

## BURUNDI COUNTRY REPORT 2008

<p><b>Background and debt sustainability</b></p>	<p>Burundi is one of the poorest HIPC's with a per capita GNI of only US\$100 and more than half the population below the poverty line, and its coffee and tea exports have been subject to high volatility. After many years of conflict, a new government was elected in August 2005. It reached its decision point in July 2005, and its completion point is currently expected in January 2009. It is using HIPC indicators to assess external debt sustainability, and CBP indicators to assess domestic and total sustainability. Nevertheless, its external debt remains unsustainable, and arrears are a large part of the domestic debt. It also has urgent needs to increase the quantity and quality of its external financing, mobilising very high levels of grants to maintain debt sustainability, and enhancing aid effectiveness through moves to budget and sector programme support.</p>
<p><b>CBP support and impact</b></p>	<p>The HIPC CBP began working with Burundi in May 2001 with a demand assessment mission, but due to the conflict in the country did not begin intensive work until 2003-04. Four intensive missions co-financed by the HIPC CBP and DFID-Burundi achieved major progress in reinforcing Burundi's capacity and helping it to prepare for decision point, culminating in a National Workshop in July 2005 at which two national officials acted as resource-people. The strategy produced at this workshop was approved at a national Debt and Aid Strategy Sensitisation conference in December attended by the Cabinet, senior parliamentarians and donors, and in which the strategy was presented by three national resource-people. At this conference government also agreed the outlines of a national debt and aid management capacity-building plan. This was to be cofinanced by local donors, but delays in cofinancing have led donors to agree a government request that assistance be funded from the core CBP budget.</p> <p>During phase 4, an Institutional Mission in February 2007 conducted a comprehensive review of debt and aid management institutions, recommending an action plan for improving coordination and work programmes. It also provided training and a framework for government to produce monthly, quarterly and annual reports on debt and debt management, which is a conditionality for HIPC completion point. Another institutional mission was conducted in January 2008 to further train staff in the elaboration of analytical reports on debt and debt management, as well as in April a national workshop on aid coordination to agree improvements in the institutional framework for debt and aid management. In September 2008, a national workshop prepared for completion point, including one national resource person. For the first time, civil society was invited to participate after the workshop a major national sensitization seminar to discuss the workshop's results. CBP assistance has also raised the profile of debt management, resulting in higher staff retention and Minister-level determination to improve technical capacity: examples being mobilising ADB funding to send a Burundi expert to Burkina Faso for training in debt management; and recruiting an IT specialist to support debt management.</p> <p>Burundi also attended two regional workshops organised by BCEAO-BEAC Pole Dette – on the BWI's Debt Sustainability Framework and on the Role of Parliamentarians in Debt Management. One student is currently enrolled in the CBP distance learning programme second intake.</p> <p>As can be seen in the table below, as a result of this assistance, Burundi's debt strategy capacity has risen sharply, from 1 at the start of CBP involvement to 3.6 currently, due to good technical capacity, and high quality and recent updating of a government-approved document. It also has far more well-trained personnel (with scores rising from 1 to 4). Institutional scores remain low at only 2.2 because there has been a proliferation of overlapping initiatives, though current implementation of the recommendations of earlier missions and workshops could eliminate this. Capacity-building plans are relatively comprehensive, but scores are low (2.4) because they need to be re-validated government-wide, and executed.</p>

<b>Objectives and content of proposed country assistance</b>	<p>The current priorities for reinforcing Burundian capacity (and activities envisaged for the remainder of phase 4) are :</p> <ul style="list-style-type: none"> <li>• Supporting the civil society sensitisation workshop currently scheduled for Q2 2009 (improving indicator MT2a).</li> <li>• Potential additional 2 missions, one to provide additional debt management training and update the debt strategy to include training in risk management and provide additional training in the BWI DSF (MT2a and ST3a); and the other to follow up on institutional and capacity-building recommendations on debt and aid management (MT2b and ST3c).</li> </ul> <p>These activities are expected to move Burundi substantially towards its targets shown in the table below.</p>
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Country Debt Strategy Progress					
<b>Progress and Intended Results</b>	<b>CBP Logical Framework Performance Indicators</b>	<b>Initial Score (May 01)</b>	<b>Phase IV Baseline</b>	<b>Current</b>	<b>Phase IV Target</b>
	LT 1. Debt sustainability	1	1.0	1.0	5.0
	MT 2a. Debt management strategy updated at least once a year.	1	3.0	3.6	4.4
	MT2b. High-quality legal and institutional frameworks for debt strategy	1	1.8	2.2	3.4
	ST 3a Availability of trained personnel capable of formulating and executing national debt strategies	1	2.0	4.0	4.0
	ST 3c. High-quality capacity building plans which are implemented and annually updated.	1	2.4	2.4	4.0
<b>Expenditure and Budget</b>	Overall spending on Burundi since the start of CBP activity has been US\$310,379. The budget allocated to events to support Burundi in phase 4 is US\$261,546, which is to be financed from core funds.				