BURKINA FASO

December 5, 2019

THIRD REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT—DEBT SUSTAINABILITY ANALYSIS

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Risk of external debt distress	Moderate
Overall risk of debt distress	Moderate
Granularity in the risk rating	Substantial space to absorb shocks on external debt
Application of judgement	No

This joint World Bank/IMF Debt Sustainability Analysis (DSA) has been prepared in the context of the 2019 third review of the three-year program supported by the IMF's Extended Credit Facility (ECF). It is based on end-2018 debt data and the latest methodology underpinning the LIC DSF. The current debt-carrying capacity is consistent with a classification of 'medium'.[1] External risk of debt distress in Burkina Faso remains moderate. All external debt indicators remain below the relevant indicative thresholds under the baseline scenario. In line with the Staff Report, the baseline scenario is anchored on an overall fiscal deficit of 3 percent of GDP starting from 2019. Under a standard stress test of a shock on exports, two of the thresholds of PPG external debt are breached. The overall public debt does not breach the relevant benchmark under all scenarios, yet Burkina Faso is assessed as having a moderate risk of public debt distress, as the external debt risk rating is moderate. Burkina Faso would need to: (i) maintain a sound macro-fiscal framework; (ii) implement structural reforms to diversify its export base of goods and services; (iii) exercise control over government guarantees and contingent liabilities; and (iv) limit non-concessional borrowing and strengthen the implementation of its medium-term debt strategy to contain its debt service and gross financing needs in order to prevent a deterioration of its debt sustainability outlook.

[1] Based on the current vintage drawing from October 2019 WEO and the 2018 CPIA, as well as the last two vintages.

BACKGROUND ON DEBT

1. **Burkina Faso's public debt levels have increased in the last few years following consecutive years of widening fiscal deficits** (Text Table 1). The nominal stock of public debt as of end-2018 stood at 43.2 percent of GDP. This sizable increase in 2018 has been driven to a large extent by an elevated budget deficit, the domestic securitization of the off-budget government subsidies to the national oil company SONABHY accumulated in 2017 and the first half of 2018, and the large cash adjustment in 2018, driven by the payment of the committed expenditures without payments (DENO) accumulated in 2017. As in previous DSAs, the composition of debt has continued to shift towards domestic debt, as the regional market has traditionally been willing to finance the fiscal deficit at competitive rates. External debt comprised 57.0 percent of the total debt stock at end-2018, down from 77.1 percent at end-2014.

Text Table 1. Burkina Faso: Public Debt Stock, 2014-18
(percent of GDP)

	2014	2015	2016	2017	2018
Public Debt	29.9	35.6	39.2	38.4	43.2
External Debt	23.0	26.3	27.9	24.1	24.6
share (in percent to total debt)	*77.1*	*73.9*	*71.1*	*62.8*	*57.0*
Domestic Debt	6.8	9.3	11.3	14.3	18.6
share (in percent to total debt)	*22.9*	*26.1*	*28.9*	*37.2*	*43.0*
Memorandum items:					
Overall fiscal balance	-1.9	-2.2	-3.5	-7.8	-4.9
GDP growth (in percent)	4.3	3.9	5.9	6.3	6.8

Sources: Burkinabe authorities; and IMF staff estimates.

Text Table 2. Burkina Faso: Coverage of Public Sector Debt

	Subsectors of the public sector	Sub-sectors covered
1	Central government	X
2	State and local government	
3	Other elements in the general government	
4	o/w: Social security fund	
5	o/w: Extra budgetary funds (EBFs)	
6	Guarantees (to other entities in the public and private sector, including to SOEs)	
7	Central bank (borrowed on behalf of the government)	X
8	Non-guaranteed SOE debt	

2. **The country's coverage of public debt currently includes external and domestic obligations of the central government yet excludes guarantees and non-guaranteed SOE debt** (Text Table 2). The authorities expressed willingness to exert efforts to extend the coverage of debt to include guarantees to the public and private sectors for the next vintage. According to information provided by the authorities, the two main state-owned enterprises that are majority owned by the public sector do not borrow externally.[2] Domestic debt is defined as debt denominated in the regional currency, the FCAF. The choice of coverage is based on currency, rather than residency, and

[2] The two public enterprises are SONABHY, the state-owned oil-importing company, and SONABEL, the national electricity company.

that is due to the difficulty of monitoring the residency of creditors for debt traded in the WAEMU regional market.

BACKGROUND ON MACRO FORECASTS

3. Text Table 3 summarize the main differences in macroeconomic assumptions between the previous DSA (January 2019) and the current DSA.[3] Burkina Faso's current and future budget deficits are expected to abide by the WAEMU convergence criterion and are consistent with the authorities' commitment under their ECF-supported program. The current account has been revised sizably upwards to account for artisanal gold exports and a more favorable external sector conditions going forward. On one hand, gold price forecasts are sizably larger than projections during the previous DSA; they maintain an upward path amid continued robust expansion in the domestic gold sector. On the other hand, Burkina Faso's other main commodity export, cotton, is hit by lower future price projections relative to the previous DSA, yet there remain favorable prospects for improved production and quality.

Text Table 3. Burkina Faso: Changes in Assumptions for Current DSA Compared with January–2019 DSA

			2018 est.	2019	2020	2021	2025	2028
Gold (USD/ounce)	⬆	Current DSA	1,269	1,400	1,531	1,558	1,619	1,619
		Oct-2018 DSA	1,261	1,218	1,255	1,304	1,382	1,382
Cotton Prices (cts/lb)	⬇	Current DSA	91	77	76	80	81	81
		Oct-2018 DSA	93	91	87	83	83	83
Exports of goods (% of GDP)	⬆	Current DSA	28.0	26.4	27.3	26.1	21.9	19.1
		Oct-2018 DSA	23.5	23.1	22.1	21.4	16.2	14.4
Real GDP Growth (y/y)	⬆	Current DSA	6.8	6.0	6.0	6.0	6.0	6.0
		Oct-2018 DSA	6.0	6.0	6.0	6.0	6.0	6.0
Current Account (% of GDP)	⬆	Current DSA	-4.7	-5.2	-4.0	-4.3	-5.7	-6.7
		Oct-2018 DSA	-8.1	-8.3	-7.0	-7.3	-9.5	-10.6
Overall Fiscal Balance (% of GDP)	=	Current DSA	-4.9	-3.0	-3.0	-3.0	-3.0	-3.0
		Oct-2018 DSA	-4.7	-3.0	-3.0	-3.0	-3.0	-3.0

Sources: IMF staff estimates and World Economic Outlook projections.

[3] IMF Country Report No. 19/15 of January 2019.

Box 1. Macroeconomic Revisions and Assumptions Underlying this DSA Vintage

Gold prices have been revised upwards throughout the projection period, while the outlook for cotton prices have slightly deteriorated. WEO gold price projections have been significantly raised since the last DSA, driven by increased world demand due to a worsening outlook for world growth. On the other hand, WEO cotton price projections have marginally worsened since the previous DSA.

Gold production is expected to rise moderately over the medium term, as new mines complete the development stage and begin to export, while the challenging security situation is weighing down on the ability to reach the sector's full potential in the medium to long-run. The coming on stream of new industrial gold mines along with the revised accounting of artisanal gold anchor the outlook for the sector, but the security situation could hamper exploration and limit prospective mining.

GDP growth in 2018 was higher than the baseline forecast of the last DSA. For the projection period, growth is projected to remain at 6 percent in 2019 onwards, reflecting resilience in the face of external shocks. Yet, significant risks to the downside remain due to the intensification of security challenges and increased vulnerabilities to commodity price shocks.

The overall fiscal deficit is expected to moderate in 2019 driven mostly by an increase of windfall nontax revenues and a decrease in domestically-financed public investment as witnessed in the first three quarters of 2019. Authorities have reiterated their commitment to the WAEMU convergence criteria and place importance on meeting the fiscal deficit and debt criteria. This DSA, like the previous one, assumes the authorities are successful in reaching the 3 percent fiscal deficit target by 2019 and maintaining it at that level thereafter.

Domestic debt is assumed to continue to increase consistently throughout the forecast horizon, reflecting the authorities' financing needs over the medium-term, as well as efforts to deepen the domestic financial market, especially the regional debt market. In 2019, domestic debt is expected to increase by 0.3 percentage points of GDP be around 18.9 percent of GDP. This increase risks to be larger if the government is in need of increased cash flow requirements and if a public investment project for which the government has provided prefinancing guarantees in September 2018 is financed off-budget.[4] In the medium term, the composition of domestic debt is assumed to be similar to that in 2019 with a 45 percent of T- bills with an average interest rate of 5 percent, 30 percent of 3 to 5-year bonds with an average interest rate of around 6¼ percent, and 25 percent of 8-year bonds with an average interest rate of 6.5 percent. The remainder of the deficit (around 20 percent) is assumed to be financed via external debt, but on gradually less generous terms to reflect additional non-concessional financing and conservative assumptions about the availability of concessional financing in future years.

The current account deficit is estimated to reach 5.2 percent of GDP in 2019 but is then projected to drop at around 4.0 percent of GDP in 2020 as new gold mines begin to export and the external price conditions become more favorable. Upside and downside risks to the current account include: volatility in key exports (e.g. gold, cotton) and imports (e.g. oil, fuel, machinery), increased imbalances in the trade of services, and a further escalation of the security environment in the Sahel region.

[4] Refer to Staff Report of the first review under the ECF Arrangement published in January 2019 for information on the pre-financing of a public investment project (https://www.imf.org/en/Publications/CR/Issues/2019/01/22/Burkina-Faso-2018-Article-IV-Consultation-First-Review-Under-the-Extended-Credit-Facility-46533).

4. This DSA update is consistent with the macroeconomic framework underlying the Staff Report prepared for the third review of the three-year ECF program (Box 1). The macro framework projects growth to stabilize at 6 percent in 2019 and over the medium term, with the government meeting its fiscal targets consistent with Burkina Faso's WAEMU membership commitment to a 3 percent budget deficit in 2019 onwards. Moreover, authorities are now providing provisions for the subsidies to the national oil company and are limiting cash adjustments, hence containing the off-budget debt creating flows.

5. The realism tools suggest that the baseline scenario is credible when compared to cross-country experiences and to Burkina Faso's own historical experience (Figures 1 and 2).

a. Figure 1 shows that the contributions of past external debt creating flows remain relatively the same for the projection period, however the magnitudes are projected to shrink in the future, consistently with a current account adjustment. Unexpected changes in external debt are near the median of the distribution across low-income countries. Total public debt projections are in contrast with Burkina Faso's historical experience, mostly due to a projected fiscal adjustment to 3 percent of GDP beginning from 2019 as opposed to the unusually large fiscal deficits in the previous 5 years, especially in 2016 and 2017.

b. Figure 2 shows the country's planned fiscal adjustment for the next 3-years at around 2 percent of GDP. Again, this reflects the historically unusually high fiscal deficit of 7.8 percent of GDP in 2017, and 4.9 percent of GDP in 2018. Although the anticipated fiscal adjustment is not negligible: (i) it lies in the middle of the distribution of the past adjustments of primary deficits; (ii) fiscal adjustment has already started since 2018 and was satisfactory in the first half of 2019 and (iii) it reflects the authorities' commitment to meet the WAEMU fiscal deficit convergence criterion of 3 percent of GDP from 2019 onward."

c. Figure 2 also shows the potential impact of the projected fiscal adjustment on the possible growth path assuming a range of fiscal multipliers. While the fiscal deficit is expected to adjust to 3 percent of GDP by 2019, growth performance is expected to stabilize at 6 percent, which looks strongly realistic given a range of plausible fiscal multipliers. Moreover, the contribution of government capital to real GDP growth is projected in line with the historical magnitude.

6. This DSA assumes an increase of non-concessional financing over the forecast horizon. Text Table 4 and Text Table 5 list the projects for which the authorities have been seeking external loans in 2018 and 2019. The actual amount of new loans contracted, particularly non-concessional loans, will fall well short of the targeted amounts. Previous experience has shown that the borrowing plan has an aspirational element in it. The DSA includes both already-contracted and anticipated borrowing on a disbursement basis. The authorities debt strategy favors exhausting all options for concessional financing before exploring more expensive non-concessional options, including commercial ones. Nevertheless, since financing needs exceed the amount of expected available concessional financing, this DSA assumes that non-concessional borrowing will expand to an average of around 20 percent of total external borrowing but at a growing share over time starting from 2020 and through the DSA horizon. Consistent with this and the assumption of a shrinking concessional financing to total external financing ratio going forward, the grant element of new borrowing is assumed to decrease gradually over the forecast horizon.

COUNTRY CLASSIFICATION AND DETERMINATION OF STRESS TESTS

A. Country Classification

7. **Burkina Faso's current debt-carrying capacity is consistent with a classification of 'medium'** (Text Table 4). The country's Composite Indicator (CI) index, calculated based on the October 2019 WEO and the 2018 CPIA score, is 3.02, that is below the threshold of 3.05, hence the 'medium' classification. Moreover, the classification based on the previous vintage of April 2019 WEO had been also 'medium', triggering a change in the final debt carrying capacity to 'medium'.[5] This deterioration of the classification is for the most part driven by a less positive outlook for world economic growth, lower remittances in percent of GDP, and less positive outlook over the import coverage of WAEMU reserves. The relevant indicative thresholds for this 'medium' category are: 40 percent for the PV of debt-to-GDP ratio, 180 percent for the PV of debt-to-exports ratio, 15 percent for the debt service-to-exports ratio, and 18 percent for the debt service-to-revenue ratio. These thresholds are applicable to public and publicly guaranteed external debt. The benchmark for the PV of total public debt for medium debt carrying capacity is 55 percent of GDP.

Text Table 4. Burkina Faso: Debt Carrying Capacity and Relevant Indicative Thresholds

Debt Carrying Capacity	Medium

Final	Classification based on current vintage	Classification based on the previous vintage	Classification based on the two previous vintages
Medium	Medium 3.02	Medium 3.04	Strong 3.05

Note: The current vintage is based on the WEO October 2019, the previous vintage is based on WEO April 2019 and the classification based on two previous vintages is based on the WEO October 2018. All classifications also use the available CPIA at the time of the vintage.

EXTERNAL debt burden thresholds	Weak	Medium	Strong
PV of debt in % of			
Exports	140	180	240
GDP	30	40	55
Debt service in % of			
Exports	10	15	21
Revenue	14	18	23

TOTAL public debt benchmark	Weak	Medium	Strong
PV of total public debt in percent of GDP	35	55	70

[5] Based on the revised "Guidance Note on the Bank-Fund Debt Sustainability Framework for Low-income Countries" (http://www.imf.org/en/Publications/Policy-Papers/Issues/2018/02/14/pp122617guidance-note-on-lic-dsf).

B. Determination of Scenario Stress Tests

8. Given the limited coverage of the country's public debt, a stress test for a combined contingent liability shock of 8.5 percent of GDP was conducted (Text Table 5). A 1.5 percent of GDP shock is included as a contingent liability to account for the guarantees to the private sector. In the absence of SOE's external debt, a standard SOE's debt of 2 percent of GDP is included as additional contingent liability to reflect potential guaranteed and unguaranteed domestic debt of public companies (e.g. SONABHY, SONABEL, SOFITEX). Authorities have also initiated the procedures for auditing the national oil company SONABHY. No shock is used to account for PPPs, as the stock is still less than 1 percent of GDP. The default value of 5 percent of GDP is retained, representing the average cost to the government of a financial crisis.

Text Table 5. Burkina Faso: Combined Contingent Liability Shock

1	**The country's coverage of public debt**	The central government, central bank			
		Default		**Used for the analysis**	**Reasons for deviations from the default settings**
2	Other elements of the general government not captured in 1.	0	percent of GDP	1.5	Guarantees to private sector
3	SoE's debt (guaranteed and not guaranteed by the government) 1/	2	percent of GDP	2.0	
4	PPP	35	percent of PPP stock	0.0	
5	Financial market (the default value of 5 percent of GDP is the minimum value)	5	percent of GDP	5.0	
	Total (2+3+4+5) (in percent of GDP)			8.5	

1/ The default shock of 2% of GDP will be triggered for countries whose government-guaranteed debt is not fully captured under the country's public debt definition (1.). If it is already included in the government debt (1.) and risks associated with SoE's debt not guaranteed by the government is assessed to be negligible, a country team may reduce this to 0%.

9. A tailored stress test for commodity price shocks was also conducted given that commodities constitute around 80 percent of total exports in Burkina Faso. This shock is applied to all countries where commodities constitute more than 50 percent of total exports of goods and services over the previous three-year period. The scenario captures the impact of a sudden one standard deviation decline in the export prices of gold, grains, and cotton in 2020, corresponding to a decline in prices by 12 percent, 15 percent, and 11 percent, respectively.

DEBT SUSTAINABILITY

A. External Debt Sustainability Analysis

10. Under the baseline scenario, all external public and publicly-guaranteed (PPG) debt indicators remain below the policy-relevant thresholds for the next ten years (Table 1 and Figure 1). Having a 40 percent threshold, the PV of external debt-to-GDP ratio is expected to remain at or below 17 percent over the projection horizon, decreasing from 16.7 percent in 2019 to 14.9 in 2029 reflecting the effects of the consolidation of the current account deficit in percentage of GDP relative to historical levels, along with effects of persistent real GDP growth.[6] The PV of debt-to-exports ratio is expected to grow gradually from 55.2 percent in 2019 to 68.7 percent in 2029 yet

[6] External debt dynamics are highly driven by non-identified debt-creating flows (as illustrated by residuals in table 1). These residuals are persistent and consistent with historical dynamics, and they are largely due to the definition of external debt on the currency-basis, in misalignment to the current account which is conducted on the residency-basis.

remains well below the 180 percent threshold reflecting a moderate projected growth of exports in the long-run. Neither of the debt service indicators causes any breach of their respective thresholds under the baseline scenario. The debt service-to-exports ratio remains at around 4 percent for most of the next 10 years, reaching 4.8 percent in 2029; while the debt service-to-revenue ratio declines gradually from 6.9 percent in 2019 to 4.8 percent in 2029.

11. The standardized stress tests show that an export shock has the largest negative impact on the debt trajectory, triggering minor breaches to two of the external PPG debt indicators (Table 2). The PV of debt-to-exports ratio and the debt service-to-exports ratio are significantly increased by the export shock driven mostly by a high historical volatility in receipts in US dollar terms. The former reaches 181.7 percent in 2021, and it remains above the threshold of 180 percent for the remainder of the projection period. The latter reaches the threshold only in 2027 through the DSA horizon in 2029. The test highlights the need for a sustained effort to improve the economy's potential in exporting goods and services. Other shocks, including to real GDP growth, the primary balance, a one-time 30 percent depreciation and the tailored tests (for contingent liabilities and commodity prices) do not lead to any breach of the debt thresholds (Table 3).

B. Public Sector Debt Sustainability Analysis

12. The baseline scenario projects a downward trend of PPG public debt following a peak of 43.5 percent of GDP projected for end 2019 (Figure 2). A small increase of public debt is projected in 2019 – driven by domestic debt, to finance a consolidated budget. External debt to GDP is projected to get contained gradually, and at a faster rate.

13. Under the baseline scenario, the PV of public debt-to-GDP ratio does not breach the 55 percent benchmark (Table 3 and Figure 2). The ratio remains around 36 percent over the projection horizon reflecting the long-term effects of fiscal consolidation in line with WAEMU commitments and the limiting of off-budget debt creating operations. The PV of debt-to-revenue ratio is expected to peak in 2021 at 155 percent and then gradually decrease to 150 percent by 2029. Debt service-to-revenue and grant ratio escalates rapidly from 30 percent in 2019 to 42½ percent by 2021, given the short maturity of domestic financing. The latter raises concerns over the medium to long term liquidity risks to the service of total public debt.

14. The standardized sensitivity analysis shows that the two most extreme shocks leading to the highest debt figures in the projection period are a shock to exports, a shock to commodity prices and the contingent liability shock, yet the public debt benchmark is not breached (Figure 2, Table 4). The PV of debt-to-GDP ratio would peak at 51 percent of GDP in 2029 under the stress test of a commodity price shock—the most extreme shock, just below the threshold of 55 percent. This commodity price shock highlights Burkina Faso's susceptibility to terms of trade shocks given the price volatility of its major export commodities—gold, cotton, and agricultural products. A negative shock to gold prices also affects the fiscal position as lower gold revenues would put pressure on the deficit. It is closely followed by the exports shock, which is also the most extreme shock affecting the PV of debt to revenue ratio. The tailored test for the combined contingent liability shock also causes a deterioration in debt sustainability, featuring as the most extreme shock affecting debt service to revenue ratio.

RISKS AND VULNERABILITIES

15. Fiscal risks are substantial. The baseline scenario assumes Burkina Faso achieves the planned fiscal consolidation to WAEMU fiscal deficit convergence criteria of 3 percent of GDP in 2019 and then maintains the deficit at this level over the medium-term (see Staff Report). Although this target might seem achievable in 2019 – largely due to significant windfall revenues of around 1.4 percent of GDP in the first half of the year, it looks more challenging on the medium run. The projected fiscal adjustment is realistically ambitious in historical comparison, standing at around the 75th percentile (figure 4). However, the absence of comparable windfall revenues in 2020, along with the increased public expenditures associated with a potentially deteriorating security situation, in the context of a year of elections, are likely to present increased pressures on fiscal discipline in 2020, and to a lesser extent onwards. Also, exports and overall GDP may develop less favorably than projected under the baseline in view of the vulnerability of primary exports (namely cotton and gold) to commodity price shocks, and a potential deterioration in the security conditions, as highlighted in Box 1 which could undermine growth.

16. Burkina Faso would benefit from a more diversified export base of goods and services. Under all the external debt indicators, the most extreme shock was an export shock. This highlights the importance of diversifying exports of goods, which currently consist mainly of gold and agricultural products. Moreover, this underlies the importance of strengthening the services export sector to address the imbalances in the trade of services. Staff stressed that diversification is a long-term policy objective that could only be reached through sustainable and efficient public investment in infrastructure and education. Burkina Faso has a high risk of debt shocks arising from (present and future) contingent liabilities associated with various off-budget activities, including debt of state-owned enterprises, fuel subsidies, pre-financing of public investment projects and other potential PPPs. The materialization of these fiscal costs could lead to a deviation from the baseline path. Authorities' plans to audit the national oil company – SONABHY, to proceed with the operationalization of the fuel price adjustment mechanism, to include future fuel subsidies in the budget, and to develop a database of sovereign guarantees and PPPs. All are crucial steps for building capacity to analyze and mitigate these risks.

17. The regional market seems more willing to absorb a higher amount of debt issued by Burkina Faso, as large WAEMU economies are increasingly seeking external financing through Eurobond issuance. This is also leaving more room for Burkina Faso to issue more bonds on the regional market, with longer average maturity, which would allow Burkina Faso to gradually decrease the average interest rate on its sovereign bonds, and ease rollover risks. Authorities are in parallel studying alternative external financing sources that could be semi-concessional and help meet Burkina Faso's increasing gross financing needs.

CONCLUSION

18. According to staff's assessment, Burkina Faso's risk of external debt distress remains moderate. The baseline scenario shows no breach of debt distress thresholds for any of the debt and debt service indicators. However, under a standard stress test of a shock to exports aimed at illustrating the potential impact of external risks, two thresholds of external PPG debt sustainability are breached. Consequently, Burkina Faso's risk of external debt distress is assessed to be 'moderate'. The granularity in the risk rating (Figure 5) suggests that there is substantial space to absorb shocks without risk of downgrading to a 'high' risk of debt distress.

19. The DSA suggests that overall risk of public debt distress remains moderate. While there are no breaches for overall public debt, the risk of overall debt distress remains moderate as the risk of external debt distress is moderate. To avoid a deterioration of the risk of debt distress rating, several risks and vulnerabilities need to be addressed, particularly: (i) pressures to deviate from the agreed fiscal consolidation, (ii) a non-diversified export base and a weak services exporting sector, (iii), fiscal costs arising from contingent liabilities associated with various off-budget activities, including potential future PPP arrangements, and (iv) rollover risk related to domestic financing.

AUTHORITIES' VIEW

20. The authorities concurred with the results of the current DSA. They agreed that export diversification is important to limit the risk of debt distress but expressed difficulty in addressing this policy objective; they also noted the lack of capacity building and support in this respect. In view of the increasing debt service of domestic debt, the authorities are considering expanding their external financing while giving priority to concessional financing, with a readiness to consider semi-concessional financing sources with conditions that would be evidently more favorable than the conditions on the domestic market.[7] In this context, authorities reiterated their commitment to maintain prudent overall debt levels with a view to enhancing its composition while maintaining their assessed risk of debt distress at a 'moderate' rating.

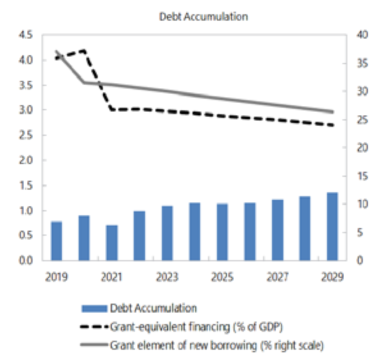
[7] Concessional loans are defined as loans with a grant element above 35 percent. By semi-concessional loans, we refer to loans that have a material positive grant element but that is lower than 35 percent.

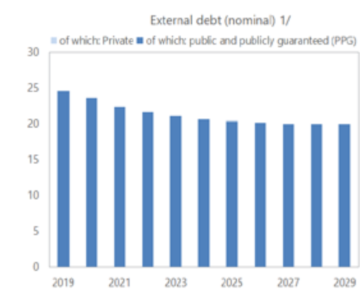
Table 1. Burkina Faso: External Debt Sustainability Framework, Baseline Scenario, 2016–2039

(In percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 8/	
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2029	2039	Historical	Projections
External debt (nominal) 1/	27.9	24.1	24.6	24.6	23.6	22.3	21.6	21.1	20.6	20.0	21.4	24.3	21.3
of which: public and publicly guaranteed (PPG)	27.9	24.1	24.6	24.6	23.6	22.3	21.6	21.1	20.6	20.0	21.4	24.3	21.3
Change in external debt	1.6	-3.8	0.5	0.0	-1.1	-1.2	-0.7	-0.6	-0.5	0.0	-0.8		
Identified net debt-creating flows	9.2	2.3	3.1	5.1	3.9	4.0	4.2	4.6	5.0	6.5	6.3	5.9	5.1
Non-interest current account deficit	6.9	5.5	4.3	4.7	3.7	3.9	4.3	4.6	5.0	6.7	6.6	5.3	5.1
Deficit in balance of goods and services	7.3	5.8	4.6	5.6	4.1	4.4	4.9	5.3	5.8	7.8	7.8	8.0	5.9
Exports	30.1	31.7	31.9	30.2	30.8	29.6	28.4	27.4	26.4	21.8	17.1		
Imports	37.4	37.5	36.6	35.7	34.9	34.0	33.4	32.7	32.2	29.6	24.9		
Net current transfers (negative = inflow)	-3.7	-3.2	-3.3	-3.3	-2.8	-2.8	-2.7	-2.6	-2.5	-2.1	-1.4	-4.3	-2.6
of which: official	-1.3	-1.0	-1.2	-1.2	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8		
Other current account flows (negative = net inflow)	3.4	3.0	3.0	2.4	2.4	2.3	2.0	1.9	1.7	1.0	0.1	1.6	1.7
Net FDI (negative = inflow)	3.1	-0.1	1.4	1.3	1.2	1.1	0.8	0.9	0.8	0.5	0.2	1.6	0.8
Endogenous debt dynamics 2/	-0.8	-3.1	-2.7	-0.9	-1.0	-1.0	-0.9	-0.9	-0.8	-0.7	-0.5		
Contribution from nominal interest rate	0.2	0.2	0.4	0.5	0.3	0.3	0.3	0.3	0.3	0.4	0.5		
Contribution from real GDP growth	-1.5	-1.6	-1.4	-1.4	-1.4	-1.3	-1.2	-1.2	-1.2	-1.1	-1.0		
Contribution from price and exchange rate changes	0.4	-1.8	-1.6	...	...	...	...	...	...	...	...		
Residual 3/	-7.6	-6.1	-2.6	-5.1	-4.9	-5.3	-4.9	-5.2	-5.4	-6.5	-7.0	-5.9	-5.5
of which: exceptional financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Sustainability indicators													
PV of PPG external debt-to-GDP ratio	...	...	16.3	16.7	16.3	15.6	15.2	15.0	14.8	14.9	17.3		
PV of PPG external debt-to-exports ratio	...	...	51.1	55.2	52.9	52.5	53.4	54.6	56.0	68.7	101.0		
PPG debt service-to-exports ratio	3.6	3.5	3.9	4.8	3.8	3.8	3.6	3.6	3.7	4.8	7.5		
PPG debt service-to-revenue ratio	5.6	5.7	6.4	6.9	5.7	5.5	4.9	4.7	4.6	4.8	6.2		
Gross external financing need (Billion of U.S. dollars)	1.2	0.8	1.0	1.1	1.0	1.0	1.1	1.3	1.5	2.7	6.0		
Key macroeconomic assumptions													
Real GDP growth (in percent)	5.9	6.3	6.8	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.3	5.8	6.0
GDP deflator in US dollar terms (change in percent)	-1.6	6.9	7.1	-3.2	1.8	3.0	2.8	2.6	2.8	2.0	8.1	-0.1	1.8
Effective interest rate (percent) 4/	0.9	0.9	1.7	2.1	1.4	1.5	1.6	1.6	1.7	2.0	2.6	1.0	1.7
Growth of exports of G&S (US dollar terms, in percent)	18.7	19.7	15.2	-3.1	10.1	5.1	4.5	4.9	5.0	4.0	24.3	18.9	4.2
Growth of imports of G&S (US dollar terms, in percent)	7.8	13.8	11.7	0.3	5.4	6.4	6.8	6.7	7.2	6.3	11.0	9.6	5.8
Grant element of new public sector borrowing (in percent)	...	...	...	37.1	31.6	31.2	30.6	30.0	29.3	26.3	20.2	...	29.8
Government revenues (excluding grants, in percent of GDP)	19.1	19.4	19.5	21.1	20.6	20.6	20.9	21.1	21.3	22.1	20.6	17.3	21.4
Aid flows (in Billion of US dollars) 5/	145.1	124.8	131.4	0.6	0.6	0.5	0.6	0.6	0.6	0.8	1.4		
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	4.0	4.2	3.0	3.0	3.0	2.9	2.7	2.1	...	3.1
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	73.7	76.8	74.0	70.7	69.6	68.4	62.3	49.4	...	68.8
Nominal GDP (Billion of US dollars)	11	12	14	15	16	17	19	20	22	33	75		
Nominal dollar GDP growth	4.3	13.7	14.4	2.6	7.8	9.2	9.0	8.7	8.9	8.1	13.8	5.8	7.9
Memorandum items:													
PV of external debt 7/	...	...	16.3	16.7	16.3	15.6	15.2	15.0	14.8	14.9	17.3		
In percent of exports	...	...	51.1	55.2	52.9	52.5	53.4	54.6	56.0	68.7	101.0		
Total external debt service-to-exports ratio	3.6	3.5	3.9	4.8	3.8	3.8	3.6	3.6	3.7	4.8	7.5		
PV of PPG external debt (in Billion of US dollars)			2.3	2.4	2.5	2.7	2.8	3.0	3.3	4.9	12.9		
(PVt-PVt-1)/GDPt-1 (in percent)				0.8	0.9	0.7	1.0	1.1	1.1	1.4	1.9		
Non-interest current account deficit that stabilizes debt ratio	5.3	9.3	3.9	4.7	4.8	5.2	5.0	5.2	5.4	6.7	7.3		

Definition of external/domestic debt	Currency-based
Is there a material difference between the two criteria?	Yes





Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as [r - g - ρ(1+g)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, and ρ = growth rate of GDP deflator in U.S. dollar terms.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

4/ Current-year interest payments divided by previous period debt stock.

5/ Defined as grants, concessional loans, and debt relief.

6/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

7/ Assumes that PV of private sector debt is equivalent to its face value.

8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

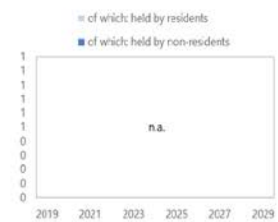
Table 2. Burkina Faso: Public Sector Debt Sustainability Framework, Baseline Scenario, 2016–2039

(In percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 6/	
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2029	2039	Historical	Projections
Public sector debt 1/	39.2	38.4	43.2	43.5	43.1	42.7	42.4	42.1	41.8	41.4	38.8	33.0	42.1
of which: external debt	27.9	24.1	24.6	24.6	23.6	22.3	21.6	21.1	20.6	20.0	21.4	24.3	21.3
Change in public sector debt	3.6	-0.8	4.8	0.3	-0.4	-0.4	-0.3	-0.3	-0.3	-0.1	-2.1		
Identified debt-creating flows	2.4	0.8	1.8	-0.2	-0.3	-0.2	-0.2	-0.1	-0.1	0.3	-0.5	1.7	0.0
Primary deficit	2.6	6.9	3.8	1.8	1.6	1.6	1.6	1.5	1.5	1.4	1.4	3.2	1.5
Revenue and grants	21.9	22.1	22.2	24.2	24.2	23.1	23.4	23.5	23.7	24.2	22.1	21.5	23.9
of which: grants	2.8	2.7	2.7	3.2	3.6	2.5	2.5	2.4	2.4	2.1	1.6		
Primary (noninterest) expenditure	24.5	29.0	26.0	26.0	25.9	24.7	24.9	25.0	25.2	25.6	23.5	24.7	25.4
Automatic debt dynamics	-0.1	-6.1	-1.5	-1.8	-1.9	-1.8	-1.8	-1.7	-1.6	-1.1	-1.8		
Contribution from interest rate/growth differential	-1.5	-2.6	-2.4	-1.8	-1.9	-1.8	-1.8	-1.7	-1.6	-1.1	-1.8		
of which: contribution from average real interest rate	0.5	-0.3	0.1	0.6	0.5	0.6	0.7	0.7	0.7	1.2	0.2		
of which: contribution from real GDP growth	-2.0	-2.3	-2.5	-2.4	-2.4	-2.4	-2.4	-2.4	-2.4	-2.3	-2.1		
Contribution from real exchange rate depreciation	1.4	-3.5	0.9	...	...	...	...	...	...	...	...		
Other identified debt-creating flows	-0.1	0.0	-0.5	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	0.0
Privatization receipts (negative)	0.0	0.0	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Recognition of contingent liabilities (e.g., bank recapitalization)	-0.1	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Debt relief (HIPC and other)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other debt creating or reducing flow (please specify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Residual	1.3	-1.6	2.9	0.5	-0.2	-0.2	-0.1	-0.1	-0.1	-0.4	-1.6	-0.2	-0.2
Sustainability indicators													
PV of public debt-to-GDP ratio 2/	...	...	35.5	35.6	35.7	35.9	35.9	36.0	36.0	36.3	34.6		
PV of public debt-to-revenue and grants ratio	...	...	159.6	147.0	147.5	155.4	153.8	153.2	152.2	150.2	156.6		
Debt service-to-revenue and grants ratio 3/	25.2	22.6	28.5	29.8	36.1	42.5	41.2	41.0	40.9	39.0	31.7		
Gross financing need 4/	8.0	11.9	9.6	8.9	10.4	11.4	11.2	11.2	11.2	10.9	8.4		
Key macroeconomic and fiscal assumptions													
Real GDP growth (in percent)	5.9	6.3	6.8	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.3	5.8	6.0
Average nominal interest rate on external debt (in percent)	1.0	0.9	1.7	2.2	1.4	1.5	1.6	1.6	1.7	2.0	2.5	1.0	1.8
Average real interest rate on domestic debt (in percent)	5.7	-0.6	1.9	3.1	4.0	4.0	4.0	4.1	4.1	4.1	-1.7	3.3	4.0
Real exchange rate depreciation (in percent, + indicates depreciation)	5.6	-13.4	4.0	...	...	...	...	...	...	...	...	1.9	...
Inflation rate (GDP deflator, in percent)	-1.3	4.8	2.4	1.8	2.0	2.0	2.0	2.0	2.0	2.0	8.1	1.9	2.0
Growth of real primary spending (deflated by GDP deflator, in percent)	16.0	25.7	-4.2	6.0	5.4	1.2	7.1	6.4	6.6	5.8	0.3	8.9	5.9
Primary deficit that stabilizes the debt-to-GDP ratio 5/	-1.0	7.8	-1.0	1.4	2.1	2.0	1.9	1.8	1.8	1.5	3.4	1.9	1.7
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

Definition of external/domestic debt	**Currency-based**
Is there a material difference between the two criteria?	**Yes**

Public sector debt 1/



Sources: Country authorities; and staff estimates and projections.

1/ Coverage of debt: The central government, central bank . Definition of external debt is Currency-based.

2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.

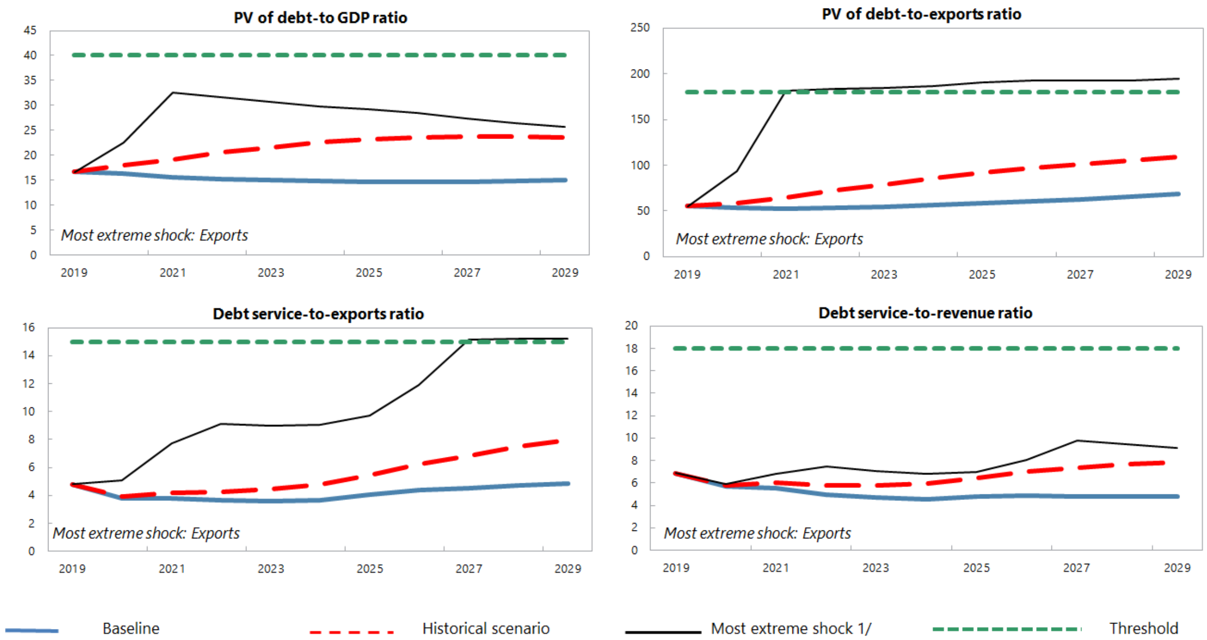
3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.

4/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.

5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio ((-): a primary surplus), which would stabilizes the debt ratio only in the year in question.

6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Figure 1. Burkina Faso: Indicators of Public and Publicly Guaranteed External Debt Under Alternative Scenarios, 2019–2029



Customization of Default Settings	Size	Interactions
Tailored Stress		
Combined CL	Yes	
Natural disaster	n.a.	n.a.
Commodity price	No	No
Market financing	n.a.	n.a.

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	2.2%	2.2%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	25	25
Avg. grace period	5	5

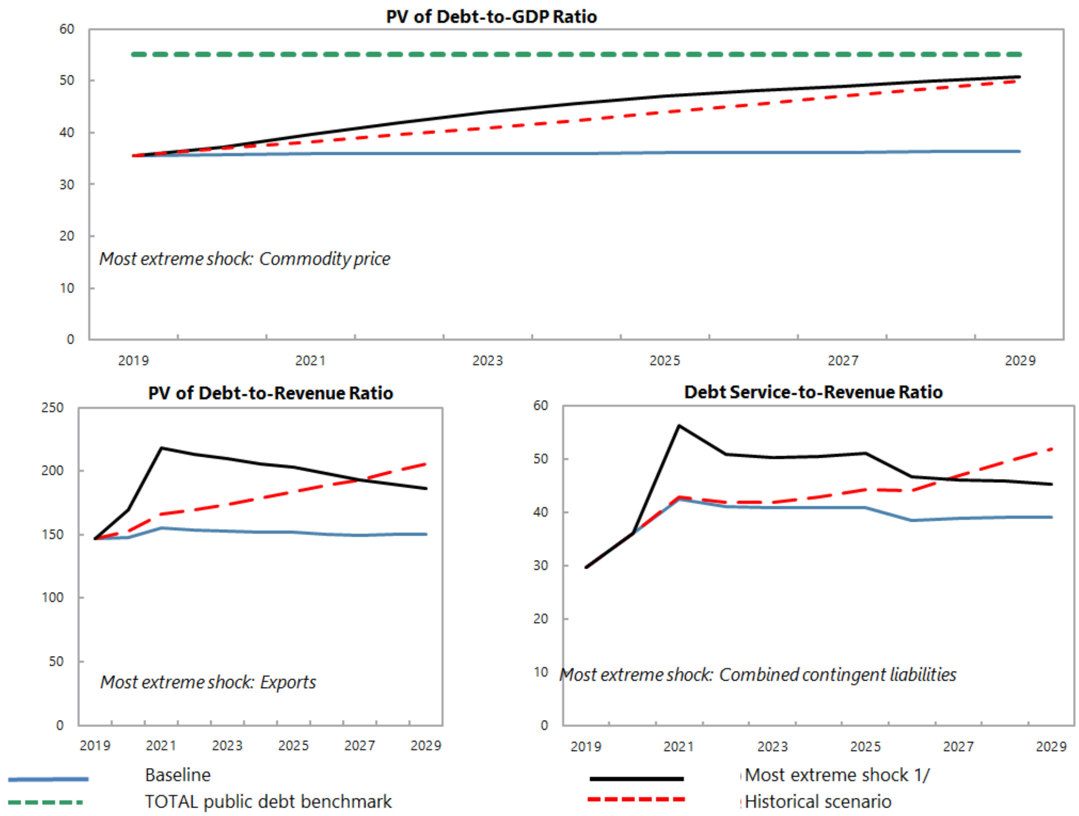
* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2029. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

2/ The magnitude of shocks used for the commodity price shock stress test are based on the commodity prices outlook prepared by the IMF research department.

Figure 2. Burkina Faso: Indicators of Public External Debt under Alternative Scenarios, 2019–2029



Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	18%	18%
Domestic medium and long-term	46%	46%
Domestic short-term	35%	35%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	2.2%	2.2%
Avg. maturity (incl. grace period)	25	25
Avg. grace period	5	5
Domestic MLT debt		
Avg. real interest rate on new borrowing	4.4%	4.4%
Avg. maturity (incl. grace period)	5	5
Avg. grace period	1	1
Domestic short-term debt		
Avg. real interest rate	3.0%	3.0%

* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2029. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Table 3. Burkina Faso: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2019–2029

(In percent)

	Projections 1/										
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
PV of debt-to GDP ratio											
Baseline	17	16	16	15	15	15	15	15	15	15	15
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	17	18	19	21	22	23	23	24	24	24	24
B. Bound Tests											
B1. Real GDP growth	17	17	16	16	16	16	16	16	16	16	16
B2. Primary balance	17	17	17	16	16	16	16	16	17	17	17
B3. Exports	17	23	33	32	31	30	29	28	27	26	26
B4. Other flows 3/	17	18	19	19	18	18	18	18	17	17	17
B5. Depreciation	17	21	17	16	16	16	16	16	16	17	17
B6. Combination of B1-B5	17	21	21	20	20	19	19	19	19	18	18
C. Tailored Tests											
C1. Combined contingent liabilities	17	17	17	17	17	17	17	17	17	17	18
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	17	17	17	17	17	16	16	16	16	16	15
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	40	40	40	40	40	40	40	40	40	40	40
PV of debt-to-exports ratio											
Baseline	55	53	53	53	55	56	58	60	63	65	69
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	55	59	65	72	79	85	91	97	101	105	109
B. Bound Tests											
B1. Real GDP growth	55	53	53	53	55	56	58	60	63	65	69
B2. Primary balance	55	54	56	58	60	62	65	67	70	74	77
B3. Exports	55	94	**182**	**183**	**185**	**186**	**190**	**192**	**192**	**193**	**194**
B4. Other flows 3/	55	59	65	66	67	69	71	73	74	76	79
B5. Depreciation	55	53	45	46	47	48	50	52	55	58	62
B6. Combination of B1-B5	55	75	64	86	87	89	91	93	96	99	102
C. Tailored Tests											
C1. Combined contingent liabilities	55	57	57	59	61	64	67	70	73	77	81
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	55	58	60	61	62	63	64	65	67	69	71
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	180	180	180	180	180	180	180	180	180	180	180
Debt service-to-exports ratio											
Baseline	5	4	4	4	4	4	4	4	5	5	5
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	5	4	4	4	4	5	5	6	7	7	8
B. Bound Tests											
B1. Real GDP growth	5	4	4	4	4	4	4	4	5	5	5
B2. Primary balance	5	4	4	4	4	4	4	5	5	5	5
B3. Exports	5	5	8	9	9	9	10	12	**15**	**15**	**15**
B4. Other flows 3/	5	4	4	4	4	4	4	5	6	6	6
B5. Depreciation	5	4	4	3	3	3	4	4	4	4	4
B6. Combination of B1-B5	5	4	5	5	5	5	6	7	7	7	7
C. Tailored Tests											
C1. Combined contingent liabilities	5	4	4	4	4	4	4	5	5	5	5
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	5	4	4	4	4	4	4	5	5	5	5
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	15	15	15	15	15	15	15	15	15	15	15
Debt service-to-revenue ratio											
Baseline	7	6	5	5	5	5	5	5	5	5	5
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	7	6	6	6	6	6	6	7	7	8	8
B. Bound Tests											
B1. Real GDP growth	7	6	6	5	5	5	5	5	5	5	5
B2. Primary balance	7	6	6	5	5	5	5	5	5	5	5
B3. Exports	7	6	7	8	7	7	7	8	10	9	9
B4. Other flows 3/	7	6	6	5	5	5	5	6	6	6	6
B5. Depreciation	7	7	7	6	6	5	6	6	5	5	5
B6. Combination of B1-B5	7	6	7	6	6	5	6	6	6	6	6
C. Tailored Tests											
C1. Combined contingent liabilities	7	6	6	5	5	5	5	5	5	5	5
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	7	6	6	6	5	5	5	5	5	5	5
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	18	18	18	18	18	18	18	18	18	18	18

Sources: Country authorities; and staff estimates and projections.
1/ A bold value indicates a breach of the threshold.
2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.
3/ Includes official and private transfers and FDI.

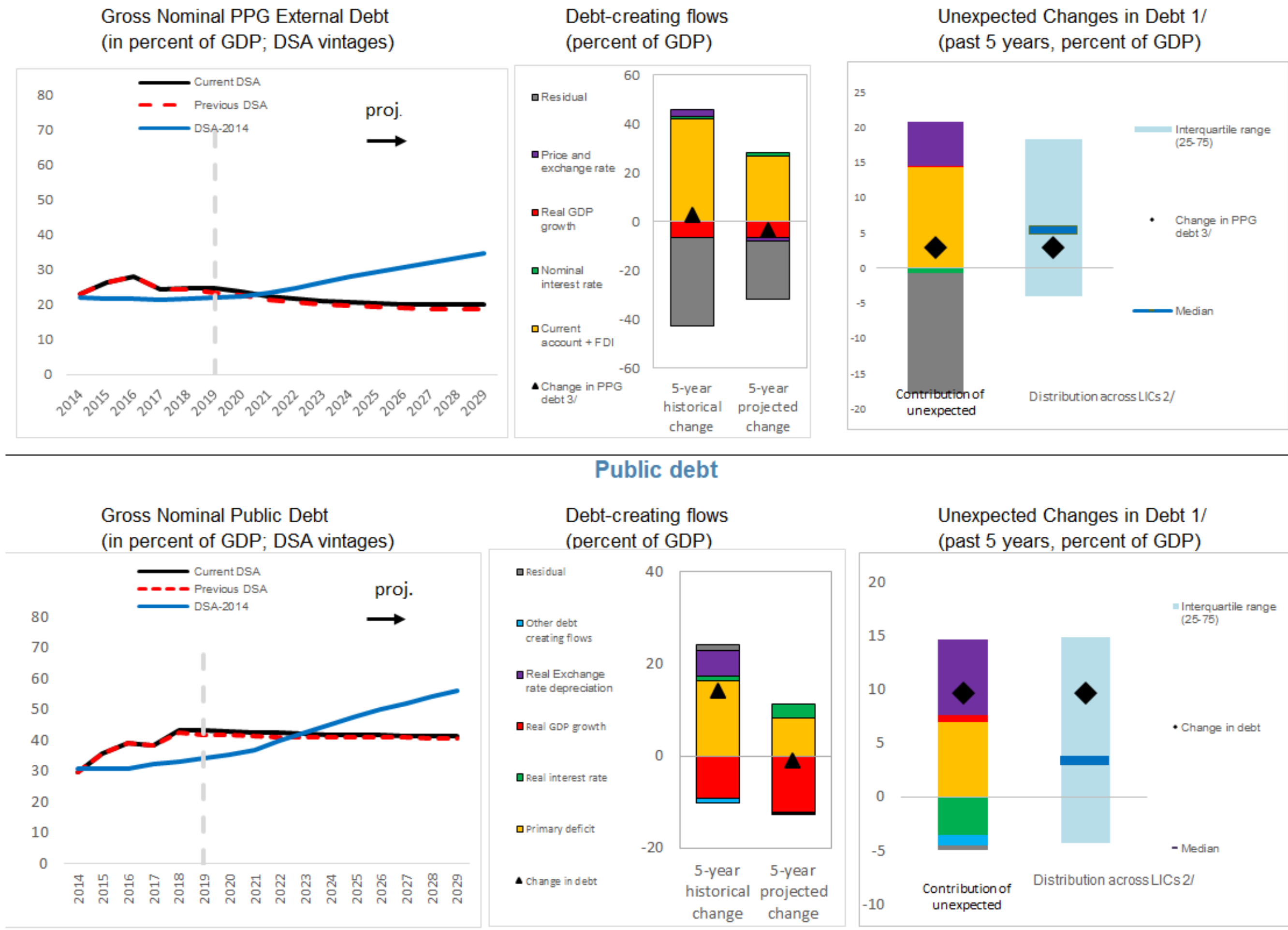
Table 4. Burkina Faso: Sensitivity Analysis for Key Indicators of Public Debt, 2018–2028

(In percent)

	Projections 1/										
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
					PV of Debt-to-GDP Ratio						
Baseline	36	36	36	36	36	36	36	36	36	36	36
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	36	37	38	40	41	42	44	45	47	49	50
B. Bound Tests											
B1. Real GDP growth	36	37	40	41	42	43	44	45	46	47	48
B2. Primary balance	36	39	42	42	42	41	41	41	41	41	41
B3. Exports	36	41	50	50	49	49	48	48	47	46	45
B4. Other flows 3/	36	38	40	40	39	39	39	39	39	39	39
B5. Depreciation	36	38	36	35	34	32	31	30	29	28	27
B6. Combination of B1-B5	36	37	38	37	36	36	35	35	35	35	35
C. Tailored Tests											
C1. Combined contingent liabilities	36	44	44	43	43	43	43	43	42	42	42
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	36	37	40	42	44	46	47	48	49	50	51
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
TOTAL public debt benchmark	55	55	55	55	55	55	55	55	55	55	55
					PV of Debt-to-Revenue Ratio						
Baseline	147	148	155	154	153	152	152	150	149	150	150
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	147	153	166	169	174	179	184	188	193	200	206
B. Bound Tests											
B1. Real GDP growth	147	153	171	174	177	181	184	186	189	194	198
B2. Primary balance	147	160	182	179	177	175	174	171	169	169	169
B3. Exports	147	170	218	213	210	206	203	198	193	189	186
B4. Other flows 3/	147	155	172	169	168	166	165	163	161	160	160
B5. Depreciation	147	159	159	151	145	138	132	126	120	115	111
B6. Combination of B1-B5	147	154	163	157	154	151	149	147	146	145	145
C. Tailored Tests											
C1. Combined contingent liabilities	147	181	189	185	184	181	179	177	175	174	174
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	147	160	179	187	193	196	199	199	202	206	210
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
					Debt Service-to-Revenue Ratio						
Baseline	30	36	43	41	41	41	41	39	39	39	39
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	30	36	43	42	42	43	44	44	47	50	52
B. Bound Tests											
B1. Real GDP growth	30	37	46	46	47	48	50	49	50	51	53
B2. Primary balance	30	36	48	50	48	48	49	46	45	45	45
B3. Exports	30	36	43	43	43	42	42	41	43	43	42
B4. Other flows 3/	30	36	43	42	41	41	41	39	40	40	40
B5. Depreciation	30	35	41	38	39	38	38	36	36	36	36
B6. Combination of B1-B5	30	35	42	44	42	41	41	40	40	39	39
C. Tailored Tests											
C1. Combined contingent liabilities	30	36	56	51	50	51	51	47	46	46	45
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	30	38	46	47	50	51	53	52	53	55	56
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Sources: Country authorities; and staff estimates and projections.
1/ A bold value indicates a breach of the benchmark.
2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.
3/ Includes official and private transfers and FDI.

Figure 3. Burkina Faso: Drivers of Debt Dynamics - Baseline Scenario



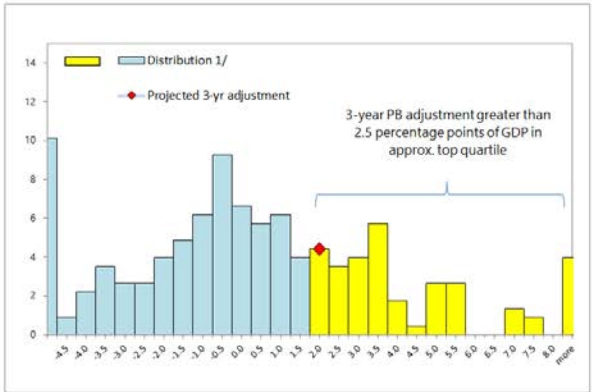
1/ Difference between anticipated and actual contributions on debt ratios.

2/ Distribution across LICs for which LIC DSAs were produced.

3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.

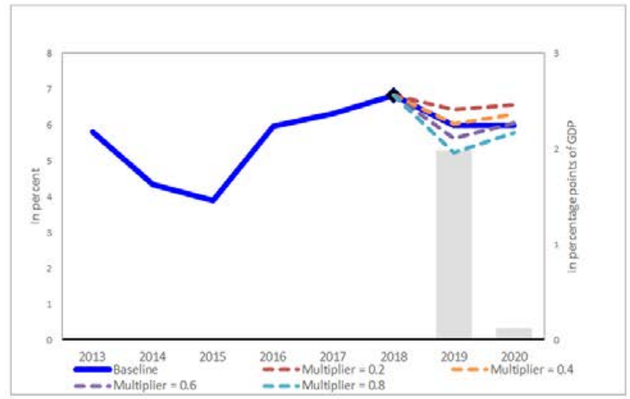
Figure 4. Burkina Faso: Realism Tools

3-Year Adjustment in Primary Balance
(Percentage points of GDP)



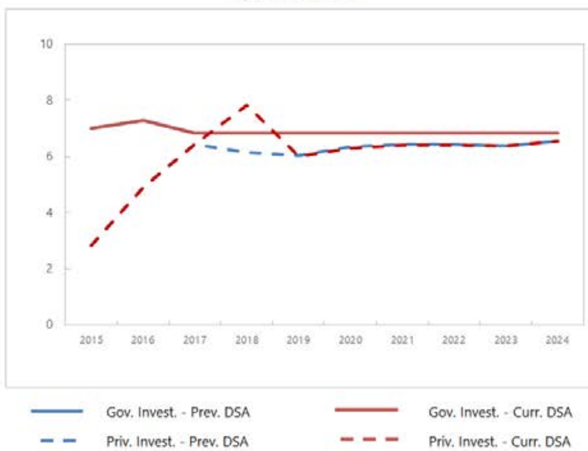
1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

Fiscal Adjustment and Possible Growth Paths 1/



1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).

Public and Private Investment Rates
(percent of GDP)



Contribution to Real GDP growth
(percent, 5-year average)

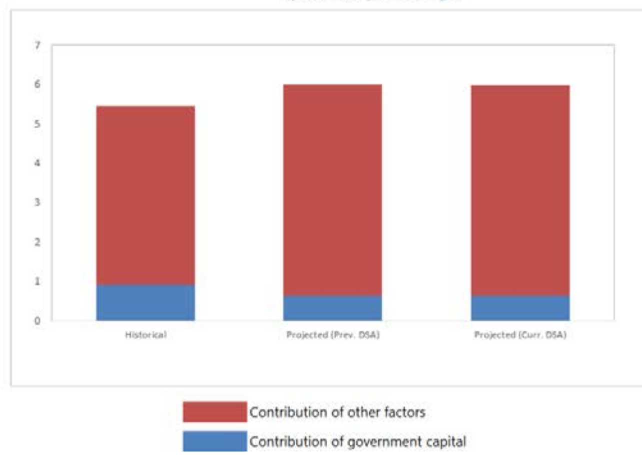
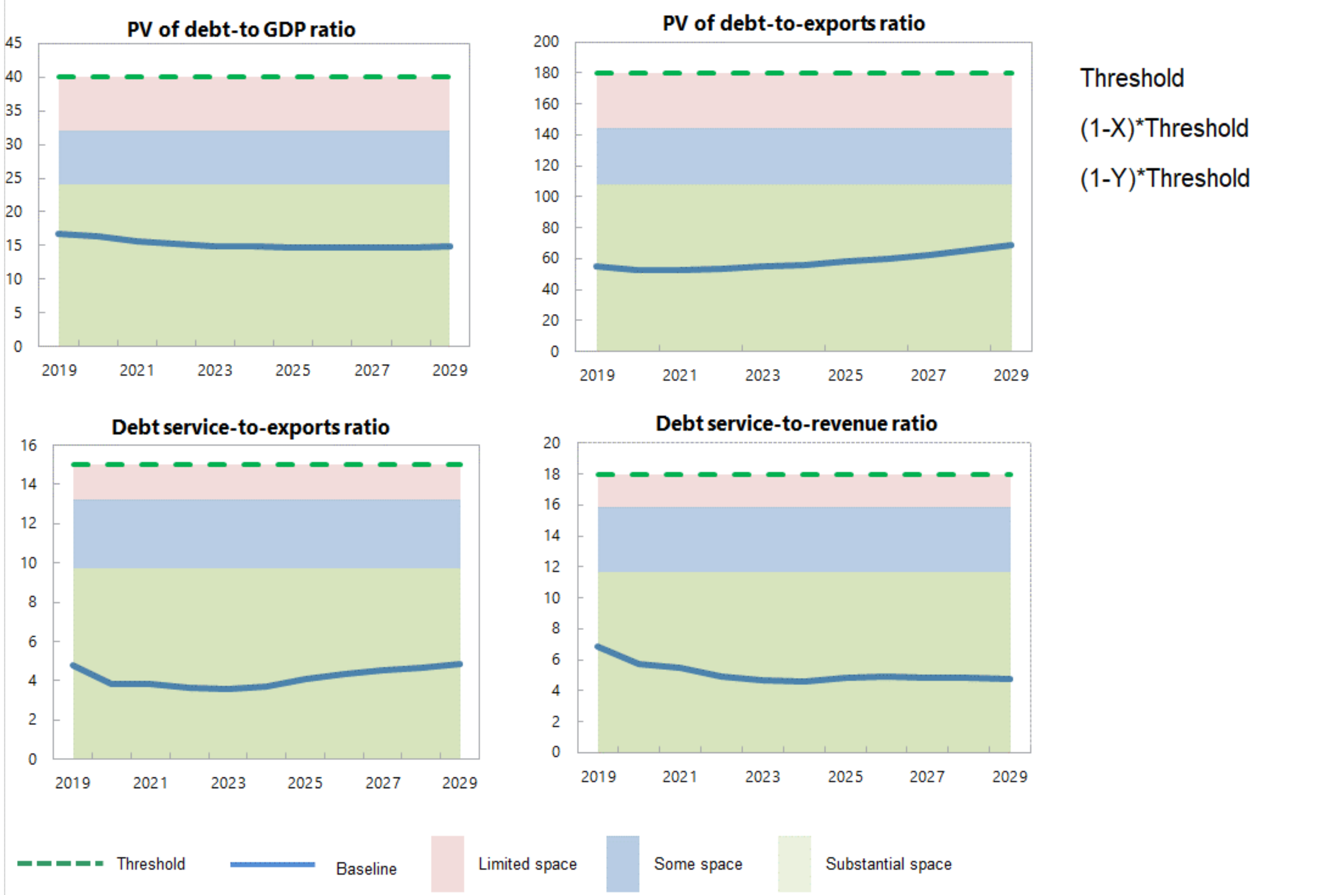


Figure 5. Burkina Faso: Qualification of the Moderate Category, 2019–2029 [1/]



Sources: Country authorities; and staff estimates and projections.

1/ For the PV debt/GDP and PV debt/exports thresholds, x is 20 percent and y is 40 percent. For debt service/Exports and debt service/revenue thresholds, x is 12 percent and y is 35 percent.