This page intentionally left blank

©International Monetary Fund. Not for Redistribution

Press Release No. 13/542
FOR IMMEDIATE RELEASE
December 27 2013

International Monetary Fund
Washington, D.C. 20431 USA

IMF Executive Board Approves Three-Year, US$41.6 Million ECF for Burkina Faso and US$3.9 Million Disbursement

The Executive Board of the International Monetary Fund (IMF) today approved a new three-year arrangement for a total amount of SDR 27.09 million (about US$ 41.6 million, or 45 percent of quota) under the Extended Credit Facility (ECF) for Burkina Faso. The approval enables an immediate disbursement equivalent to SDR 2.55 million (about US$ 3.9 million). The Board's decision was taken on a lapse of time basis.[1]

Building on the success of the authorities' program supported by the Extended Credit Facility arrangement that expired on December 23, 2013, the successor program will continue to support the authorities' efforts towards fiscal sustainability, macroeconomic stability and a broader distribution of the dividends of high growth**.**

The Executive Board discussed Burkina Faso's request for the successor three-year arrangement under the ECF at its meeting of December 16, 2013 (See Press Release No. 13/517), when it completed the seventh and final review of Burkina Faso's economic performance under the ECF arrangement approved in June 2010.

[1] The Executive Board takes decisions under its lapse-of-time procedure when the Board agrees that a proposal can be considered without convening formal discussions.

©International Monetary Fund. Not for Redistribution

This page intentionally left blank

©International Monetary Fund. Not for Redistribution

Statement by Mr. Assimaidou and Mr. Diallo on Burkina Faso
Executive Board Meeting
December 16, 2013

On behalf of my Burkina Faso's authorities, I would like to thank staff for the comprehensive report and the close policy dialogue with the authorities. The authorities broadly share staff's recommendations and value their advice and policy guidance in the formulation of their adjustment program. They are also thankful for the technical assistance provided by the IMF.

Recent Economic Developments and Program Performance

Burkina Faso's authorities continued to implement sound economic policies, notwithstanding an economic environment marked by an expected slowdown in economic activity on account of lower gold and cotton world prices, and the under-execution of public investment spending.

Albeit lower than the 9 percent growth rate registered in 2012, the pace of real GDP growth continued to remain strong, at an estimated 6.8 percent in 2013. The sources of growth remained broad-based, mostly driven by the secondary and tertiary sectors. The current account position deteriorated to 3.5 percent of GDP from the 0.8 percent in 2012, owing to lower gold export proceeds. Notwithstanding, the short run volatility in commodities world price, the mining sector's prospects remain promising with the forthcoming exploitation of new mines and the planned expansion of existing activities. Inflation declined below the WAEMU's 3 percent convergence criterion during the review period.

Against this background, program implementation has been strong. All end-June 2013 quantitative performance criteria were met, as well as all structural benchmarks. The government is also on track to meet all end-December 2013 goals.

On fiscal policy, in particular, the authorities' revenue mobilization efforts were directed at improving tax compliance, reducing fraud and corruption, and broadening the coverage of the VAT on imports in the mining sector. Spending was constrained, while provisions for social spending and job creating investments were increased. The authorities also took steps to improve the execution rate of investment spending with the creation of ministerial committee to review projects with spending execution rate below 50 percent. Progress was also made towards streamlining and computerizing the public expenditure chain with the adoption, by the Council of Ministers, of an action plan to that effect.

Structural reforms were aimed at realizing the objectives of SCADD, the homegrown development strategy, and increasing the resilience of the economy to shocks, including in the key cotton sector.

Notwithstanding the progress achieved, Burkina Faso remains vulnerable to climate-related and geopolitical shocks and to risks of deterioration of terms of trade--with the increased

©International Monetary Fund. Not for Redistribution