time signs an unconditional and irrevocable agreement to stand in for the debtor to pay all principal and interest. For the purposes of this performance criterion, the term "State" refers to central government, public industrial and commercial institutions (EPICs), public administrative bodies (EPAs), public scientific and technical establishments, public professional establishments, public health bodies, local authorities, state-owned enterprises, semi-public companies (public companies with financial autonomy in which the State holds at least 50% of the capital) and state agencies. This performance criterion must be met on observed continuously.

F. Basic Primary Budget Deficit, Including Grants

Definition

20. For program purposes, the domestic primary fiscal balance is calculated on a commitment basis. It is defined as the difference between domestic revenues (including grants) and public expenditure, less interest payments and externally financed capital expenditure. Arrears payments are not included in the calculation of the domestic primary balance.

Adjustment

21. The primary budget deficit ceiling will be adjusted upwards by an amount equivalent to the difference between actual and projected external program grants, up to 75 billion CFA francs. This difference will be calculated in relation to projections (see table 1). The ceiling will not be adjusted downwards in the event that actual external program grants are higher than the projected amount.

INDICATIVE QUANTITATIVE TARGETS

22. The program also includes quantitative indicative targets for:

(i) A ceiling on the accumulation of domestic arrears;

(ii) A floor on total government revenues;

(iii) A floor on poverty-reducing current social spending;

(iv) A ceiling on the stock of unpaid certified VAT claims older than 30 days;

(v) A ceiling on primary current expenditure;

(vi) A ceiling on public-private partnerships.

G. Amounts Payable, Including Arrears on Domestic Payments by the State

23. "Amounts payable" (or "outstanding balances") include domestic arrears and the floating debt and represent overdue obligations of the government. They are defined as expenditures accepted by the public accountant but not yet paid. For program purposes, these obligations include (i) public and private nonfinancial enterprise invoices due and unpaid, including VAT refunds and (ii) domestic debt service.

24. For program purposes, domestic payment arrears are outstanding balances to suppliers and domestic debt service. Arrears to suppliers are defined as overdue obligations of the government to public and private nonfinancial enterprises that are more than the regulatory 90 days overdue; arrears on the domestic debt service refer to debt service obligations that are more than 30 days past the due date stipulated in the agreements, including any applicable grace period.

25. The floating debt corresponds to amounts that are unpaid for less than the regulatory period (90 days for debt to nonfinancial corporations and 30 days for debt service).

26. For program purposes, the ceiling on the accumulation of new domestic payments arrears is zero. This indicative target will be subject to continuous monitoring by the authorities and any breach will be immediately reported to IMF staff.

H. Government Revenue

Definition

27. State revenues are calculated on a cash basis. They include all tax revenues collected by the Direction Générale des Impôts (DGI), the Direction Générale des Douanes (DGD), the Trésor Burkinabè (DGTCP) and other revenue collection units. They also include receipts from treasury vouchers.

I. Poverty-Reducing Current Social Expenditure

Definition

28. Social spending is the sum of current expenditure included in the social spending program as defined in the budget law. The social spending program is defined as the sum of budget programs or parts of programs that target poor households and: (i) ensure access to basic social services; (ii) facilitate access to health services and nutrition programs; (iii) fight against HIV/AIDS; (iv) facilitate access to safe drinking water; (v) improve living conditions, including the environment and sanitation; or (vi) ensure social protection. Within these programs or parts of programs, only budget lines classified as social spending are retained.

J. Certified VAT Refunds and Overdue Payments Over 30 Days

Definition

29. For the purposes of the program, the stock of value-added tax (VAT) refund claims that have been certified but remain unpaid for more than 30 days consists of the amounts of signed refunds. The 30-day period begins on the date the refund certificate is signed by the Director General of Taxes.

K. Current Primary Expenditures

Definition

30. For program purposes, current primary expenditure is defined as the sum of wage bill expenditure, expenditure on goods and services, and current transfers, net of interest payments.

Consultation clause on wage bill

31. If, at the end of each quarter (i.e., March 31, June 30, September 30 and December 31) during the program period, observed annual growth of the wage bill (measured as a 12-month sliding growth rate) exceeds the wage bill growth rate projected for each year of the program macroeconomic framework (see Table 2 below), the authorities must consult with IMF staff. During this consultation, the authorities must explain the reasons for the discrepancy between the observed wage bill growth rate and the growth rate projected in the macroeconomic framework, and the corrective measures that they intend to implement.

Table 2. Burkina Faso: Annual Wage Bill Growth Projections
(Percentage change)

2023	2024	2025	2026	2027
8.7	9.6	6.0	5.3	4.3

L. Public-Private Partnerships

Definition

32. A public-private partnership is defined as a long-term contract between a private party and a government entity for providing a public asset or service in which the private party bears significant risk and management responsibility, and remuneration is linked to performance. It excludes pre-financing and supplier credit arrangements.

Additional information for program monitoring

33. To enable IMF staff to assess program performance, the authorities agree to submit the following data to them, in hard copy and/or MS Excel electronic files, with the frequencies and deadlines specified below.

Table 3. Burkina Faso: Summary of Data Reporting Requirements			
Information	**Responsible Institution**	**Data Frequency**	**Reporting Frequency**
Government finances			
The government's fiscal reporting table (TOFE) and the customary annexed tables (if data on actual investment financed by external grants and loans are not available in time, a linear estimate of execution based on annual projections will be used).	Ministry of Economy, Finance and Forecasting (MEFP/DGTCP)	Monthly	6 weeks
Domestic financing of the budget (net bank credit to the government and stock of unredeemed Treasury bonds and bills).	MEFP/DGTCP and BCEAO	Monthly	6 weeks
Monthly data on custom post-performance relative to monthly forecasts.	MEFP/DGD	Monthly	6 weeks
Quarterly report on performance and actions taken to improve the supervision and audit of taxpayers using the single taxpayer identification number to cross-check information between DGI and DGD, starting with large taxpayers.	MEFP/DGI	Quarterly	6 weeks
Data on implementation of the public investment program, including details on financing sources.	MEFP/DGEP	Weekly	6 weeks
Stock of external debt, external debt service, contracted external debt, and external debt repayment.	MEFP/DGTCP	Quarterly	6 weeks
Poverty-reducing social spending in table format.	MEFP/DGB	Monthly	6 weeks
Petroleum product prices, consumption and taxes, including: (i) the price structure for the month concerned; (ii) detailed calculation of the price structure, from the f.o.b. price to the retail price; (iii) volumes purchased and distributed for consumption by the petroleum distributor (SONABHY), with a distinction made between retail and industry sales; and (iv) a breakdown of tax revenue from petroleum products—customs duties, tax on petroleum products (TPP) and value-added tax (VAT)—and subsidies payable.	CIDPH, MEFP/DGD/ DGTCP, SONABHY	Monthly	4 weeks

Table 3. Burkina Faso: Summary of Data Reporting Requirements (continued)			
Quarterly report, including monthly data, on SONABHY's accounts including gains/losses from the purchase and sale of hydrocarbon products by type of product, cash flow statements and income statements, taking account of all received subsidies and government securities issued or sold to the banking system or other.	SONABHY/	Quarterly	6 weeks
Quarterly report, including monthly data, on SONABEL's accounts including its cash flow and income statements and taking into account all received subsidies and project grants and loans from the technical and financial partners.	SONABEL/	Quarterly	6 weeks
Monthly statement of accounts with the Treasury, broken down by major category (administrative services, government enterprises, semi-public enterprises, administrative public establishments (EPAs), international organizations, private depositors, and other).	MEFP/DGTCP	Monthly	6 weeks
Quarterly activity report from the Investigation and Intelligence Directorate including taxpayer audits across DGI and DGD using the single taxpayer identification number, beginning with large taxpayers.	MEFP/DGI/DGD	Quarterly	6 weeks
Monthly projections of annual customs revenues by customs post, and report on monthly performance compared to projections.	MEFP/DGD	Monthly	6 weeks
"Field 44" enabled for input of references from inspection notices for all customs declarations.	MEFP/DGD	Monthly	Continuous
Monthly DGI revenue projections (on an annualized basis) by type, and report on monthly performance compared to projections.	MEFP/DGI	Monthly	3 months
Monthly DGTCP revenue projections (on an annualized basis) by type, and report on monthly performance compared to projections.	MEFP/DGTCP	Monthly	3 months

Table 3. Burkina Faso: Summary of Data Reporting Requirements (Continued)			
Quarterly report on VAT refunds, including transfers received from ACCT, the cumulative amount paid since the beginning of the current year, the stock of certified refund claims (imprest administrators) and total VAT refund claims handled (DGE, DLC).	MEFP/DGI	Quarterly	3 months
Monthly update of the PPP and sovereign guarantee databases.	MEFP/UPPP	Monthly	4 weeks
Monthly statement of the implicit pump price subsidy.	CIDPH	Monthly	4 weeks
Monthly data on new domestic debt contracted and amortized (including bank credit, all sovereign debt issuances and securitizations).	MEFP/DGTCP	Monthly	6 weeks
Consolidated balance sheet of monetary institutions			
Consolidated balance sheet of monetary institutions.	BCEAO National Directors	Monthly	6 weeks
Monetary survey: provisional data.	BCEAO	Monthly	6 weeks
Monetary survey: final data.	BCEAO	Monthly	6 weeks
Lending and borrowing interest rates.	BCEAO	Monthly	6 weeks
Standard bank supervision indicators for banks and non-bank financial institutions.	BCEAO	Monthly	6 weeks
Balance of payments			
Preliminary annual balance of payments data.	BCEAO	Annual	9 months
Foreign trade statistics.	MEFP/INSD	Monthly	3 months
Any revision of balance of payments data (including services, private transfers, official transfers, and capital transactions).	BCEAO	When revised	2 weeks
Real sector			
Provisional national accounts and any revisions.	MEFP/INSD	Annual	6 months
Quarterly national accounts and any revisions.	MEFP/INSD	Quarterly	3 months
Monthly disaggregated consumer price indices.	MEFP/INSD	Monthly	4 weeks

Table 3. Burkina Faso: Summary of Data Reporting Requirements (concluded)			
Monthly performance and projections through end-December 2023 of mining and ore production and exports (volume and value); statement of mines and mines under construction.	MEFP/DGD and MEMC/DGMG/DGESS	Monthly	3 months
Structural reforms and other data			
Any study or official report on Burkina Faso's economy.	MEFP/DGEP		On date published or date of entry into force
Any decision, order, law, decree, ordinance or circular having economic or financial implications.	MEFP/SG		On date published or date of entry into force
Any study or official report on measures taken to combat corruption.	ASCE-LC		On date published or date of entry into force
Annex to the 2025 budget detailing plans to combat climate change (including resource allocations and assessment of the fiscal latitude for climate friendly infrastructure).	MEFP/DGB		On date published or date of entry into force

INTERNATIONAL MONETARY FUND

December 11, 2024

SECOND REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT AND FINANCING ASSURANCES REVIEW—SUPPLEMENTARY INFORMATION

Prepared By	The African Department

1. This supplement provides an update on recent political developments in Burkina Faso. It does not alter staff's assessment of policy issues and recommendations contained in the staff report.

2. During December 6-8, President Traoré dissolved and reconstituted the Burkinabè government. On December 6, President Traoré dismissed Prime Minister Apollinaire J. Kyélem de Tambèla and, consequently, dissolved the government. On December 7, Jean-Emmanuel Ouedraogo, the former Minister of Communications, was appointed Prime Minister, and on December 8 a new government was reconstituted. Most ministerial appointments, including that of the Minister of Economy and Finance, remained unchanged from the previous government, with the exception of the ministers in charge of Defense & Veterans' Affairs; Public Administration, Labor, and Social Protection; and Humanitarian Action & National Solidarity.

3. The re-appointed finance minister has confirmed the new Burkinabè government's commitment to the ECF arrangement. In the attached supplemental Letter of Intent (LOI) dated December 10, 2024, Minister Nacanabo reaffirms the government's continued commitment to the policies set out in the LOI dated December 5, 2024, in the context of the IMF-supported program under the Extended Credit Facility.

Supplementary Letter of Intent

Ouagadougou, December 10, 2024

Ms. Kristalina Georgieva

Managing Director

International Monetary Fund

700 19th Street NW, Washington D.C., 20431

Dear Madam Managing Director:

His Excellency the President of Faso has reshuffled the Government, with the aim of making public action more effective and responding better to the country's current challenges.

With this supplementary letter of intent, I would like to reiterate, on behalf of the Burkina Faso authorities, our determination and commitment to implement the policies defined in the letter of intent of 5 December 2024. This commitment is part of the programm supported by the International Monetary Fund (IMF) under the Extended Credit Facility, aimed at assisting our country with its economic and structural reforms. We remain firmly committed to pursuing the efforts needed to achieve the objectives set, strengthen economic stability and promote sustainable development for the benefit of the people of Burkina Faso.

Please accept, Mme. Managing Director, the expression of my highest consideration.

Sincerely yours,

/s/

Aboubakar Nacanabo

Minister of Economy and Finance

Statement by Mr. Wautabouna and Mr. Tall
on Burkina Faso

December 19, 2024

Introduction

Our Burkina Faso authorities are appreciative of the productive policy dialogue with Staff during the program review discussions. They broadly share the thrust of staff's assessment of the program performance and key program policies.

During the period under review, Burkina Faso continued to show resilience amidst security, humanitarian, and development challenges. The security challenges from terrorism continued, leading to significant loss of life, displacement of populations, and humanitarian needs. The authorities forcefully responded to the challenges, including by stepping up to implement their homegrown development strategy, the **Stabilization and Development Action Plan for 2023-2025.**

On security, the government focused on strengthening defense and security forces capabilities, by investing in new military equipment and training to ensure social and political stability. It has set up the Patriotic Support Fund, and ensured transparency in its use, including by fully incorporating the Fund into the budget processes. The authorities also sought to strengthen political and military cooperation with development partners. In this respect, they decided to deepen cooperation on common security and economic challenges through the Sahel States Alliance. The authorities also reaffirmed their commitment to remain within the WAEMU and decided to allow the freedom of movement for all ECOWAS citizens in the three Sahel countries, after exiting from the ECOWAS.

On the economic front, the authorities' efforts aimed at preserving macroeconomic stability, mitigating the impact of the severe shocks to the economy, and investing in priority sectors are all directed at safeguarding the country's future.

Recent Economic Development and Outlook

Burkina's economy remained resilient in the face of severe challenges. Real GDP growth is projected to accelerate to 4.2 per cent in 2024, from 3.0 per cent in 2023, driven by improvements in security and supportive economic policies. Although the severe shocks mentioned above weighed on the economic recovery, the growth performance was broad-based, with notable recovery in the agricultural sector, particularly cereal crops, and the industrial sector.

Program performance was strong, reflecting the authorities' commitment to the ECF-supported program. The program's prior actions were all met. All six quantitative performance criteria for end-June 2024 were met. Similarly, all structural benchmarks and indicative targets, except for the target on non-accumulation of domestic arrears were met. The authorities took corrective action by requesting an audit of the arrears. The preliminary audit results revealed that financing strains, capacity constraints, premature service provision without proper contracts, and the submission by suppliers of incomplete documentation to support their claims- as required by the Budget law, caused payment delays. The authorities have resolved to implement the necessary measures to consistently adhere to the target going forward.

On fiscal policy, the government has successfully contained the **fiscal deficit** within program targets, in keeping with their strong commitment to maintaining fiscal sustainability. On revenues, the reforms implemented by the authorities have resulted in an increase in the fiscal pressure by 0.6 per cent of GDP compared to the level envisioned at the first ECF review. The revenue to GDP ratio is expected to reach 20.1 per cent in 2024, a significant milestone and WAEMU benchmark. On spending, the authorities ensured that increased resources are allocated towards critical areas such as health, education, and social protection. The authorities have also made significant strides in expanding the Unique Social Registry (USR) and implementing the Economic Empowerment Support Program for Poor and Vulnerable Households (PAMPV). At the same time, the authorities continued to improve spending efficiency, including by controlling the wage bill and better targeting subsidies, notably in the energy sector.

The current account deficit is expected to decline from 8.0 percent of GDP to around 6 percent in 2024, benefiting from a rise in gold prices. However, inflation is expected to increase modestly at 3.6 percent in 2024 from 3 percent in 2023, largely due to rising food prices. Monetary policy tightening and easing supply chain disruptions, coupled with improved weather and security conditions, should drive down inflation firmly.

On structural reforms, key measures including performance contracts with state-owned energy companies, SONABHY and SONABEL, have been adopted to enhance efficiency and service delivery.

The significant progress notwithstanding, critical structural challenges remain, as well as significant downside risks to the outlook. In addition to the unmet humanitarian and development needs, risks to the outlook includes a deterioration of security conditions, an intensification of geo-economic tensions, the tightening of global and regional financing conditions, and delays in the resumption of budget support. The authorities' welcome staff's advice to establish contingency plans to ensure continued adherence to program's parameters if the risks materialize.

To comprehensively address the structural challenges faced in achieving inclusive growth, and mitigating risks, the authorities plan to deepen the reforms underway, with the support of the international community, including the IMF.

Policies for 2025 and in the medium-term

The homegrown **Stabilization and Development Action Plan**, which aims to promote more inclusive and green growth, job creation, social cohesion, and the economy's diversification and resilience to shocks will continue to guide the authorities' policies for 2025 and the medium term.

Building on this medium-term framework, the IMF-supported economic reforms agenda will focus on (i) creating fiscal space for priority spending and reducing debt vulnerability; (ii) strengthening resilience to shocks, including climate-related events, while reducing poverty and inequality; and (iii) improving fiscal discipline and governance.

Fiscal policy

The authorities' fiscal policy aims to create the fiscal space needed for priority areas such as security, and essential public investment spending. To that effect, they will continue implementing reforms to mobilize revenues, improve spending efficiency, and deepen public financial management reforms, with the goal of achieving the WAEMU's convergence criteria of 3 percent of GDP of fiscal deficit by 2027.

On revenue mobilization, efforts to mobilize additional revenues will continue, guided by the new strategic plan for revenue mobilization over the medium-term. To achieve their objective, the authorities will seek to increase revenues by an additional 0.6 percent of GDP in 2025, by implementing quality reforms, notably to broaden the tax base by improving taxation of promising sectors such as real estate, combating tax fraud, and stepping up tax enforcement. The authorities will also continue to invest in modernizing the tax collection systems and enhancing the capacity of tax and customs administrations, including through improved interconnections between the tax and customs offices, and by leveraging digitalization.

On spending, the authorities will intensify efforts to ensure that resources required are allocated to critical areas such as security, health, education, social protection, and investment spending. Further on social spending, the expansion of the Unique Social Registry and the implementation of the Economic Empowerment Support Program for Poor and Vulnerable Households (PAMPV) will continue. They will also pursue reforms aimed at increasing spending efficiency including by controlling the wage bill and better targeting subsidies, informed by technical assistance from the IMF.

The authorities remain committed to enhanced fiscal safeguards. They welcomed the technical assistance mission on fiscal transparency and governance diagnostic, and look forward to receiving this TA's final report, which will provide valuable insights for future reforms. They remain committed to frontloading the implementation of critical safeguards. In this vein, and consistent with Fund's TA advice, regular audits of public procurement processes have been introduced to ensure transparency and accountability in government spending. Comprehensive disclosures and regular audits of treasury deposit accounts will also be conducted to monitor and manage public funds more effectively. The ECF program now includes new structural benchmarks for fiscal governance, aiming to enhance transparency and fortify the oversight and control mechanisms.

On debt policy, the authorities will continue to adhere to prudent borrowing policies to anchor debt sustainability. Noting staff's assessment that the risk of debt distress remains moderate after application of judgement- the models suggesting a lower risk of debt distress, the authorities will implement their prudent debt strategy, emphasizing concessional loans.

Monetary and Financial Sector Policies

Monetary policy is conducted at the regional level by the Central Bank of West African States (BCEAO) on behalf of all WAEMU countries including Burkina Faso. In keeping with its mandate, the BCEAO implemented a common regional monetary and exchange rate policy framework, aiming to maintain price stability and strengthen the currency union. The monetary policy stance remained unchanged, after a period of tightening to support economic recovery while controlling inflation.

The financial sector has shown resilience, with ongoing efforts to strengthen regulatory frameworks and enhance financial inclusion. The authorities are also working to improve access to credit for small and medium-sized enterprises (SMEs) to stimulate economic growth.

Structural Reforms

The authorities have introduced several structural reforms aimed at enhancing governance and promoting sustainable development.

On governance, the authorities are committed to continue implementing enhanced governance reforms. This includes following up on the recommendations of the IMF's governance diagnostic technical assistance. **On AML/CFT,** they have implemented thirty eight of the forty actions plans agreed with the Financial Actions Task Force to address the identified strategic deficiencies in their AML/CFT framework. They are determined to implement the remaining two recommendations in earnest with the view to exiting from the FATF's grey list.

On state-owned enterprises, they will seek to improve the governance and financial balance sheets of the SOEs. In the key **energy sector**, the authorities will implement the performance contracts with state-owned enterprises, SONABHY, SONABEL and continue efforts to better target subsidies. The authorities will also focus on renewable energy projects to improve energy security and sustainability.

On climate, the authorities are determined to adopt high-quality climate policy reforms and have requested IMF climate-related technical assistance to complement World Bank CCDR, in informing their adaptation and mitigation efforts, and supporting their request for an arrangement under the RSF.

With the view to **ensuring economic diversification and improving competitiveness**, the authorities have introduced reforms to the mining sector. Amongst others, they have reformed the mining code and sought to better regulate artisanal mining. Further, the authorities pledge their continued commitment to further reforms to ensure that the mining sector remains attractive to investors, and that natural resources benefit the Burkinabe population.

Conclusion

Burkina Faso's authorities are making significant strides in addressing the economic challenges the country is facing through robust program implementation and quality structural reforms. The authorities went beyond the ECF program's initial parameters to include reforms aimed at strengthening further fiscal governance and transparency and advancing climate policy reforms.

The authorities remain committed to implementing sound policies going forward. Based on the satisfactory implementation of all the program performance criteria under the Second review of the ECF-supported program, and the corrective action taken to address the only missed structural benchmark, the authorities seek Executive Directors' approval of the conclusion of the Second review under the ECF arrangement. They also look forward to Directors' support in mobilizing additional technical and financial assistance from the IMF, and international partners to help them sustain their efforts to secure the population, achieve macroeconomic stability, and strong and inclusive economic growth in Burkina Faso.