Burkina Faso and the IMF

Press Release:
IMF Executive Board Completes Fifth Review Under Burkina Faso's PRGF Arrangement and Approves US$4.9 Million Disbursement
March 13, 2006

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Burkina Faso: Letter of Intent, Memorandum of Economic and Financial Policies and Technical Memorandum of Understanding

February 27, 2006

The following item is a Letter of Intent of the government of Burkina Faso, which describes the policies that Burkina Faso intends to implement in the context of its request for financial support from the IMF. The document, which is the property of Burkina Faso, is being made available on the IMF website by agreement with the member as a service to users of the IMF website.

Ouagadougou, February 27, 2006

Mr. Rodrigo de Rato
Managing Director
International Monetary Fund
700 19th Street NW
Washington DC 20431
USA

Dear Mr. de Rato:

1. The government of Burkina Faso is implementing a program of macroeconomic and structural reforms for the period 2003–06 with the support of the International Monetary Fund (IMF). An arrangement under the Poverty Reduction and Growth Facility (PRGF), for an amount equivalent to SDR 24.08 million (40 percent of quota), was approved by the IMF Board on June 11, 2003. The program expires in August 2006.

2. The attached memorandum of economic and financial policies (MEFP) supplements the one attached to my letter to you dated August 16, 2005. The MEFP attached to that letter established quantitative performance criteria (for end-March 2006) and structural performance criteria (through mid-May 2006) for the completion of the sixth and final review under the PRGF arrangement. While we have updated the macroeconomic framework for 2006 in light of recent developments, we believe that the quantitative performance criteria for 2006 remain appropriate.

3. All quantitative and structural performance criteria for the completion of the fifth review were observed and we are on track to realize the program targets for 2005 as a whole. On the basis of this performance, and on the strength of the policies set forth in the attached memorandum, the government requests that the IMF complete the fifth review under the PRGF and disburse the sixth loan in the amount of SDR 3.44 million.

4. The government believes that the policies set out in the MEFP are adequate to achieve the program objectives. However, it stands ready to take any further measures that may prove necessary. The government of Burkina Faso will continue to provide the staff of the IMF with the information required to properly evaluate Burkina Faso's progress in executing the policies contained in the attached MEFP. It will also continue to consult with the IMF on its economic and financial policies, in accordance with the provisions and practices of the Fund governing such consultations.

5. To ensure that there is sufficient time to complete the sixth review under the three-year arrangement, which will be based on performance at end-March 2006, we request that the arrangement be extended until September 30, 2006.

Sincerely yours,

/s/

Jean-Baptiste Compaoré
Minister of Finance and Budget
Officer of the National Order
Ouagadougou, Burkina Faso

Memorandum of Economic and Financial Policies of the government of Burkina Faso for 2006

I. Program Implementation in 2005

1. The economic outturn for 2005 is estimated to be substantially better than previously envisaged. Real GDP growth is estimated at 7½ percent, with strong growth in cereals and cotton more than offsetting a slowdown in nonagricultural growth arising from the sharp deterioration in the external terms of trade. After rising for the first eight months of the year, inflation has begun to come down as domestic food and fuel prices have retreated from recent peaks. Inflation averaged just over 6 percent in 2005, but excluding food and transport, it remained near zero. The world price of cotton has rebounded since the end of 2004, but the situation in our cotton sector remains difficult. With cotton export revenues declining and oil imports rising in 2005, the external current account deficit (excluding official grants) is estimated to have increased to just over 12 percent of GDP in 2005. Growth of broad money has been in line with the growth of nominal GDP, but credit to the economy has expanded rapidly and the overall balance of payments is projected to be in deficit.

2. The fiscal deficit for the first nine months of 2005 was larger than programmed, despite higher revenues, primarily because of an acceleration of expenditure authorizations for the domestically-financed public investment program, and, to a lesser extent, nonwage recurrent outlays. Actual spending by ministries was in line with the program and the quantitative performance criterion on domestic financing of the government was observed, as were all other quantitative and structural performance criteria (Tables 1 and 2). We reduced expenditure authorizations in the fourth quarter to insure that the fiscal targets for the year as a whole are achieved, and the overall fiscal deficit (excluding grants) will be entirely financed by net external resources.

II. The PRSP, Medium-Term Expenditure Framework, and the 2006 Program

3. We are preparing our priority action plan (PAP) of the poverty reduction strategy paper (PRSP) for 2006–08 and intend to develop a medium-term expenditure framework that reflects the costs of achieving the Millennium Development Goals (MDGs). We will also develop an expenditure scenario that reflects our absorptive capacity, while we implement measures to increase this capacity. Finally, the budget for each year will be aligned with available resources at the time it is drafted. The government will identify additional spending that would be undertaken if additional resources were to become available during the course of the year, provided they are accessible on appropriately concessional terms to ensure external debt sustainability.

4. This is also the strategy we will implement in 2006. The budget is fully financed, but the level of expenditure will not be sufficient to realize the objectives of the 2004–06 PRSP, and we could effectively absorb an additional CFAF 35 billion toward meeting spending requirements in priority social and infrastructure programs. The savings from debt relief that could be released under the multilateral debt relief initiative (MDRI) in 2006 would cover less than half this amount. We will therefore continue to work with our

development partners during the course of the year to obtain additional budget support for increasing spending to achieve the MDGs.

5. Real GDP growth in 2006 is projected to slow to about 4½ percent as agricultural production returns to trend; nonagricultural economic growth is projected to rise to about 6 percent in the wake of the record harvest of 2005. Inflation is projected to fall to about 2 percent. Cotton exports in 2006 are projected to rise by about 35 percent on the basis of the record 2005/06 harvest and the recent improvement in the world cotton price, and the external current account deficit (excluding official grants) is projected to shrink moderately to about 11 percent of GDP. With growth rates of both broad money and credit to the economy slowing in 2006, the overall balance of payments is projected to improve moderately, but we still anticipate a deficit. While the financial situation of the ginning companies is expected to improve in 2006, they are unlikely to show a profit without a further improvement in world prices.

6. We project that fiscal revenue will increase to about 13¼ percent of GDP. The wage bill to rise on the order of 7½ percent to reach CFAF 152 billion, reflecting the expansion of educational opportunities, especially for girls, which will entail hiring more teachers. Transfers are programmed to rise by 25 percent to CFAF 126 billion, primarily to finance the decentralization of health and education services, municipal elections, and establishing new municipal administrations. We will also continue our policy of waiving school fees for girls and increasing outlays on other priority social programs, notably in the areas of health and rural infrastructure. We introduced a temporary fertilizer subsidy in 2003 to help defray higher transportation costs associated with the disruption of supply lines through Côte d'Ivoire. We intend to extend this subsidy for one more year, limited to a total of CFAF 3 billion. Against this background, total expenditure and net lending will rise to about 725 billion, amounting to about 22¼ percent of GDP. The overall deficit, excluding grants, would be nearly covered by net external flows and the projection of domestic financing (including cash adjustment) is unchanged from our previous MEFP.

7. We remain committed to the fiscal reforms set forth in our previous MEFP and are on track for meeting all structural performance criteria and benchmarks for the sixth and final review. The Tax Directorate launched the census of large and medium-sized enterprises in Ouagadougou and Bobo-Dioulasso in early December, and the Joint Brigade of the Tax and Customs Directorates is in place and has prepared a work plan for 2006. We will also push ahead with our program to strengthen budget management. In particular, we are streamlining documentation requirements to expedite government payments and strengthening internal controls. We will also update our multi-year plan for strengthening tax and customs administration, including measures to reduce smuggling, expedite VAT refunds, revise the investment code to enhance investment incentives while reducing revenue losses through exonerations, and computerize revenue management.

8. We also remain committed to the other structural reforms set forth in our previous MEFP, notably: (i) approval of a revised law on the legal and regulatory framework for the electricity sector; (ii) establishment of a regulatory agency for the electricity sector; (iii) issuance of a tender for the selection of a private operator for the management of SONABEL (the electricity utility) before end-June 2006; (iv) issuance of bidding documents for private sector participation in the capital of SONABHY (the oil importing

company) before end-June 2006, and the sale of a minority stake by the end of 2006; and (v), privatization of ONATEL (telecommunications) by the end of 2006. Competition in telecommunications will also be enhanced by the elimination of ONATEL's monopoly in land-line service, effective January 1, 2006. In addition, we intend to reduce the state and national social security holdings of the recently created Housing Bank to 10 and 15 percent, respectively, before the end of 2006.

9. A key medium-term objective for the development of the electricity sector is to eliminate the need for budget subsidy. In that regard, we will continue working to reduce costs of electricity production, and will also raise electricity tariffs in the context of our power sector strategy agreed with development partners. The government will take additional measures as needed to ensure that SONABEL continues to meet all its financial obligations without recourse to a budget subsidy beyond the programmed of CFAF 18 billion.

10. We are also improving the business climate to promote private investment, employment and economic growth. In addition to revising the investment code, we are streamlining procedures and costs for the transfer of property and the licensing of businesses, and implementing reforms to enhance labor market flexibility. We will continue to combat corruption and improve contract enforcement through our judicial reform program by increasing the number of magistrates, improving training and strengthening judicial oversight.

III. Program Monitoring

11. Implementation of our program in 2006 will be assessed against the continuous performance criteria, the quantitative and structural performance criteria for March 2006 and indicative targets for end-June that were established at the conclusion of the fourth review (Table 3). We expect to complete the sixth review under the program by August 15, 2006 on the basis of performance criteria at end-March 2006.

Table 1. Burkina Faso: Quantitative Performance Criteria and Indicative Targets for the Program Under the Poverty Reduction and Growth Facility Arrangement, 2005

(In billions of CFA francs; cumulative from beginning of year)

	2004	2005							
	Dec.	End-June			End-Sep.			End-Dec.	
	Actual	Prog. 1/	Prog. 1/ Adj. 2/	Actual	Prog. 1/	Prog. 1/ Adj. 2/	Actual	Prog. 1/	Proj. 1/
Performance criteria and indicative targets 3/									
Ceiling on cumulative change in net domestic financing to government 4/	-9.7	25.3	21.8	16.1	4.2	-5.0	-5.6	8.9	-4.3
Ceiling on the cumulative amount of new nonconcessional external debt contracted or guaranteed by the government 5/ 6/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which: less than one year's maturity 5/ 6/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accumulation of domestic payments arrears 6/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accumulation of external payments arrears 6/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Indicative targets									
Government revenue	344.5	177.6	177.6	185.3	272.1	272.1	278.7	377.9	380.4
Current expenditure	284.5	167.1	167.1	174.2	253.2	253.2	266.0	337.6	339.6
Expenditure on wages and salaries	119.0	69.7	69.7	71.0	105.6	105.6	106.4	140.7	141.6
Basic balance 7/ 8/	-82.0	-38.8	-38.8	-46.2	-56.4	-56.4	-83.8	-84.7	-85.5
Change in the stock of expenditure authorized but without payment orders 8/	7.4	1.0	1.0	-9.6	6.0	6.0	4.7	3.0	3.4
Adjustment factors									
Balance of payments assistance	89.8	23.7	...	24.2	67.8	...	72.9	93.2	98.4
Adjustment lending	42.8	10.5	...	10.4	45.0	...	38.4	49.3	41.0
Adjustment grants	47.1	13.2	...	13.9	22.9	...	34.4	43.9	57.4
Debt service after HIPC relief	14.2	10.6	...	5.6	17.2	...	8.0	21.0	18.3
Memorandum items:									
Social spending	145.0	71.8	71.8	84.4	112.5	112.5	128.8	160.5	166.2

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

1/ IMF Country Report No. 05/134, August 24, 2005.

2/ Target on net domestic financing adjusted to reflect the excess or shortfall in balance of payments assistance and deviations in external debt service compared to program projections.

3/ Performance criteria at end-March and end-September 2005.

4/ For 2005, the ceiling on the cumulative change in net domestic financing is to be adjusted upward (downward) by the amount of shortfall (surplus) in balance of payments assistance. The downward adjustment does not apply to the first CFAF 25 billion in excess balance of payments support, provided that additional spending is for priority social programs. At end-December 2005, the adjustment is limited to a maximum of CFAF 50 billion.

5/ Excluding treasury notes and bonds issued in CFA francs on the regional West African and Economic Monetary Union (WAEMU) market. This ceiling excludes supplier credits with a maturity of one year or less.

6/ To be observed on a continuous basis.

7/ Revenue (excluding grants) minus expenditure, excluding foreign-financed investment outlays and net lending.

8/ Including HIPC Initiative expenditure.

Table 2. Burkina Faso: Quantitative Performance Criteria and Indicative Targets for the Program
Under the Poverty Reduction and Growth Facility Arrangement, 2006
(In billions of CFA francs; cumulative from beginning of year)

	2005	2006			
	Dec.	End-Mar.	End-June	End-Sep.	End-Dec.
	Proj.	Prog. 1/	Proj.	Proj.	Proj.
Performance criteria and indicative targets 2/					
Ceiling on cumulative change in net domestic financing to government 3/	-4.3	14.8	-12.1	-14.8	12.8
Ceiling on the cumulative amount of new nonconcessional external debt					
contracted or guaranteed by the government 4/ 5/	0.0	0.0	0.0	0.0	0.0
Of which: less than one year's maturity 4/ 5/	0.0	0.0	0.0	0.0	0.0
Accumulation of domestic payments arrears 5/	0.0	0.0	0.0	0.0	0.0
Accumulation of external payments arrears 5/	0.0	0.0	0.0	0.0	0.0
Indicative targets					
Government revenue	380.9	87.7	213.4	314.8	432.3
Current expenditure	339.6	91.2	190.5	288.7	384.9
Expenditure on wages and salaries	141.6	37.1	75.2	113.9	151.8
Basic balance 6/ 7/	-85.5	-23.7	-37.7	-73.5	-97.1
Change in the stock of expenditure authorized but without payment orders 7/	3.4	-7.0	-2.0	1.0	3.0
Adjustment factors					
Balance of payments assistance 8/	98.4	24.0	61.7	103.1	103.1
Adjustment lending	41.0	2.7	14.5	49.2	49.2
Adjustment grants	57.4	21.3	47.2	53.9	53.9
Debt service after HIPC relief	18.3	6.0	10.0	15.1	20.1
Memorandum items:					
Social spending	166.2	35.4	90.7	134.5	181.1

Sources: Burkinabè authorities; and staff estimates and projections.

1/ IMF Country Report No. 05/134, August 24, 2005.
2/ Performance criteria at end-March 2006.
3/ The ceiling on the cumulative change in net domestic financing is to be adjusted in line with the specifications set out in paragraph 7 of the TMU.
4/ Excluding treasury notes and bonds issued in CFA francs on the regional West African and Economic Monetary Union (WAEMU) market. This ceiling excludes supplier credits with a maturity of one year or less.
5/ To be observed on a continuous basis.
6/ Revenue (excluding grants) minus expenditure, excluding foreign-financed investment outlays and net lending.
7/ Including HIPC Initiative expenditure.
8/ Includes identified financing only.

Table 3. Burkina Faso: Structural Performance Criteria and Benchmarks for the Program in 2005–06

	Measures	Dates
1.	Production by the Tax Directorate of monthly outcomes and quarterly progress reports on the 10 management indicators for three computerized offices (DGE, Kadiogo I, Houet I).	From end-March 2005 Observed
2.	Introduction of a new taxpayer identification system based on a revised single taxpayer identification number (TIN). 1/	End-March 2005 Observed
3.	Transfer of collection of the RSI tax (régime simplifié d'imposition) from the Treasury Directorate to the Tax Directorate. 1/	End-March 2005 Observed
4.	Submission to the Auditor General Office of the 2003 general balance sheets of the Central Accountant of the Treasury, the General Spending Accountant, and the General Revenue Accountant.	End-March 2005 Observed
5.	Adoption by the Customs Directorate of instructions for customs valuation, and transmission to the pre-inspection company of customs data allowing for the reconciliation of the pre-inspection and declared values of imports.	End-June 2005 Observed
6.	Submission to the Auditor General Office of the 2004 general balance sheets of the Central Accountant of the Treasury, the General Spending Accountant, and the General Revenue Accountant.	End-September 2005 Observed
7.	Submission to the Auditor General Office of the 2004 draft annual budget act. 1/	End-September 2005 Observed
8.	Implementation by the Large Taxpayer Division (DGE) of fiscal controls of at least 60 companies.	End-September 2005 Observed
9.	Establishment by the Customs Directorate of a special unit to monitor the use of imports benefiting from fiscal exonerations. 1/	End-September 2005 Observed
10.	Launch by the Tax Directorate of a comprehensive census of large and medium-sized enterprises in Ouagadougou and Bobo-Dioulasso and publication of a report on the status of its implementation.	End-December 2005
11.	Establishment of a fully operational Joint Brigade of the Tax and Customs Directorates with an annual work program for 2006. 1/	End-December 2005
12.	Submission to the Minister of Finance of a report on the six joint audits of the Joint Brigade of the Tax and Customs Directorates. 1/	End-March 2006
13.	Completion of the taxpayer census in Ouagadougou and Bobo-Dioulasso, and submission to the Minister of Finance of an implementation report. 1/	15 May, 2006
14.	Implementation of the automatic price structure adjustment mechanism for petroleum products in relation to costs.	Continuous

[1] Performance criterion.

Technical Memorandum of Understanding

Ouagadougou, February 27, 2006

1. This memorandum of understanding defines the quantitative performance criteria and indicative targets for the program supported by the Poverty Reduction and Growth Facility (PRGF) of the International Monetary Fund (IMF). It also sets the deadlines for reporting data to Fund staff to facilitate program monitoring.

I. Definitions

2. For the purposes of this memorandum, the following definitions of "debt," "government," "payments arrears," and "government obligations" will be used:

- As specified in point 9 of the Guidelines on Performance Criteria with Respect to Foreign Debt adopted by the Executive Board of the IMF on August 24, 2000, debt will be understood to mean a current, that is, not contingent, liability, created under a contractual arrangement through the provision of value in the form of assets (including currency) or services, and which requires 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 a number of forms, the primary ones being as follows: (i) loans, that is, advances of money to obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds, obligations, 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, that is, contracts where the supplier permits the obligor to defer payments until some time after the date on which the goods have been delivered or the services provided; and (iii) leases, that is, arrangements under which property is provided that the lessee has the right to use for one or more specified periods of time, which are usually shorter than the total expected life of the property, while the lessor retains the title to the property. For the purpose of this guideline, 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. Treasury bills and bonds issued in CFA francs on the WAEMU (West African Economic and Monetary Union) regional market, are included in domestic debt for the purposes of this memorandum.

- Government is defined as the central government of Burkina Faso and does not include any political subdivision, government-owned entity, or central bank having a separate legal personality.

- External payments arrears are external payments due but unpaid. Domestic payments arrears under the 2005–06 program are domestic payments due (following the expiration of a 90-day grace period, except where the obligation provides for a specific grace period, in which case that grace period will apply) but unpaid.

- Government obligation is any financial obligation of the government accepted as such by the government (including any government debt).

II. Quantitative Performance Criteria

A. Cumulative Change in Net Domestic Financing to the Government

Definition

3. Under the 2005–06 program, net domestic financing of the government is defined as the sum of (i) net bank credit to the government, including both the net bank credit to the treasury as defined below, and other government claims and debts vis-à-vis national banking institutions; (ii) the unredeemed stock of government bills and bonds held outside national commercial banks; and (iii) privatization receipts.

4. Net bank credit to the treasury is defined as the balance of the treasury's claims and debts vis-à-vis national banking institutions. Treasury claims include the cash holdings of the Burkinabè Treasury, deposits with the central bank, deposits with the commercial banks, secured obligations, and government deposits with the postal system (CCP). Treasury debt to the banking system includes funding from the central bank (including statutory advances, consolidated advances, IMF financing, and refinancing of secured obligations), government securities held by the central bank, funding from commercial banks (including government securities held by commercial banks), and CNE (Caisse Nationale d'Épargne Postale)/CCP securitized deposits.

5. Net bank credit to the government is calculated by the Central Bank of West African States (BCEAO), whose figures are deemed valid within the context of the program. The stock of treasury bills and other government debt is calculated by the Ministry of Finance.

Quantitative performance criterion/indicative targets

6. The ceiling on the cumulative change (from January 1, 2005 onward) in net domestic financing of the government is set at CFAF 4.2 billion at September 30, 2005 and represents a performance criterion at end-September 2005. The ceiling is programmed at CFAF 8,9 billion at December 31, 2005 and (from January 1, 2006 onward) at CFAF 14.8 billion at March 31, 2006.

Adjustment

7. For external debt service, excluding IMF amortization, the ceiling on the cumulative change in net domestic financing is to be adjusted upward (downward) by the amount of excess (shortfall) debt service relative to program (as indicated in Table 2 in the attached Letter of Intent). The downward adjustment does not apply to the shortfall in external debt service arising from the MDRI. In 2006, the ceiling will be adjusted downward by an amount equivalent to the debt relief on IMF principal falling due after 2006. The ceiling on the cumulative change in net domestic financing is also to be adjusted upward (downward) by the amount of shortfall (surplus) in balance of payments assistance. The downward adjustment does not apply to the first CFAF 25 billion in excess balance of payments support, provided that additional spending is for priority social programs or priority infrastructure. The upward adjustment arising from a shortfall in balance of payments assistance is limited to CFAF 50 billion at end-December 2005 and CFAF 50 billion at end-December 2006.

Reporting deadlines

8. Data on net bank credit to the government will be forwarded monthly to the IMF by BCEAO staff, and those on the stock of government bills and other government debt by the Ministry of Finance within six weeks following the end of each month.

B. Nonaccumulation of Domestic Payments Arrears

Definition

9. The government undertakes not to accumulate any new domestic payments arrears on government obligations. The treasury keeps records of domestic payments arrears on government obligations and records pertinent repayments.

Performance criterion

10. The government will not accumulate any domestic payments arrears on government obligations in 2005 and 2006. Said nonaccumulation of domestic payments arrears is a performance criterion, to be observed continuously.

Reporting deadlines

11. Data on outstanding balances, accumulation, and repayment of domestic arrears on government obligations will be reported monthly within four weeks following the end of each month.

C. Nonaccumulation of External Payments Arrears

Performance criterion

12. The government's external debt is the stock of debt owed or guaranteed by the government. External payments arrears are external payments due but unpaid on the due date. Under the program, the government undertakes not to accumulate external payments arrears on its debt, with the exception of external payments arrears arising from government debt being renegotiated with external creditors, including non-Paris Club bilateral creditors and multilateral creditors participating under the enhanced HIPC Initiative. Nonaccumulation of external payments arrears is a performance criterion, to be observed continuously.

Reporting deadlines

13. Data on outstanding balances, accumulation, and repayment of external payments arrears will be forwarded monthly within four weeks following the end of each month.

D. Nonconcessional External Debt Contracted or Guaranteed by the Government of Burkina Faso

Performance criterion

14. The government undertakes not to contract or guarantee any external debt maturing in one year or more with a grant element of less than 35 percent (calculated using the interest reference rate for borrowed foreign currencies provided by the IMF). This performance criterion applies not only to debt as defined in point 9 of the Guidelines on Performance Criteria with Respect to Foreign Debt, adopted by the IMF's Executive Board on August 24, 2000,[1] but also to all commitments contracted or guaranteed for which value has not been received. However, this performance criterion does not apply to treasury bills and bonds issued in CFA francs on the WAEMU regional market. This commitment is a performance criterion, to be observed continuously.

[1] See para. 2.

Reporting deadlines

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

E. Government Short-Term External Debt

16. The government undertakes not to accumulate or guarantee any new external debt with a contractual maturity of less than one year. This performance criterion applies not only to debt as defined in point 9 of the Guidelines on Performance Criteria with Respect to Foreign Debt, adopted by the IMF's Executive Board on August 24, 2000, but also to commitments contracted or guaranteed for which value has not been received. Excluded from this performance criterion are import- and export-related loans and treasury bills and bonds issued in CFA francs on the WAEMU regional market and normal short term suppliers' credits of one year or less. This obligation is a performance criterion to be observed continuously. As of March 31, 2005, the government of Burkina Faso had no short-term external debt.

III. Other Quantitative Indicative Targets

17. The program also includes indicative targets on the basic balance of the government budget, total government revenue, current expenditure, the government's wage bill, and expenditure committed but not authorized.

Definitions

18. The basic balance of government financial operations is defined as the difference between total government revenue (excluding grants and the proceeds of privatization) and total government expenditure and net lending, excluding foreign-financed investment and net lending. It is valued according to the statement of government budgetary execution, which is established monthly in the central government's financial operations table prepared by the Permanent Secretariat for the Monitoring of Financial Policies and Programs (SP-PPF), in collaboration with the other directorates of the Ministry of Finance and Budget.

19. Total government revenue is valued on a cash basis. It includes all tax and nontax revenue collected by the Directorate General of Taxation, the Directorate General of Customs, the Burkinabè Treasury and the revenue collection units at ministries and institutions, and it includes revenue from treasury checks.

20. Expenditure is valued on a commitment basis, including expenditure financed from HIPC Initiative funds. It includes current expenditure and capital expenditure financed by the Treasury.

21. Current expenditure is defined as the difference between total expenditure (including expenditure financed from HIPC Initiative resources) and capital expenditure and net

lending. It is made up of the wage bill, expenditure on goods and services, interest on the debt (domestic and external), transfers, subsidies, and other current expenditure.

22. The wage bill is defined as the entire government payroll (on a commitment basis), including wages and benefits for all permanent and temporary civilian and military personnel, and the wage bill paid out of HIPC Initiative funds.

23. Expenditure committed for which a payment order has not been issued (DENM) is defined as all expenditure proposed for commitment that has been certified by the financial comptroller (including HIPC Initiative expenditure) but for which the payment authorization (*mandat*) has not been issued and forwarded to the treasury. Its stock is valued according to the statement of government budgetary execution, which is established monthly in the central government's financial operations table prepared by the SP-PPF, in collaboration with the other directorates of the Ministry of Finance and Budget.

Other quantitative indicative targets

24. The ceiling for the cumulative basic deficit (from January 1, 2005 onward) of government financial operations is established at CFAF 38.8 billion at June 30, 2005 and at CFAF 56.4 billion at September 30, 2005. These ceilings are indicative targets at end-June 2005 and end-September 2005. The ceiling is projected at CFAF 84.7 billion at December 31, 2005 and (from January 1, 2006 onward) at CFAF 23.7 billion at March 31, 2006.

25. The floor for total government revenue (cumulative from January 1, 2005 onward) is set at CFAF 177.6 billion at June 30, 2005 and at CFAF 272.1 billion at September 30, 2005. These floors are end-June 2005 and end-September 2005 indicative targets. The floor is projected at CFAF 377.9 billion at December 31, 2005 and (from January 1, 2006 onward) at CFAF 87.7 billion at March 31, 2006.

26. The respective ceilings for current expenditure and the wage bill (cumulative from January 1, 2005 onward) are established at CFAF 167.1 billion and CFAF 69.7 billion, respectively, at June 30, 2005, and at CFAF 253.2 billion and CFAF 105.6 billion, respectively, at September 30, 2005. These ceilings are end-June 2005 and end-September 2005 indicative targets. They are projected, respectively, at CFAF 339.6 billion and CFAF 141.6 billion at December 31, 2005, and (from January 1, 2006 onward) at CFAF 91.2 billion and CFAF 37.1 billion at March 31, 2006.

27. The ceiling for the cumulative increase (from January 1, 2005 onward) in the stock of DENMs is set at CFAF 1.0 billion at June 30, 2005, and at CFAF 6.0 billion at September 30, 2005. These ceilings are end-June 2005 and end-September 2005 indicative targets. The ceiling for the cumulative increase in the stock of DENMs is projected at CFAF 3.4 billion at December 31, 2005, and the floor for the cumulative reduction (from January 1, 2006 onward) is projected at CFAF 7.0 billion at March 31, 2006.

Reporting deadlines

28. Details on the basic balance of the government budget, total revenue, current expenditure, the wage bill, and the DENMs will be sent monthly to IMF staff by the SP-PPF of the Ministry of Finance and Budget within six weeks following the end of each month.

IV. Additional Information for Program-Monitoring Purposes

A. Public Finance

29. The government will report the following to Fund staff:

- a monthly government flow-of-funds table (TOFE) and the 13 customary appendix tables, to be forwarded monthly within six weeks following the end of each month; if the data on actual investment financed by external grants and loans are not available in time, a linear implementation estimate based on the annual projections will be adopted;

- complete monthly data on domestic budgetary financing (net bank credit to the government and stock of unredeemed treasury bonds and bills), to be provided monthly within six weeks following the end of each month;

- quarterly data on implementation of the public investment program, including details on financing sources. These data will be sent quarterly within six weeks following the end of each quarter;

- monthly data on external debt stock and service, to be sent within four weeks following the end of each month;

- monthly data on prices and the taxation of petroleum products, including (i) the price structure prevailing during the month; (ii) the detailed calculation of the price structure, from the f.o.b.-MED price to the retail price; (iii) the volumes purchased and made available for consumption by the petroleum distributor (SONABHY); and (iv) the breakdown of receipts from the taxation of petroleum products—customs duties, tax on petroleum products (TPP), and value-added tax (VAT)—and of subsidies, to be provided within four weeks following the end of each month; and

- the status of accounts with the treasury, classified by major category (administrative services, state enterprises, mixed enterprises, public administrative enterprises, international organizations, private depositors, and others), and to be provided monthly within four weeks following the end of each month.

B. Monetary Sector

30. The government will provide monthly the following information within six weeks following the end of each month:

- the consolidated balance sheet of monetary institutions;
- the monetary survey, within six weeks following the end of each month for provisional data, and ten weeks following the end of each month for final data;
- borrowing and lending interest rates; and
- customary banking supervision indicators for bank and nonbank financial institutions, if necessary.

C. Balance of Payments

31. The government will report the following to Fund staff:

- any revision of balance of payments data (including services, private transfers, official transfers, and capital transactions), whenever they occur;
- foreign trade statistics compiled by the National Statistics Institute, within three months following the end of the month concerned; and
- preliminary annual balance of payments data, within nine months following the end of the year concerned.

D. Real Sector

32. The government will report the following to Fund staff:

- disaggregated monthly consumer price indices, within two weeks following the end of each month;
- provisional national accounts, within six months after the end of the year; and
- any revision of the national accounts.

E. Structural Reforms and Other Data

33. The government will report the following information:

- any study or official report on Burkina Faso's economy, within two weeks following its publication; and
- any decision, order, law, decree, ordinance, or circular with economic or financial implications, upon its publication or, at the latest, when it enters into force.

F. HIPC Initiative

34. The government will report monthly, within three weeks following the end of each month, monthly data on resources, uses, and balances in the special account established at the BCEAO for the use of resources generated by a reduced debt burden under the HIPC Initiative.

Summary of Data Requirements

Type of Data	Tables	Frequency	Reporting Deadline
Real sector	Provisional national accounts	Annual	Year's end + six months
	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 13 customary appendix tables	Monthly	Month's end + six weeks
	Execution of capital budget	Quarterly	End of quarter +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 + 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
	Revised balance of payments data	Variable	When revisions occur
External debt	Outstanding external arrears and repayments (if applicable)	Monthly	Month's end + four weeks
	Details of all new external borrowing	Monthly	Month's end + four weeks
HIPC Initiative	Statement of special account at the BCEAO, that receives resources generated by the HIPC Initiative and tracks their use	Monthly	Month's end + three weeks