

### Summary of Data Requirements

Type of Data	Tables	Frequency	Reporting Deadline
Real sector	Provisional national accounts	variable	End of provisional estimate + eight weeks
	Revisions of national accounts	Variable	End of revision + eight weeks
	Disaggregated consumer price index	Monthly	Month's end + two weeks
Public finance	Net treasury and government position at the BCEAO and details of nonbank financing, including the stock of treasury bills and bonds	Monthly	Month's end + six weeks
	Government flow-of-funds table (TOFE) and the customary appendix tables	Monthly	Month's end + six weeks
	Execution of capital budget	Quarterly	End of quarter + six weeks
	Poverty-reducing social expenditures	Monthly	Month's end + six weeks
	Petroleum product pricing formula, tax receipts on petroleum products, and subsidies paid	Monthly	Month's end + four weeks
	Status of the deposit accounts with the public treasury, classified by major category	Monthly	Month's end + six weeks
	Statistics of the LTO on tax filings, tax audits, tax arrears, and collection enforcement actions.	Quarterly	End of quarter + (two) weeks
	Statistics on customs declarations.	Quarterly	End of quarter + four weeks
Monetary and financial data	Monetary survey	Monthly	Month's end + six weeks
	Consolidated balance sheet of monetary institutions	Monthly	Month's end + six weeks
	Borrowing and lending interest rates	Monthly	Month's end + six weeks
	Banking supervision ratios	Quarterly	End of quarter + eight weeks
Balance of payments	Balance of payments	Annual	End of year + nine months
	Trade statistics	Quarterly	End of quarter + eight weeks
	Revised balance of payments data	Variable	When revisions occur
External debt	Outstanding external debt stock, arrears and repayments (if applicable)	Quarterly	End of quarter + four weeks
	Details of all new external borrowing	Quarterly	End of quarter + four weeks

INTERNATIONAL MONETARY FUND

BURKINA FASO

**Request for a Three-Year Arrangement Under the Poverty Reduction and Growth Facility—Informational Annex**

Prepared by the African Department  
(In collaboration with other departments)

Approved by Thomas Krueger and Mark Plant

April 11, 2007

- **Relations with the Fund.** Describes financial and technical assistance from the Fund and provides information on the safeguards assessment and exchange rate system. Outstanding purchases and loans amounted to SDR 23.2 million (38.6 percent of quota) at end-February 2007.
- **Relations with the World Bank.** Describes the World Bank Group program and portfolio, including a statement of IFC investments.
- **Statistical Issues.** Assesses the quality of statistical data. Weaknesses in a broad range of economic statistics are hampering the analyses of economic developments in the country.

## BURKINA FASO: Relations With The Fund

(As of February 28, 2007)

**I. Membership Status:** Joined: May 2, 1963; accepted Article VIII in June 1996

<b>II. General Resources Account:</b>	<b>SDR Million</b>	<b>In percent of quota</b>
Quota	60.20	100.00
Fund holdings of currency	52.83	87.76
Reserve position in Fund	7.37	12.25
Holdings Exchange Rate		

<b>III. SDR Department:</b>	<b>SDR Million</b>	<b>In percent of allocation</b>
Net cumulative allocation	9.41	100.00
Holdings	0.06	0.64

<b>IV. Outstanding Purchases and Loans:</b>	<b>SDR Million</b>	<b>In percent of quota</b>
Poverty Reduction and Growth Facility (PRGF) arrangements	23.22	38.57

**V. Latest Financial Arrangements:**

<u>Type</u>	<u>Approval Date</u>	<u>Expiration Date</u>	<u>Amount Approved (SDR Million)</u>	<u>Amount Drawn (SDR Million)</u>
PRGF	Jun. 11, 2003	Sept. 30, 2006	30.10	30.10
PRGF	Sept. 10, 1999	Dec. 09, 2002	39.12	39.12
PRGF	Jun. 14, 1996	Sept. 09, 1999	39.78	39.78

**VI. Projected Payments to Fund**

(SDR million; based on existing use of resources and present holdings of SDRs):

	<u>Forthcoming</u>				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Principal				0.69	2.41
Charges/interest	0.41	0.52	0.51	0.51	0.50
<b>Total</b>	0.41	0.52	0.51	1.19	2.91

**VII. Implementation of HIPC Initiative:**

	<u>Original Framework</u>	<u>Enhanced Framework</u>	<u>Total</u>
I. Commitment of HIPC assistance			
Decision point date	Sept. 1997	Jul. 2000	
Assistance committed by all creditors (US\$ Million) <sup>1</sup>	229.00	324.15	
<i>Of which:</i> IMF assistance (US\$ million)	21.70	35.88	
(SDR equivalent in millions)	16.30	27.67	
Completion point date	Jul. 2000	Apr. 2002	
II. Disbursement of IMF assistance (SDR Million)			
Assistance disbursed to the member	16.30	27.67	43.97
Interim assistance	...	4.15	4.15
Completion point balance	16.30	23.52	39.82
Additional disbursement of interest income <sup>2</sup>	...	2.01	2.01
<b>Total disbursements</b>	<b>16.30</b>	<b>29.68</b>	<b>45.98</b>

**VIII. Implementation of MDRI Assistance:**

I. Total Debt Relief (SDR Million) <sup>3</sup>	62.12		
<i>Of which:</i> MDRI	57.06		
<i>Of which:</i> HIPC	5.06		
II. Debt Relief by Facility (SDR Million)			
	<b><u>Eligible Debt</u></b>		
	<b>Delivery date</b>	<b>GRA</b>	<b>PRGF</b>
	January 2006	N/A	62.12
			<b>Total</b>
			62.12

<sup>1</sup> Assistance committed under the original framework is expressed in net present value (NPV) terms at the completion point, and assistance committed under the enhanced framework is expressed in NPV terms at the decision point. Hence, these two amounts can not be added.

<sup>2</sup> Under the enhanced framework, an additional disbursement is made at the completion point corresponding to interest income earned on the amount committed at the decision point, but not disbursed during the interim period.

<sup>3</sup> The Multilateral Debt Relief Initiative (MDRI) provides 100 percent debt relief to eligible member countries that are qualified for the assistance. The debt relief covers the full stock of debt owed to the Fund as of end-2004 which remains outstanding at the time the member qualifies for such debt relief. The MDRI is financed by bilateral contributions and the Fund's own resources, as well as the resources already disbursed to the member under the HIPC Initiative (see Section VII above).

### **IX. Safeguards Assessments:**

The Central Bank of West African States (BCEAO) is the common central bank of the countries of the West African Economic and Monetary Union. A new safeguards assessment of the BCEAO was completed on November 4, 2005. The assessment found that progress has been made in strengthening the BCEAO's safeguards framework of the bank since 2002 when the last safeguards assessment took place.

The BCEAO now publishes a full set of audited financial statements, and improvements have been made to move financial reporting closer to International Financial Reporting Standards (IFRS). Furthermore, an internal audit charter has been put in place, mechanisms have been established to improve risk management and risk prevention, and follow-up on internal and external audit recommendations has been strengthened.

The new assessment identified a number of areas where further steps would help solidify the progress made. The main recommendations relate to improvements in the external audit process (including the adoption of a formal rotation policy), further enhancement of the transparency of the financial statements by fully adopting IFRS, and further strengthening of the effectiveness of the internal audit function.

### **X. Exchange Rate Arrangement:**

Starting on January 1, 1999, Burkina Faso's currency, the CFA franc, has been pegged to the euro at the rate of €1=CFAF 655.957. The exchange rate as of March 23, 2007 was CFAF 874.2=SDR 1. The exchange system is free of restrictions on the making of payments and transfers on current international transactions.

### **XI. Article IV Consultations:**

The periodicity of Burkina Faso's Article IV consultation is set in accordance with the July 15, 2002 Executive Board Decision on consultation cycles. Discussions on the 2005 Article IV consultation and fourth review under the Poverty Reduction and Growth Facility (PRGF) were held during the period May 24—June 9, 2005 in Ouagadougou. The staff report (EBS/05/130; 8/24/05) and the Selected Issues and Statistical Annex (SM/05/333; 8/24/05) were considered by the Executive Board on September 7, 2005.

### **XII. ROSC/AAP:**

An FAD mission visited Ouagadougou during May 7–18, 2001 to assist the authorities undertake a draft fiscal module of a Report on the Observance of Standards and Codes (ROSC). The final report, which was issued in July 2002, found that Burkina Faso was making good progress in a number of areas to increase the transparency and accountability of

government. Additional efforts are needed to bring a number of improvements to the point of implementation, particularly with regard to expenditure tracking at the local level and external audit functions. Initial discussions indicated that the authorities broadly concurred with the mission assessment. On July 31, 2002, the authorities formally adopted an action plan based on the recommendations of the final ROSC.

An STA mission during May 8–21, 2003 assisted the authorities in preparing a data ROSC. The report was published in March 2004. The mission found that most of the methodologies used in the compilation of macroeconomic statistics are in broad conformity with internationally accepted guidelines. However, most datasets are affected by limited or impaired source data arising from irregularity in the conduct of surveys (national accounts), use of outdated weights (CPI), or low response rate to surveys (balance of payments). For CPI and government finance statistics, data dissemination meets the SDDS requirement, but for other macroeconomic datasets, timeliness falls short of GDDS recommendations. The authorities broadly concurred with the main findings of the mission as well as the recommendations made to address them.

The team, jointly with World Bank staff, also discussed a HIPC Initiative Assessment and Action Plan (AAP) with the authorities. The aim was to assess the capacity of the public expenditure management system to track poverty-reducing public expenditures under the HIPC Initiative and the need for technical assistance to enhance that capacity. The mission secured the officials' approval of the jointly prepared preliminary assessment; identified the main needs for technical assistance on upgrading the capacity to track such expenditures; and drew up a draft outline action plan. This plan identifies the main needs for further technical assistance to improve tracking of poverty-reducing expenditures. The AAP has been endorsed by the authorities.

**XIII. Technical Assistance:**

Significant technical assistance has been provided since 1989, more recently especially in the fiscal area:

<b>Department</b>	<b>Type of Assistance</b>	<b>Time of Delivery</b>	<b>Purpose</b>
AFRITAC	Tax Advisor	February 7–11, 2005	Review the progress made on: (1) the setup of the Large Taxpayer Unit and the Medium Taxpayers Office; (2) the steps to strengthen the fiscal control; and (3) the corporate registry reform.
AFRITAC	Customs Advisor	February 14–18, 2005	Provide assistance to control transit merchandises in the country and travelers at Ouagadougou airport.
AFRITAC	Customs, short-term Expert	February 14–23, 2005	Implement customs valuation code and establish a database for indicative import prices.
AFRITAC	Microfinance Advisor	March 21–25, 2005	Assess the TA need of the Cellule responsible of the supervision of microfinance institutions and prepare a capacity-building program.
AFRITAC	Short-term Expert	April 18–29, 2005	Training of auditors of the Tax administration.
AFRITAC	PEM Advisor	June 27, July 1, 2005	Review of the public finance directives of WAEMU.
AFRITAC	STA Advisor and Short-term Expert	June 27–July 5, 2005	Assist in setting up database for the TOFE (first or two scheduled missions) and expand further the scope of the TOFE (last of three scheduled missions).
AFRITAC	Customs Advisor visits	July 10–16, 2005	Advise on customs enforcement and assessment of further TA needs.
AFRITAC	Tax Advisor	August 8–12, 2005	(1) Review the status of implementation of the 2003 FAD mission's recommendations; (2) update the tax directorate's action plan; and (3) asses the DGI TA's needs.

<b>Department</b>	<b>Type of Assistance</b>	<b>Time of Delivery</b>	<b>Purpose</b>
AFRITAC	STA Short-term Expert	August 22–26, 2005	Assist with putting in place the database of public finances.
AFRITAC	Customs Advisor	August 28–September 1, 2005	Advise on customs enforcement and assessment of further TA needs.
AFRITAC	STA Short-term Expert	August 29–September 2, 2005	Assist and set up database for the TOFE (last of the two scheduled missions).
AFRITAC	Microfinance Advisor	September 19–23, 2005	Strengthen operational systems for the surveillance of microfinance institutions.
AFRITAC	STA Short-term Expert	September 19–23, 2005	Assist and setting up database for the TOFE (additional mission).
AFRITAC	PEM Advisor	October 10–14, 2005	Review the status of implementation the January 2004 mission recommendations and assess the technical assistance needs.
AFRITAC	Microfinance Advisor and Short-term Expert	November 21–December 16, 2005	Coach in microfinance inspections.
AFRITAC	STA Advisor	December 6–15, 2005	Review the WAEMU directives on budgetary nomenclature.
AFRITAC	Customs Advisor	January 23–25, 2006	Strengthen the dialogue between the customs administration and the private sector (regional workshop).
AFRITAC	STA Advisor	March 11–25, 2006	Review the directive on the TOFE.
AFRITAC	PEM Advisor	March 13–17, 2006	Review the directive on the TOFE.
AFRITAC	Tax administration; Short term Expert	March 14–28, 2006	Assist in strengthening (1) operations of the LTU; and (2) tax auditing.
AFRITAC	Customs Advisor	March 14–28, 2006	Assist in defining an action plan to improve revenue mobilization.
FAD	Revenue administration mission	March 14–28, 2006	Advise on tax and customs administration reform strategy (including improvement of the large tax payer unit, and strengthening of the tax and customs organization and operations).

<b>Department</b>	<b>Type of Assistance</b>	<b>Time of Delivery</b>	<b>Purpose</b>
AFRITAC	Custom Advisor	April 4–14, 2006	Strengthen the control of goods valuation.
AFRITAC	Tax administration; Short term Expert	April 17–28, 2006	Strengthen the management of the most important taxpayers.
AFRITAC	Tax Advisor	July 24–28, 2006	Follow up the implementation of the recommendations by the FAD mission in March 2006.
AFRITAC	Microfinance Advisor	July 31–August 4, 2006	Identify the follow-up indicators from a distance.
AFRITAC	Real statistic sector Advisor	September 11–20, 2006	Take stock of the implementation of the recommendations by the ROSC mission in March 2004.
AFRITAC	Microfinance, Short term Expert	September 28– October 20, 2006	Accompany the agents of the Cell S-IFD
AFRITAC	Public expenditure Advisors	October 2–12, 2006	Review and follow up the implementation of the priority action plan in the PF strengthening strategy.
AFRITAC	Microfinance; Short term Expert	October 2–20, 2006	Develop agent's abilities in inspection and accompany them in the field.
AFRITAC	Customs administration, Short-term Expert	November 20– December 1, 2006	Assess the implementation of preview recommendations relating to the control of goods valuation in the customs.
AFRITAC	Tax Advisor	November 20– December 1, 2006	Strengthen capacities of the tax administration to fight tax evasion.
AFRITAC	Macroeconomic statistics Advisor	March 5–9, 2007	Training in Government Statistics Manual 2001
AFRITAC	Debt Advisor	March 5–16, 2007	Study the situation of the administrative management of the internal and external debts.

<b>Department</b>	<b>Type of Assistance</b>	<b>Time of Delivery</b>	<b>Purpose</b>
AFRITAC	Customs Advisor	March 12–23, 2007	Follow up the implementation of the recommendations by the FAD mission in March 2006, and assess the implementation of the goods valuation control in the customs.
AFRITAC	Macroeconomic statistics Advisor	March 19–23, 2007	Training in Government finance statistics framework.
AFRITAC	Tax Advisor	March 26–30, 2007	Assist in the implementation of the tax administration strengthening and modernization measures.

**XIV. Resident Representative:**

Mr. Mario Zejan took up the post of Resident Representative in March 2004.

## **Burkina Faso: Relations with the World Bank Group<sup>4</sup>**

(As of March 5<sup>th</sup>, 2007)

### **Partnership in Burkina Faso's development strategy**

**Government's development strategy.** The government of Burkina Faso outlined its development strategy in a revised PRSP (PRSP-2) adopted by the Council of Ministers on October 27, 2004, along with a Priority Action Program (PAP). The PAP translates strategic objectives into sequenced actions and strengthens results-based monitoring of the PRSP. The revised PRSP and accompanying PAP were presented to World Bank and IMF Board on May 3, 2005. PRSP-2 reaffirms the four interrelated pillars as identified in the first PRSP, namely: (i) accelerating broad-based growth; (ii) promoting access to social services; (iii) increasing employment and income-generating activities for the poor; and (iv) promoting good governance.

1. **Partnership with the Fund.** The Fund has supported Burkina Faso with four arrangements under the Poverty Reduction and Growth Facility between 1993 and 2006. The sixth and last review of the fourth PRGF arrangement has been concluded in September 2006. A recent Ex-Post assessment of the Fund's engagement in Burkina Faso recognizes weak revenue performance as a key area requiring additional efforts. The authorities are currently seeking support under a fifth PRGF arrangement which aims to cover 2007–09.

2. The Fund takes the lead in the policy dialogue on macroeconomic policies and monitors macroeconomic performance through quantitative performance criteria. In addition, it has established structural conditionality in the areas of revenue administration, tax policy, public financial management, and cotton sector reform. The Bank is supporting the implementation of the PRSP in the areas of public financial management, good governance, decentralization, health, education, and cotton reform through a series of poverty reduction support credits (PRSC), complemented with a portfolio of specific projects addressing issues related to HIV/AIDS, basic education, infrastructure investments in transport, water and sanitation, urban and rural development, private sector development, and statistical capacity building.

### **The FY06–09 Country Assistance Strategy (CAS)**

3. **Lessons from past support to Burkina.** The 2000 CAS Completion Report concludes that development outcomes in FY01–05 were satisfactory, as was Bank performance in supporting implementation of the strategy. Key lessons from the past CAS have shaped the strategy for FY06–09. First, strong country commitment and consistent

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<sup>4</sup> This appendix has been prepared by the World Bank. Additional information can be obtained from Michelle Keane, Acting Country Program Coordinator, or Abdoulaye Seck, Senior Country Economist.

policy reform have succeeded in creating an environment more conducive to growth. Second, a more aggressive approach to economic diversification and administrative decentralization will be required in order to accelerate growth and make it more inclusive. Third, the CAS needs to do more to support strengthening of national capacity and country systems, in order to get better results and sustain them. Finally, IDA and other external partners must use the next few years to translate principles of harmonization into reality, in order to reduce the burden of aid management for Burkina Faso. The positive and constructive example of the General Budget Support Framework (CGAB), which provides for a joint framework shared by the government and the donors engaged in providing budget support in Burkina, could serve as a point of reference.

4. **The FY06–09 CAS** was discussed by the Bank’s Board on June 28, 2005. This CAS supports the pillars of the revised CSLP with analytic work, technical advice, on-going operations and new financing. It is built around a results framework that explicitly defines the assumed causal links between IDA-supported activities, direct outcomes of these activities and the country’s higher-level development outcomes. IDA will seek to contribute to the following outcomes:

- **Accelerated and shared growth.** IDA will support enhanced regional integration, expanded and diversified export earnings, an improved investment climate, decentralized urban development to promote urban-rural linkages, and economic infrastructure needed to reduce factor costs and stimulate private sector investment and growth.
- **Improved access to basic social services.** IDA will continue to support access to basic education and improved quality of teaching, expanded coverage of basic health care and HIV/AIDS prevention and treatment and increased access to clean water and sanitation, particularly in urban areas. IDA will also provide technical input for better targeting of social protection to the most vulnerable groups.
- **Increased employment and income opportunities for the poor.** A two-pronged approach will focus, first, on the labor market and employment strategy for urban workers. Second, IDA will support efforts to reduce risk, increase revenues, upgrade economic and market infrastructure and enhance women’s opportunities in rural areas, along with promoting community-based land and natural resource management for sustainable development.
- **Better governance with greater decentralization.** Governance affects the achievement of development outcomes across all strategic pillars and sectors. Efforts to enhance governance and accountability will be integral to all IDA-supported activities. Particular emphasis will be placed on supporting a more efficient judiciary, promoting public resource management and increased decentralization and strengthening local capacity and participation in public policy decisions.

5. The PRSP-2 provides the framework of development objectives and priorities, which the FY06–09 CAS aims to support. Given the country context, recent progress and medium-term prospects, the main challenges for Burkina Faso in the upcoming CAS period can be

summarized as follows: (i) maintaining commitment to reform despite less favorable conditions for growth; (ii) overcoming long-standing obstacles to economic diversification; (iii) improving the efficiency of public spending for social services, water and sanitation; (iv) decentralizing development to enhance pro-poor growth; and (v) creating a public sector interface that inspires private sector confidence.

### **Assessment of country policies**

6. In close collaboration with the Burkinabè authorities, IDA has undertaken substantial analytical work over the past five years to assess key social, structural, and sectoral development policies and to identify policy and institutional reform priorities for poverty reduction. IDA has relied on a combination of the PRSP and its annual progress reports, a second priority poverty survey and two poverty profiles, sectoral policy notes, and informal papers on specific issues, such as constraints in growth and competitiveness, or the dynamics of poverty and income inequality. IDA has also helped the Burkinabè authorities carry out analytical work in key sectors (education, health, rural development, energy, transport, and private sector development) and assisted with the preparation of a comprehensive economic study on long-term sources of growth and competitiveness in 2001. IDA completed a public expenditure review in June 2004 and a Poverty Assessment in July 2004; a Population Sector Work in April 2005 and a Country Procurement Assessment Report (CPAR) in June 2005. An Investment Climate Assessment and a Labor Market Study were finalized in 2006. IDA will continue to support preparation and dissemination of participatory analytical work in the FY07–09 period linked to strategic priorities. Areas of particular emphasis in the next few years include a Financial Sector Review, Integrated Trade Framework, sequencing of decentralization, understanding and addressing persistent malnutrition, and a Country Economic Memorandum analyzing more deeply the sources of growth in Burkina Faso and policy options to sustain growth and poverty reduction.

### **The Bank's current portfolio**

7. The Bank's cumulative commitments to Burkina Faso as of February 28<sup>th</sup>, 2007 amount to US\$2,365. million, which resulted in 82 operations, comprising 76 IDA credits and 6 IDA grants.

8. The **current portfolio** comprises IDA and GEF commitments of US\$687 million, of which US\$ 246 million are undisbursed. IDA's portfolio in Burkina Faso is as follows:

- The **PRSC-6** approved on June 20, 2006 for US\$60 million equivalent supports the implementation of PRSP-2 and its accompanying PAP. PRSC-6 has been fully disbursed by August 2006. Under the growth and employment objectives, PRSC-6 supports reforms in the cotton, rural, telecommunication and energy sectors, as well as in the labor market, to lower factor costs, increase productivity and favor new investments. PRSC-6 also supports policies in the education, health, social protection, and water sectors with the objectives to improve access and improve service quality. Lastly, PRSC-6 supports measures to strengthen budget formulation, execution,

procurement, and control, as well as public sector performance, decentralization, and environmental management. Currently a new PRSC series is being prepared.

- In the **agriculture** sector, the community-based rural development program (US\$66.7 million equivalent, FY01) aims at reducing poverty and promoting sustainable development in rural areas. Its first phase provides for building local capacity to plan and implement rural development projects, accelerating the pace of public transfers for decentralized rural development, and supporting implementation of the country's decentralization framework. The recently approved Agricultural Diversification and Market Development Project (US\$84.5, FY 2006) aim to increase the competitiveness of selected agricultural products.
- To support **human resource development**, three operations are being implemented. In **education**, a basic education operation (US\$32.6 million equivalent) was approved in January 2002. The project provides support for the government's ten-year basic education program, which will be implemented in three phases, the first of which covered the period 2001–05. The main development objective of Phase I of the ten-year program was to lay the foundation for accelerating the development of basic education, while ensuring adequate quality and financial sustainability. The Bank also assists the country with the implementation of a new development learning center (US\$2.3 million equivalent, FY03) for distance-learning activities that will give the Burkinabè access to the latest research worldwide. Both projects have been fully disbursed. Following the **HIV/AIDS** disaster response project (US\$22 million equivalent, FY02) and its full implementation in 2001–04, a US\$5 million supplemental grant has been approved on May 3, 2005 to complete the activities of the original operation. In addition, the multi-country *HIV/AIDS Treatment Acceleration Program* (TAP), approved in June 2004, includes US\$22 million for Burkina Faso, to scale up treatment through strengthening the response of associations of persons living with HIV/AIDS and the Ministry of Health.
- A **Health Sector Support and Multisectoral AIDS Project** (US\$47.7 million) was approved in April 2006 and aims at improving the quality and use of maternal and child health services; scaling up the malaria response and control by supporting malaria prevention and treatment activities; subsidizing procurement and distribution of insecticide-treated bed nets and malaria medicines, with a focus on children under five and women; and providing flexible support for rapidly responding to epidemics, including meningitis, cholera, and bird influenza; scaling up AIDS treatment, promoting HIV prevention and behavioral change, and mitigating the socio-economic consequences of the HIV/AIDS epidemic.
- A **Post Primary Education Project** (US\$25.9 million, FY06) was approved in June 2006 and aims at supporting the Government strategy to increase the number, and quality of students graduating from secondary school at reduced costs for parents, with increased equity of access by gender and by area (rural-urban).
- An **Agricultural Diversification and Market Development Project** (US\$66.0 million, FY06) aims at strengthening private operators' capacities to respond to market opportunities and requirements; developing irrigation and

marketing infrastructure for agricultural productivity increase, product quality improvement, and agricultural diversification, while strengthening producers' linkages to markets; improving the business environment, regulatory framework, and provision of advisory services.

- A **water supply** project (US\$70 million equivalent, FY01) aims at increasing access to adequate and reliable potable water in Ouagadougou through expanded distribution and tertiary water networks and improved urban water sub-sector management.
- A technical assistance credit for **private sector development** (Competitiveness and Enterprise Development Project, US\$34.3 million equivalent, FY03) provides support to implement the privatization program; improve the quality, access, and cost of telecommunications, and promote the development of a strong indigenous private sector in Burkina Faso through a streamlined business environment and well-targeted financial and nonfinancial services to small and medium-sized enterprises.
- The Bank approved a **transport sector** project in April 2003 for US\$92 million equivalent. The project concentrates on rural roads as the rural economy is the main source of income and employment for 80 percent of the population.
- A **statistical capacity building** credit for US\$13 million equivalent was approved in March 2004. The project aims at improving policy decision-making, based on timely and accurate quantitative and qualitative information, that help monitor progress towards national development goals, including the PRSP goals and the MDGs.
- An **administration capacity building** grant for US\$8.5 million equivalent was approved in March 2005. The project aims at improving administration structures and processes in light of the decentralization policy, in order to yield measurable impact on provision of services to the citizens of Burkina Faso. This will improve human and financial management systems and entrench a culture of capacity building in the administration.
- A **power sector development** project, US\$63.5 million equivalent, was approved in November 2004, with the aim to increase power supply through domestic generation and investment in sub-regional inter-connectors for increased electricity imports.

9. The Bank's **proposed remaining lending** program for the FY06–09 period will consist of: (i) one programmatic development lending operation per fiscal year; (ii) support to the agriculture sector through a follow up to the intensification and market diversification project, and the second phase of the community-based rural development program; (iii) an energy access project which will aim at increasing access to infrastructure services, especially for rural communities; (iv) a capacity building project to support the decentralization agenda. In addition, Burkina Faso will participate in regional projects to improve infrastructure networks and increase agricultural productivity<sup>5</sup>.

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<sup>5</sup> A regional aviation project, a regional transit facilitation project, a West Africa power pool project and a West African agricultural productivity program.

### **Bank-Fund collaboration in specific areas**

10. **Cotton sector.** The Bank and Fund staffs jointly follow developments in the cotton sector, because of its importance for macroeconomic aggregates and rural incomes. The Fund staff focuses on the overall financial management of the cotton sector in order to limit spillover effects for government finances and the banking sector. The Bank staff is accompanying the government's structural reform agenda in the sector under a series of PRSCs. These reforms aim to create a more competitive environment. The reforms have contributed over the past decade to a gradual privatization of the state managed cotton monopoly with the transformation of the former state monopoly company into a privately held company, with a minority stake hold by the state; the introduction of two additional fully privately owned cotton companies, improved financial management, and the increased involvement of producer organizations in decision-making processes, including the setting of producer prices.

11. **Public finance management and good governance.** The Bank and the Fund closely collaborate in supporting the government's reforms in the area of public finance management and good governance. Important elements of the reform program are enshrined in the government's own action plan for the improvement of budget management and incorporate the main recommendations of the HIPC Assessment and Action Plan prepared jointly by Bank and Fund staff and the Country Financial Accountability Assessment (CFAA). Recently, the Bank's PRSCs supported the establishment of a functioning Auditor General Office, resumption of regular submissions of budget audit laws to the Auditor General Office and the National Assembly, and revisions of procurement laws and regulations. The Bank's PRSC series is also supporting extensions of the computerized expenditure circuit to deconcentrate budget execution and, together with sector-specific projects, is assisting with the preparation for the political decentralization. The PRGF-supported program included measures to ensure the effectiveness of the Auditor General Office, and the Fund has given technical assistance in the area of tax and customs administration. Both the Bank and Fund staffs have followed jointly the government's anticorruption policies, including the creation of the High Authority to Fight Corruption. The Fund is focusing its support under the PRGF on tax administration and tax reform issues while the Bank is supporting expenditure management and control reform under the PRSCs.

12. **Promotion of private sector activity.** Given the importance of private sector development for sustaining and accelerating growth, the Bank and Fund staffs take a close common interest in policies that foster competition, as well as privatization. The Fund focuses on trade policies and monitors the financial performance of public enterprises. The Bank has taken the lead in assisting with the privatization of the energy and telecommunications sectors and removing administrative obstacles to the creation of enterprises and private investment. IFC and MIGA have intensified their support for private sector investment in Burkina in the past year.

### Statement of IDA Credits/Grants

As of February 28<sup>th</sup>, 2006

(In millions of U.S. dollars)

Burkina Faso Active Projects	Approval Date	Initial IDA Allocation in million of US\$	Undisbursed Amount of Active Projects
Post-Primary Education <sup>a/</sup>	6/20/2006	25.9	16.0
West and Central Africa Air Transport Safety and Security Project	4/27/2006	33.5	4.5
Agricultural Diversification and Market Development Project	6/20/2006	84.5	43.8
Health Sector Support & Multisectoral AIDS Project	4/27/2006	47.7	30.9
Administration Capacity Building Project <sup>b/</sup>	3/22/2005	8.5	3.8
Africa Emergency Locust Project (REGIONAL) <sup>c/</sup>	12/16/2004	72.8	3.8
Development of the National Statistical System	3/25/2004	13.0	3.7
HIV/AIDS Treatment Acceleration Project (REGIONAL) <sup>c/ d/</sup>	6/17/2004	18.7	4.9
Sahel Integrated Lowland Ecosystem Management	6/22/2004	4.9	3.0
Power Sector Development Project <sup>e/</sup>	11/30/2004	63.5	30.1
HIV/AIDS Disaster Resp. Supl. <sup>f/</sup>	5/3/2005	5.2	5.0
Competitiveness & Enterprise Development Project <sup>g/</sup>	3/4/2003	34.3	17.3
Transport Sector Project <sup>e/</sup>	4/8/2003	92.0	49.9
Basic Education Sector Project	1/22/2002	32.6	15.7
Partnership for Natural Ecosystem Management Project	5/21/2002	13.4	0.8
Ouagadougou Water Supply Project	3/20/2001	70.0	11.6
Community-Based Rural Development Project	11/30/2000	66.7	1.0
<b>Total</b>		<b>687.2</b>	<b>245.8</b>

a/ 80% IDA Grant

b/ 90% IDA Grant

c/ Initial IDA allocation set aside for Burkina Faso.

d/ 100% Grant

e/ 15% IDA Grant

f/ 45% IDA Grant

Source: World Bank

## Burkina Faso: Statistical Issues

Overall, data provision is adequate for surveillance purposes, but serious shortcomings hamper economic and program monitoring. Burkina Faso has participated in the General Data Dissemination System (GDDS) since December 2001 and its metadata are posted on the Dissemination Standards Bulletin Board (DSBB). However, the metadata have not been updated since 2001. Following the conversion of the National Institute of Statistics and Demography (INSD) into an autonomous agency, its human and material resources were significantly increased in 2002.

Burkina Faso has received technical assistance (TA) under the government finance statistics (GFS) component of the regional GDDS project (funded by Japan) for member countries of the West African Economic and Monetary Union (WAEMU).<sup>6</sup> A data ROSC mission visited Burkina Faso in May 2003 and the report was published in March 2004. STA missions that visited Burkina Faso in May 2006 and September 2006 helped the authorities update the statistical plans for improvements and recommended increasing resources to support statistical reforms, especially to the INSD, for additional staff and survey work. This was seen as a prerequisite to enhanced overall effectiveness of technical assistance.

### Real sector

Serious problems have been identified in both national accounts and price statistics. The INSD compiles the **national accounts** following the harmonized WAEMU guidelines, which are in line with the *1993 SNA*. Annual data are available on GDP estimates by economic activity (19 industries) and by expenditure categories at current and constant (1985) prices, as well as by institutional sector accounts. Also, a general table of transactions and an overall balance of goods and services are available.

The quality of the national accounts estimates is impaired by the scarcity of suitable data sources and by deficiencies in statistical practices. In particular, the informal sector is not properly captured, with estimates derived from limited informal sector surveys conducted in 1989 and 1996. Although included in the directory of industrial and commercial enterprises, most medium and small enterprises belonging to the “modern sector” fall short of submitting accounting statements or tax declarations. Other deficiencies revealed from GDDS metadata are the residual estimation of private household consumption in the absence of an adequate framework to validate data (i.e., supply-use tables), and the use of an outdated base year (1985) for constant price estimates. Burkina Faso has completed, with TA from the Fund and other donors, the current price accounts for 2000 and revised the 1999 data. A work program aiming at improving the quality of the national accounts and producing estimates for missing years has been set up with AFRITAC assistance. To this end, the INSD will receive further TA from the AFRISTAT and INSEE-France.

The **consumer price index** compiled by the INSD follows the methodology of the harmonized index adopted by the WAEMU member countries. The index only covers expenditures by households living in the capital. Further restrictions are the exclusion of non-African households,

<sup>6</sup> Benin, Burkina Faso, Côte d’Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo.

various types of purchased goods and services, as well as services of owner-occupied dwellings. The weight for the item “food, beverages, and tobacco” (33.9 percent of the total) is very low in comparison with neighboring countries. A possible explanation is that the survey from which the weights are taken did not cover a full year. There are plans—subject to the availability of funding—to update the weights. Currently, the base year is 1996. When a product is unavailable, its price is presumed to remain unchanged for a period of up to three months, which is in conformity with the WAEMU methodology. However, best practice would impute a price change for these items on the basis of the prices recorded for closely related products. The software package used for calculating the consumer price index needs to be improved. There do not seem to be other major problems concerning the index, whose periodicity and timeliness meet SDDS requirements. The index is published by the INSD and is also available on the BCEAO and AFRISTAT websites.

The authorities do not compile a **producer price index** or wholesale price index. According to plans for improvement posted on the DSBB, the development of these indices is not envisaged, even for the medium term.

### **Government finance**

Annual data are published in the *International Financial Statistics (IFS)* through 2005. No detailed monthly or quarterly data have been reported to STA for publication. *The 2006 Government Finance Statistics Yearbook* includes data for 2004 and 2005 that were for the first time reported in the format of the *Government Finance Statistics Manual 2001*. The data cover budgetary operations only, but include a breakdown by function for 2004. In general, *GFS* compilation is constrained by a lack of coordination among fiscal agencies. The ROSC identified as areas for improvement the production of functional and ministerial breakdown of expenditure, extending the coverage of the TOFE to the general government, and basing compilation on the Treasury ledger.

### **Monetary and financial statistics**

Preliminary monetary data are prepared by the national agency of the Central Bank of West African States (BCEAO) and released officially with a lag of two to three months. Most of the problems in the monetary statistics are not specific to Burkina Faso, but concern all member countries of the WAEMU. For example, the BCEAO has encountered difficulties in estimating currency in circulation in each WAEMU member country due to large backlogs of unsorted banknotes held by the central bank in its various national agencies. Another problem has been the slower-than-expected implementation of the new accounting system by banks since its introduction on January 1, 1996. These delays contribute substantially to the lag in reporting monetary statistics.

The problems underlying delays in reporting of monetary statistics have not been resolved, despite technical assistance and additional measures to accelerate the bank note sorting operations to estimate currency in circulation in the WAEMU countries. In August 2005, the BCEAO informed STA of a change in the method to estimate currency in circulation in the WAEMU countries. The new method, based on updated sorting coefficients (“coefficients de tri”), has been applied

backwards to time series from December 2003 and aims at improving the accuracy and timeliness of monetary statistics in the WAEMU countries. The African Department and STA await more information from the authorities to review the new methodology. Meanwhile, however, key monetary aggregates such as broad money, net foreign assets and other monetary indicators have undergone substantial revisions.

Following a technical assistance mission to the BCEAO headquarters in 2001, the authorities agreed on an action plan for the implementation of the *Monetary and Financial Statistics Manual (MFSM)* and on the introduction of an area-wide page for the WAEMU in the *IFS*; the latter was achieved in January 2003.

In August 2006, as part of the authorities' efforts to implement the *MFSM*'s methodology, the BCEAO reported to STA monetary data for June 2006 for all member countries using Standardized Report Forms (1SR-central bank, 2SR-other depository corporations, and 5SR-monetary aggregates). These data were reviewed in STA and feedback was provided to the authorities. However, no response from the authorities has been received thus far.

### **Balance of payments**

The BCEAO national agency disseminates balance of payments statistics with a seven-month lag, and annual international investment position data with an eighteen-month lag, in full consistency with the recommendations of the GDDS guidelines. Regarding trade data, the customs computer system (SYDONIA) was upgraded in 1999, and its implementation in the main border customs offices is complete; this allowed for better monitoring of import data and should improve the coverage of informal trade. Further improvement of services and transfers (especially workers' remittances) coverage is clearly linked to the future intensification of the contacts with reporting bodies. The data ROSC mission that visited Ouagadougou in 2004 found that the response rate for the survey among industrial and commercial enterprises was only 40 percent. To address this, the mission recommended that more attention and resources be devoted to improve data collection. Despite several requests from STA, reporting of data for *IFS* and the *BOPSY* is unsatisfactory, as updates have been provided only through 2001.

In the financial account, the foreign assets of the private nonbank sector are well covered through the use of data from the Bank for International Settlements (BIS). The organization of annual surveys for the reporting of foreign direct investment transactions in Burkina Faso is still at a preliminary stage. The BCEAO authorities have indicated that they are looking forward to integrating two additional sources aimed at improving the quality of the balance of payments reports: the regional stock exchange transactions, and the firms' balance sheet database (*centrale des bilans*). They have also indicated that quarterly data derived from banking settlement reports will soon be used to assess the existing information. The balance of payments compilers receive payments statements every ten days; however, the information is not used in the compilation of the annual balance of payments statements, but rather to support data quality controls and to provide early information to the BCEAO authorities.

The computer debt-management system software, SYGADE, developed by the United Nations Conference on Trade and Development (UNCTAD), was introduced in 1999 and is fully operational. Information on debt disbursement has also been fully integrated with the expenditure-monitoring system.

## Burkina Faso: Table of Common Indicators Required for Surveillance

As of March 31, 2007

	Date of latest observation	Date received	Frequency of data <sup>6</sup>	Frequency of reporting <sup>6</sup>	Frequency of publication <sup>6</sup>	Memo Items:	
						Data Quality – Methodological soundness <sup>7</sup>	Data Quality Accuracy and reliability <sup>8</sup>
Exchange Rates	Current	Current	D	D	D		
International Reserve Assets and Reserve Liabilities of the Monetary Authorities <sup>1</sup>	Dec 2006	Mar 2007					
Reserve/Base Money	Dec 2006	Mar 2007	M	M	M	LO, LO, LNO, O	LO, O, O, O, O
Broad Money	Dec 2006	Mar 2007	M	M	M		
Central Bank Balance Sheet	Dec 2006	Mar 2007	M	M	M		
Consolidated Balance Sheet of the Banking System	Dec 2006	Mar 2007	M	M	M		
Interest Rates <sup>2</sup>	Feb 2007	Mar 2007	M	M	M		
Consumer Price Index	Dec 2006	Jan 2007	M	M	M	O, LNO, O, O	LNO, O, O, O, NA
Revenue, Expenditure, Balance and Composition of Financing <sup>3</sup> –General Government <sup>4</sup>	Dec 2006	Jan 2007				O, LO, O, O	O, LO, O, O, LNO
Revenue, Expenditure, Balance and Composition of Financing <sup>3</sup> –Central Government	Dec 2006	Jan 2007					
Stocks of Central Government and Central Government-Guaranteed Debt <sup>5</sup>	Mar 2006	May 2006	A	A	A		
External Current Account Balance	Dec 2004	Feb 2006	A	A	A	O, O, O, O	LO, O, LO, O, O
Exports and Imports of Goods and Services	Dec 2004	Feb 2006	A	A	A		
GDP/GNP	2005	Sep. 2006	A	A	A	LO, LNO, LNO, LO	LNO, LNO, LO, LO, LNO
Gross External Debt	Mar 2006	May 2006	A	A	A		

<sup>1</sup>Includes reserve assets pledged or otherwise encumbered as well as net derivative positions.

<sup>2</sup>Both market-based and officially-determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

<sup>3</sup>Foreign, domestic bank, and domestic nonbank financing.

<sup>4</sup>The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.

<sup>5</sup>Including currency and maturity composition.

<sup>6</sup>Daily (D); Weekly (W); Monthly (M); Quarterly (Q); Annually (A); Irregular (I); Not Available (NA).

<sup>7</sup>Reflects the assessment provided in the data ROSC published in March 2004 and based on the findings of the mission that took place in May 2003 for the dataset corresponding to the variable in each row. The assessment indicates whether international standards concerning (respectively) concepts and definitions, scope, classification/sectorization, and basis for recording are fully observed (O), largely observed (LO), largely not observed (LNO), or not available (NA).

<sup>8</sup>Same as footnote 7, except referring to international standards concerning (respectively) source data, statistical techniques, assessment and validation of source data, assessment and validation of intermediate data and statistical outputs, and revision studies.