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July 18, 2022

**Joint Statement by Mr. Buissé, Mr. Roman, Mr. Ronicle, Ms. Clapham, and Mr. Comolet
on Burundi
(Preliminary)
Executive Board Meeting
July 20, 2022**

We thank staff for the helpful set of reports, and Ms. Mannathoko and Mr. Cham for their insightful Buff statement.

We very much welcome the authorities' re-engagement with the Fund through this Article IV, 8 years after the last one. It is an important step in rebuilding the relationship between the Fund and the country, which we expect to be helpful to support and anchor the macroeconomic framework.

We agree with the thrust of the reports, and welcome their presentation following the 5 tranches of debt relief under the Catastrophe Containment and Relief Trust since 2020, the disbursement under the Rapid Credit Facility and the SDR general allocation in 2021. Burundi is a very fragile low-income country, and it has suffered from multiple shocks including the 2015 political crisis, the pandemic, and the consequences of Russia's invasion of Ukraine. Growth is hardly keeping up with demographic trends and inflation is picking up. We therefore agree with staff that there are significant downside and upside risks, with the latter arising from a re-opening to the international community. Strong engagement with the Fund, in terms of advice, capacity development and catalytic financial assistance, will be key to implementing the multi-pronged policy recalibration recommended by staff, underpinned by much-needed medium-term growth and governance reforms. In this context, *staff details regarding the potential for an engagement with the authorities through a program would be useful.*

We support the recommendation to unify the official and parallel exchange rates. We welcome the options presented by staff in this regard and note that there are important tradeoffs and impacts of this process. Considering the low FX reserve coverage, the high level of inflation and the need to wind down some of the BRB policies, strong Fund support to the BRB is warranted, as highlighted in the annex.

Burundi's overall and external risk of debt distress is high, but debt is assessed as sustainable, based on positive fiscal and macroeconomic developments. In particular, the authorities' continued engagement with international donors, and proactive debt management and fiscal policy remain critical. In this regard, the emphasis on domestic revenue mobilization and prudent borrowing is useful.

Supporting inclusive economic growth and mitigating factors of fragility are important, as highlighted in the Selected Issues Paper. The exploitation of mining reserves, especially nickel, needs to be transparent and beneficial to the whole country and population. *In this regard, could staff elaborate on the timeline and the support from IFIs regarding the agreement signed between the Ministry of Energy and the East African Projects Group, that includes an equity deposit of US\$ 500 million?* We welcome plans to improve links between Burundi and its regional neighbors, not least to improve trade links. We understand there is a plan for a regional railway project linking Tanzania and DRC through Burundi. *Could staff provide details regarding the financing of the portion in Burundi?*