IMF Completes First Review under PRGF Arrangement with Burundi and Approves US$9.9 Disbursement

The Executive Board of the International Monetary Fund (IMF) today completed the first review of Burundi's economic performance under a program supported by a three-year Poverty Reduction and Growth Facility (PRGF) arrangement. The completion of the review enables the immediate disbursement of an amount equivalent to SDR 6.6 million (about US$9.9 million), bringing total disbursements under the program to an amount equivalent to SDR 13.2 million (about US$19.9 million).

The PRGF arrangement was approved on July 7, 2008 (see Press Release No 08/167) for an amount equivalent to SDR 46.2 million (about US$69.6 million).

Following the Executive Board's discussion on Burundi, Mr. Murilo Portugal, Deputy Managing Director and Acting Chair, stated:

"The Burundian authorities are to be commended for their strong performance under the PRGF supported program in a difficult political and economic environment. Burundi has met the conditions for reaching the completion point under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative. Consequently, it qualifies for additional assistance under the Multilateral Debt Relief Initiative (MDRI).

"The program for 2009 should further consolidate macroeconomic stability and reduce poverty. Prudent monetary policy will help anchor inflation expectations while allowing sufficient scope for economic growth. Spending on MDG-related sectors will be boosted significantly, supported by HIPC Initiative and MDRI debt relief.

"The achievement of the country's medium-term objectives of sustained growth and poverty reduction will depend on maintaining prudent macroeconomic policies and accelerating structural reforms. The authorities should continue to rely mainly on grants and highly concessional loans to keep debt sustainable," Mr. Portugal said.