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INTERNATIONAL MONETARY FUND AND
INTERNATIONAL DEVELOPMENT ASSOCIATION

BURUNDI

Decision Point Document for the Enhanced Initiative for Heavily Indebted Poor Countries

Prepared by the Staffs of the International Monetary Fund and the World Bank

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I. Introduction

1. This paper presents an assessment of Burundi's eligibility for assistance under the enhanced Initiative for Heavily Indebted Poor Countries (HIPC). The Executive Boards of the IMF and IDA discussed the preliminary HIPC document (EBS/05/2 and IDA Report No. 31202-BI, 01/06/2005) for Burundi on January 19 and 27, 2005, respectively. On these occasions, Executive Directors made a preliminary determination that Burundi could be eligible for assistance under the enhanced HIPC Initiative on the basis of its heavy debt burden, its track record of performance under IDA- and IMF-supported programs, and its status as an IDA-only and PRGF-eligible country. Directors generally agreed that Burundi could reach its decision point by mid-2005, provided that policy implementation under the government's macroeconomic and structural program is satisfactory. They noted that Burundi's heavy debt burden would require strong export growth and external assistance in the form of grants or loans on highly concessional terms.

2. The debt sustainability analysis (DSA) herein indicates that Burundi's external debt would remain above the HIPC threshold even after the full application of traditional debt-relief mechanisms. The present value (NPV) of debt-to-exports ratio is estimated at 1,772 percent at end-2004 and is projected to remain above 150 percent throughout the projection period.

3. With the implementation of the Arusha Peace accord of August 2000, Burundi has achieved, through early 2005, demonstrable progress with economic stabilization and reform, and the authorities have remained committed to policies of macroeconomic and financial stability, growth and poverty reduction. In light of such progress and commitment and of Burundi's heavy debt burden, it is the opinion of IDA and IMF staff that Burundi has met the conditions for reaching the HIPC decision point.

4. Section II provides background information on eligibility and qualification for the enhanced HIPC Initiative, the dimensions of poverty, political and security developments, and the policy track record. Section III discusses the Poverty Reduction Strategy Paper (PRSP) process, medium-term macroeconomic objectives, and the sectoral and structural reforms to be implemented before reaching the completion point. Section IV presents the DSA. Section V lists the proposed floating completion point triggers, specifies how the enhanced HIPC Initiative assistance after the decision point will be used and tracked, and reports the views of the authorities. Finally, Section VI presents issues for discussion by the Boards of Executive Directors.

II. Background and Assessment of Eligibility and Qualification for HIPC Assistance

A. PRGF and IDA Status

5. Burundi is an IDA-only country, with a nominal per capita GDP of about US$83 in 2003, and is eligible to receive resources under the IMF's Poverty Reduction and Growth Facility (PRGF). Burundi will continue to need substantial concessional assistance from the

international community and is likely to remain an IDA-only country and eligible for PRGF resources for many years to come.

B. Dimensions of Poverty

6. Although income per capita in Burundi has recovered since 2000, it still remains less than one-half the historic high of US$180 attained before civil conflict erupted in 1993. Since 1992, the percentage of people living below the poverty line has doubled, from 35 percent overall to 68 percent in 2002 (68.7 percent in rural areas, 66.0 percent in urban areas). In terms of social welfare indicators, Burundi is the fourth least developed country in the world (2004 Human Development Index).[1] The government's immediate priority is to restore pre-conflict levels of social services recognizing that meeting the Millennium Development Goals (MDGs) will be a challenge.

7. Burundi's social indicators reflect the effects of poverty compounded by decades of violence (Box 1). In addition, child malnutrition has risen from 35 percent in 1987 to 45 percent in 2000. Access to safe water and health services remains extremely low, at less than 48 percent and 20 percent of the population, respectively. Displaced persons (some 200,000 internally and in refugee camps, down from one million at the peak of the fighting) suffer from deprivation, malnutrition, and lack of sanitation, health, and education services. HIV/AIDS prevalence is rising, particularly in the refugee camps, and an estimated 1 in 9 sexually active Burundians is infected. The number of people with HIV/AIDS in 1999 was about 360,000 in the 15–49 age group, and 19,000 for those under 15. There are some 200,000 AIDS orphans (out of a total of some 556,000 orphans).

Box 1. Poverty and Social Indicators

(In percent, unless otherwise specified; as of latest year for which data are available)

Indicator	Burundi	Sub-Saharan Africa
Population (in millions; 2002)	7.3	702.6
Population growth (2003)	2.0	2.1
GDP per capita (US$; 2003)	83	490
Life expectancy at birth (years; 2002)	41.7	45.8
Infant mortality rate (per thousand, 2002)	123	103.1
Child mortality rate (per thousand, 1998)	208	173.9
Maternal mortality rate (per 100,000/live births; 2001)	1300	916.8
HIV/AIDS prevalence (percent of active sexually population ; 2001)	11.3	n.a.
Literacy rate (percent of population; 2001)	55.4	64.9
Gross school enrollment rate (percent of age group; 2001)	71.0	87.0
Male	79.5	94.0
Female	62.4	80.0
Population density (persons/sq km)	262.0	29.2

Sources: Burundi I-PRSP; World Bank, African Development Indicators 2004 and World Development Report 2005; and UNESCO database.

[1]The United Nations Development Program (UNDP) Human Development Index measures a country's achievements in three aspects of human development: longevity, knowledge, and a decent standard of living.

C. Recent Political and Security Developments

8. After independence in 1962, Burundi was one of the best performers in the economic and social areas in sub-Saharan African countries, although progress was marred by periods of ethnic violence. However, with the 1993 **civil conflict** progress was halted and, combined with the effects of a regional economic embargo in 1996–99, Burundi underwent a ten-year period of economic decline. The turning point was the signing in August 2000 of a **peace and reconciliation accord** among 39 political-ethnic groups, in Arusha, Tanzania. A transition government and ethnically balanced senate and parliament chambers were established in 2002, and a peaceful rotation of the president from a Tutsi to a Hutu took place as envisaged in 2003. The remaining holdout rebel group agreed to a cease-fire in May 2005. The **political transition is now drawing to a close**. In February 2005, a national referendum overwhelmingly approved a new constitution and, on June 23, communal elections were held. Parliamentary elections were held on July 4, 2005. The new parliament is to elect a new president by late August; subsequent presidents will be directly elected by popular vote. The new constitution provides for majority rule while maintaining rights and representation for minorities and women; minority Tutsis are assured 40 percent of seats in the National Assembly and of positions in the council of ministers.

9. **The creation of a new, ethnically balanced army and national police force began in late 2004** by incorporating former rebel combatants. The United Nations maintains operations in Burundi (ONUB), including a peacekeeping force of 5,650 (including civilians), which is assuring security and supporting the national Disarmament, Demobilization, Reinsertion, and Reintegration Program (DDR), along with IDA and bilateral donors through the regional Multi-Country Demobilization and Reintegration Program (MDRP). By end-May 2005, almost 10,000 ex-combatants had been demobilized. A National Commission on Reintegration of Refugees was established in 2003, and has since assisted the resettlement of some 500,000 refugees and internally displaced persons. In January 2005, a National Truth and Reconciliation Commission was set up with a two-year mandate to investigate acts of ethnic violence between Burundi's independence in 1962 and the 2000 peace accord.

D. Macroeconomic and Structural Adjustment Record

10. Within a difficult political environment, and starting from dire economic and social conditions, Burundi has made **good initial progress in stabilizing the economy, implementing financial and structural reforms, and beginning to restore social services.** However, large challenges remain, including the consolidation of democracy, full demobilization of armed combatants, promotion of private sector-led growth, and, especially, addressing widespread deep poverty.

11. **Burundi's economic and social recovery has been supported by IDA and the IMF**. IDA has provided an Emergency Economic Recovery Credit in 2000, an Economic

Recovery Credit in 2002, sector grants and credits (including for DDR), and managed support through a trust fund for multilateral debt service.[2] A Post-Conflict Transition Economic Recovery grant (US$50 million) is planned for 2005. In 2001–02, Burundi implemented an IMF Staff-Monitored Program and, subsequently, received support under the IMF's Emergency Post-Conflict Assistance policy (2002–03), which led to approval of a three-year PRGF arrangement beginning in January 2004 (SDR 69 million). The first review of the PRGF-supported program was concluded by the Executive Board of the IMF on January 19, 2005. The European Union and bilateral donors have also provided important assistance and in a donor forum in January 2004, Burundi received pledges of more than US$1 billion over three years.

12. **Since 2002, the authorities have maintained generally prudent financial policies and implemented structural reforms that have helped to establish the conditions to resume economic growth.** Real GDP growth has picked up, inflation has been broadly contained, and the international reserve position has strengthened, while financial support from the international community has been mobilized (Table 1). During 2004 and early 2005, performance under the PRGF-supported program has been good. Such progress is all the more noteworthy in that it has been achieved in a difficult political and economic environment of strong expenditure pressures stemming from the establishment of the transitional institutions envisaged in the Arusha peace accord to include representatives from former rebel factions and the need to restore social programs. The heavy political agenda, which has drawn out the transition process, has, at times, delayed sensitive structural reforms (Box 2).

13. Real economic growth picked up in 2004 to close to 5 percent and is expected to be sustained at that level in 2005. Continued vigor in the service sector would offset a cyclically smaller coffee crop in 2005 and uncertainties regarding the food crop. Consumer price inflation did not decline as planned in 2004, but rose to almost 12 percent, owing to the impact on food prices of drought in the north, the surge in imported petroleum prices, and pressure on nontradable goods prices from the increasing international presence in the capital.[3] The continued impact of these factors, together with rapid monetary growth, led to a further increase in inflation in early 2005. On the external side, the current account deficit, including grants, in 2004 (7.2 percent of GDP) was significantly smaller than expected and international reserves increased. Exports rose strongly on account of a large coffee harvest and a strong recovery in world coffee prices, while imports rose less than projected, owing to lower-than-expected humanitarian assistance.

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[2] Belgium, Italy, the United Kingdom, France, and Norway have supported an IDA-managed trust fund for debt service and arrears clearance to the African Development Bank.

[3] The only available CPI is for Bujumbura, which may not accurately reflect price developments for the country as a whole.

14. Fiscal performance was broadly in line with the PRGF-supported program in 2004, although the primary deficit was somewhat higher than programmed, owing to higher domestic counterpart outlays for project spending that was only partially offset by a lower-than-expected wage bill. Overall revenues exceeded the program target, reflecting strengthened tax administration. Social sector spending rose to 6.7 percent of GDP. Fiscal performance in the first quarter of 2005 was well within program targets.

Box 2. Selected Economic Policy and Structural Measures, 2003–05

Measures	Status
Elimination of remaining exchange restrictions on current account transactions and bona fide amortization payments.	September 2003
Preparation and adoption by the cabinet of a gender action plan, satisfactory to IDA, to eliminate gender disparities, including enabling women to inherit land and other properties.	September 2003
Extension of transactions tax to domestically produced goods and services.	January 2004
Adoption by the cabinet of draft legislation to establish an Office of Auditor General responsible for auditing the financial operations of public agencies, and the submission of the draft legislation to the National Assembly.	March 2004; audit service to be created in 2005
Assessment of bank compliance with minimum capital requirement.	March 2004; two banks subsequently closed
Adoption by the cabinet of an action plan for the reform of the public procurement administration.	August 2004
Adoption by the cabinet of a comprehensive strategy, developed in consultation with stakeholders, to revive the coffee, tea, and cotton subsectors.	October 2004
Mandatory nature of BRB auction reference exchange rate for commercial bank transactions abolished; official exchange rate now a weighted average of daily commercial bank transactions.	December 2004
Adoption of a new government budget and accounting nomenclature.	December 2004
Reduction in number of import tariff bands and rates.	Implemented with 2005 budget
Decree liberalizing private entry and investment in the coffee sector, and operations at all levels of the supply chain.	January 2005
Abolished the remaining export foreign exchange surrender requirement (50 percent of coffee, tea, and cotton exports).	January 2005
Establishment of a new audit court (*Cour des Comptes*).	December 2004. Audit of 2004 government accounts began in April 2005
Abolished the central bank's credit ceilings to financial institutions and directed sectoral credit.	April 2005
Market-based liquidity (credit/deposit) auctions introduced.	April 2005
Trade restrictions and price controls on sugar abolished.	May 2005

15. **A key strand of fiscal policy in 2005 is the transition from a "conflict" to a "peacetime" budget**. The security sector projects (military integration and creation of the national police force), which are vital for securing durable peace, will raise the share of military and security spending in the short term, while the demobilization effort will eventually permit a shift from military spending to social outlays. As a result, the share of military spending in total expenditure would rise in 2005, while the share of social sector spending would decline slightly.[4] Assuming the pace of demobilization is maintained, and given the smaller number of soldiers and ex-combatants than originally assumed, budget savings on security spending appear possible from late 2005.

16. The management of public finances, severely weakened by the loss of skilled and experienced staff because of the conflict and low wages, is being strengthened. Key actions have been undertaken in **public expenditure management**, supported by IDA since 2000 and currently under the Economic Management Support Project (EMSP). These include adoption of a unified functional and economic classification of budgetary expenditure and a double-entry accounting system, implementation of a system for monitoring the flows of external assistance and government expenditures, and computerization of expenditure management.[5] In addition, civil service payroll management is being strengthened. In May 2005, an inventory of domestic payments arrears of the government was completed, on which an external audit is expected to begin shortly. A sustained effort in these areas will be needed, supported by technical assistance from the IMF and IDA. Measures to improve **budget transparency** include the establishment of an audit court (*Cour des Comptes*) in 2004, which began a review of the 2004 government accounts in April 2005. **Revenue mobilization** reforms include strengthened tax administration and collection, the introduction of a single taxpayer identification number, the elimination of loopholes in the import pre-shipment inspection regime, and the income tax liability of Burundian nationals working for international organizations is now being recognized and enforced.

17. **For the remainder of 2005, the authorities aim to contain monetary growth with a view to reducing inflation to 10 percent by year-end.** To this end, the BRB has taken measures to enhance the efficiency and effectiveness of its liquidity management. In April 2005, liquidity auctions were introduced and the central bank's specific credit ceiling system was abolished.

18. **Major progress has been made in liberalizing the foreign exchange system since 2000,** which has led to the gradual convergence of the parallel and official exchange rates, to about 3 percent by late 2004. Restrictions on current transactions were removed in 2003 and

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[4] The share of social spending may be higher by year-end taking into account the use of possible HIPC debt relief and the payment of retroactive wage adjustments to teachers.

[5] An integrated public expenditure computerized system connected to the central bank (BRB) designed for (i) efficient and transparent public finance management, (ii) poverty spending monitoring, including HIPC resources, and (iii) accurate reporting and closing of budget execution account books, is expected to be introduced by October 2005.

in December 2004, the BRB abolished the mandatory nature of its foreign exchange auction reference price for commercial transactions and changed the determination of the official exchange rate to the daily weighted average of banking system transactions. In early January 2005, the remaining foreign exchange surrender requirement on export earnings was abolished.

19. Further **structural and sectoral reforms** are being undertaken or have been initiated as follows:

- A reform program with IDA support, is being implemented to strengthen the capacity of the Ministry of Development Planning and Reconstruction, in particular to collect and process statistical information, leading to timely and reliable availability of national accounts, estimates, and forecasting.

- Reform of the justice system to bring about ethnic balance, and ensure equity and human rights. To that end, a Judiciary Reform Strategy is to be prepared with assistance from IDA's EMSP project.

- The coffee sector reform strategy, adopted in October 2004, is under way. The first step was the opening of the state marketing board (OCIBU) auctions to a wider range of participants in December 2004. In January 2005, private entry and investment in the sector and operations at all levels of the supply chain was liberalized. The coffee production tax *(loyer verger)* was abolished in April and a ministerial order was issued in June freeing coffee sales outside of the state marketing board (OCIBU). In mid-2005, the privatization of state assets in the coffee sector is expected to begin with the launching of offers to sell of washing stations and processing factories. Later in 2005, an action plan will be adopted defining the new roles of coffee sector institutions (including OCIBU) to be in place for the start of the 2006 crop season (April 2006), consistent with the coffee sector reform strategy.

- A tea and cotton sector reform strategy was approved in October 2004.

- The sugar sector was also liberalized in May 2005 with the abolition of export restrictions, minimum import prices, and domestic price controls.

III. Medium-Term Strategy for Poverty Reduction

A. The PRSP Formulation Process

20. The government's Interim Poverty Reduction Strategy Paper (I-PRSP) is based on broad consultations, limited in some provinces by security conditions. The I-PRSP presents a long-term vision of development based on six strategic themes for promoting sustainable, equitable economic growth deemed essential for poverty alleviation: (i) peace and democratic governance; (ii) reintegration of conflict victims and disadvantaged groups into the economy; (iii) private sector development; (iv) human capital development; (v) fighting

HIV/AIDS; and (vi) advancing the role of women in development. These priorities were confirmed in a 2004 opinion survey covering 3,000 respondents nationwide. The survey found that (i) while more than 80 percent of respondents think that poverty has remained constant or increased over the last 5 years, some 40 percent predict that poverty will decrease in the next five years; (ii) poverty is related to the inability for households to feed their family, have decent housing, and pay for health care; (iii) satisfaction with the quality of public services is low, except for primary schooling; (iv) the end of the conflict is cited as the most important factor for reducing poverty, and together with the provision of education services, is seen as the most important action that the government can undertake; and (v) improving food security and increasing youth employment are also seen as important areas for government intervention.

21. With the forthcoming finalization of Burundi's **full PRSP**, it will be essential to put in place a sound monitoring and evaluation system. At present, reliable and detailed data are lacking to monitor poverty and other social indicators in Burundi, and to assess who benefits from public spending. The last available household survey, dated 1998–99, estimates poverty at close to two-thirds of the population. The situation has likely changed over the last seven years. The implementation in 2005 of a new nationally representative extended Core Welfare Indicators Questionnaire (CWIQ) will be an opportunity to reassess the level of poverty in the country and the main vulnerable groups, and to provide a benchmark assessment of the state of social services delivery. Budgetary and delivery data for social services also need to be strengthened in order to better target and assess pro-poor spending, including specifying what expenditure should be considered pro-poor. To this end, data will be collected among potential users of facilities such as hospitals, clinics, and schools to help measure more precisely user-satisfaction with basic service delivery and identify unmet needs, and assess how to more effectively transfer resources to end-users.

22. The Joint Staff Assessment (JSA) of the I-PRSP by IDA and IMF staff, endorsed by the respective Boards of Directors, concluded that the I-PRSP framework was sound. A **PRSP Preparation Status Report (PSR)**, issued by the Burundi authorities in April 2005, indicates that Burundi is on track to adopt a full PRSP based on a comprehensive participatory process at the colline (neighborhood) level, with local and provincial reports now completed. The analysis and synthesis of the results, including existing sources of poverty data, especially the household surveys, is expected to be completed by mid-July. The authorities now expect the full PRSP to be finalized in late 2005 (compared with end-August in the PSR), to account for the possibility of further technical delays and the possible impact of the current electoral process. It will be important to prepare well-costed sector strategies that would be integrated into the budgetary process. In a Joint Staff Advisory Note (JSAN) on the PSR, IDA and IMF staff found that the authorities' revised PRSP preparation timetable appears feasible.

B. Macroeconomic Objectives

23. The authorities' **medium-term macroeconomic objectives** are to achieve sustained economic growth of some 5 percent per annum, lower inflation to about 4–5 percent, maintain foreign reserves at 6 months of imports of goods and services, reduce the external current account deficit (after grants) to some 5½ percent of GDP by 2015, limit external financing to grants and highly concessional credits, restore a sustainable external debt position, and boost private savings and investment. To achieve these objectives, the government's reform agenda focuses on promoting private-sector-led growth, including through privatization, improved governance, and nurturing a business and regulatory environment that encourages private sector activity. Sustained export-led growth will also be essential and policies to attain this objective are addressed in a recently completed Diagnostic Trade Integration Study (DTIS), prepared in the context of the Integrated Framework and will be furthered by an IDA Sources of Growth study to be completed by June 2006.[6]

C. Governance, Structural and Institutional Reforms

24. **Good governance is a major aspiration of the Burundian people as evidenced in the Arusha Accord and in the I-PRSP**. Measures taken include the appointment of a state minister for good governance in 2003, the establishment of an inter-ministerial committee to promote good governance and fight corruption, the preparation of a governance action plan, the strengthening of the Inspectorate General of Finances and the creation of an audit court, and the establishment of an International Commission of Inquiry on political prisoners. Outside the government, an Observatory for the Fight against Corruption and Economic Embezzlement (OLUCOME) provides vocal criticism of malfeasance.

25. **Private sector development underpins pro-poor growth**. As with public resources, attention to the local and ethnic aspects of privatization programs is essential in order to reduce the origins of violent conflict. Actions undertaken to promote the private sector include programs to clear the government's arrears to private sector suppliers, the implementation of a revised corporate law, and preparation of a new commercial law. Revisions to the bankruptcy law and improvements in the arbitration system are under way, and a policy framework to implement the public enterprise privatization program has been prepared. Like other countries in conflict, Burundi has experienced major net disinvestment and destruction and as a result now has a deteriorated capital stock. Durable peace is necessary, as well as further policy actions, to improve the business environment and sustain

[6] The DTIS provided a comprehensive assessment of Burundi's strengths, weaknesses and opportunities, and necessary steps to be taken to improve trade performance through the promotion of trade facilitation. Burundi's integration into the global economy would be enhanced through better market access, further liberalization of its trade regime, an investment climate conducive to the development of a strong private sector, and promotion of sectors with high export and growth potential to expand the export base and generate sustained growth for poverty reduction.

the revival of growth. The DTIS will also provide guidance on the pro-private sector growth strategy.

26. **Other key reforms concern community development and decentralization**. The government's priority in this area is effective decentralization and improved social services delivery through a community-driven project, supported by IDA. The main goals of the project are to: (i) promote social cohesion within and across communities; (ii) facilitate and support the reintegration of social groups displaced, or marginalized, as a result of the conflict; and (iii) foster local accountability through a participatory decision-making process for communities' investments.

D. Social and Sectoral Policies

27. **Burundi is far from meeting the MDGs related to health, education, including both child and general mortality.** Public sector contributions to social services have been neither sufficient to restore services that were diminished or lost to the effects of conflict, nor—despite extensive programs—to raise the level of services to previously disadvantaged groups to national levels. Large-scale population displacements have seriously disrupted the delivery of social services, while the equally large return of refugees and displaced persons will place new burdens on overloaded local services.

28. **Human resource development.** Programs for the rehabilitation of education and health infrastructure are being implemented. Priorities are to improve access to these services in formerly underserved ethnic communities, decentralize health management to improve coverage and quality of basic health services, introduce an independent and autonomous management structure for public hospitals, and use cost-recovery mechanisms to improve and ensure sustainable provision of health services. A multi-sector strategy for the fight against HIV/AIDS is under way.

29. **Education sector.** The government's efforts in the short term will be focused on rehabilitating facilities, ensuring the availability of minimum supplies, redeploying teachers to where there are shortages, and organizing teacher-training courses. In addition to these emergency actions, strategies need to be launched to revive the development of the sector. Key actions needed to reach the objectives of universal primary enrollment and improved access, quality and relevance for secondary and higher education include: (i) training of teachers at all levels in sufficient quantity and quality; (ii) updating technical education and university curricula and regulation; (iii) providing suitable teaching materials; (iv) upgrading the status and career prospects of teachers; (v) improving school planning and the distribution of schools; and (vi) implementing a framework for community empowerment and participation in primary and secondary schools.

30. **Health sector.** The government has embarked on a national consultation process to formulate a strategy that aims at improving access to affordable basic services to the general population. In line with the short-term objective of restoring services to pre-crisis performance levels, the government is focusing its efforts on: (i) improving health care

coverage by rehabilitating and strengthening existing basic health services, establishing new facilities in line with the health map, and re-equipping health centers; (ii) strengthening preventive (reproductive health, immunization, sanitation, and nutrition education) and curative care through structured management and monitoring of epidemics, particularly HIV/AIDS; (iii) improving the availability of medical services and drugs by enhancing local production capacities and improving distribution channels; and (iv) redeploying health workers to, and offering incentives to retain available human resources in, areas of shortages especially rural and secondary towns, while continuing to train medical personnel. The medium-term objective is to institute and carry through reforms including: (i) establishing an independent national drug agency with management autonomy; (ii) initiating and developing a decentralized health sector management system; and (iii) establishing a coherent operational research program to identify and adequately address vulnerability and inequalities.

31. **Gender and social protection.** Actions taken include the preparation of a gender action plan, and establishment of a fund to support the development of micro-finance institutions in rural communities and safety net mechanisms to assist the poor and victims of conflict. The matrimonial code has been revised to grant property rights to wives, including the right of widows to inherit land. Campaigns to promote the role of women have been undertaken. Representation of women in public offices has been increased (the new Constitution assures 40 percent of parliamentarians are women, and the Arusha Accord established a minimum threshold that 30 percent of public office holders must be women).

32. **Rural sector.** This sector contributes nearly 50 percent of GDP and supports more than 90 percent of the population. Therefore, increasing agricultural productivity and diversification and rural development are among the government's major priorities to revitalize the economy and reduce poverty. Implementation of the coffee sector reform strategy is expected to raise the income levels of some 800,000 small rural producers of this main cash crop. Measures have been implemented to rebuild livestock herds. Demographic pressures have led to the degradation of land and the government is addressing this through an Agriculture Rehabilitation and Sustainable Land Management Program supported by IDA. While seeking to increase the area available for farming, the government gives priority to programs for resettling war victims and returning refugees and reintegrating them in agricultural activities, restoring them where possible to their former properties, and arranging new properties or vocations for others.

33. **Agriculture.** The government's priorities include enactment of new land legislation that would reduce disincentives against on-farm investment; implementation of a matching grant program designed to provide training and funding support to farmers' groups for the start-up of productive and income-generating activities; a national program to enhance the supply and the quality of training and extension services to small producers, and to provide backstopping support to farmers' organizations; and a National Action Program to address the problem of land degradation. Beginning in 2005, activities funded by IDA and the Global Environment Facility (GEF) are expected to reduce pressure on critical fragile marshlands,

help maintain hydrological cycles, and contribute to carbon storage and nutrient cycling in forests and wetlands.

34. **Infrastructure.** The I-PRSP establishes a direct link between limited access to infrastructure services and the deteriorated social and economic indicators. The government strategy for the sector emphasizes seven areas: (i) preservation of the existing road networks; (ii) an increase in local financial resources for road maintenance; (iii) improvement of sector management; (iv) involvement of beneficiary populations; (v) improvement of access to the sea and balanced development of road infrastructure; and (vi) improvement of road safety. Labor-intensive techniques, together with active community ownership and participation, can help speed up an increase in the stock of sustainable infrastructure and the delivery of services in rural and urban areas, while making a direct contribution to poverty reduction. IDA will continue to support this area through a supplement to its ongoing Public Works and Employment Creation project.

35. **Mining.** The mining sector holds some promise. The government strategy is to relaunch a national mining exploration promotion program and to improve the legal and regulatory framework for the sector in order to attract private local and foreign investment. The government—with technical and financial assistance from UNDP, Germany, and France—has been exploring Burundi's mineral potential with the objective of developing sufficient information to attract foreign investments.

IV. Debt Sustainability Analysis and Enhanced HIPC Initiative Assistance

A. Debt Reconciliation Status

36. The DSA presented below was prepared jointly by the authorities and IDA and IMF staff, based on loan-by-loan data provided by the authorities and creditors for public and publicly guaranteed debt outstanding and disbursed as of end-December 2004. All outstanding debt data has been reconciled with creditors.

B. The Structure of External Debt

37. At end-December 2004, Burundi's public and publicly guaranteed external debt, including arrears, is estimated at US$1,384 million.[7] Multilateral creditors account for 84.5 percent of this debt and Paris Club bilateral creditors for 10.5 percent (Box 3). Other official and commercial creditors account for the remaining 5 percent. After assuming full use of traditional debt relief mechanisms for bilateral and commercial debt, and excluding remaining multilateral arrears (which have been cleared primarily through external grants),

[7] Or a net increase of US$33 million compared to the stock of debt at end-2003 reported in the preliminary document on the HIPC Initiative for Burundi (EBS/05/2 and IDA Report No. 31202-BI, 01/06/05). This is mainly due to new borrowing from IDA (US$43 million) and under the PRGF (US$10 million) and the effect of the devaluation of the dollar vis-à-vis other currencies in 2004.

the stock of external debt outstanding at end-2004 in present value (NPV) terms is US$902 million (Table 3, Figures 1 and 2).[8]

Box 3. Paris Club Rescheduling

Paris Club creditors agreed, on March 4, 2004, to a restructuring of Burundi's public external debt, following the approval of a PRGF arrangement in January 2004. The deadline for concluding the bilateral agreements was extended from end-September 2004 to March 2005 and further to September. By February 2005, bilateral agreements had been signed with all but one creditor (Austria is waiting to sign a write-off with an elected government). The reconciliation of the debt was carried out in the context of the bilateral agreements. A total of US$85 million was treated, of which US$4 million was cancelled. The specifics are summarized below:

- The agreement treats both accumulated arrears as of end-2003 and current maturities falling due in 2004–06 under Naples terms.
- Pre-cutoff date (June 20, 1999) official development aid (ODA) debts are rescheduled over 40 years, with 16 years grace, at interest rates at least as favorable as the original interest rates.
- Pre-cutoff date commercial credits are rescheduled over 23 years, with 8 years of grace, at market interest rates, with a present value reduction of 67 percent.
- 75 percent of interest accruing in 2005–06 on rescheduled amounts was capitalized, with repayment (in equal semi-annual installments) between September 2008 and March 2016.
- Creditors agreed to top-up the reduction rate to 90 percent (Cologne terms) as soon as Burundi has reached its decision point under the enhanced HIPC Initiative.
- Burundi committed to seek comparable treatment from other external creditors.

38. **Burundi had reached agreements to clear all its arrears to multilateral by end-2004** (Box 4). At end-2004, the total stock of remaining arrears amounted to US$78.6 million or 6 percent of total debt outstanding. This represents a US$106.1 million decrease compared to end-2003. About 27 percent of total arrears (US$21.3 million) were owed to multilateral creditors, but either resources have already been pledged to clear the arrears (conditioned on reaching the decision point) or the government has reached an understanding with the creditor to reschedule the arrears. The remaining 73 percent of total arrears (US$57.3 million) were owed to bilateral and commercial creditors, of which arrears to Paris Club bilateral creditors amounted to US$13.8 million (Box 4). US$43.5 million of arrears was still outstanding to other bilateral and commercial creditors.

[8] The clearance of arrears to multilateral creditors (or an agreement in principle to do so) is a condition to reach the HIPC decision point and, as a rule, the concessional element embedded in the treatment of the arrears counts toward the creditor's share of HIPC debt relief ("HIPC Debt Initiative-Approach to Arrears to Multilateral Institutions," March 2, 1998).

Box 4. Arrears Clearance

Burundi has made major efforts to normalize relations with creditors, and from 2003 to February 2005 reached the following agreements with multilateral and bilateral creditors:

- The **African Development Bank Group** (AfDB) approved a framework for assisting post-conflict countries (PCC) to clear their arrears to the AfDB in July 2004. The framework is based on sharing the financing cost amongst the country, donors, and the AfDB PCC facility determined on a case-by-case basis. Earlier in 2004, Burundi had paid UA 6.7 million to clear 30 percent of total UA 22.6 million (US$35.9) in arrears at end-2003.[1] Donors (France and the EU) committed UA 8.0 million and the AfDB Board of Directors approved a UA 8.0 million grant from the PPC facility to complete the arrears clearance program in October 2004.
- The **OPEC Fund** implemented a Commodity Import Program (CIP) to achieve a concessional rescheduling of US$6.0 million in arrears at end-1998. The program was frozen after Burundi failed to repay US$1.5 million falling due in 1999. The CIP was resumed in 2003, after a payment from Burundi. The OPEC Fund granted an additional CIP to clear US$3.2 million in arrears accrued since 1998.
- **BADEA** agreed on consolidating US$16.7 million in arrears in July 2003 and repayments falling due from August 2003 to end-2004. The total amount of US$17.3 million will be repaid on concessional terms over 11 years.
- Arrears to the **European Union** totaling US$27.1 million to the EU and the European Investment Bank were cleared in mid-2004 entirely with a grant provided by the European Commission as budget support.
- Arrears to **Paris Club creditors** were cleared in the context of the March 2004 rescheduling, with the last bilateral agreement signed in February 2005. Austria is awaiting an elected government with which to sign a write-off of its debt (Box 3).

[1]/ The PCC facility is a legal autonomous entity under the auspices of the African Development Fund (AfDF) for the sole purpose of providing grant resources to assist qualifying PCCs clear their AfDB Group arrears. The facility is financed from UA 100 million from the AfDB net income allocations, UA 100 million from ADF-10 resources, and UA 7 million from Nigeria Trust Fund income allocations.

C. Debt Sustainability Analysis

39. **The underlying macroeconomic projections assume that Burundi's economy continues to recover in line with the government's 2005 program, with the support of external financing on highly concessional terms** (Box 5). According to the baseline scenario, which incorporates a domestic savings effort taking hold as recovery continues, Burundi's external debt is projected to remain above the HIPC threshold for a considerable period and even after HIPC assistance (Tables 4-7). To reach the HIPC threshold at an early date would require a very high proportion of external financing to be provided as grants early in the projection period to finance priority expenditure (see sensitivity analysis below) and deep reforms to underpin stronger growth and export performance.

40. **The medium-term outlook envisages strong economic growth, continued consolidation of the peace process, macroeconomic stability, a deepening of structural reforms, and full normalization of relations with creditors.** Real GDP growth is projected to be maintained at 5 percent, a pace that could be exceeded early in the projection period, under the impulse of the reconstruction effort, as returning refugees and demobilized combatants begin productive activities, land and other property in recently insecure locations are reclaimed and are put to economic use, and structural reforms take hold (Box 5 and Table 10). Starting from a low base in 2004, exports are projected to drive growth over the long term, with the recovery of traditional sectors such as coffee, tea and cotton, as reforms and privatization take effect. In particular, coffee sector reforms are geared toward enhancing the quality of production and Burundi's coffee is projected once again to fetch a premium

over international prices starting in 2008. Nontraditional sectors in areas such as horticulture, fresh fruits and vegetables, and tourism are expected to make an increasing contribution with the expected return of direct air links to Europe, as the security situation continues to improve. Securing these developments will require the authorities to energetically implement their private sector growth strategy. With imports easing after the reconstruction period, the trade balance of goods and services improves over the projection period. The current account deficit is projected to widen initially to above 10 percent of GDP, before narrowing to about 3.5 percent of GDP by 2024, while gross investment and national savings gradually rise to 13.7 and 10.1 percent of GDP, respectively, by 2024. Program financing is assumed to be on IDA credit terms, while project financing is assumed to be 50 percent on IDA terms and 50 percent on ODA terms. The financing gap would be covered by enhanced HIPC Initiative debt relief.

Box 5. Main Assumptions in the Debt Sustainability Analysis

Real GDP growth averages 5 percent over 2004–24, underpinned by a peacetime broad-based recovery in agricultural production and other private sector activities.

CPI inflation (end-period) is projected to decelerate from 12 percent in 2004 to 10 percent in 2005, and subsequently to drop steadily to 4 percent by 2011 and remain at that level through 2024.

Fiscal policy aims at achieving the government's spending priorities while maintaining macroeconomic stability. Revenues, excluding grants, are assumed to rise from about 18 percent of GDP in 2005 to about 21 percent of GDP by 2024.

Gross official external financing (grants plus loan disbursements) is expected to be about 22 percent of GDP during 2004–05, then trend down to about 10 percent by 2009 and further to 6 percent of GDP in 2024. Net resource transfers are expected to remain positive throughout the projection period trending down from 32 percent in 2005 to 9 percent of GDP in 2024.

Official financing: program loans (excluding the IMF) are assumed to be entirely at concessional rates on IDA or comparable terms. The financing gap would be covered by HIPC debt relief. Project loans would be evenly split between official ODA terms and IDA terms.

Export receipts in U.S. dollars are expected to remain stable in 2006, rise by 21 percent in 2007, and then rise annually at rates between 7 and 11 percent, with coffee production gradually reaching about 55,000 tons. Coffee quality is assumed to improve, reflecting the impact of the sector's reform, and the price discount relative to world prices is assumed to revert to a premium after 2008. The composition of exports is expected to gradually shift from predominantly coffee and tea to include other sectors (other agricultural products, processed foods and light manufactures). In volume terms export growth would average 6.5 percent over the projection period, including a spurt to 8 percent in the 2015-20 period from non-traditional sectors. The GDP share of exports of goods and services is projected to rise from 10 percent in 2005 to about 13 percent in 2024.

Imports of goods and services in U.S. dollars are projected to average 34 percent of GDP in 2004–05 and, with emergency assistance and reconstruction-related imports winding down, to decline to 25 percent of GDP in 2013 and subsequently trend gradually down to 22 percent of GDP in 2024. In volume terms, import volumes would rise an average of 4.5 percent from 2009 onwards, following the 2006-08 period of consolidation.

41. **The projected baseline growth rates and export performance may appear optimistic, especially seen against Burundi's past experience**. The rate of real GDP growth slightly exceeds that observed in periods of peace during the 1980s, but is in line with evidence from post-conflict recovery elsewhere. It is likely that growth will be bolstered by the economic contribution of the hundreds of thousands of returning refugees and displaced persons, and the reintegration of tens of thousands of former armed combatants into productive society. Moreover, the baseline does not incorporate a likely post-conflict catch-up period with higher rates of growth. Coffee exports are projected to about triple over the next twenty years, consistent with Burundi's potential and historical high production. The projections also take into account an export-led diversification of the economy, which has potential to expand into agro-based goods, light industrial manufactures, and possibly high value mineral resources.

42. **On the basis of these assumptions, and taking into account the phased-in provision of enhanced HIPC Initiative assistance, the NPV of outstanding debt-to-exports ratio would remain significantly above 150 percent throughout the interim period** (Table 7 and Figure 3), notwithstanding the assumed high share of grants in official assistance. The estimates for the amount of HIPC assistance are based on the NPV of the stock of multilateral debt at end-2004 prior to arrears clearance and on the end-2004 NPV of bilateral and commercial debt assuming the full use of traditional debt relief mechanisms as simulated by a hypothetical stock-of-debt operation on eligible debt on Naples terms. After the full delivery of HIPC assistance, the ratio of the NPV of debt to exports is projected to rise initially to 168 percent in 2010 and then to decline steadily to 86 percent in 2024. This profile reflects significant new reconstruction and adjustment lending by multilaterals on highly concessional terms or as grants in the 2005–06 period.[9]

D. Possible HIPC Initiative Assistance

43. **To bring the external debt-to-exports ratio down to the target ratio of 150 percent requires, after the full use of traditional debt-relief mechanisms, a common reduction factor of 91.5 percent for all creditors or relief in the amount of US$826 million in NPV terms** (Table 4). Possible assistance from multilateral creditors would be about US$701 million in NPV terms, and relief from bilateral and commercial creditors would amount to US$124 million. Paris Club are expected to provide US$86 million of relief in NPV terms, commercial creditors US$5 million, and other official bilateral creditors US$33 million. Assuming the time profile and modalities laid out below, this translates into about US$1,495 million of debt relief in nominal terms over time.[10] The following

[9] During the period June 2005 to June 2006, IDA will provide financing of about US$120 million in the form of grants, according to IDA allocation rules for fiscal year 2005/06. Multilateral lending includes disbursements under the current PRGF arrangement and the ongoing lending program on the AfDB.

[10] Paris Club creditors, together with IDA, the IMF, and the AfDB, represent 84 percent of the NPV of debt.

assumptions were made in projecting the time profile of possible enhanced HIPC Initiative assistance:

- **Paris Club bilateral creditors**. There would be a flow rescheduling on Cologne terms—or a 90 percent NPV reduction—after reaching the decision point (which is assumed to take place at end-June 2005), with delivery of the remaining required assistance at the completion point expected at end-2006, through a stock-of-debt operation. Paris Club creditors agreed to grant a topping-up of the debt reduction to Cologne terms once Burundi reaches decision point under the HIPC Initiative.

- Comparable treatment would be provided by **non-Paris Club** official bilateral and commercial creditors.

- **IMF** assistance would total US$27.84 million in NPV terms. Immediately following the approval of the decision point by the Boards of IDA and the IMF, the IMF would provide interim assistance equivalent to about 50 percent of debt-service falling due (equivalent to interest obligations on PRGF borrowing) from the decision point in 2005 through end-2006. PRGF principal repayments are due to the IMF beginning August 2009. Therefore, most of the IMF's remaining HIPC relief would be delivered following the completion point, with debt-service reduction through 2015 (Table 11).

- **IDA** would provide total assistance amounting to US$424.8 million in NPV terms. Immediately following the approval of the decision point by the Boards of IDA and the IMF, IDA would begin to provide interim assistance in the form of debt-service reduction on debt outstanding and disbursed at end-2004, and, assuming that Burundi reaches the completion point at end-2006, would continue until 2039 (Table 12). Delivery of the interim assistance by IDA is expected to start in August 2005. Savings as a percent of debt service due to IDA for 2005 is expected to be 39 percent and to increase to 90 percent thereafter.[11]

44. **All other multilateral creditors** are assumed to provide debt-service reduction until their contributions meet the requirement under the enhanced HIPC Initiative. Discussions are ongoing with the AfDB and other multilaterals as to the precise modalities.

E. Impact of HIPC Initiative Assistance

45. **Based on the underlying macroeconomic projections, the NPV of debt-to-exports ratio would not decline below 150 percent until 2013, and significant donor support on grant terms will be necessary through the medium term.** However, HIPC assistance would considerably reduce the debt-service burden over the medium term. After the

[11] Savings as a percentage of debt service are expected to be 85 percent of debt service due during the period August-December 2005 and 90 percent thereafter through August 2038.

clearance of arrears owed to multilateral creditors and notwithstanding the relief received from Paris Club creditors in 2004, scheduled debt service would rise as a consequence of the reprofiled repayment terms on the arrears and the repayments of moratorium interest (Table 6). HIPC assistance in the interim period (July 2005 to end-2006) would reduce debt service due from 52 percent of exports and 29 percent of fiscal revenue in 2005 to 12.6 percent of exports and 6.2 percent of fiscal revenue in 2006.[12] Debt service would subsequently trend down to an average of 5.3 percent of exports and 3.2 percent of fiscal revenue in 2015–24. Additional external resources, including from the recovery of exports, will more than offset debt service obligations and result in a net positive inflow during the interim period and beyond. In the interim period projected ratios of debt service to exports after HIPC relief do not compare favorably with the average ratio (8.2 percent in 2004) of the 27 countries that have reached their decision or completion points because of the limited number of creditors assumed to provide interim relief and debt service on new borrowing. The reduction of debt service as a result of HIPC assistance is expected to average nearly US$26 million in 2005–06, increasing to an annual average of about US$46 million after the completion point.[13] The amount of resources freed by HIPC relief would permit a sizeable increase in Burundi's poverty reducing spending, and is projected to exceed current expenditure on health and education.

F. Sensitivity Analysis

46. Four scenarios were carried out to test the sustainability of Burundi's external debt after HIPC Initiative assistance (Table 8, Figure 4).

47. A **first scenario** highlights the risks of failing to achieve robust and prolonged export growth. The baseline scenario assumes that exports would significantly contribute to growth over the medium and long term. If the assumption is changed so that export volumes are projected to increase at a rate 1 percentage point lower than that of the baseline scenario, the NPV of debt-to-exports ratio is projected to average 29 percentage points more than the baseline scenario in the period 2004–14 and 130 percentage points above the baseline level at the end of the projection period.

48. The **second scenario** considers the sensitivity of the baseline projections to higher non-oil prices on imports, assuming an unchanged level of investment and private and public consumption. Non-oil prices are assumed to be 5 percentage points higher than projected during 2006–09 and thereafter to increase according to the baseline scenario. The higher import growth is assumed to be partially financed by additional concessional borrowing for

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[12] Interim relief is assumed to be provided by the IMF, IDA, the African Development Bank, other multilateral creditors and the Paris Club.

[13] In nominal flow terms, HIPC assistance by multilateral creditors is defined as the reduction in debt service due after arrears clearance and after HIPC assistance. For bilateral and commercial creditors it is defined as the difference between debt service due after traditional debt relief and that due after HIPC assistance.

the whole projection period. Under these assumptions, the debt-to-exports ratio worsen considerably at an average of almost 50 percentage points above the baseline in 2004-14 and remaining at about 105 percentage points above the baseline thereafter. The debt service ratio, however, would deteriorate only slightly.

49. The **third scenario** considers the impact of a two percentage point increase in interest rates paid on all loans, starting in 2005 and remaining in place throughout the projection period. This scenario highlights the need to maintain prudent debt management in the long run, given the low export base. Both export receipts and government revenues are assumed to remain unchanged from the baseline scenario. Under these assumptions, the ratio of the NPV of debt to exports would remain on average almost 60 percentage points higher than the baseline scenario over the period 2004–14, while the debt-service-to-exports ratio would average some 6 percentage points higher, a differential that would be maintained to the end of the projection period.

50. A **fourth scenario** illustrates the effect on debt ratios of assuming future financing (excluding the IMF) is entirely in grants until the ratio of NPV of debt to exports reaches 150 percent. Under this scenario, Burundi would benefit from 100 percent grant financing during the period 2006–07. After 2007, financing needs would be met by a mix of 70 percent grants and 30 percent concessional loans to maintain the NPV of debt permanently below the HIPC threshold. The highly concessional financing lowers the debt-service ratio only marginally with respect to the baseline scenario over the projection period.

51. **The sensitivity analysis indicates that Burundi's ability to service external debt after HIPC relief is very vulnerable to external shocks and export performance.** The achievement of a robust external debt position is also heavily influenced by the composition and terms of external assistance. The small export base constrains the amount of debt that Burundi will be able to service in the medium and long term, especially if public expenditure is to give priority to achieving the MDGs. The analysis underscores the importance of a strong and sustained domestic reform effort, an active program to develop exportable production (traditional and nontraditional), prudent debt management strategy, and external assistance heavily weighted toward grants.

G. Summary of Findings from the DSA

52. **The DSA shows that even after HIPC assistance Burundi would remain above the HIPC threshold for a considerable period of time, leaving it vulnerable to prolonged risk of debt distress.**[14] Furthermore, the sensitivity analysis underscores the vulnerability of Burundi's debt situation to exogenous shocks and export performance. In particular, the analysis highlights the fact that Burundi's small export base implies that relatively modest

[14] The DSA using the low-income country (LIC) DSA framework reported in Annex II confirms this assessment.

shocks can lead to substantial changes in the risk of debt distress as measured by the ratio of the NPV of debt to exports. In addition, achievement of a robust external position is heavily influenced by the composition and terms of external assistance.

53. **The evolution of Burundi's debt situation will depend critically on action in several policy areas.** First, the small export base constrains the amount of debt that Burundi will be able to service in the medium and long term, especially if public expenditure is to give priority to achieving the MDGs. This underscores the importance of a strong and sustained domestic reform effort, notably an active program to develop exportable production (traditional and nontraditional), aimed at promoting private sector investment and improved infrastructure. Second, as underlined by the fourth scenario, the provision of external financial assistance would need to be heavily weighted (more so than in the past) toward grants. Third, a prudent debt management strategy should be pursued.

V. The Floating Completion Points

A. Triggers for the Floating Completion Point

54. **IDA and IMF staff have reached understandings with the authorities on the choice of completion point triggers**, summarized in Box 6, which also reflect the views expressed by Executive Directors during the discussion of the preliminary HIPC document. These include (a) the standard general triggers pertaining to (i) the preparation of a full PRSP through a participatory process and one year of implementation, duly documented in an annual progress report that has been the subject of analysis in a Joint Staff Advisory Note; (ii) maintenance of macroeconomic stability as evidenced by satisfactory performance under the program supported by a PRGF arrangement; and (iii) utilization of enhanced HIPC Initiative budgetary savings in line with the priorities identified at the decision point and in the PRSP and approved by parliament, and to be monitored by a national independent oversight committee (see section C below); and (b) specific and monitorable policy measures on public expenditure management, governance, demobilization, structural reforms, key social sectors (health and education), and debt management. These triggers are considered essential to the success of the enhanced HIPC Initiative in Burundi. The governance trigger reflects the need to raise the knowledge base and undertake the analyses necessary to improve service delivery in key sectors. The trigger on demobilization reflects the importance of security to a durable peace and development. Similarly, privatization will play a key role in attracting investment and in achieving higher growth rates, not least in the key coffee sector. Should Burundi remain on track with regard to implementation of its poverty reduction strategy and economic reforms supported by IDA and the IMF, the HIPC completion point could be reached as early as end-2006.

Box 6. Triggers for the Floating Completion Point

1. **PRSP**

Preparation of a full PRSP through a participatory process and its satisfactory implementation for one year, as evidenced by an Annual Progress Report that has been the subject of analysis in a Joint Staff Advisory Note.

2. **Macroeconomic stability**

Maintenance of macroeconomic stability as evidenced by satisfactory performance under the PRGF-supported program.

3. **Use of budget savings resulting from HIPC-related debt-service relief during the interim period**

Use of budgetary savings from debt relief in accordance with the priorities identified at the decision point and in the PRSP duly documented and discussed by a national Independent Oversight Committee on a semi-annual basis.

4. **Public expenditure management**

Establishment of an integrated public expenditure computerized system that provides a budget monitoring and control system, in particular for poverty-related spending, and the production of at least two quarterly budget execution reports based on the new unified budget nomenclature.

5. **Governance measures and the delivery of services in key sectors**

Completion for the education, health, and justice sectors of (i) a budget tracking exercise (budget monitoring) of public spending on the delivery of pro-poor services; (ii) an evaluation by users of the quality of services provided; (iii) an evaluation by providers of constraints to effective delivery of pro-poor services; and (iv) preparation of an action plan to address problems identified.

6. **Demobilization**

Execution of the National DDR Program in line with the pace and final objectives set forth in the Letter of Demobilization Policy to the World Bank, dated 19 February 2004.

7. **Structural measures**:

Tendering for sale the state holdings in a majority of coffee washing stations.

8. **Social sectors**

Education: Increase in the gross national enrollment rate in primary schools from 74 percent in 2003/04 to 77 percent in 2006; and from 16 percent in 2003/04 to 18 percent in 2006 in secondary schools, subject to the provision that the average increase in provinces with lower than average enrollment rates in 2004 must be higher than the increase in the national rate over the same time period.

Health: Increase in the national immunization rate for children of less than one year of age from 75 percent in 2004 to 85 percent in 2006, subject to the provision that the average increase in provinces with lower than average immunization rates in 2004 must be higher than the increase in the national rate over the same time period.

9. **Debt management**

Production of monthly external debt reports, including projections for the upcoming three months, for at least six months before the completion point.

B. Monitoring the Floating Completion Point Triggers

55. **IDA and IMF staff will work together closely to monitor the completion point triggers, with each institution leading on issues where its staff has primary competence, while also incorporating contributions of the staff from the other institutions.** IMF staff will take the lead in monitoring macroeconomic stability. IDA staff will take the lead in monitoring progress in the preparation and implementation of the PRSP, as well as progress

on sector-related triggers, including those pertaining to governance, service delivery, public expenditure management and tracking of poverty-related expenditures (including those financed by enhanced HIPC Initiative assistance), and demobilization. IMF and IDA staffs will jointly monitor budget control and management, structural reform, and progress in improving debt management.

C. The Use and Monitoring of Enhanced HIPC Initiative Debt Relief

56. **The authorities are committed to ensuring that assistance under the enhanced HIPC Initiative is used to enhance poverty-related spending**. Securing the effective use of debt relief assistance for poverty reduction and, more generally, the capacity to implement and monitor a shift in the composition of expenditure toward poverty-related objectives, is a key element of the enhanced HIPC Initiative. The authorities are committed to continuing efforts to strengthen the programming, management and control of expenditure, and to improve service delivery in key sectors. Within this framework, the technical assistance that is already being provided in the area of public expenditure management by IDA, particularly through the EMSP and by the IMF, will be essential to establishing adequate budget management capacity.

57. **A new budget nomenclature has been put in place with the 2005 budget to enable the tracking of poverty-related resources allocated by activity and region, and the monitoring of the efficiency of resource use for poverty reduction**. In addition, financial management is to be strengthened by the introduction of a computerized integrated public expenditure management system in 2005. A special treasury subaccount will be established in the central bank where the budgetary savings from the debt relief will be deposited. IDA's EMSP and a grant on procurement reform will provide resources to strengthen and modernize the public procurement system with the adoption and implementation of a legal, regulatory, and institutional framework in line with international best practices.

58. **The government intends to use the HIPC-related savings to fund activities identified in the I-PRSP and PRSP (which is expected to be completed by late-2005)**. These activities and the related financing from enhanced HIPC Initiative debt relief would be incorporated in a supplementary budget for 2005 and/or the 2006 budget. The related spending will be codified as HIPC expenditures in the integrated public expenditure management system, using the new budget nomenclature, to permit the monitoring and evaluation of poverty-related expenditures in general and those funded from enhanced HIPC Initiative debt relief in particular. A proposed, but nonexclusive, set of areas where the use of enhanced HIPC Initiative debt relief assistance could have a significant impact on poverty reduction in Burundi is shown in Box 7.

Box 7. Expenditure Priorities for the Use of HIPC Debt Relief

National reconciliation and security

- Resettlement of internally displaced people and refugees.
- Economic reintegration of civil strife victims.
- Justice system reform.

Health

- Public awareness programs to control the spread of HIV/AIDS.
- Rehabilitation and strengthening of existing basic health facilities and services and, establishment of new facilities in under served areas.
- Training and retraining of health personnel of all categories and using incentives to deploy and retain them in the health facilities, especially in rural areas and secondary towns.
- Reinforcing programs for the prevention and control of the major endemic-epidemic diseases and promoting health education.
- Improving the availability of drugs in urban and rural facilities.
- Improving the performance of national child vaccination program.
- Improving access to potable water supplies particularly in the rural areas.

Education

- Rehabilitation or reconstruction of rural schools.
- Provision of suitable teaching materials for rural and urban schools.
- Increasing the number of teaching personnel, particularly in rural and underserved areas.

Infrastructure

- Rehabilitation and expansion of coverage of rural water supply systems.
- Rehabilitation of key rural roads and bridges.
- Construction of new roads and bridges in urban and rural areas.

Agriculture

- Strengthening research and development through support to agricultural research institutions.
- Promoting private sector involvement.

59. **The expenditures financed by enhanced HIPC Initiative debt relief will be monitored by an Independent Oversight Committee made up of national and local representatives, as well as members of the international donor community**. This approach has been successfully implemented in other countries in the region. The use of enhanced HIPC Initiative assistance would be subject to independent technical and financial audits to ensure the effective use of these resources for poverty reduction, and all such audits would be made publicly available.

D. The Views of the Authorities

60. **The Burundi authorities have emphasized that Burundi's external debt and debt service remain unsustainably high and could further delay national reconstruction and social improvement.** They have also noted that Burundi is one of the poorest countries in sub-Saharan Africa, with a large segment of its population lacking access to basic needs such as education, health, and safe water, and that the conflict aggravated the level of poverty by the massive destruction of infrastructure, especially in rural areas. Debt relief that could be

available under the enhanced HIPC Initiative would help free financing for critical social and infrastructure programs, and allow the government to accelerate and intensify reconstruction efforts, as well as improve access to primary education, preventive health care, and urban and rural infrastructure.

VI. Issues for Discussion

61. This paper presents a decision point assessment of Burundi's eligibility for assistance under the enhanced HIPC Initiative, and seeks the Executive Boards' endorsement of this assessment. In addition, Executive Directors' views and guidance are sought on the following issues:

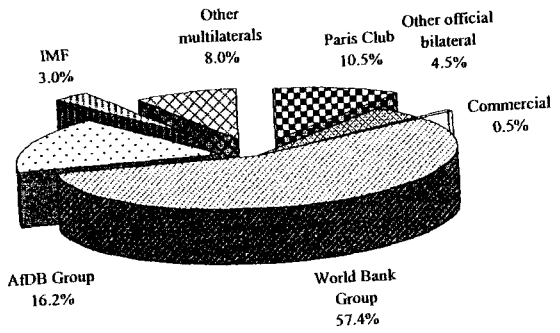
- **Eligibility and decision point.** Do Directors agree that Burundi is eligible for relief under the enhanced HIPC Initiative, and do they recommend approval of a decision point?

- **Amount and delivery of assistance.** In order to reduce the NPV of debt to exports ratio to 150 percent, the total amount of assistance under the enhanced HIPC Initiative is estimated at US$826 million in NPV terms (Table 4). Of this amount, US$424.8 million is to be provided by IDA and US$27.9 million by the IMF. The staff and management recommend that the World Bank and IMF provide interim assistance in line with existing guidelines. Do Directors agree that the IMF and IDA should provide interim assistance between the decision and completion points, in line with existing guidelines?

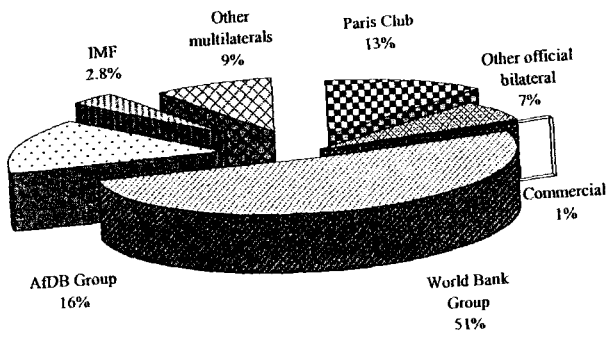
- **Completion point**. Do Directors agree that the floating completion point will be reached when the triggers in Box 6 have been met and satisfactory assurances of other creditors' participation under the enhanced HIPC Initiative have been received?

Figure 1. Burundi: Composition of Stock of External Debt at End-December 2004 Before Full Use of Traditional Debt-Relief Mechanisms

Nominal Value of Debt: US$1,384 million



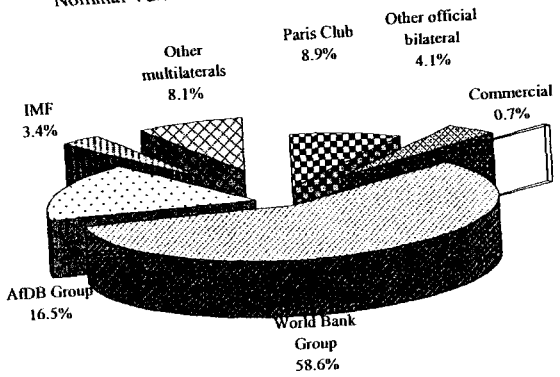
Present Value of Debt: US$894.8 million



Sources: Burundi authorities; and staff estimates.

Figure 2. Burundi: Composition of Stock of External Debt at End-December 2004 After Full Use of Traditional Debt-Relief Mechanisms

Nominal Value of Debt Stock: US$1,325 million



Present Value of Debt Stock: US$902.0 million

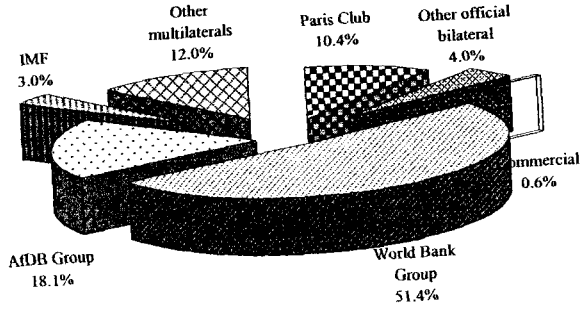
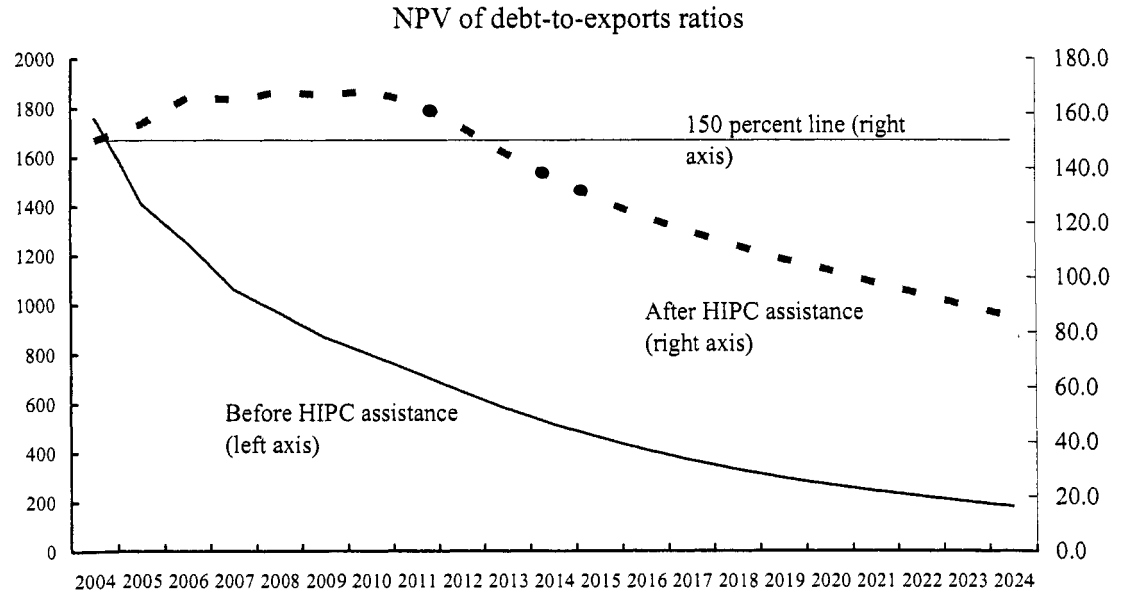
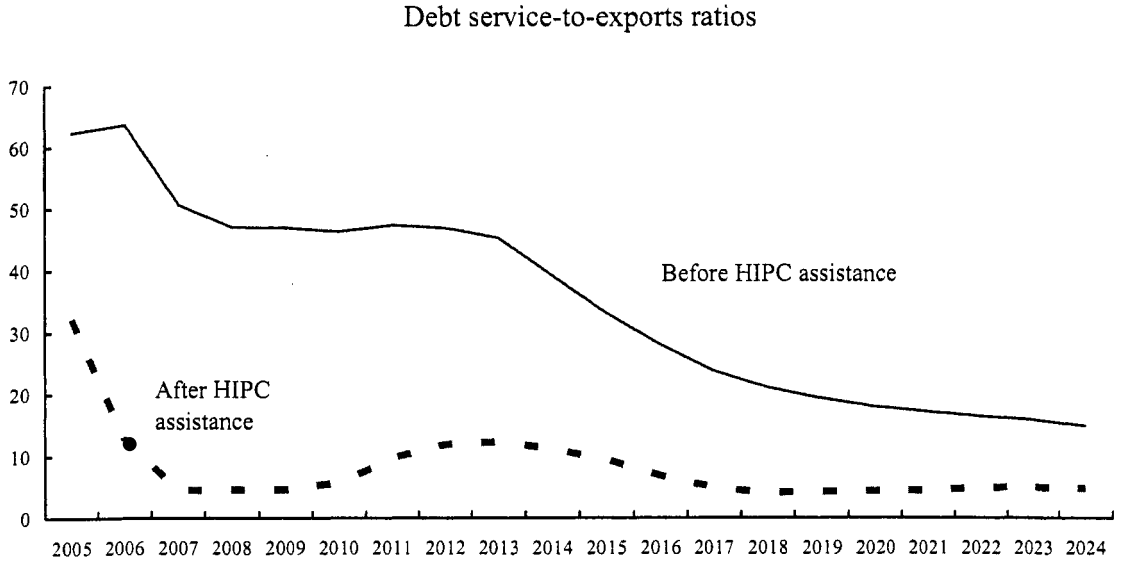


Figure 3. Burundi: External Debt Profile: External Sustainability Indicators, 2004-24
(In percent)

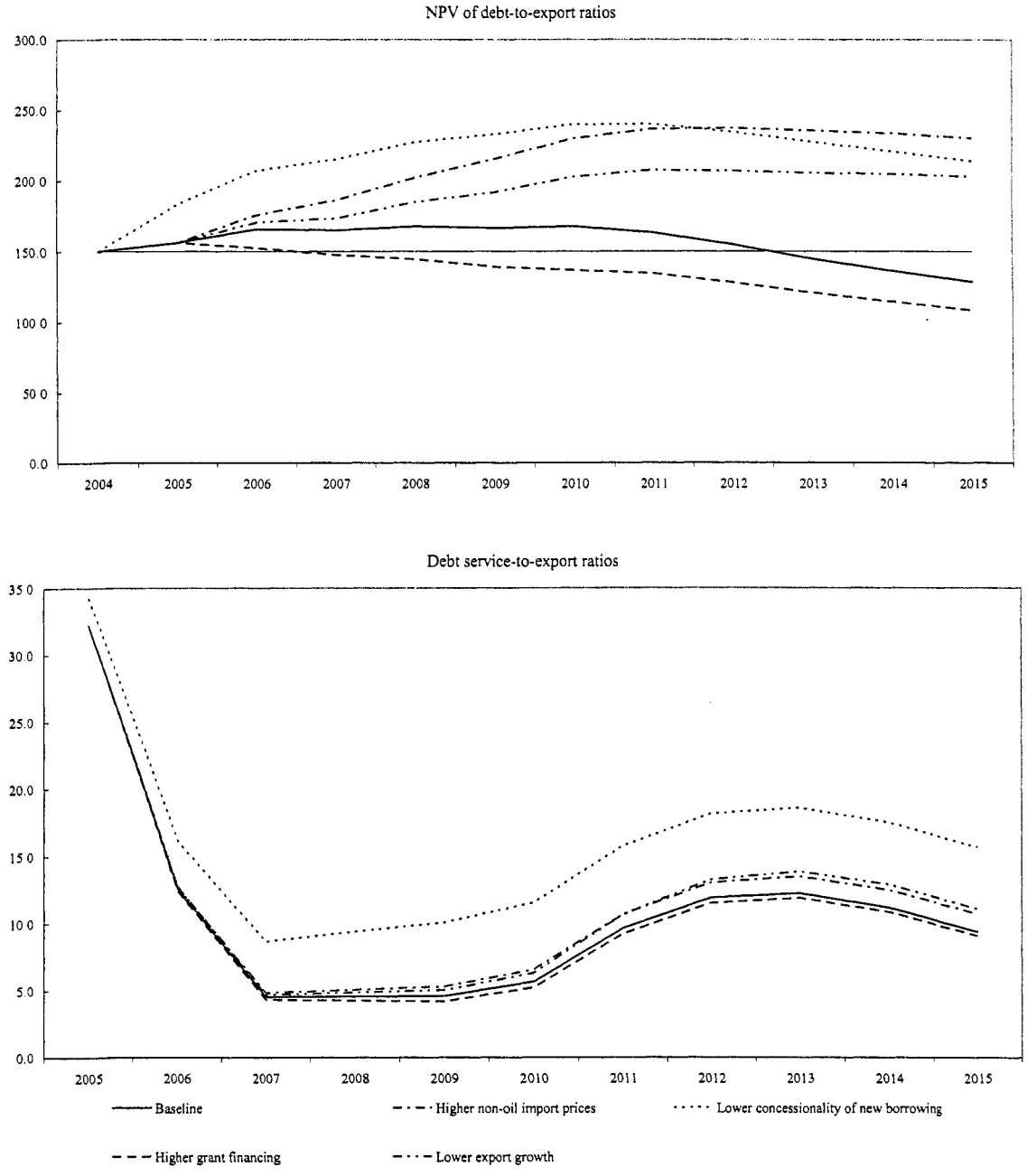




Sources: Burundi authorities; and staff estimates and projections.

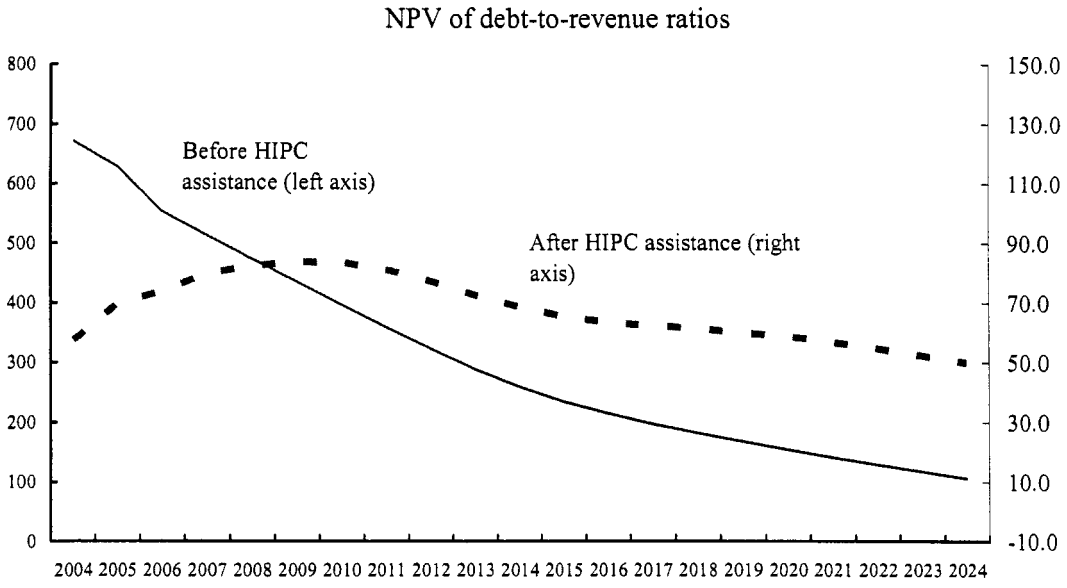
Figure 4. Burundi: Sensitivity Analysis, 2004-24

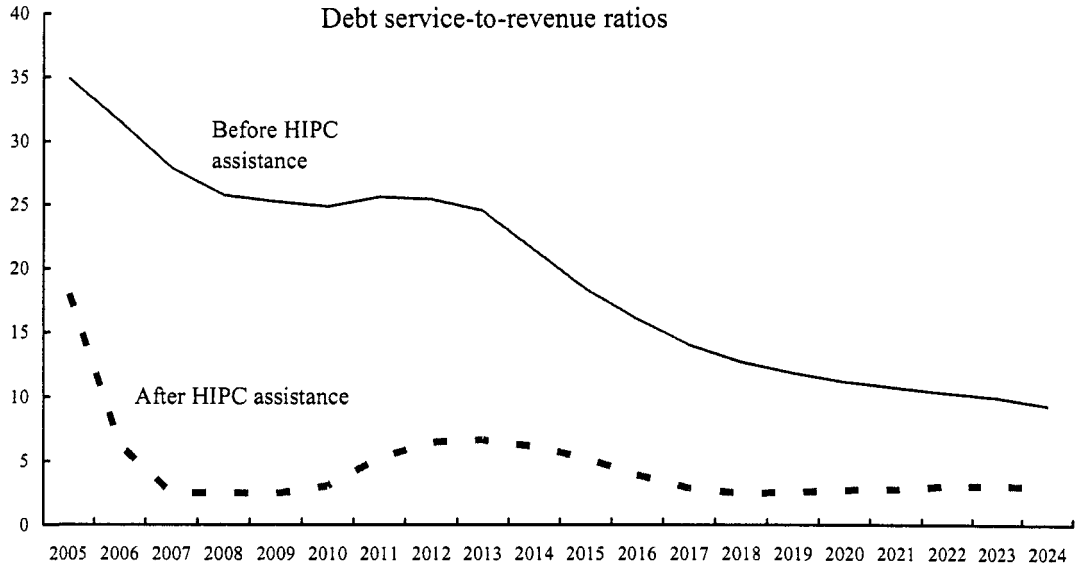
(In percent)



Sources: Burundi authorities; and staff estimates.

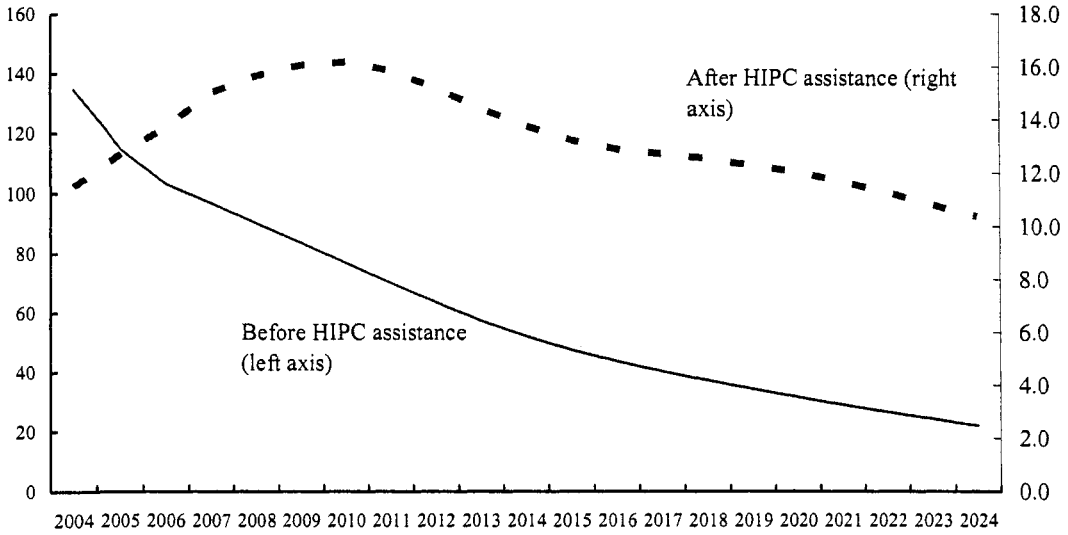
Figure 5. Burundi: External Debt Profile: Fiscal Sustainability Indicators, 2004-24
(In percent)





Sources: Burundi authorities; and staff estimates and projections.

Figure 6. Burundi: External Debt Profile: Net Present Value of Debt-to-GDP Ratio, 2004-24
(In percent)



Sources: Burundi authorities; and staff estimates and projections.

Table 1. Burundi: Selected Economic and Financial Indicators, 2003-08

	2003	2004		2005		2006	2007	2008
		Prog. 1/ EBS/04/179	Act.	Prog. 1/ EBS/04/179	Rev. prog.	Projections		
		(Annual percentage change, unless otherwise indicated)						
National income and prices								
Real GDP growth	-1.2	5.5	4.8	5.0	5.0	5.0	5.0	5.0
GDP deflator	11.6	8.0	8.3	6.7	15.3	8.4	5.5	5.4
Consumer prices (period average)	10.7	7.5	8.0	6.6	16.3	7.8	5.1	5.0
Consumer prices (end of period)	10.7	8.5	11.8	5.5	10.3	5.2	5.0	5.0
External sector								
Exports, f.o.b. (in U.S. dollars)	21.0	9.4	27.5	39.1	44.4	0.1	20.8	8.0
Imports, f.o.b. (in U.S. dollars)	17.5	44.9	13.4	6.2	42.2	-1.6	3.1	3.9
Export volume	28.8	-18.2	-10.9	39.2	17.1	-0.3	23.0	5.4
Import volume	25.6	30.9	-0.7	6.5	32.1	-3.0	2.8	3.2
Terms of trade (deterioration -)	0.4	20.9	25.3	0.1	14.5	-1.1	-2.0	1.8
Real effective exchange rate (annual average; depreciation -) 2/	-18.6	...	-4.1	...	-1.1	...	...	...
Central government								
Revenue	14.9	4.9	8.0	9.7	9.9	16.2	12.2	11.8
Total expenditure and net lending (commitment basis)	48.4	36.4	29.6	15.0	18.9	0.5	0.7	8.7
Noninterest current expenditure (excl. demobilization and elections) 3/	15.9	22.7	18.6	19.7	18.2	11.5	11.6	11.0
		(Change in percent of beginning-of-period M2, unless otherwise indicated)						
Money and credit								
Net foreign assets	19.0	-7.7	-11.1	2.8	12.6	-1.4	1.1	1.2
Domestic credit	14.0	30.6	34.1	11.6	1.6	8.4	8.3	7.9
Government	9.6	18.9	32.8	-4.9	-10.5	-2.5	0.0	0.0
Private sector	5.5	13.8	1.7	16.4	13.9	11.3	8.7	8.3
Money and quasi money (M2)	23.1	18.6	15.7	14.9	17.4	16.5	15.0	10.7
Income velocity (ratio of GDP to M2; end of period)	3.7	3.6	3.6	3.5	3.7	3.7	3.5	3.5
Reserve money (12-month growth rate)	10.9	26.9	37.2	7.7	-1.1	3.3	12.6	10.7
Central bank refinancing rate (in percent; end of period) 4/	14.5	14.5	14.5	...	14.5	...	..	...
Commercial bank lending rate (in percent; medium term; period average)	20.7	20.5	20.5	...	...	...	...	...
		(In percent of GDP)						
Central government								
Revenue (excluding grants)	21.1	19.4	20.1	19.0	18.2	18.6	18.8	19.0
Total expenditure and net lending	34.9	42.2	39.8	43.4	39.1	34.5	31.4	30.8
Primary budget balance (excluding foreign-financed projects) 3/	-0.8	-3.2	-3.5	-4.3	-3.5	-2.5	-2.2	-1.9
Overall balance (commitment basis)								
Excluding grants	-13.8	-22.8	-19.7	-24.3	-20.9	-15.9	-12.5	-11.8
Including grants	-5.9	0.3	-4.3	-3.6	-0.2	0.9	-0.2	0.8
Savings-investment balances 5/								
Current account balance	-4.8	-9.5	-7.2	-15.5	-7.1	-10.5	-9.9	-8.6
Gross investment	10.4	12.4	13.7	12.8	11.9	11.5	11.8	11.7
Public	8.3	9.4	10.7	9.4	8.6	7.5	7.5	7.1
Private	2.1	3.0	3.0	3.3	3.3	4.0	4.3	4.6
Gross national savings	5.5	3.0	6.5	-2.7	4.8	1.0	1.9	3.2
Public	1.1	4.4	5.6	3.1	6.2	3.6	4.8	5.5
Private	4.4	-1.4	0.9	-5.8	-1.5	-2.6	-3.0	-2.4
		(In millions of U.S. dollars, unless otherwise indicated)						
External sector								
Current account 5/	-28.8	-63.2	-47.7	-120.7	-56.8	-94.9	-96.0	-89.2
Overall balance of payments	-15.4	25.4	13.2	-27.0	0.4	-49.8	-38.8	-39.5
Gross official reserves (end of period)	68.9	81.7	69.5	115.0	125.3	116.1	119.7	124.4
Gross official reserves (in months of imports, c.i.f.)	5.6	4.3	5.0	5.8	6.4	6.0	6.0	6.0
Net official reserves (in months of imports, c.i.f.)	2.7	1.7	1.4	1.6	2.2	2.0	2.0	2.0
Debt-service ratio (scheduled; in percent of export and service receipts)	92.6	146.0	117.9	62.4	62.2	64.0	51.3	47.9
Stock of debt	1,336.4	1,221.2	1,382.3	1,434.4	1,532.9	1,536.0	1,537.6	1,519.2
External payments arrears	184.7	...	78.6	..	0.0	0.0	0.0	0.0
Memorandum items:								
GDP at current market prices (in billions of Burundi francs)	644.2	734.3	731.2	822.5	885.0	1,007.8	1,117.2	1,237.2

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

1/ The program column for 2005 has been revised to reflect a reclassification of fiscal spending on the police force and of external program grants.
2/ Data through April 2005
3/ The program and revised program columns for 2005 have been adjusted to reflect a reclassification of fiscal spending on the new police force from projects to recurrent spending
4/ Data through June 15, 2005.
5/ The program columns for 2004 and 2005 reflect a reclassification of program grants from the capital account to official transfers.

Table 2. Burundi: Balance of Payments, Medium-Term Scenario, and Sensitivity Analysis, 2004-24

	2004 Prel.	2005	2006	2007	2008	2009	2010	2015	2020	2024
					Projections					
					(In millions of U.S dollars)					
Current account 1/	-47.7	-56.8	-94.9	-96 0	-89.2	-94.7	-96.0	-98 7	-105.1	-1165
(excluding official transfers)	-161.8	-231 4	-228.6	-214.6	-214 9	-220.5	-223.1	-248 8	-282.9	-3206
Trade balance	-94.9	-134.0	-130 8	-122.5	-123.9	-129 7	-134.8	-158 3	-178.0	-2022
Exports, f o b.	47.9	69.1	69.2	83 6	90.3	96.3	104.8	163.7	259.8	3458
Of which coffee	29.4	48 5	46.2	58.7	63 4	67.7	73.9	105 1	139.5	171.0
Imports, f.o.b.	-142 8	-203.1	-199.9	-206.1	-214.2	-226 1	-239.6	-322.1	-437.8	-5480
Of which: non-oil	-116.3	-163.1	-156.8	-163.1	-170.2	-180.9	-192.7	-259 2	-353.4	-443.4
Services (net)	-51.3	-77.4	-79.8	-75 8	-76.0	-77.4	-75.1	-78 9	-93 9	-1077
Income (net)	-27.3	-32 5	-32.2	-32.1	-32.5	-32.7	-33.5	-37 4	-44 0	-50.8
Of which. interest on public debt (including IMF charges)	-9.9	-12.6	-12.9	-12.9	-12.9	-12 6	-12.4	-10.5	-9.6	-9 1
Current transfers (net) 1/	125.9	187.1	147.9	134.4	143.1	145.2	147.4	176.0	210.9	244 2
Private (net)	11.8	12.5	14.2	15 8	17.5	19.3	20 3	25.9	33.0	40.1
Official (net)	114 1	174.6	133.6	118.6	125 6	125 9	127.1	150 2	177.8	204.0
Capital account 1/	49.0	43.6	42.0	44.1	45.6	47.2	48.9	55 3	64 4	73 2
Financial account	16.6	13.5	3.1	13.1	4 1	3.1	0.0	-0.7	1.8	2.9
Of which: Medium- and long-term official loans (net)	11.5	27.7	-6.7	2.3	-7 0	-8.4	-10.6	-17.5	-15.8	-18 9
Disbursements	42.5	65 8	33.6	40.9	32.1	30.6	26.5	30.8	30.6	33 2
Amortization (excluding IMF)	-31.0	-38 2	-40.3	-38.6	-39.1	-39.0	-37 1	-48.3	-46 4	-52.0
Errors and omissions	-4 8	0.0	0.0	0 0	0 0	0.0	0.0	0.0	0.0	0.0
Overall balance	13.2	0.4	-49.8	-38.8	-39.5	-44.3	-47 1	-44 0	-38.8	-40 4
Financing (increase in assets -)	-13 2	-16.4	14.1	-1 2	-1 6	-2.3	-2.6	-3 4	-5.0	-5.7
Change in central bank net foreign reserves (increase -)	12.8	-23.6	4.6	-1.2	-1.6	-2.3	-2.6	-3.4	-5.0	-5 7
IMF, net	-10.6	-22.0	-22 0	-11 0	0.0	4.1	10.3	8 9	0 0	0.0
Other reserves, net	23.4	-1.6	26 7	9.8	-1.6	-6 4	-13 0	-12 3	-5 0	-5 7
Change in arrears (increase +)	-106.1	-78 7	0.0	0.0	0.0	0.0	0.0	0 0	0 0	0.0
Exceptional financing 2/	80.1	85 9	9 5	0.0	0 0	0 0	0.0	0.0	0.0	0 0
Cancellation	41 0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rescheduling of debt service and arrears	39 1	85.9	9.5	0.0	0.0	0.0	0.0	0 0	0.0	0.0
Financing gap	0 0	16 0	35 7	40.0	41 1	46.6	49.7	47.4	43.8	46 1
Potential HIPC relief	...	16 0	35.7	40.0	41.1	46.6	49.7	47 4	43.8	46.1
					(In percent of GDP, unless otherwise indicated)					
Memorandum items:										
Trade balance	-14.3	-16.7	-14.5	-12.6	-11.9	-11.6	-11.1	-9 0	-7.2	-6.2
Current account	-7.2	-7.1	-10.5	-9.9	-8.6	-8.4	-7.9	-5 6	-4.3	-3.6
(excluding official transfers)	-24.4	-28 9	-25.4	-22.1	-20.6	-19 6	-18.4	-14.2	-11.5	-9.9
Gross official reserves										
In millions of U.S. dollars	69.5	125.3	116.1	119.7	124.4	131.3	139 1	187 0	254.2	318.3
In months of imports, c i.f.	5.0	6.4	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Financing gap (in percent of GDP)	0.0	2.0	4.0	4 1	3.9	4.2	4 1	2 7	1.8	1.4
Nominal GDP (in U.S. dollars)	664.1	800.4	901.6	969.3	1,043.0	1,122.9	1,211.8	1,751.4	2,466.2	3,239.8
Real GDP growth rate	4.8	5.0	5.0	5.0	5.0	5.0	5 0	5 0	5 0	5 0
Inflation rate (period average; in percent)	8 0	16.3	7.8	5.1	5.0	4.8	4 3	4 0	4.0	4.0
Exports to GDP ratio (in percent)	7 2	8 6	7.7	8.6	8.7	8 6	8.6	9.3	10.5	10 7
Imports to GDP ratio (in percent)	-21.5	-25 4	-22.2	-21.3	-20.5	-20.1	-19.8	-18.4	-17.8	-16 9
Sensitivity scenarios					(In units indicated)					
Higher coffee prices 3/										
Current account (excl. official transfers)										
In millions of U.S. dollars	-154 4	-219.3	-217.0	-199 9	-199.0	-203 6	-204.6	-222 5	-248 0	-277 8
In percent of GDP	-23.2	-27.4	-24.1	-20 6	-19 1	-18 1	-16.9	-12 7	-10.1	-8.6
Financing gap (in millions of U.S. dollars)	-12.2	3.9	24.1	25.3	25.2	29.7	31 2	21.1	8.9	3.4
In percent of GDP	-1 8	0.5	2.7	2.6	2.4	2.6	2.6	1.2	0.4	0.1
Higher non-oil import prices 4/										
Current account (excl. official transfers)										
In millions of U.S dollars	-167.6	-239.5	-244.6	-238.8	-247.5	-262.2	-264 8	-290.5	-324.6	-362.3
In percent of GDP	-25.2	-29.9	-27.1	-24.6	-23 7	-23.4	-21 9	-16.6	-13.2	-11.2
Financing gap (in millions of U S. dollars)	5.8	24.2	51.7	64.1	73.7	88.3	91 4	89.1	85.5	87.8
In percent of GDP	0.9	3.0	5.7	6.6	7.1	7.9	7 5	5.1	3 5	2.7

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

1/ Program grants have been reclassified from the capital account to current transfers.

2/ Including the March 2004 Paris Club rescheduling at Naples terms, and assuming rescheduling of current debt service and arrears to non-Paris Club.

3/ International prices are assumed to be 25 percent higher than the World Economic Outlook (WEO) baseline projection throughout the projection period

4/ Non-fuel import prices are assumed to be 5 percent higher than the WEO projection baseline projection for 2005-09.

Table 3. Burundi: Nominal and Net Present Value of External Debt Outstanding by Creditor Groups, End-December 2004

	Nominal Debt Stock		Stock of Arrears		NPV of Debt		NPV of Debt After Traditional Debt Relief 1/	
	US$ million	Percent of total	US$ million	Percent of total	US$ million	Percent of total	US$ million	Percent of total
Total	1,384.1	100.0	78.6	100.0	894.8	100.0	902.0	100.0
Multilateral	1,169.9	84.5	21.3	27.1	713.8	79.8	766.3	85.0
IDA	794.7	57.4	0.0	0.0	464.1	51.9	464.1	51.4
AfDB Group	223.8	16.2	12.2	15.5	140.1	15.7	163.2	18.1
AfDB	5.9	0.4	5.9	7.5	6.1	0.7	15.0	1.7
AfDF	217.2	15.7	6.0	7.6	133.4	14.9	147.4	16.3
NTF	0.7	0.0	0.3	0.4	0.7	0.1	0.7	0.1
IMF	41.0	3.0	0.0	0.0	30.4	3.4	30.4	3.4
European Union	51.0	3.7	0.0	0.0	35.1	3.9	62.2	6.9
IFAD	30.3	2.2	0.0	0.0	18.3	2.0	18.3	2.0
BADEA	16.9	1.2	0.0	0.0	14.5	1.6	16.9	1.9
OPEC Fund	10.1	0.7	8.4	10.7	10.0	1.1	10.0	1.1
BDEGL	2.1	0.2	0.7	1.0	1.2	0.1	1.2	0.1
Bilateral and commercial	214.2	15.5	57.3	72.9	181.0	20.2	135.7	15.0
Paris Club 2/	145.1	10.5	13.8	17.6	115.2	12.9	93.7	10.4
Post-cutoff date	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ODA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-ODA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre-cutoff date	145.1	10.5	13.8	17.6	115.2	12.9	93.7	10.4
ODA	142.9	10.3	13.8	17.6	112.8	12.6	91.3	10.1
Non-ODA	2.2	0.2	0.0	0.0	2.4	0.3	2.4	0.3
Austria	16.8	1.2	0.0	0.0	8.2	0.9	3.8	0.4
Belgium	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Denmark	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
France	90.5	6.5	0.0	0.0	70.6	7.9	59.8	6.6
Germany	0.4	0.0	0.0	0.0	0.3	0.0	0.1	0.0
Ireland	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Italy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Japan	34.7	2.5	13.8	17.6	33.4	3.7	27.4	3.0
Luxembourg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Netherlands	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Russia	2.2	0.2	0.0	0.0	2.4	0.3	2.4	0.3
United Kingdom	0.3	0.0	0.0	0.0	0.2	0.0	0.1	0.0
Other official bilateral	62.5	4.5	42.9	54.6	59.6	6.7	36.2	4.0
Post-cutoff date	5.4	0.4	5.4	6.8	5.4	0.6	5.3	0.6
ODA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-ODA	5.4	0.4	5.4	6.8	5.4	0.6	5.3	0.6
Pre-cutoff date	57.1	4.1	37.6	47.8	54.3	6.1	30.9	3.4
ODA	48.7	3.5	37.6	47.8	46.8	5.2	28.1	3.1
Non-ODA	8.5	0.6	0.0	0.0	7.5	0.8	2.8	0.3
Abou Dhabi Fund	2.5	0.2	2.5	3.2	2.5	0.3	2.0	0.2
China	13.7	1.0	0.0	0.0	12.0	1.3	4.0	0.4
Kuwait	20.2	1.5	18.4	23.5	20.1	2.2	13.7	1.5
Libya	5.4	0.4	5.4	6.8	5.4	0.6	5.3	0.6
Saudi Fund	20.7	1.5	16.6	21.1	19.7	2.2	11.1	1.2
Commercial	6.6	0.5	0.5	0.7	6.2	0.7	5.8	0.6
Post-cutoff date	6.1	0.4	0.0	0.0	5.7	0.6	5.7	0.6
Pre-cutoff date	0.5	0.0	0.5	0.6	0.5	0.1	0.2	0.0
Germany	0.5	0.0	0.5	0.6	0.5	0.1	0.2	0.0
Israel	6.1	0.4	0.0	0.0	5.7	0.6	5.7	0.6

Sources: Burundi authorities; and Bank-Fund staff estimates.

1/ Includes a stock-of-debt operation on Naples terms at end-2004; and at least comparable action by other official bilateral and commercial creditors on eligible debt (pre-cutoff and non-ODA). The increase in the NPV of debt for the African Development Bank group, the European Union, and BADEA reflects the counting of arrears rescheduling and forgiveness operations in 2004. The concessional element of the rescheduling of US$16.7 million owed to BADEA and the cancellation of US$23.0 million owed to the AfDB group are considered as part of the HIPC relief effort. US$27.1 million in arrears owed to the European Development Fund were paid by the government of Burundi with a grant provided by the European Commission as budget support.

2/ Paris Club cutoff date is June 30, 1999.

Table 4. Burundi: HIPC Initiative—Assistance Under a Proportional Burden-Sharing Approach 1/ 2/
(In millions of U.S. dollars, unless otherwise indicated)

NPV of debt-to-exports-target (in percent)	Total	Bilateral 3/	Multilateral	Common Reduction Factor 4/ (in percent)
		(In NPV terms at end-2004)		
150	826	124	701	91.5
Memorandum items:				
NPV of debt 5/	902	136	766	
Paris Club creditors 3/	94			
Of which: pre-cutoff non-ODA debt	2			
Non-Paris Club creditors 3/	42			
Of which: pre-cutoff non-ODA debt	3			
Of which: commercial creditors	6			
Three-year average of exports	50.9			
Current-year exports	58.9			
NPV of debt-to-exports ratio 6/	1,772			

Sources: Burundi authorities; and staff estimates.

1/ The proportional burden-sharing approach is described in "HIPC Initiative—Estimated Costs and Burden-Sharing Approaches" (EBS/97/127 and IDA/SEC M 97-306, 7/7/97).
2/ Includes a hypothetical stock-of-debt operation on Naples terms (December 2004) and comparable treatment treatment by other official bilateral creditors.
3/ Includes official bilateral creditors and commercial debt.
4/ Each creditor's NPV reduction in percent of its exposure at the decision point.
5/ Based on end-2004 data after full application of traditional debt-relief mechanisms.
6/ Based on the three-year export average (backward-looking average, i.e., 2002-04).

Table 5. Burundi: Discount and Exchange Rate Assumptions at End-2004

Currency Name	Discount Rate 1/ (In percent per annum)	Exchange Rate 2/ (Currency per U.S. dollar)
Austrian Schillings	4.82	10.10
Belgian Franc	4.82	29.62
Canadian Dollar	5.36	1.20
CFA Franc	4.82	481.58
Chinese Yuan	4.64	8.28
Danish Krone	4.94	5.47
Deutsche Mark	4.82	1.44
Euro	4.82	0.73
Finnish Markkaa	4.82	4.37
French Franc	4.82	4.82
Great Britain Sterling	6.01	0.52
Irish Punt	4.82	0.58
Italian Lira	4.82	1421.53
Japanese Yen	2.15	104.12
Kuwaiti Dinar	5.03	0.29
Libyan Dinar	4.64	1.24
Netherlands Guilders	4.82	1.62
Norwegian Krone	4.70	6.04
Portuguese Escudos	4.82	147.19
Russian Rouble	4.64	0.60
Saudi Arabia Riyal	4.64	3.75
Spanish Peseta	4.82	122.15
Special Drawing Rights	4.64	0.64
Sweden Kronor	4.37	6.61
Swiss Franc	3.48	1.13
United States Dollar	5.03	1.00
United Arab Emirates Dirham	4.64	3.67
Memorandum item:		
Paris Club cutoff date	June 20, 1999	

Sources: OECD; and IMF, *International Financial Statistics* .

1/ The discount rates used are the average commercial interest reference rates over the six-month period prior to end-December 2004, i.e., the end of the period for which actual debt and export data are available.

2/ The exchange rates are expressed as national currency per U.S. dollar at end-December 2004.

Table 6. Burundi: External Debt Service, 2005–24 1/
(In millions of U.S. dollars, unless otherwise indicated)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Averages 2005-14	Averages 2015-24
Before traditional debt relief																						
Total scheduled debt service	51.0	52.8	50.8	51.0	54.3	58.3	65.5	70.7	74.2	70.3	65.5	61.5	57.6	55.9	56.0	56.7	58.3	60.0	62.3	62.6	59.9	59.6
Existing debt 2/	50.5	52.1	49.9	49.8	52.9	56.7	59.3	60.0	61.2	57.2	52.3	50.6	49.8	49.0	47.8	47.1	47.6	48.2	49.3	48.6	55.0	49.0
Multilateral	34.4	36.4	36.7	38.1	43.6	49.4	52.2	53.2	54.9	51.1	46.3	44.8	44.5	44.3	43.8	44.2	45.0	44.9	46.0	45.3	45.0	44.9
World Bank Group	21.6	23.0	23.4	25.4	27.1	28.7	30.3	30.9	32.4	32.4	32.7	32.7	32.5	32.3	32.0	32.5	33.4	33.3	34.5	34.2	27.5	33.0
IMF	0.6	0.8	0.8	0.8	4.6	9.6	10.6	10.5	10.5	6.5	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.5	0.1
AfDF/AfDB Group	6.6	6.6	6.8	6.7	6.8	6.7	7.4	7.8	8.1	8.3	8.3	8.3	8.2	8.1	8.1	8.0	8.0	7.9	7.9	7.8	7.2	8.1
Others	5.7	6.1	5.8	5.2	5.0	4.5	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.8	3.7	3.7	3.6	3.6	3.3	4.8	3.7
Official bilateral	13.2	12.9	12.7	11.7	9.3	7.3	7.1	6.8	6.2	6.1	6.0	5.7	5.3	4.8	3.9	3.0	2.6	3.2	3.2	3.3	9.3	4.1
Paris Club	9.2	9.0	9.1	8.6	7.2	6.6	6.5	6.4	6.2	6.0	5.9	5.7	5.2	4.7	3.8	2.9	2.6	3.1	3.2	3.2	7.5	4.0
Non-Paris Club	4.0	3.8	3.6	3.0	2.1	0.7	0.6	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	1.8	0.1
Commercial	2.8	2.8	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0
New debt	0.4	0.7	1.0	1.2	1.4	1.6	6.2	10.7	13.0	13.1	13.2	10.9	7.8	6.9	8.2	9.5	10.7	11.8	13.0	14.0	4.9	10.6
Debt service-to-exports ratio (excluding arrears)	62.4	63.6	50.6	47.0	46.9	46.2	47.3	46.9	45.2	39.2	33.2	28.0	23.8	21.1	19.3	18.0	17.2	16.4	15.9	14.9	49.5	20.8
Debt service-to-revenue ratio (excluding arrears)	34.9	31.5	27.8	25.7	25.2	24.8	25.6	25.4	24.5	21.4	18.4	16.1	14.0	12.7	11.8	11.2	10.7	10.3	9.9	9.3	26.7	12.4
After arrears clearance																						
Total	51.0	53.2	51.4	52.0	55.6	59.8	67.0	72.5	76.2	72.4	67.6	60.9	57.1	55.4	55.4	56.1	57.8	59.4	61.7	62.1	61.1	59.4
Existing debt	50.6	52.5	50.4	50.8	54.2	58.2	60.9	61.8	63.2	59.3	54.4	50.0	49.3	48.5	47.2	46.6	47.1	47.6	48.7	48.0	56.2	48.7
Multilateral	34.5	36.8	37.3	39.1	44.9	50.9	53.8	55.0	56.9	53.2	48.4	44.3	44.0	43.7	43.3	43.6	44.4	44.4	45.5	44.8	46.2	44.6
IMF/World Bank	22.2	23.7	24.2	26.2	31.8	38.2	40.9	41.4	42.9	38.9	34.2	32.7	32.5	32.3	32.0	32.5	33.4	33.3	34.5	34.2	33.0	33.1
AfDF/AfDB Group	6.6	6.6	6.8	6.7	6.8	6.7	7.4	7.8	8.1	8.3	8.3	8.3	8.2	8.1	8.1	8.0	8.0	7.9	7.9	7.8		
Other multilaterals	5.8	6.5	6.4	6.2	6.3	6.0	5.5	5.7	5.9	5.9	6.0	3.3	3.3	3.3	3.2	3.1	3.1	3.1	3.1	2.8	6.0	3.4
Official bilateral	13.2	12.9	12.7	11.7	9.3	7.3	7.1	6.8	6.2	6.1	6.0	5.7	5.3	4.8	3.9	3.0	2.6	3.2	3.2	3.3	9.3	4.1
Paris Club	9.2	9.0	9.1	8.6	7.2	6.6	6.5	6.4	6.2	6.0	5.9	5.7	5.2	4.7	3.8	2.9	2.6	3.1	3.2	3.2	7.5	4.0
Non-Paris Club	4.0	3.8	3.6	3.0	2.1	0.7	0.6	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	1.8	0.1
Commercial	2.8	2.8	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0
New debt	0.4	0.7	1.0	1.2	1.4	1.6	6.2	10.7	13.0	13.1	13.2	10.9	7.8	6.9	8.2	9.5	10.7	11.8	13.0	14.0	4.9	10.6
Debt service-to-exports ratio (percent)	62.5	64.0	51.2	47.9	48.0	47.5	48.4	48.1	46.4	40.3	34.2	27.8	23.6	20.9	19.1	17.8	17.0	16.2	15.8	14.8	50.4	20.7
Debt service-to-revenue ratio (percent)	34.9	31.7	28.1	26.2	25.8	25.5	26.2	26.0	25.2	22.1	19.0	15.9	13.9	12.6	11.7	11.1	10.6	10.2	9.8	9.2	27.2	12.4
After traditional debt relief 3/																						
Total	42.3	45.8	44.0	45.0	50.7	55.3	62.7	68.2	72.2	68.6	63.9	60.1	56.8	55.6	56.5	58.2	61.7	63.6	66.1	66.6	55.5	60.9
Existing debt	41.8	45.1	43.0	43.8	49.2	53.7	56.5	57.5	59.2	55.5	50.7	49.2	49.0	48.7	48.3	48.7	51.0	51.7	53.1	52.6	50.5	50.3
Multilateral	34.4	36.4	36.7	38.1	43.6	49.4	52.2	53.2	54.9	51.1	46.3	44.8	44.5	44.3	43.8	44.2	45.0	44.9	46.0	45.3	45.0	44.9
World Bank Group	21.6	23.0	23.4	25.4	27.1	28.7	30.3	30.9	32.4	32.4	32.7	32.7	32.5	32.3	32.0	32.5	33.4	33.3	34.5	34.2	27.5	33.0
IMF	0.6	0.8	0.8	0.8	4.6	9.6	10.6	10.5	10.5	6.5	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.5	0.1
AfDF/AfDB Group	6.6	6.6	6.8	6.7	6.8	6.7	7.4	7.8	8.1	8.3	8.3	8.3	8.2	8.1	8.1	8.0	8.0	7.9	7.9	7.8	7.2	8.1
Others	5.7	6.1	5.8	5.2	5.0	4.5	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.8	3.7	3.7	3.6	3.6	3.3	4.8	3.7
Official bilateral	4.5	5.8	5.8	5.7	5.6	4.3	4.3	4.3	4.3	4.3	4.4	4.4	4.4	4.4	4.5	4.5	6.0	6.8	7.0	7.2	4.9	5.4
Paris Club	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.2	4.1	4.8	5.0	5.1	3.1	3.8
Non-Paris Club	1.5	2.8	2.7	2.7	2.6	1.2	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.9	1.9	2.0	2.1	1.8	1.6
Commercial	2.9	2.8	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0
New debt	0.4	0.7	1.0	1.2	1.4	1.6	6.2	10.7	13.0	13.1	13.2	10.9	7.8	6.9	8.2	9.5	10.7	11.8	13.0	14.0	4.9	10.6
Debt service-to-exports ratio (percent)	51.8	55.2	43.8	41.5	43.7	43.8	45.3	45.2	44.0	38.2	32.4	27.4	23.4	21.0	19.5	18.5	18.2	17.4	16.9	15.9	45.2	21.0
Debt service-to-revenue ratio (percent)	28.9	27.3	24.1	22.7	23.5	23.6	24.5	24.5	23.9	20.9	18.0	15.7	13.8	12.6	12.0	11.5	11.3	10.9	10.5	9.9	24.4	12.6

Table 6. Burundi: External Debt Service, 2005–24 1/ (concluded)
(In millions of U.S. dollars, unless otherwise indicated)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Averages 2005-14	Averages 2015-24
After HIPC assistance 4/																						
Total	26.3	10.5	4.5	5.0	5.3	7.2	13.3	18.0	20.1	20.1	18.6	14.9	11.8	10.9	12.2	13.8	15.1	17.8	19.3	20.0	13.0	15.4
Existing debt	25.9	9.8	3.6	3.8	3.9	5.6	7.2	7.2	7.1	7.0	5.3	4.0	4.0	4.0	3.9	4.3	4.4	6.0	6.3	5.9	8.1	4.8
Multilateral	20.4	4.6	3.3	3.4	3.6	5.2	6.9	6.9	6.8	6.7	5.0	3.7	3.7	3.7	3.6	4.0	4.1	5.7	5.8	5.5	6.8	4.5
World Bank Group	13.1	2.3	2.3	2.5	2.7	2.9	3.0	3.1	3.2	3.2	3.3	3.3	3.2	3.2	3.2	3.2	3.3	3.3	3.4	3.4	3.8	3.3
IMF	0.6	0.6	0.5	0.5	0.5	2.0	3.4	3.4	3.1	3.0	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.8	0.1
AfDF/AfDB Group	3.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.7	0.4
Others	3.2	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.3	0.3	1.9	1.9	1.6	0.5	0.7
Official bilateral 5/	2.6	2.5	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.5	0.5	0.8	0.3
Paris Club	2.0	1.7	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.5	0.2
Non-Paris Club	0.6	0.9	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.2
Commercial	2.8	2.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0
New debt	0.4	0.7	1.0	1.2	1.4	1.6	6.2	10.7	13.0	13.1	13.2	10.9	7.8	6.9	8.2	9.5	10.7	11.8	13.0	14.0	4.9	10.6
Debt service-to-exports ratio (percent)	32.2	12.6	4.5	4.6	4.6	5.7	9.6	11.9	12.3	11.2	9.4	6.8	4.9	4.1	4.2	4.4	4.4	4.9	4.9	4.8	8.6	5.3
Debt service-to-revenue ratio (percent)	18.0	6.2	2.5	2.5	2.5	3.0	5.2	6.5	6.7	6.1	5.2	3.9	2.9	2.5	2.6	2.7	2.8	3.1	3.1	3.0	4.6	3.2
Reduction in debt service as a result of																						
HIPC Initiative assistance 6/	16.0	35.7	40.0	41.1	46.6	49.7	50.9	52.1	54.1	50.5	47.4	44.7	44.4	44.2	43.8	43.8	46.1	45.2	46.2	46.1	43.7	45.2
Multilateral	14.0	31.8	33.5	34.7	40.0	44.2	45.3	46.3	48.1	44.5	41.3	41.1	40.8	40.6	40.2	40.2	40.9	39.2	40.2	39.8	38.2	40.4
Bilateral and Commercial	1.9	3.6	5.9	5.4	5.4	4.0	4.0	4.0	4.0	4.0	4.1	4.1	4.1	4.1	4.2	4.2	5.7	6.5	6.6	6.8	4.2	5.0
Memorandum items:																						
Exports of goods and nonfactor services 7/	82	83	100	109	116	126	138	151	164	180	198	219	242	265	290	314	340	366	392	420	125	305
Government revenues 8/	146	168	183	198	216	235	256	278	302	328	356	382	411	441	473	507	544	584	627	673	231	500

Sources: Burundi authorities; and staff estimates and projections.

1/ All debt indicators refer to public and publicly guaranteed (PPG) debt and are defined after rescheduling, unless otherwise indicated.
2/ Includes only scheduled debt service on current maturities and does not include projected interest on arrears.
3/ Assumes a hypothetical stock-of-debt operation by the Paris Club creditors on Naples stock terms and comparable treatment from other bilateral and commercial creditors; excludes multilateral arrears clearance.
4/ Creditors are generally assumed to start providing HIPC assistance through the interim period and to provide the balance of their assistance at the completion point expected in end-2006. Specifically, the IMF, World Bank, AfDB, the EU and OPEC Fund (as a result of current negotiations presented in Box 4) are expected to start providing assistance during the interim period, while the remaining multilaterals are assumed to provide their assistance at the completion point.
5/Paris Club creditors are assumed to provide a Cologne flow rescheduling on eligible debt during the interim period and to provide a stock of debt operation on Cologne terms at the completion point. Other bilateral and commercial creditors are assumed to provide assistance on comparable terms.
6/ HIPC assistance is supposed to be delivered from August 2005. For Paris Club and other bilateral and commercial creditors, HIPC assistance is measured by the debt service reduction between the projected debt service after full use of traditional debt relief and debt service after the application of HIPC relief. For multilateral creditors, HIPC assistance is measured by the debt service reduction between the debt service following arrears clearance operations and after the application of HIPC relief.
7/ As defined in IMF, Balance of Payments Manual, 5th edition, 1993. Refers to current year exports. 10/ Revenues are defined as central government revenues, excluding grants.
8/ Revenues are defined as central government reveunes, excluding grants.

Table 7. Burundi: Net Present Value of External Debt After HIPC Assistance, 2004-24
(In millions of U.S. dollars, unless otherwise indicated)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Averages 2004-14	Averages 2015-24
I. Before traditional debt-relief																							
NPV of total debt	894.8	916.6	928.9	936.6	938.9	936.9	929.7	915.9	896.5	871.1	849.3	832.6	820.0	810.1	800.9	790.5	781.1	767.0	752.7	734.1	714.8	910.5	780.4
NPV of outstanding debt	894.8	881.9	866.7	852.9	838.1	819.1	796.0	770.3	742.5	712.1	684.3	659.2	635.9	612.2	588.4	564.7	540.5	514.8	487.3	457.4	426.8	805.3	548.7
Official bilateral and commercial	181.0	170.4	159.6	151.0	143.4	137.8	134.0	130.3	126.8	123.7	120.6	117.6	114.6	112.0	109.9	108.5	107.9	107.7	106.9	106.1	105.1	143.5	109.6
Paris Club	115.2	110.4	105.5	100.4	95.5	91.8	88.6	85.4	82.2	79.1	76.0	73.0	70.1	67.5	65.4	64.1	63.6	63.4	62.7	61.9	61.0	93.6	65.3
Other official bilateral	59.6	56.4	53.2	50.1	47.4	45.5	44.9	44.4	44.1	44.1	44.1	44.0	44.0	44.0	43.9	43.9	43.8	43.8	43.7	43.7	43.7	48.5	43.9
Commercial	6.2	3.6	0.9	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	1.4	0.5
Multilateral	713.8	711.5	707.1	702.0	694.8	681.3	661.9	639.9	615.7	588.3	563.7	541.6	521.3	500.2	478.5	456.2	432.6	407.0	380.3	351.3	321.7	661.8	439.1
World Bank Group	464.1	464.2	463.0	461.2	457.3	451.6	444.0	434.5	423.9	411.2	398.1	383.9	369.2	353.9	338.2	322.0	304.5	285.4	265.3	243.2	220.4	443.0	308.6
IMF	30.4	31.6	32.9	34.2	35.6	32.9	26.1	19.0	11.6	3.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	23.5	0.0
AfDF/AfDB Group	140.1	139.0	137.8	136.4	135.0	133.4	131.9	129.6	126.7	123.5	120.0	116.3	112.5	108.6	104.6	100.4	96.2	91.8	87.3	82.6	77.8	132.1	97.8
Others	79.1	76.7	73.4	70.2	66.9	63.3	59.9	56.8	53.4	49.6	45.6	41.4	39.6	37.7	35.8	33.8	31.9	29.9	27.7	25.5	23.5	63.2	32.7
NPV of new borrowing	0.0	34.7	62.1	83.7	100.7	117.8	133.7	145.7	154.0	159.0	165.0	173.4	184.1	197.9	212.5	225.9	240.5	252.2	265.5	276.7	288.0	105.1	231.7
Memorandum items:																							
NPV of debt-to-exports ratio (percent) 1/																							
Total debt	1,758.1	1,405.6	1,246.0	1,059.7	964.2	865.1	795.6	722.4	647.6	576.5	515.3	461.5	412.4	368.8	330.5	297.5	269.5	243.7	221.3	200.6	182.1	959.6	298.8
Outstanding debt	1,758.1	1,352.4	1,162.6	965.0	860.8	756.3	681.2	607.6	536.4	471.2	415.2	365.4	319.8	278.7	242.8	212.5	186.5	163.6	143.3	125.0	108.7	869.7	214.6
NPV of debt-to-revenue ratio (percent)																							
Total debt	670.4	627.5	553.5	512.9	473.4	434.7	396.0	358.1	322.1	288.1	258.8	234.1	214.4	197.2	181.8	167.2	154.0	141.0	128.9	117.0	106.1	445.1	164.2
Outstanding debt	670.4	603.7	516.5	467.1	422.6	380.1	339.1	301.2	266.8	235.5	208.5	185.4	166.2	149.0	133.5	119.4	106.6	94.6	83.4	72.9	63.4	401.0	117.4
II. After traditional debt-relief 2/																							
NPV of total debt	902.0	922.2	942.5	958.6	969.1	973.7	973.0	965.9	953.1	934.9	920.5	909.8	901.5	895.8	890.3	883.0	875.6	861.9	848.0	829.3	809.9	946.9	870.5
NPV of outstanding debt	902.0	887.5	880.3	874.9	868.4	855.9	839.3	820.2	799.1	775.9	755.5	736.3	717.4	698.0	677.8	657.1	635.1	609.7	582.5	552.7	521.9	841.7	638.9
Official bilateral and commercial	135.7	134.2	131.2	130.6	130.4	130.3	131.5	132.8	134.1	135.5	136.9	138.3	139.8	141.3	142.9	144.5	146.1	146.3	145.7	144.9	143.8	133.0	143.4
Paris Club	93.7	94.4	95.2	96.0	96.8	97.6	98.5	99.5	100.4	101.4	102.4	103.5	104.6	105.7	106.8	108.0	109.3	109.6	109.2	108.7	108.0	97.8	107.3
Other official bilateral	36.2	36.5	35.4	34.4	33.4	32.5	32.8	33.2	33.5	33.9	34.3	34.7	35.1	35.5	35.9	36.3	36.7	36.6	36.4	36.1	35.8	34.2	35.9
Commercial	5.8	3.3	0.6	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	1.0	0.1
Multilateral	766.3	753.4	749.1	744.3	738.0	725.7	707.8	687.4	665.0	640.4	618.6	598.0	577.7	556.6	534.9	512.6	489.0	463.4	436.7	407.7	378.1	708.7	495.5
NPV of new borrowing	0.0	34.7	62.1	83.7	100.7	117.8	133.7	145.7	154.0	159.0	165.0	173.4	184.1	197.9	212.5	225.9	240.5	252.2	265.5	276.7	288.0	105.1	231.7
Memorandum items:																							
NPV of debt-to-exports ratio (percent) 2/																							
Total debt	1,772.3	1,414.2	1,264.2	1,084.5	995.3	899.1	832.7	761.8	688.5	618.7	558.5	504.3	453.5	407.8	367.5	332.3	302.1	273.9	249.3	226.6	206.3	990.0	332.4
Outstanding debt	1,772.3	1,361.1	1,180.9	989.9	891.8	790.4	718.3	646.9	577.3	513.5	458.4	408.1	360.9	317.7	279.8	247.3	219.1	193.8	171.3	151.0	133.0	900.1	248.2
NPV of debt-to-revenue ratio (percent)																							
Total debt	675.9	631.3	561.6	524.9	488.6	451.8	414.5	377.6	342.5	309.2	280.5	255.8	235.7	218.0	202.1	186.7	172.6	158.4	145.2	132.2	120.3	459.9	182.7
Outstanding debt	675.9	607.6	524.6	479.1	437.8	397.2	357.5	320.7	287.2	256.6	230.2	207.0	187.6	169.9	153.8	139.0	125.2	112.1	99.7	88.1	77.5	415.9	136.0
III. After enhanced HIPC assistance 3/																							
NPV of total debt	889.3	868.7	123.6	145.6	163.2	180.4	196.0	207.1	214.3	218.9	224.6	231.8	242.2	255.6	269.9	283.0	297.0	307.9	318.7	327.1	335.8	312.0	286.9
NPV of outstanding debt	889.3	834.1	61.4	62.0	62.4	62.6	62.3	61.4	60.3	59.9	59.6	58.4	58.1	57.7	57.4	57.1	56.4	55.6	53.2	50.5	47.8	206.9	55.2
Official bilateral and commercial	175.5	154.2	8.5	8.6	8.7	8.8	8.8	8.9	9.0	9.1	9.2	9.3	9.5	9.6	9.7	9.8	10.0	10.1	10.2	10.2	10.2	37.2	9.9
Paris Club 4/	110.1	109.5	4.2	4.2	4.3	4.3	4.3	4.4	4.4	4.5	4.5	4.6	4.6	4.6	4.7	4.8	4.8	4.9	4.9	4.9	4.9	23.5	4.8
Other official bilateral	59.6	41.4	4.3	4.4	4.4	4.5	4.5	4.6	4.6	4.7	4.7	4.8	4.9	4.9	5.0	5.1	5.1	5.2	5.3	5.3	5.3	12.9	5.1
Commercial	5.8	3.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.0
Multilateral	713.8	679.9	52.9	53.4	53.8	53.8	53.5	52.5	51.3	50.8	50.4	49.0	48.6	48.2	47.7	47.3	46.5	45.5	43.0	40.2	37.6	169.6	45.4
World Bank Group	464.1	444.5	38.3	38.3	38.2	38.0	37.6	37.1	36.6	35.9	35.2	34.4	33.6	32.8	31.9	31.1	30.1	29.1	28.0	26.8	25.5	113.1	30.3
IMF	30.4	31.5	3.2	3.4	3.6	3.6	2.9	1.9	0.8	0.4	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.5	0.0
AfDF/AfDB Group	140.1 5/	133.1	5.0	5.0	5.0	4.9	5.2	5.4	5.5	5.5	5.5	5.4	5.3	5.2	5.2	5.1	5.0	4.9	4.8	4.7	4.6	29.1	5.0
Others	79.1 6/	70.9	6.4	6.7	7.0	7.4	7.7	8.1	8.5	8.9	9.3	9.2	9.7	10.1	10.6	11.1	11.3	11.6	10.2	8.7	7.5	20.0	10.0
NPV of new borrowing	0.0	34.7	62.1	83.7	100.7	117.8	133.7	145.7	154.0	159.0	165.0	173.4	184.1	197.9	212.5	225.9	240.5	252.2	265.5	276.7	288.0	105.1	231.7

Table 7. Burundi: Net Present Value of External Debt After HIPC Assistance, 2004-24 (concluded)
(In millions of U.S. dollars, unless otherwise indicated)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Averages 2004-14	Averages 2015-24
Memorandum items:																							
NPV of debt-to-exports ratio (percent) 2/																							
Total debt	1,747.3	1,332.2	165.7	164.8	167.6	166.5	167.7	163.3	154.8	144.9	136.3	128.5	121.8	116.3	111.4	106.5	102.5	97.8	93.7	89.4	85.5	410.1	105.3
Outstanding debt	1,747.3	1,279.1	82.4	70.1	64.1	57.8	53.3	48.5	43.6	39.6	36.2	32.4	29.2	26.3	23.7	21.5	19.5	17.7	15.6	13.8	12.2	320.2	21.2
NPV of debt-to-revenue ratio (percent)																							
Total debt	666.3	594.7	73.6	79.8	82.3	83.7	83.5	81.0	77.0	72.4	68.4	65.2	63.3	62.2	61.3	59.8	58.5	56.6	54.6	52.2	49.9	178.4	58.4
Outstanding debt	666.3	571.0	36.6	33.9	31.5	29.0	26.5	24.0	21.7	19.8	18.2	16.4	15.2	14.1	13.0	12.1	11.1	10.2	9.1	8.0	7.1	134.4	11.6
IV. After enhanced HIPC assistance assumed committed unconditionally 7/																							
NPV of total debt	76.3	101.8	123.6	145.6	163.2	180.4	196.0	207.1	214.3	218.9	224.6	231.8	242.2	255.6	269.9	283.0	297.0	307.9	318.7	327.1	335.8	168.3	286.9
NPV of outstanding debt	76.3	67.1	61.4	62.0	62.4	62.6	62.3	61.4	60.3	59.9	59.6	58.4	58.1	57.7	57.4	57.1	56.4	55.6	53.2	50.5	47.8	63.2	55.2
Official bilateral and commercial	11.5	13.0	8.5	8.6	8.7	8.8	8.8	8.9	9.0	9.1	9.2	9.3	9.5	9.6	9.7	9.8	10.0	10.1	10.2	10.2	10.2	9.5	9.9
Paris Club	7.9	5.6	4.2	4.2	4.3	4.3	4.3	4.4	4.4	4.5	4.5	4.6	4.6	4.6	4.7	4.8	4.8	4.9	4.9	4.9	4.9	4.8	4.8
Other official bilateral	3.1	4.9	4.3	4.4	4.4	4.5	4.5	4.6	4.6	4.7	4.7	4.8	4.9	4.9	5.0	5.1	5.1	5.2	5.3	5.3	5.3	4.4	5.1
Commercial	0.5	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0
Multilateral	64.9	54.1	52.9	53.4	53.8	53.8	53.5	52.5	51.3	50.8	50.4	49.0	48.6	48.2	47.7	47.3	46.5	45.5	43.0	40.2	37.6	53.7	45.4
World Bank Group	39.3	38.2	38.3	38.3	38.2	38.0	37.6	37.1	36.6	35.9	35.2	34.4	33.6	32.8	31.9	31.1	30.1	29.1	28.0	26.8	25.5	37.5	30.3
IMF	2.6	3.6	3.2	3.4	3.6	3.6	2.9	1.9	0.8	0.4	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.4	0.0
AfDF/AfDB Group	13.8 5/	4.9	5.0	5.0	5.0	4.9	5.2	5.4	5.5	5.5	5.5	5.4	5.3	5.2	5.2	5.1	5.0	4.9	4.8	4.7	4.6	6.0	5.0
Others	9.2 6/	7.4	6.4	6.7	7.0	7.4	7.7	8.1	8.5	8.9	9.3	9.2	9.7	10.1	10.6	11.1	11.3	11.6	10.2	8.7	7.5	7.9	10.0
NPV of new borrowing	0.0	34.7	62.1	83.7	100.7	117.8	133.7	145.7	154.0	159.0	165.0	173.4	184.1	197.9	212.5	225.9	240.5	252.2	265.5	276.7	288.0	105.1	231.7
Memorandum items:																							
NPV of debt-to-exports ratio (percent) 2/																							
Total debt	150.0	156.1	165.7	164.8	167.6	166.5	167.7	163.3	154.8	144.9	136.3	128.5	121.8	116.3	111.4	106.5	102.5	97.8	93.7	89.4	85.5	158.0	105.3
Outstanding debt	150.0	102.9	82.4	70.1	64.1	57.8	53.3	48.5	43.6	39.6	36.2	32.4	29.2	26.3	23.7	21.5	19.5	17.7	15.6	13.8	12.2	68.0	21.2
NPV of debt-to-revenue ratio (percent)																							
Total debt	57.2	69.7	73.6	79.8	82.3	83.7	83.5	81.0	77.0	72.4	68.4	65.2	63.3	62.2	61.3	59.8	58.5	56.6	54.6	52.2	49.9	75.3	58.4
Outstanding debt	57.2	45.9	36.6	33.9	31.5	29.0	26.5	24.0	21.7	19.8	18.2	16.4	15.2	14.1	13.0	12.1	11.1	10.2	9.1	8.0	7.1	31.3	11.6
Exports of goods and nonfactor services 8/	58.9	81.6	83.1	100.4	108.6	115.9	126.1	138.4	150.8	164.1	179.5	197.6	219.3	242.1	265.4	289.6	314.5	339.9	366.0	391.8	419.7	118.9	304.6
Exports of goods and nonfactor services (3-yr average) 9/	50.9	65.2	74.6	88.4	97.4	108.3	116.8	126.8	138.4	151.1	164.8	180.4	198.8	219.7	242.3	265.7	289.8	314.7	340.1	365.9	392.5	107.5	281.0
Government revenue 10/	133.5	146.1	167.8	182.6	198.3	215.5	234.8	255.8	278.3	302.4	328.1	355.6	382.5	410.9	440.6	472.8	507.2	544.1	584.2	627.2	673.4	222.1	499.9

Sources: Burundi authorities; and staff estimates and projections.

1/ In terms of simple historical three-year average of exports of goods and nonfactor services.
2/ Shows the external debt situation after the full use of traditional debt-relief mechanisms, and assuming at least comparable treatment from official bilateral creditors.
3/ Assumes interim relief under the enhanced Initiative in August 2005-December 2006 and full delivery of assistance in December 2006. For the assumptions, see footnote 6 of Table 6.
4/ Assumes also a flow rescheduling on Naples terms during the consolidation period, since Burundi has received on March 2004 a Naples flow for the consolidation period which clears all arrears to Paris Club creditors before the decision point.
Then during the interim period, assumes a flow rescheduling under cologne term, and a stock operation under Cologne term at the completion point.
5/ Relief includes the cancellation of 2/3 or arrears to the African Development Bank.
6/ Relief includes the concessional element of the arrears rescheduling agreed with BADEA.
7/ NPV of debt shows the results of the (hypothetical) unconditional commitment and delivery of enhanced HIPC assistance at end-2004.
8/ As defined in IMF, Balance of Payments Manual, 5th edition, 1993. Refers to current year exports.
9/ Three-year backward looking average of exports of goods and nonfactor services.
10/ Revenues are defined as central government revenues, excluding grants.

Table 8. Burundi: External Debt Indicators and Sensitivity Analysis, 2004-24 1/

(In percent, unless otherwise indicated)

	2004 Act.	2005 Est.	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Baseline scenario												
NPV of debt-to-GDP ratio	11.5	12.7	13.7	15.0	15.6	16.1	16.2	15.8	15.2	14.4	13.8	13.2
NPV of debt-to-exports ratio 2/ 3/	150.0	156.1	165.7	164.8	167.6	166.5	167.7	163.3	154.8	144.9	136.3	128.5
NPV of debt-to-revenue ratio 4/	57.2	69.7	73.6	79.8	82.3	83.7	83.5	81.0	77.0	72.4	68.4	65.2
Debt service-to-exports ratio	...	32.2	12.6	4.5	4.6	4.6	5.7	9.6	11.9	12.3	11.2	9.4
Debt service-to-revenue ratio	...	18.0	6.2	2.5	2.5	2.5	3.0	5.2	6.5	6.7	6.1	5.2
Sensitivity analysis												
Lower export growth 5/												
NPV of debt-to-exports ratio 2/ 3/	150.0	156.1	170.5	173.2	184.8	191.7	202.7	207.5	206.9	205.5	204.7	203.0
NPV of debt-to-revenue ratio 4/	57.2	69.7	75.4	83.0	89.0	93.6	97.2	98.1	97.3	96.1	95.3	94.6
Debt service-to-exports ratio	...	32.2	12.8	4.7	4.9	5.0	6.3	10.7	13.3	13.9	12.9	11.1
Debt service-to-revenue ratio 4/	...	18.0	6.3	2.5	2.6	2.6	3.2	5.5	6.7	7.0	6.5	5.6
Higher non-oil import prices scenario 6/												
NPV of debt-to-exports ratio 2/ 3/	150.0	156.1	175.7	186.1	202.2	215.2	229.7	236.6	237.1	235.5	233.5	230.3
NPV of debt-to-revenue ratio 4/	57.2	69.7	78.1	90.1	99.2	108.1	114.4	117.3	118.0	117.7	117.3	116.8
Debt service-to-exports ratio	...	32.2	12.8	4.8	5.1	5.3	6.6	10.7	13.1	13.5	12.5	10.7
Debt service-to-revenue ratio 4/	...	18.0	6.3	2.7	2.8	2.9	3.5	5.8	7.1	7.3	6.8	6.0
Lower concessionality of new borrowing scenario 7/												
NPV of debt-to-exports ratio 2/ 3/	150.0	183.2	207.1	215.0	227.3	232.8	239.9	240.0	234.6	227.5	220.8	213.9
NPV of debt-to-revenue ratio 4/	57.2	81.8	92.0	104.1	111.6	117.0	119.4	119.0	116.7	113.7	110.9	108.5
Debt service-to-exports ratio	...	34.3	16.2	8.7	9.4	10.1	11.6	15.8	18.2	18.6	17.5	15.7
Debt service-to-revenue ratio 4/	...	19.2	8.0	4.8	5.2	5.4	6.2	8.5	9.8	10.1	9.6	8.7
100 percent grant financing 8/												
NPV of debt-to-exports ratio 2/ 3/	150.0	156.1	152.5	147.5	144.4	139.1	136.7	134.4	128.0	120.8	114.4	108.3
NPV of debt-to-revenue ratio 4/	57.2	69.7	67.7	71.4	70.9	69.9	68.1	66.6	63.7	60.4	57.5	55.0
Debt service-to-exports ratio	...	32.2	12.5	4.3	4.3	4.2	5.2	9.2	11.5	11.9	10.9	9.1
Debt service-to-revenue ratio 4/	...	18.0	6.2	2.4	2.3	2.3	2.8	5.0	6.2	6.5	5.9	5.1
Memorandum items:												
Higher non-oil import prices scenario												
NPV of debt after HIPC assistance	76.3	101.8	131.0	164.5	196.8	233.1	268.5	300.0	328.3	355.9	384.8	415.4
Debt service after HIPC assistance	...	26.3	10.6	4.9	5.5	6.2	8.3	14.8	19.7	22.2	22.4	21.2
GDP	664.1	581.2	684.5	769.4	844.1	919.2	1,007.1	1,100.0	1,196.8	1,300.2	1,411.7	1,529.1
Government revenue 4/	133.5	146.1	167.8	182.6	198.3	215.5	234.8	255.8	278.3	302.4	328.1	355.6
Lower concessionality of new borrowing scenario												
NPV of debt after HIPC assistance	76.3	119.5	154.4	190.0	221.3	252.1	280.4	304.3	324.7	343.8	363.8	386.0
Debt service after HIPC assistance	...	28.0	13.4	8.7	10.2	11.7	14.6	21.8	27.4	30.5	31.4	31.0
100 percent grant financing scenario												
NPV of debt after HIPC assistance	76.3	101.8	113.7	130.4	140.6	150.6	159.8	170.4	177.2	182.6	188.6	195.5
Debt service after HIPC assistance	...	26.3	10.3	4.3	4.6	4.9	6.6	12.8	17.4	19.5	19.5	18.0
Lower export growth												
NPV of debt after HIPC assistance	76.3	101.8	126.6	151.6	176.5	201.8	228.1	250.9	270.6	290.7	312.8	336.4
Debt service after HIPC assistance	...	26.3	10.5	4.6	5.1	5.6	7.6	13.9	18.7	21.1	21.3	20.0
Exports of goods and nonfactor services 9/	58.9	81.6	82.3	98.6	105.6	111.6	120.3	130.8	141.2	152.2	165.0	180.0
Exports of goods and nonfactor services (3-yr average) 10/	50.9	65.2	74.3	87.5	95.5	105.3	112.5	120.9	130.8	141.4	152.8	165.7
GDP	664.1	800.4	901.6	969.3	1,043.0	1,122.9	1,211.8	1,308.0	1,409.8	1,517.5	1,631.3	1,751.4

Sources: Burundi authorities; and staff estimates and projections.

1/ All debt indicators refer to public and publicly guaranteed (PPG) debt and are defined after HIPC assistance assumed delivered unconditionally at end-2004.

2/ As defined in IMF, *Balance of Payments Manual*, 5th edition, 1993. 2001 excludes service exports to MONUC.

3/ Based on a three-year average of exports on the previous year (e.g., export average over 1999-2001 for NPV of debt-to-exports ratio in 2001).

4/ Revenue is defined as central government revenue, excluding grants.

5/ Assumes 1 percent lower export growth from 2005 to 2023.

6/ Assumes that non-oil import prices would increase 5 percent more each year in 2005-09 and would increase at the same rate assumed in the baseline scenario thereafter.

7/ Assumes that the interest rate on all debt is 2 percentage point higher than in the baseline from 2005 onwards.

8/ Assumes that project financing and budget support (excluding the PRGF) are in the form of grants, from 2006 to 2007; in 2008-11 financing will be in the form of 50 percent grants and 50 percent concessional loans, before returning to the same level as in the baseline.

9/ As defined in IMF, Balance of Payments Manual, 5th edition, 1993. Refers to current year exports.

10/ Three-year backward-looking average of exports of goods and nonfactor services.

Table 8. Burundi: External Debt Indicators and Sensitivity Analysis, 2004-24 1/ (concluded)
(In percent, unless otherwise indicated)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2004-14	2015-24
										Averages	
Baseline scenario											
NPV of debt-to-GDP ratio	12.9	12.7	12.5	12.3	12.0	11.7	11.3	10.8	10.4	14.5	12.0
NPV of debt-to-exports ratio 2/ 3/	121.8	116.3	111.4	106.5	102.5	97.8	93.7	89.4	85.5	158.0	105.3
NPV of debt-to-revenue ratio 4/	63.3	62.2	61.3	59.8	58.5	56.6	54.6	52.2	49.9	75.3	58.4
Debt service-to-exports ratio	6.8	4.9	4.1	4.2	4.4	4.4	4.9	4.9	4.8	10.9	5.3
Debt service-to-revenue ratio	3.9	2.9	2.5	2.6	2.7	2.8	3.1	3.1	3.0	5.9	3.2
Sensitivity analysis											
Lower export growth 5/											
NPV of debt-to-exports ratio 2/ 3/	202.1	202.4	203.3	204.6	206.1	208.0	209.8	212.2	215.1	186.7	206.7
NPV of debt-to-revenue ratio 4/	95.6	97.6	100.0	101.9	103.4	104.7	105.3	105.8	106.1	86.5	101.5
Debt service-to-exports ratio	8.4	6.5	5.9	6.4	7.0	7.4	8.3	8.8	9.0	11.7	7.9
Debt service-to-revenue ratio 4/	4.3	3.4	3.2	3.4	3.8	4.0	4.5	4.6	4.7	6.1	4.2
Higher non-oil import prices scenario 6/											
NPV of debt-to-exports ratio 2/ 3/	226.3	222.2	218.0	213.7	209.2	204.7	199.7	195.0	190.4	205.2	210.9
NPV of debt-to-revenue ratio 4/	117.6	118.8	119.9	120.1	119.5	118.4	116.3	113.8	111.0	98.8	117.2
Debt service-to-exports ratio	8.2	6.4	5.9	6.4	6.9	7.2	7.9	8.2	8.2	11.6	7.6
Debt service-to-revenue ratio 4/	4.7	3.8	3.6	3.9	4.3	4.5	5.0	5.1	5.1	6.3	4.6
Lower concessionality of new borrowing scenario 7/											
NPV of debt-to-exports ratio 2/ 3/	206.8	200.0	193.7	187.8	182.1	176.7	171.1	166.0	161.1	216.2	185.9
NPV of debt-to-revenue ratio 4/	107.5	106.9	106.5	105.5	104.0	102.2	99.6	96.8	93.9	103.9	103.2
Debt service-to-exports ratio	12.9	11.0	10.2	10.4	10.6	10.7	11.2	11.2	11.1	16.0	11.5
Debt service-to-revenue ratio 4/	7.4	6.5	6.2	6.4	6.6	6.7	7.0	7.0	6.9	8.7	6.9
100 percent grant financing 8/											
NPV of debt-to-exports ratio 2/ 3/	103.4	100.2	97.8	95.6	93.4	91.4	88.9	86.4	83.9	138.5	94.9
NPV of debt-to-revenue ratio 4/	53.7	53.6	53.8	53.7	53.4	52.9	51.8	50.4	48.9	65.7	52.7
Debt service-to-exports ratio	6.5	4.1	3.3	3.3	3.5	3.5	4.2	4.4	4.5	10.6	4.6
Debt service-to-revenue ratio 4/	3.7	2.4	2.0	2.0	2.2	2.2	2.6	2.8	2.8	5.8	2.8
Memorandum items:											
Higher non-oil import prices scenario											
NPV of debt after HIPC assistance	450.0	488.1	528.2	567.8	606.3	644.0	679.3	713.7	747.3	231.0	584.0
Debt service after HIPC assistance	17.9	15.6	15.8	18.4	21.7	24.6	29.0	32.1	34.6	14.1	23.1
GDP	1,653.4	1,783.4	1,917.7	2,062.8	2,218.4	2,384.1	2,564.5	2,756.8	2,962.1	952.6	2,183.2
Government revenue 4/	382.5	410.9	440.6	472.8	507.2	544.1	584.2	627.2	673.4	222.1	499.9
Lower concessionality of new borrowing scenario											
NPV of debt after HIPC assistance	411.1	439.3	469.4	498.9	527.7	555.9	582.0	607.5	632.5	239.2	511.0
Debt service after HIPC assistance	28.4	26.6	27.2	30.1	33.4	36.4	40.8	43.9	46.5	19.8	34.4
100 percent grant financing scenario											
NPV of debt after HIPC assistance	205.5	220.1	236.9	254.0	270.8	287.7	302.3	316.1	329.3	144.7	261.8
Debt service after HIPC assistance	14.3	10.0	8.7	9.6	11.0	12.0	15.3	17.3	18.7	12.6	13.5
Lower export growth											
NPV of debt after HIPC assistance	365.8	401.1	440.5	481.6	524.4	569.4	615.2	663.4	714.6	198.9	511.2
Debt service after HIPC assistance	16.6	14.1	13.9	16.3	19.2	21.8	26.1	29.1	31.6	13.5	20.9
Exports of goods and nonfactor services 9/	197.9	216.6	235.3	254.4	273.7	293.2	312.8	331.7	352.0	113.5	264.8
Exports of goods and nonfactor services (3-yr average) 10/	181.0	198.2	216.6	235.4	254.5	273.8	293.2	312.6	332.2	103.4	246.3
GDP	1,878.0	2,011.4	2,151.7	2,303.6	2,466.2	2,640.3	2,826.6	3,026.2	3,239.8	1,143.6	2,429.5

Sources: Burundi authorities; and staff estimates and projections.

1/ All debt indicators refer to public and publicly guaranteed (PPG) debt and are defined after HIPC assistance assumed delivered unconditionally at end-2004.

2/ As defined in IMF, *Balance of Payments Manual*, 5th edition, 1993. 2001 excludes service exports to MONUC.

3/ Based on a three-year average of exports on the previous year (e.g., export average over 1999-2001 for NPV of debt-to-exports ratio in 2001).

4/ Revenue is defined as central government revenue, excluding grants.

5/ Assumes 1 percent lower export growth from 2005 to 2023.

6/ Assumes that non-oil import prices would increase 5 percent more each year in 2005-09 and would increase at the same rate assumed in the baseline scenario thereafter.

7/ Assumes that the interest rate on all debt is 2 percentage point higher than in the baseline from 2005 onwards.

8/ Assumes that project financing and budget support (excluding the PRGF) are in the form of grants, from 2006 to 2007; in 2008-11 financing will be in the form of 50 percent grants and 50 percent concessional loans, before returning to the same level as in the baseline.

9/ As defined in IMF, Balance of Payments Manual, 5th edition, 1993. Refers to current year exports.

10/ Three-year backward-looking average of exports of goods and nonfactor services.

Table 9. Burundi: External Resource Transfer, 2005–24

(In millions of U.S. dollars, unless otherwise indicated)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Averages 2005-14	Averages 2015-24
Debt service on existing debt																						
Scheduled debt service before traditional debt relief 1/	50.5	52.1	49.9	49.8	52.9	56.7	59.3	60.0	61.2	57.2	52.3	50.6	49.8	49.0	47.8	47.1	47.6	48.2	49.3	48.6	55.0	49.0
Multilateral creditors	34.4	36.4	36.7	38.1	43.6	49.4	52.2	53.2	54.9	51.1	46.3	44.8	44.5	44.3	43.8	44.2	45.0	44.9	46.0	45.3	45.0	44.9
Paris Club creditors	9.2	9.0	9.1	8.6	7.2	6.6	6.5	6.4	6.2	6.0	5.9	5.7	5.2	4.7	3.8	2.9	2.6	3.1	3.2	3.2	7.5	4.0
Other bilateral creditors	4.0	3.8	3.6	3.0	2.1	0.7	0.6	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	1.8	0.1
Commercial creditors	2.8	2.8	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0
Scheduled debt service after arrears clearance 2/	50.6	52.5	50.4	50.8	54.2	58.2	60.9	61.8	63.2	59.3	54.4	50.0	49.3	48.5	47.2	46.6	47.1	47.6	48.7	48.0	56.2	48.7
Multilateral creditors	34.5	36.8	37.3	39.1	44.9	50.9	53.8	55.0	56.9	53.2	48.4	44.3	44.0	43.7	43.3	43.6	44.4	44.4	45.5	44.8	46.2	44.6
Paris Club creditors	9.2	9.0	9.1	8.6	7.2	6.6	6.5	6.4	6.2	6.0	5.9	5.7	5.2	4.7	3.8	2.9	2.6	3.1	3.2	3.2	7.5	4.0
Other bilateral creditors	4.0	3.8	3.6	3.0	2.1	0.7	0.6	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	1.8	0.1
Commercial creditors	2.8	2.8	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0
Scheduled debt service after traditional debt relief 3/	43.5	48.1	48.3	49.5	54.9	57.9	60.8	61.8	63.5	59.8	55.1	53.6	53.3	53.1	52.8	53.2	57.1	58.5	60.1	59.8	54.8	55.6
Multilateral creditors	34.4	36.4	36.7	38.1	43.6	49.4	52.2	53.2	54.9	51.1	46.3	44.8	44.5	44.3	43.8	44.2	45.0	44.9	46.0	45.3	45.0	44.9
Paris Club creditors	4.5	5.8	5.8	5.7	5.6	4.3	4.3	4.3	4.3	4.3	4.4	4.4	4.4	4.4	4.5	4.5	6.0	6.8	7.0	7.2	4.9	5.4
Other bilateral creditors	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.2	4.1	4.8	5.0	5.1	3.1	3.8
Commercial creditors	1.5	2.8	2.7	2.7	2.6	1.2	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.9	1.9	2.0	2.1	1.8	1.6
Scheduled debt service after enhanced HIPC assistance 4/	25.9	9.8	3.6	3.8	3.9	5.6	7.2	7.2	7.1	7.0	5.3	4.0	4.0	4.0	3.9	4.3	4.4	6.0	6.3	5.9	8.1	4.8
Multilateral creditors	20.4	4.6	3.3	3.4	3.6	5.2	6.9	6.9	6.8	6.7	5.0	3.7	3.7	3.7	3.6	4.0	4.1	5.7	5.8	5.5	6.8	4.5
Paris Club creditors	2.0	1.7	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.5	0.2
Other bilateral creditors	0.6	0.9	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.2
Commercial creditors	2.8	2.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0
Debt service on new borrowing	0.4	0.7	1.0	1.2	1.4	1.6	6.2	10.7	13.0	13.1	13.2	10.9	7.8	6.9	8.2	9.5	10.7	11.8	13.0	14.0	4.9	10.6
Total debt service (cash basis) 5/	26.3	10.5	4.5	5.0	5.3	7.2	13.3	18.0	20.1	20.1	18.6	14.9	11.8	10.9	12.2	13.8	15.1	17.8	19.3	20.0	13.0	15.4
Total external resource inflows	280.3	219.0	198.4	203.4	203.7	202.5	207.9	214.2	217.1	224.6	236.0	241.4	247.0	253.0	259.5	272.1	275.0	288.4	294.2	304.1	217.1	267.1
Grant disbursements	218.2	175.6	162.7	171.3	173.1	176.0	181.5	187.2	193.1	199.2	205.5	212.0	218.7	226.3	234.1	242.3	250.7	259.5	268.6	277.3	183.8	239.5
Loan disbursements	62.1	43.4	35.6	32.1	30.6	26.5	26.4	27.0	24.0	25.5	30.6	29.4	28.3	26.7	25.4	29.8	24.3	29.0	25.6	26.9	33.3	27.6
Net inflows of resources 6/	254.0	208.5	193.8	198.4	198.4	195.4	194.5	196.2	197.0	204.6	217.5	226.5	235.2	242.2	247.4	258.3	259.9	270.6	274.9	284.2	204.1	251.7
In percent of GDP	31.7	23.1	20.0	19.0	17.7	16.1	14.9	13.9	13.0	12.5	12.4	12.1	11.7	11.3	10.7	10.5	9.8	9.6	9.1	8.8	18.2	10.6
Aid-related imports of goods and services	40.0	39.0	41.0	43.0	45.1	47.4	49.8	52.3	54.9	57.6	60.5	63.5	66.7	70.0	73.5	77.2	81.1	85.1	89.4	93.9	47.0	76.1
Net balance of payments support (Net inflows of resources less aid-related imports)	214.0	169.5	152.9	155.4	153.3	148.0	144.8	144.0	142.1	146.9	157.0	163.0	168.5	172.1	173.8	181.1	178.8	185.5	185.5	190.3	157.1	175.6
In percent of GDP	26.7	18.8	15.8	14.9	13.6	12.2	11.1	10.2	9.4	9.0	9.0	8.7	8.4	8.0	7.5	7.3	6.8	6.6	6.1	5.9	14.2	7.4

Sources: Burundi authorities; and staff estimates and projections.

1/ Includes only scheduled debt service on current maturities and does not include projected penalty interest on arrears.

2/ Arrears clearance reflects a Naples flow operation with special treatment in the form of capitalization of moratorium interest for Paris Club creditors and comparable treatment by non-Paris Club bilateral creditors, and rescheduling of arrears by multilateral creditors.

3/ Assumes a hypothetical stock-of-debt operation on Naples terms and comparable treatment from other bilateral creditors, and multilateral arrears clearance.

4/ Paris Club and commercial creditors are assumed to deliver their share of relief as of the completion point (beginning February 2006). Non-Paris Club creditors are assumed to provide a Cologne flow rescheduling on eligible debt, and the remaining eligible debt, and the remaining of the required HIPC assistance is to be delivered at the completion point through a stock-of-debt operation. Multilateral creditors are also assumed to provide HIPC debt relief as of the completion point, except for the IMF, the World Bank, the EU, and OPEC Fund for which the delivery would start as of the decision point (August 2005).

5/ Includes debt service after arrears clearance and after HIPC assistance and, from 2005 onwards, the debt service on new borrowing.

6/ After the projected assistance under the enhanced HIPC Initiative.

Table 10. Burundi: Long-Term Macroeconomic Assumptions, 2003-24

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
						(In millions of U.S. dollars)						
Real GDP growth (percent change)	-1.2	4.8	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Nominal GDP (millions of U.S. dollars)	595.0	664.1	800.4	901.6	969.3	1,043.0	1,122.9	1,211.8	1,308.0	1,409.8	1,517.5	1,631.3
Percent change	-5.3	11.6	20.5	12.6	7.5	7.6	7.7	7.9	7.9	7.8	7.6	7.5
Exports of goods and nonfactor services (millions of U.S. dollars)	55.1	58.9	81.6	83.1	100.4	108.6	115.9	126.1	138.4	150.8	164.1	179.5
Percent change	42.4	7.0	38.5	1.8	20.9	8.1	6.7	8.8	9.7	9.0	8.8	9.4
Imports of goods and nonfactor services (millions of U.S. dollars)	171.1	205.2	293.0	293.6	298.6	308.2	322.9	335.7	353.0	372.2	391.6	411.1
Percent change	13.7	19.9	42.8	0.2	1.7	3.2	4.7	4.0	5.2	5.4	5.2	5.0
Fiscal revenues, excluding grants (millions of U.S. dollars)	125.7	133.5	146.1	167.8	182.6	198.3	215.5	234.8	255.8	278.3	302.4	328.1
Percent change	-1.3	6.2	9.4	14.9	8.8	8.6	8.7	8.9	9.0	8.8	8.7	8.5
GDP per capita (U.S. dollars)	87.3	95.5	111.8	122.4	127.9	133.8	140.1	147.1	154.4	161.9	169.6	177.5
Percent change	-7.1	9.4	17.1	9.5	4.5	4.6	4.7	5.0	5.0	4.8	4.8	4.6
Population (millions)	6.8	7.0	7.2	7.4	7.6	7.8	8.0	8.2	8.5	8.7	8.9	9.2
Percent change	2.0	2.0	2.9	2.9	2.9	2.8	2.8	2.8	2.8	2.8	2.8	2.8
Units of local currency per U.S. dollar (period average)	1,082.6	1,100.9	1,105.6	1,117.9	1,152.5	1,186.1	1,217.1	1,243.4	1,268.3	1,293.6	1,319.5	1,345.9
GDP deflator (percent change)	11.6	8.3	15.3	8.4	5.5	5.4	5.2	5.0	4.9	4.7	4.6	4.4
CPI index (percent change)	10.7	8.0	16.3	7.8	5.1	5.0	4.8	4.3	4.0	4.0	4.0	4.0
						(In percent of GDP)						
Composition of nominal GDP	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Consumption	109.1	108.4	114.5	111.9	108.7	107.4	106.8	105.7	104.8	103.9	103.0	102.0
Government	22.7	25.8	26.8	23.5	20.6	20.5	20.4	20.1	19.6	19.1	18.5	17.9
Nongovernment	86.4	82.6	87.8	88.3	88.1	86.9	86.4	85.6	85.2	84.9	84.5	84.1
Gross investment	10.4	13.7	11.9	11.5	11.8	11.7	11.6	11.5	11.4	11.3	11.3	11.3
Government	8.3	10.7	8.6	7.5	7.5	7.1	6.7	6.3	5.9	5.5	5.1	4.7
Nongovernment	2.1	3.0	3.3	4.0	4.3	4.6	4.9	5.2	5.5	5.8	6.2	6.6
Net exports of goods and nonfactor services	-19.5	-22.0	-26.4	-23.4	-20.4	-19.1	-18.4	-17.3	-16.2	-15.3	-14.3	-13.3
Exports of goods and nonfactor services	9.3	8.9	10.2	9.2	10.4	10.4	10.3	10.4	10.4	10.4	10.3	10.3
Imports of goods and nonfactor services	-28.8	-30.9	-36.6	-32.6	-30.8	-29.6	-28.8	-27.6	-26.6	-25.6	-24.6	-23.6
Aid-related imports of goods and nonfactor services	-13.0	-10.3	-7.9	-6.6	-5.0	-4.5	-4.0	-3.6	-3.4	-3.3	-3.1	-3.0
External current account balance, incl. grants, before debt relief	-4.8	-7.2	-7.1	-10.5	-9.9	-8.6	-8.4	-7.9	-7.4	-7.0	-6.6	-6.1
Gross investment	10.4	13.7	11.9	11.5	11.8	11.7	11.6	11.5	11.4	11.3	11.3	11.3
Gross national savings	5.5	6.5	4.8	1.0	1.9	3.2	3.2	3.6	4.0	4.3	4.7	5.2
Net official external financing	12.4	2.9	23.3	12.1	9.6	7.6	5.5	2.9	1.0	-0.2	-0.4	1.9
Gross official external financing	19.1	16.2	28.0	16.5	13.6	11.3	9.7	7.8	6.5	5.7	5.3	6.2
Grants	16.5	17.2	21.8	14.8	12.2	12.0	11.2	10.5	10.0	9.6	9.3	8.9
Loans	2.6	-1.0	6.2	1.7	1.4	-0.7	-1.5	-2.7	-3.5	-3.9	-4.0	-2.7
Disbursements	9.3	12.3	11.0	6.2	5.4	3.1	2.7	2.2	2.0	1.9	1.8	1.7
Amortization	-6.7	-13.3	-4.8	-4.5	-4.0	-3.8	-4.2	-4.9	-5.5	-5.9	-5.7	-4.4
Overall fiscal balance	-5.9	-4.3	-0.2	0.9	-0.3	0.7	1.0	1.4	1.7	2.1	2.5	2.9
Total revenue and grants	29.0	35.5	38.9	35.4	31.1	31.5	31.2	30.8	30.4	30.1	29.8	29.5
Revenues, excluding grants	21.1	20.1	18.2	18.6	18.8	19.0	19.2	19.4	19.6	19.7	19.9	20.1
Total expenditures	-34.9	-39.8	-39.1	-34.5	-31.4	-30.8	-30.2	-29.4	-28.7	-28.0	-27.3	-26.6

Sources: Burundi authorities; and staff estimates and projections.

Table 10. Burundi: Long-Term Macroeconomic Assumptions, 2003-24 (concluded)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Averages 2003-14	Averages 2015-24
						(In millions of U.S. dollars)						
Real GDP growth (percent change)	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.5	5.0
Nominal GDP (millions of U.S. dollars)	1,751.4	1,878.0	2,011.4	2,151.7	2,303.6	2,466.2	2,640.3	2,826.6	3,026.2	3,239.8	1,097.9	2,429.5
Percent change	7.4	7.2	7.1	7.0	7.1	7.1	7.1	7.1	7.1	7.1	8.4	7.1
Exports of goods and nonfactor services (millions of U.S. dollars)	197.6	219.3	242.1	265.4	289.6	314.5	339.9	366.0	391.8	419.7	113.5	304.6
Percent change	10.1	11.0	10.4	9.6	9.1	8.6	8.1	7.7	7.1	7.1	14.3	8.9
Imports of goods and nonfactor services (millions of U.S. dollars)	434.0	459.6	487.5	518.6	551.3	585.1	620.8	654.7	689.8	728.1	313.0	573.0
Percent change	5.6	5.9	6.1	6.4	6.3	6.1	6.1	5.5	5.4	5.5	9.3	5.9
Fiscal revenues, excluding grants (millions of U.S. dollars)	355.6	382.5	410.9	440.6	472.8	507.2	544.1	584.2	627.2	673.4	214.1	499.9
Percent change	8.4	7.5	7.4	7.2	7.3	7.3	7.3	7.4	7.4	7.4	8.3	7.5
GDP per capita (U.S. dollars)	185.5	193.7	202.0	210.4	219.3	228.9	238.8	249.2	260.3	271.8	135.8	226.0
Percent change	4.5	4.4	4.3	4.2	4.2	4.3	4.3	4.3	4.4	4.4	5.6	4.4
Population (millions)	9.4	9.7	10.0	10.2	10.5	10.8	11.1	11.3	11.6	11.9	7.9	10.7
Percent change	2.7	2.7	2.7	2.7	2.7	2.6	2.6	2.6	2.5	2.5	2.7	2.6
Units of local currency per U.S. dollar (period average)	1,372.8	1,400.3	1,428.3	1,456.8	1,486.0	1,515.7	1,546.0	1,576.9	1,608.5	1,640.6	1,202.8	1,503.2
GDP deflator (percent change)	4.3	4.2	4.0	3.9	4.0	4.0	4.0	4.0	4.0	4.0	6.9	4.0
CPI index (percent change)	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	6.5	4.0
						(In percent of GDP)						
Composition of nominal GDP	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Consumption	101.1	100.4	99.8	99.2	98.7	98.1	97.5	96.8	96.1	95.5	107.2	98.3
Government	17.4	17.4	17.3	17.3	17.2	17.1	17.0	16.9	16.8	16.7	21.3	17.1
Nongovernment	83.8	83.1	82.5	81.9	81.5	80.9	80.5	79.9	79.3	78.8	85.9	81.2
Gross investment	11.3	11.4	11.6	11.9	12.1	12.4	12.7	13.0	13.3	13.7	11.6	12.3
Government	4.4	4.2	4.0	3.9	3.7	3.6	3.4	3.3	3.2	3.0	7.0	3.7
Nongovernment	6.9	7.2	7.6	8.0	8.4	8.8	9.2	9.7	10.2	10.7	4.6	8.7
Net exports of goods and nonfactor services	-12.4	-11.9	-11.4	-11.1	-10.8	-10.5	-10.2	-9.8	-9.5	-9.2	-18.8	-10.7
Exports of goods and nonfactor services	10.4	10.8	11.3	11.6	11.9	12.2	12.3	12.4	12.5	12.5	10.0	11.8
Imports of goods and nonfactor services	-22.8	-22.7	-22.7	-22.7	-22.7	-22.6	-22.5	-22.2	-22.0	-21.7	-28.8	-22.5
Aid-related imports of goods and nonfactor services	-2.9	-2.8	-2.8	-2.7	-2.7	-2.6	-2.6	-2.6	-2.6	-2.5	-5.7	-2.7
External current account balance, incl. grants, before debt relief	-5.6	-5.1	-4.8	-4.6	-4.4	-4.2	-4.1	-3.9	-3.7	-3.6	-7.6	-4.4
Gross investment	11.3	11.4	11.6	11.9	12.1	12.4	12.7	13.0	13.3	13.7	11.6	12.3
Gross national savings	5.7	6.3	6.9	7.3	7.7	8.2	8.5	9.1	9.6	10.1	4.0	7.9
Net official external financing	2.8	4.4	4.7	4.9	4.8	4.7	4.5	4.3	4.1	4.0	6.5	4.3
Gross official external financing	6.6	7.1	7.1	7.0	6.8	6.6	6.3	6.1	5.9	5.7	12.2	6.5
Grants	8.6	8.3	8.0	7.7	7.5	7.2	7.0	6.7	6.5	6.3	12.8	7.4
Loans	-2.0	-1.1	-0.9	-0.7	-0.7	-0.6	-0.6	-0.6	-0.7	-0.6	-0.7	-0.9
Disbursements	1.8	1.6	1.4	1.4	1.3	1.2	1.2	1.1	1.1	1.0	5.0	1.3
Amortization	-3.8	-2.7	-2.3	-2.1	-2.0	-1.9	-1.8	-1.8	-1.7	-1.6	-5.6	-2.2
Overall fiscal balance	3.2	3.4	3.6	3.8	4.0	4.1	4.3	4.5	4.7	4.9	0.2	4.0
Total revenue and grants	29.3	28.9	28.6	28.4	28.1	27.9	27.6	27.4	27.2	27.0	31.9	28.0
Revenues, excluding grants	20.3	20.4	20.4	20.5	20.5	20.6	20.6	20.7	20.7	20.8	19.5	20.5
Total expenditures	-26.0	-25.5	-25.0	-24.6	-24.2	-23.7	-23.3	-22.9	-22.5	-22.1	-31.7	-24.0

Sources: Burundi authorities; and staff estimates and projections.

Table 11. Burundi: Possible Delivery of IMF Assistance Under the Enhanced HIPC Initiative, 2005-15 1/

(In millions of U.S. dollars, unless otherwise indicated)

	2005 2/	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
(Based on the US$/SDR exchange rate as of June 8, 2005)											
Delivery schedule of IMF assistance (in percent of the total assistance)	0.2	0.5	0.5	0.5	4.8	15.0	19.0	22.0	24.0	11.5	2.1
Debt service due on IMF obligations 3/	0.4	0.8	0.8	0.8	4.6	9.6	10.6	10.5	10.5	6.5	1.4
Principal	--	--	--	--	3.9	8.9	9.9	9.9	9.9	6.0	1.1
Interest and charges	0.4	0.8	0.8	0.8	0.7	0.7	0.7	0.6	0.6	0.5	0.4
Of which: PRGF interest	0.1 4/	0.2 4/	0.2 4/	0.2 4/	0.2	0.2	0.2	0.1	0.1	0.0	0.0
IMF assistance—deposits into Burundi's account											
Interim assistance 4/	0.125	0.1									
Completion point assistance 5/		27.6									
IMF assistance—drawdown schedule 6/	0.1	0.1	0.2	0.2	4.1	7.6	7.1	7.1	7.4	3.5	0.6
IMF assistance without interest	0.1	0.1	0.1	0.1	1.3	4.2	5.3	6.1	6.7	3.2	0.6
Estimated interest earnings	--	0.0	0.1	0.1	2.8	3.4	1.9	1.0	0.7	0.3	0.1
Debt service due on current IMF obligations after IMF assistance 6/	0.3	0.6	0.5	0.5	0.5	2.0	3.4	3.4	3.1	3.0	0.8
Share of debt service due on IMF obligations covered by IMF assistance (in percent)	16.6	17.0	26.9	27.7	88.9	78.9	67.5	67.4	70.2	54.1	45.2
Proportion (in percent) of each repayment falling due during the period to be paid by IMF Initiative assistance from the principal deposited in Burundi's account	50.0 4/	50.5 4/	56.1 4/	56.1 4/	33.9	47.1	53.3	61.7	67.3	53.2	54.6
Memorandum items:											
(Based on debt service data and exchange rates as of end-2004)											
Total debt service due (in millions of U.S. dollars)	51.0	52.8	50.8	51.0	54.3	58.3	65.5	70.7	74.2	70.3	65.5
Debt service due on IMF obligations (in millions of U.S. dollars)	0.6	0.8	0.8	0.8	4.6	9.6	10.6	10.5	10.5	6.5	1.4
Debt service due on current IMF obligations after IMF assistance	0.6	0.6	0.5	0.5	0.5	2.0	3.4	3.4	3.1	3.0	0.8
(in percent of current year exports of goods and nonfactor services)	0.7	0.8	0.5	0.5	0.4	1.6	2.5	2.3	1.9	1.7	0.4
Share of total debt service covered by IMF assistance (in percent)	0.1	0.2	0.4	0.4	7.6	12.9	10.9	10.1	9.9	5.0	1.0

Source: Fund staff estimates and projections.

1/ Total IMF assistance under the enhanced HIPC Initiative is US$ 27.84 million in NPV terms calculated on the basis of data available at the decision point, excluding interest earned on Burundi's account and on committed but undisbursed amounts as described in footnotes 5 and 6.

2/ Debt service for 2005 includes obligations from July onward.

3/ Forthcoming obligations are as of end-May 2005.

4/ The first delivery of interim assistance would be deposited into Burundi's account in August 2005 to cover PRGF interest obligations falling due to the Fund over the next 12 months. Since there are no principal repayment obligations falling due to the Fund until August 2009, HIPC assistance will be applied to cover PRGF interest obligations falling due between 2005 and end-2008.

5/ Most of the IMF's grant HIPC assistance assumed to be disbursed into Burundi's account at the completion point at end-2006, which is reflected in the calculation of interest.

6/ Includes estimated interest earnings on: (a) amounts held in Burundi's account; and (b) up to the completion point, amounts committed but not yet disbursed. It is assumed that these amounts earn a rate of return of 5.25 percent in U.S. dollar terms, but actual interest earnings may be higher or lower. Interest accrued during a calendar year will be used toward the first repayment obligation(s) falling due in the following calendar year except in the final year, when it will be used toward payment of the final obligation(s) falling due in that year. Interest accrued during the interim period will be used toward the repayment of obligations falling due during 2009-11.

Table 12. Burundi: Possible Delivery of World Bank Group's Assistance Under the Enhanced HIPC Initiative, 2005-38 1/

(In millions of U.S. dollars, unless otherwise indicated)

	NPV relief required	2005			2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2028	2038	2015-27	2028-38	2005-38
		Jan.-Jul.	Aug.-Dec. 2/	Total													Cumulative		
Debt service before HIPC Assistance		11.6	9.9	21.6	23.0	23.4	25.4	27.1	28.7	30.3	30.9	32.4	32.4	32.7	28.1	7.2	430.1	167.6	872.9
On IDA Credits		11.6	9.9	21.6	23.0	23.4	25.4	27.1	28.7	30.3	30.9	32.4	32.4	32.7	28.1	7.2	430.1	167.6	872.9
Of which: principal		8.3	7.3	15.6	17.2	17.7	19.9	21.7	23.4	25.2	26.1	27.8	27.9	28.5	26.8	7.0	392.3	160.7	775.5
Of which: interest		3.3	2.7	5.9	5.8	5.7	5.5	5.4	5.2	5.0	4.9	4.7	4.4	4.2	1.3	0.2	37.9	6.9	97.4
Debt service after HIPC assistance		11.6	1.5	13.1	2.3	2.3	2.5	2.7	2.9	3.0	3.1	3.2	3.2	3.3	2.8	2.5	42.9	18.5	99.9
On IDA credits		11.6	1.5	13.1	2.3	2.3	2.5	2.7	2.9	3.0	3.1	3.2	3.2	3.3	2.8	2.5	42.9	18.5	99.9
Of which: principal		8.3	1.1	9.5	1.7	1.8	2.0	2.2	2.3	2.5	2.6	2.8	2.8	2.8	2.7	2.4	39.2	17.8	87.1
Of which: interest		3.3	0.4	3.7	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.1	0.0	3.8	0.7	12.8
Savings on debt service to IDA	425	0.0	8.4	8.4	20.7	21.1	22.9	24.4	25.8	27.3	27.8	29.2	29.1	29.5	25.3	4.7	387.2	149.1	773.0
Of which: principal		0.0	6.2	6.2	15.4	16.0	17.9	19.6	21.1	22.7	23.5	25.0	25.1	25.6	24.1	4.6	353.1	142.9	688.4
Of which: interest		0.0	2.3	2.3	5.2	5.1	5.0	4.9	4.7	4.5	4.4	4.2	4.0	3.8	1.2	0.1	34.1	6.2	84.5
Savings as percent of debt service due to World Bank Group		0	85	39	90	90	90	90	90	90	90	90	90	90	90	65	90	89	89

Source: Staff estimates.

1/ Enhanced HIPC assistance of US$426 million in end-2004 NPV terms proposed to be delivered over about 34 years through a 90 percent relief on the debt service falling due to IDA on credits outstanding at end-2004, correspondent to a nominal relief of US$773 million.

2/ Decision point is expected to be reached in August 2005. Delivery of the interim assistance by the World Bank Group is expected to start on August 15, 2005.

Table 13. HIPC Initiative: Status of Country Cases Considered Under the Initiative, June 1, 2005

Country	Decision Point	Completion Point	Target NPV of Debt-to-Exports (in percent)	Target NPV of Debt-to-Gov. revenue (in percent)	Assistance Levels 1/ (In millions of U.S. dollars, present value) Total	Bilateral	Multi-lateral	IMF	World Bank	Percentage Reduction in NPV of Debt 2/	Estimated Total Nominal Debt Service Relief (In millions of U.S. dollars)
Completion point reached under enhanced framework											
Benin	Jul. 00	Mar. 03	150		265	77	189	24	84	31	460
Bolivia					1,302	425	876	84	194		2,060
original framework	*Sep. 97*	*Sep. 98*	*225*		*448*	*157*	*291*	*29*	*54*	*14*	*760*
enhanced framework	*Feb. 00*	*Jun. 01*	*150*		*854*	*268*	*585*	*55*	*140*	*30*	*1,300*
Burkina Faso					553	83	469	57	231		930
original framework	*Sep. 97*	*Jul. 00*	*205*		*229*	*32*	*196*	*22*	*91*	*27*	*400*
enhanced framework	*Jul. 00*	*Apr. 02*	*150*		*195*	*35*	*161*	*22*	*79*	*30*	*300*
topping-up	...	*Apr. 02*	*150*		*129*	*16*	*112*	*14*	*61*	*24*	*230*
Ethiopia					1,982	637	1,315	60	832		3,275
enhanced framework	*Nov. 01*	*Apr. 04*	*150*		*1,275*	*482*	*763*	*34*	*463*	*47*	*1,941*
topping-up		*Apr. 04*	*150*		*707*	*155*	*552*	*26*	*369*	*31*	*1,334*
Ghana	Feb. 02	Jul. 04	144	250	2,186	1,084	1,102	112	781	56	3,500
Guyana					591	223	367	75	68		1,354
original framework	*Dec. 97*	*May 99*	*107*	*280*	*256*	*91*	*165*	*35*	*27*	*24*	*634*
enhanced framework	*Nov. 00*	*Dec-03*	*150*	*250*	*335*	*132*	*202*	*40*	*41*	*40*	*719*
Honduras	Jul. 00	Mar-05	110	250	556	215	340	30	98	18	1,000
Madagascar	Dec. 00	*Oct-04*	150		836	474	362	19	252	40	1,900
Mali					539	169	370	59	185		895
original framework	*Sep. 98*	*Sep. 00*	*200*		*121*	*37*	*84*	*14*	*43*	*9*	*220*
enhanced framework	*Sep. 00*	*Mar. 03*	*150*		*417*	*132*	*285*	*45*	*143*	*29*	*675*
Mauritania	Feb. 00	Jun. 02	137	250	622	261	361	47	100	50	1,100
Mozambique					2,023	1,270	753	143	443		4,300
original framework	*Apr. 98*	*Jun. 99*	*200*		*1,717*	*1,076*	*641*	*125*	*381*	*63*	*3,700*
enhanced framework	*Apr. 00*	*Sep. 01*	*150*		*306*	*194*	*112*	*18*	*62*	*27*	*600*
Nicaragua	Dec. 00	Jan. 04	150		3,308	2,175	1,134	82	191	73	4,500
Niger					663	235	428	42	240		1,190
enhanced framework	*Dec. 00*	*Apr. 04*	*150*		521	211	309	28	170	53	944
topping-up	...	*Apr. 04*	*150*		143	23	119	14	70	25	246
Rwanda					696	65	631	63	383		1,316
enhanced framework	*Dec. 00*	*Apr-05*	*150*		452	56	397	44	228	71	839
topping-up	...	*Apr-05*	*150*		243	9	235	20	154	53	477
Senegal	Jun. 00	Apr. 04	133	250	488	212	276	45	124	19	850
Tanzania	Apr. 00	Nov. 01	150		2,026	1,006	1,020	120	695	54	3,000
Uganda					1,003	183	820	160	517		1,950
original framework	*Apr. 97*	*Apr. 98*	*202*		*347*	*73*	*274*	*69*	*160*	*20*	*650*
enhanced framework	*Feb. 00*	*May 00*	*150*		*656*	*110*	*546*	*91*	*357*	*37*	*1,300*
Zambia	Dec. 00	Apr-05	150		2,499	1,168	1,331	602	493	63	3,900
Decision point reached under enhanced framework											
Cameroon	Oct. 00	Floating	150		1,260	874	324	37	179	27	2,800
Chad	May. 01	Floating	150		170	35	134	18	68	30	260
Congo, Democratic Rep. of	Jul. 03	Floating	150		6,311	3,837	2,474	472	831	80	10,389
Gambia, The	Dec. 00	Floating	150		67	17	49	2	22	27	90
Guinea	Dec. 00	Floating	150		545	215	328	31	152	32	800
Guinea-Bissau	Dec. 00	Floating	150		416	212	204	12	93	85	790
Malawi	Dec. 00	Floating	150		643	163	480	30	331	44	1,000
São Tomé and Principe	Dec. 00	Floating	150		97	29	68	-	24	83	200
Sierra Leone	Mar. 02	Floating	150		600	205	354	123	122	80	950
Decision point reached under original framework											
Côte d'Ivoire	Mar. 98 3/	...	141	280	345	163	182	23	91	6 4/	800
Total assistance provided/committed					**32,245**	**15,549**	**16,560**	**2,552** 5/	**7,732**		**54,758**
Preliminary HIPC document issued											
Burundi	...	...	150		801	120	681	24	414	92	1,313
Côte d'Ivoire 6/	...	...	91	250	2,569	1,027	918	166	438	37	3,900

Sources: IMF and World Bank Board decisions, completion point documents, decision point documents, preliminary HIPC documents, and staff calculations.

1/ Assistance levels are at countries' respective decision or completion points, as applicable.

2/ In percent of the net present value of debt at the decision or completion point (as applicable), after the full use of traditional debt-relief mechanisms.

3/ Côte d'Ivoire reached its decision point under the original framework in March 1998. The total amount of assistance committed thereunder was US$345 million in NPV terms.

4/ Nonreschedulable debt to non-Paris Club official bilateral creditors and the London Club, which was already subject to a highly concessional restructuring, is excluded from the NPVof debt at the completion point in the calculation of this ratio.

5/ Equivalent to SDR 1,722 million at an SDR/USD exchange rate of 0.6804, as of June 1, 2005.

6/ It is suggested that enhanced HIPC relief for Côte d'Ivoire overtake the commitments made under the original HIPC framework.

Burundi: Debt Management Capacity

1. The "Direction de la Dette Extérieure" (DDE) at the Ministry of Finance is responsible for debt management; while the central bank, Banque de la République du Burundi (BRB), collects and gathers debt and external sector statistics.

2. The main impediment to debt management remains the lack of trained human resources at the DDE and the lack of communication among the units responsible for the management of external debt. This considerably limits the authorities' debt management capacity particularly in the context of the enhanced HIPC Initiative debt sustainability analysis (DSA) process. During 2004, the authorities have benefited from training on the enhanced HIPC Initiative, debt rescheduling, and debt management by Debt Relief International. The authorities recognize the urgent need to reinforce the DDE and are planning a major restructuring of the DDE and a strengthening of capacities. At present, debt management is tracked and monitored by SYGADE software, but due to limited trained human resources SYGADE is not used in its full capacity. However, data produced on the level of debt disbursed, amount of debt serviced, and payment plan schedules are accurate and up to date. Also, while Debt-Pro software has been installed it is not yet being used. Furthermore, for effective external debt management, Burundi should have well-coordinated institutional arrangements that are fully integrated within the overall macroeconomic policymaking framework. In this regard, the DDE should be strengthened to be able to better coordinate with the cabinet of the Finance Minister and all services in charge of IMF/WB program monitoring. Support to address these weaknesses and improve the authorities' debt management capacity is planned as part of the World Bank's Economic Management Support Project (EMSP).

3. Years of civil war have affected Burundi's dialogue with its creditors and its debt-servicing capacity, which has resulted in poor records on the existing level of indebtedness. However, in the recent past Burundi has made major efforts to remain current with respect to key creditors and to reach agreements on the repayment of arrears. Looking ahead, the country's engagement in the enhanced HIPC Initiative will further improve its relations with creditors and its awareness of its level of indebtedness.

Burundi: Debt Sustainability Analysis for Low-Income Countries Framework (LIC DSA)

1. This annex assesses the external and public debt dynamics of Burundi using the forward-looking framework for debt sustainability for low-income countries (LIC DSA), and draws some conclusions on the forward-looking sustainability of the country's debt.[1]

Baseline scenario

2. **The baseline scenario reflects continued growth of real GDP sustained by an increase in export volumes, and financing in the form of grants or highly concessional borrowing** (Box 5 in the main text). The medium-term outlook envisages achieving macroeconomic stability and solid economic growth, supported by a consolidation of the peace process, a deepening of structural reforms, and full normalization of relations with creditors. Exports are projected to drive growth over the long term based on the recovery of traditional export sectors and development of nontraditional exports. The current account deficit is projected to widen initially to above 10 percent of GDP in 2006, before narrowing to about 3.5 percent of GDP by 2024, while gross investment and national savings gradually rise to 13.7 percent and 10.1 percent of GDP, respectively, by 2024. Unless otherwise indicated, all debt ratios in this annex assume full delivery of HIPC assistance as proposed for the decision point and reflected in the HIPC DSA reported in the main text.

External debt sustainability assessment

3. **The results under the baseline scenario indicate that, even after full delivery of HIPC assistance, Burundi faces a considerable risk of debt distress.** The NPV of debt-to-exports ratio remains above the indicative threshold for countries with comparable policies and institutions for a considerable period of time before falling below it in 2020 (Box 1). Even though all other debt burden indicators are below their respective threshold during the projection period, the NPV of debt to exports ratio indicates that even after HIPC relief, and assuming future financing on highly concessional terms, that a debt distress situation would remain a concern over the next 15 years.

4. **At end-2004, Burundi's stock of public and publicly guaranteed (PPG) external debt was US$1,384 million, or US$895 in NPV terms.** Assuming the full delivery of HIPC

[1] See "Debt Sustainability in Low-Income Countries: Proposal for an Operational Framework and Policy Implications" (SM/04/27 and IDA/SECM2004/0035, 2/3/2004) and "Debt Sustainability in Low-Income Countries: Further Considerations on an Operational Framework and Policy Implications" (SM/04/318 and IDA/SECM2004/0629, 9/10/2004). This DSA was prepared jointly by the staffs of the Fund and the Bank.

assistance,[2] the NPV of debt would amount to US$76.3 million, corresponding to 13.8 percent of GDP, 155.6 percent of exports, and the ratio of debt service to exports would be 123.1 percent.[3] The debt sustainability indicators are projected to remain virtually unchanged or improve in 2005. Thereafter the profiles of the debt and debt service ratios over the long-term are as follows:

- ***The NPV of debt-to-exports indicator remains above the indicative threshold for much of the projection period, increasing over the medium term before gradually improving over the long-term*** (Table 1 and Figure 1). The NPV of debt-to-exports declines from 155.6 percent at end-2004 to 76.2 percent in 2024.

- ***The external debt service indicators suggests a more modest and manageable debt burden both in the short and medium terms.*** Public external debt service is projected to average about 9.6 percent of exports during the 2005-24 period and the projected trajectory shows an initial decline and then an increase through 2012, before decreasing to 6.1 percent in 2024 (Table 1 and Figure 1). Generally, the relatively low debt-service-to-exports indicators reflect: (i) a stable and relatively high grant element on the debt stock resulting in a relatively low debt service requirement, and (ii) high export growth during the period when debt service requirements increase as a result of the end of grace periods. The external debt service to fiscal revenues (including grants) follows a broadly similar trajectory and is well below the indicative threshold.

- ***The ratio of the NPV of debt to GDP is projected to*** **increase to 18.3 percent in 2009, before declining to 10 percent in 2024.**

5. **Alternative scenarios and stress tests indicate that lower growth, less concessional borrowing and macroeconomic instability, substantially increase the risk of debt distress**. Under the LIC framework an alternative scenario is shown in which the main parameters that determine the debt dynamics are assumed to remain at their historical averages. For Burundi, the period considered to calculate the historical averages is 2001-04, starting after the implementation of the Arusha Peace accord of August 2000. The historical scenario is intended to provide an indication about how optimistic the baseline is relative to the country's past performance during normal times. As shown in Figure 1, all debt burden indicators under the historical scenario present a significant deterioration compared to the baseline. In particular, the ratios of the NPV of debt to GDP and to exports exhibit an upward trend. The significant deterioration of debt and debt service indicators under the "historical

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[2] The NPV of debt-to-exports ratio in the HIPC DSA methodology is 150 percent. Annex II Box 2, presents the methodological differences between the HIPC framework and the LIC framework in the calculation of the NPV debt-to-exports ratio, as well as the impact of such differences

[3] Debt service in 2004 includes the repurchase of SDR 19.2 million previously drawn under the IMF's post-conflict emergency assistance policy.

scenario" underlines the critical importance of realizing the overall growth and export growth projections under the baseline.

6. **Stress tests signal the vulnerability of Burundi to adverse developments.** Burundi's debt sustainability indicators experience a considerable deterioration under stress tests assuming lower GDP and export growth or exchange rate depreciation (Table 2). For the NPV of debt-to-GDP ratio, there is a sizeable increase relative to the baseline when all the main parameters determining the debt dynamics are assumed to be one-half standard deviation below their respective historical averages during the period 2006-07. A significant increase in the external debt-to-exports and debt service-to-exports ratios is observed when exports are assumed to grow at the historical average minus one standard deviation.

Fiscal sustainability analysis

7. **The baseline macroeconomic scenario (Table 3 and Figure 2) is premised on increasing government revenues and financing the reconstruction effort and poverty reduction in the medium to long term primarily with grants.** This would allow the public sector borrowing requirement to fall over time, while keeping expenditures consistent with the government's poverty reduction strategy. In particular, it is assumed that revenues as a percentage of GDP rise from 18 percent of GDP in 2004 to 21 percent of GDP in 2024 and that borrowing decreases from 7.6 percent to 1 percent of GDP between 2005 and 2024.

8. **Given the relatively strong revenue effort, fiscal debt (external and domestic) burden indicators are projected to remain below their respective indicative thresholds.**[4] The NPV of debt-to-revenue ratio is projected to drop from 101.8 percent in 2004 to 49.6 percent in 2024, and the debt service-to-revenue ratio is projected to decline from 36.6 percent in 2004 to 12.3 percent in 2010 before dropping to 8.9 percent in 2024 (Table 3 and Figure 2).

9. **As in the external debt sustainability analysis, alternative scenarios and bound tests signal a significant increase in Burundi's risk of debt distress over the medium term.** The no reform scenario, which maintains the primary balance at the 2004 level, signals an increase in all debt indicators (Table 4). However, if the envisaged fiscal restraint is implemented, such a scenario would be a pessimistic benchmark. But, if there was no improvement in the fiscal primary balance after 2004, the NPV of debt-to-revenue indicator is projected to increase to 283 percent in 2024, a difference of 233 percentage points with respect to the baseline (Figure 2).

10. **Other stress tests highlight the negative impact of temporary shocks on debt burden indicators.** In particular, an exchange rate depreciation of 30 percent has the largest impact on debt stock indicators (Table 4 and Figure 2).

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[4] In the LIC DSA methodology, the ratio of debt service to revenue is calculated with revenue including budgetary grants. Under the HIPC DSA framework, grants are excluded.

Box 1: Summary of Baseline Debt Sustainability Indicators 1/

	Indicative Threshold 2/	2005	2015	2024	Average 2005-24
NPV of debt to GDP	30	*13.9*	*136*	*9.9*	*14.1*
NPV of debt to exports	100	136.3	120.2	*76.2*	127.8
NPV of debt to revenue	200	*35.7*	*46.4*	*36.5*	*47.1*
Debt service to exports	15	35.9	*9.2*	*6.1*	*9.6*
Debt service to revenue	25	*9.4*	*3.5*	*2.9*	*3.4*

Note: Figures in italics are under the indicative thresholds.

1/ All debt indicators assume the full delivery of HIPC relief and refer to the NPV of public and publicly guaranteed external debt.
2/ Threshold over which countries with similar evaluations of policies and institutions would have at least a 25 percent chance of having a prolonged incident of debt distress in the coming year. Burundi lies within the bottom quintile of countries ranked by the World Bank's Country Policy and Institutional Assessment Index (CPIA).

Conclusion

11. **Burundi's NPV of external debt-to-exports ratio after enhanced HIPC assistance, is projected to remain above its indicative threshold over the period 2005-20. In addition, the DSA indicates that adverse shocks would negatively impact the debt sustainability indicators and would place Burundi in the high debt distress category for low-income countries.** The debt sustainability indicators for total (domestic and external debt) suggest a more robust position, reflecting a strong domestic revenue effort. However, as reflected in the external debt indicators, the foreign exchange constraint could be binding. Indeed, the external debt sustainability indicators suggest that particular attention be given to exports as the driver of overall growth.

12. **Sensitivity analysis reveals that if the pace of GDP (or export growth) falters, or the exchange rate depreciates, the debt burden could become unsustainable in the medium term.** The sensitivity analysis highlights the importance of sustained export-led growth and macroeconomic stability to decrease Burundi's risk of debt distress.

13. **The debt sustainability analysis indicates that in order for Burundi to lower its high debt stock ratios with respect to exports and to maintain the other debt indicators below their respective thresholds, particular emphasis needs to be placed on four aspects of future economic performance.** First, the authorities will need to implement a strong and sustained reform effort, especially to develop a diversified export base, to support robust growth in exports and GDP. Second, the authorities need to implement prudent fiscal and monetary policies to ensure fiscal discipline and macroeconomic stability. Third, together with prudent debt management, future financing needs to be mainly in the form of grants and highly concessional loans. Fourth, attention should be given to strengthening of policies and institutions, which would raise the indicative debt thresholds for the risk of debt distress.

Box 2. Impact of the Use of the LIC Framework Methodology on the End-2004 NPV of Debt-to-Exports Ratio

Using the new LIC framework methodology, Burundi's NPV of debt-to-exports ratio is estimated to have reached 155.6 percent at end-2004. This is 5.6 percentage points higher compared with the 150 percent obtained using the HIPC methodology, assuming full delivery of HIPC assistance. The increase is due to three factors:

(i) a 34 percentage points increase is due to the change in the exchange rates used to calculate the projected debt service streams (projected exchange rates from WEO; under the LIC framework versus end-2004 exchange rates under the HIPC methodology),

(ii) a 7.9 percentage points decrease is explained by the change in the discount rate used to calculate the NPV of debt (a single 5 percent discount rate under the LIC framework versus currency-specific discount rates under the HIPC methodology), and

(iii) a 20.5 percentage points increase is due to the change in the denominator used to calculate the ratio (current exports under the LIC framework versus a three-year backward-looking average under the HIPC framework).

Burundi: Decomposition of the decrease in the NPV of debt-to-exports ratio at end-2004 1/
(in percentage points, unless otherwise indicated)

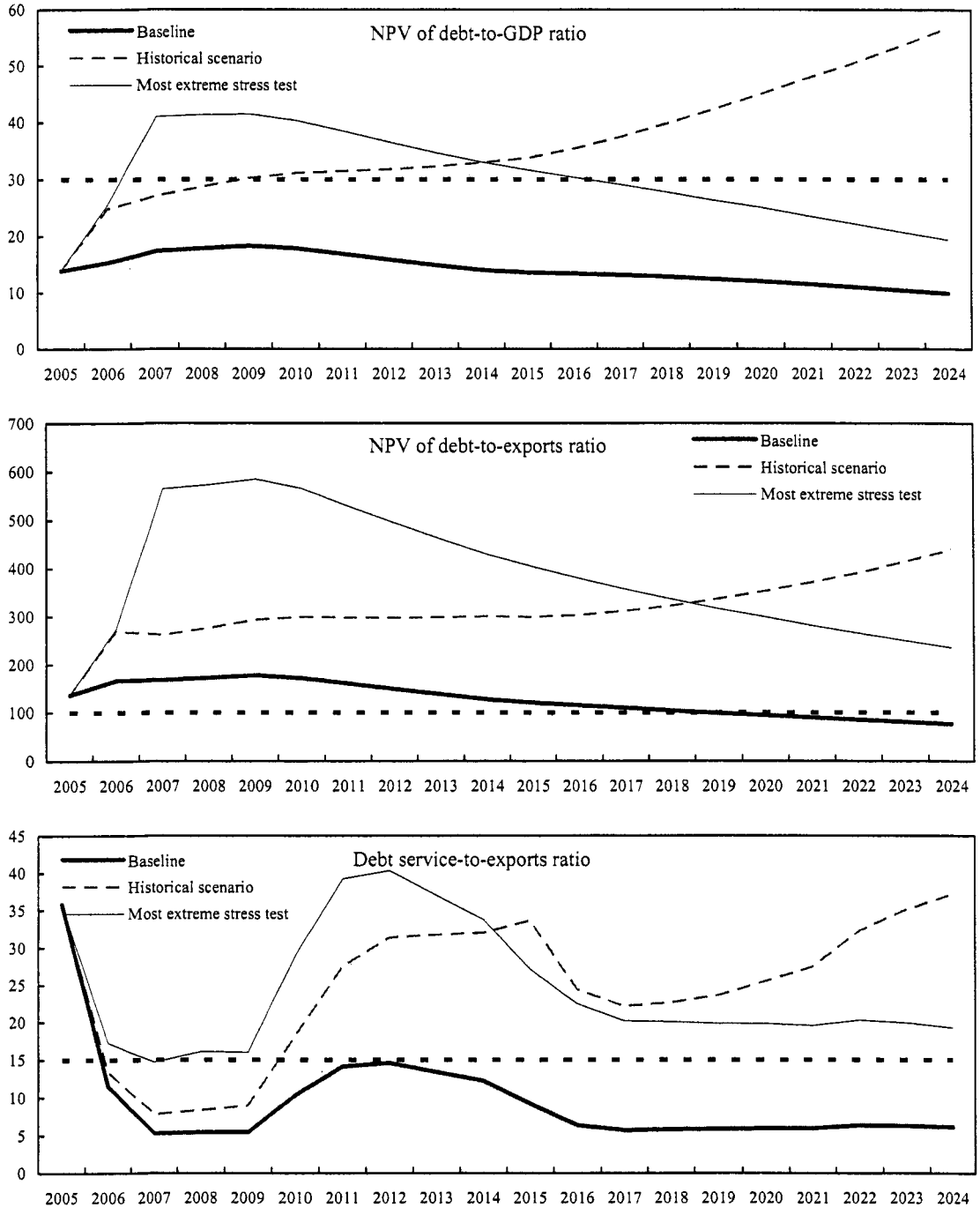
Factors explaining the change in the NPV of debt-to-exports ratio	Impact of methodological changes
Total Change	**5.6**
Of which: due to changes in:	
Exchange rates	34.0
Discount rates	-7.9
Exports of goods and services	-20.5

Memorandum items:

	Decision point	LIC framework
End-2004 NPV of debt-to-exports ratio	150.0	155.6
Exports of goods and services		
Current	58.9	58.9
Three year average	50.9	50.9

1/ Refers to public and publicly guarenteed external debt.

Figure 1. Burundi: Indicators of Public and Publicly Guaranteed External Debt Under Alternative Scenarios, 2005-2024 1/
(In percent)

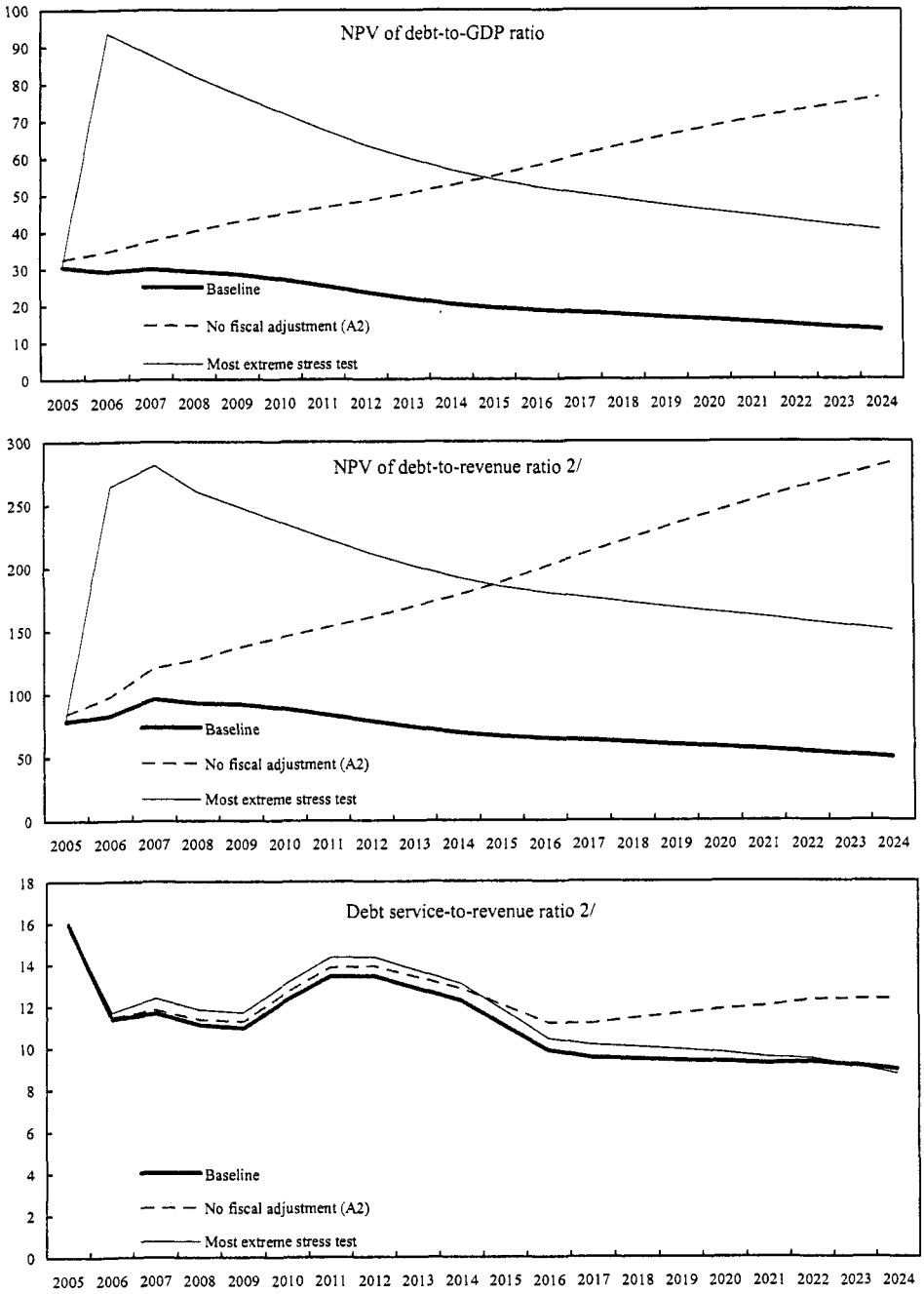


Source: Staff projections and simulations.

1/ Most extreme stress test is test that yields highest ratio in 2015.

Figure 2. Burundi: Indicators of Public Debt Under Alternative Scenarios, 2005-24 1/

(In percent)



Source: Staff projections and simulations.
1/ Most extreme stress test is test that yields highest ratio in 2015.
2/ Revenue including grants.

Table 1. Burundi: External Debt Sustainability Framework, Baseline Scenario, 2004-24 1/
(In percent of GDP, unless otherwise indicated)

	Act.	Historical	Standard	Est.	Projections									
	2004	Average 6/	Deviation 6/	2005	2006	2007	2008	2009	2010	2005-10 Average	2015	2020	2024	2011-24 Average
External debt (nominal) 1/	208.4			178.2	34.8	37.1	37.2	37.0	35.7		27.2	22.4	18.0	
Of which: public and publicly guaranteed (PPG)	208.4			178.2	34.8	37.1	37.2	37.0	35.7		27.2	22.4	18.0	
Change in external debt	-18.7			-30.2	-143.5	2.3	0.1	-0.2	-1.3		-1.2	-0.9	-1.1	
Identified net debt-creating flows	-16.5			-1.4	1.7	7.4	5.9	5.8	5.4		3.5	2.4	1.9	
Noninterest current account deficit	5.9	4.4	2.4	6.1	10.2	9.9	8.5	8.4	7.9	8.5	5.6	4.2	3.4	5.0
Deficit in balance of goods and services	22.0			26.7	23.6	20.7	19.4	18.6	17.5		13.7	11.1	9.5	
Exports	8.9			10.2	9.2	10.4	10.4	10.3	10.4		11.3	12.8	13.0	
Imports	30.9			36.9	32.8	31.0	29.8	29.0	27.9		25.0	23.9	22.4	
Net current transfers (negative = inflow)	-17.2	-8.7	5.8	-21.8	-14.8	-12.2	-12.0	-11.2	-10.5	-13.8	-8.6	-7.2	-6.3	-8.0
Other current account flows (negative = net inflow)	1.0			1.3	1.5	1.4	1.2	1.0	0.9		0.5	0.3	0.2	
Net FDI (negative = inflow)	0.0	-0.2	0.5	-0.2	-1.1	-1.1	-1.1	-1.1	-1.1	-0.9	-0.9	-0.8	-0.8	-0.9
Endogenous debt dynamics 2/	-22.4			-7.3	-7.4	-1.4	-1.5	-1.5	-1.5		-1.1	-0.9	-0.8	
Contribution from nominal interest rate	1.3			1.3	0.5	0.3	0.3	0.2	0.2		0.2	0.1	0.1	
Contribution from real GDP growth	-9.8			-8.6	-7.9	-1.6	-1.7	-1.7	-1.7		-1.3	-1.1	-0.9	
Contribution from price and exchange rate changes	-13.8			...	...	...	...	...	...		...	...	...	
Residual (3-4) 3/	-2.2			-28.8	-145.2	-5.0	-5.8	-6.1	-6.6		-4.7	-3.4	-3.0	
Of which: exceptional financing	-16.0			-19.8	-134.2	-3.9	-3.8	-4.0	-4.2		-2.8	-1.8	-1.4	
NPV of external debt 4/	13.8			13.9	15.3	17.3	17.9	18.3	17.9		13.6	12.0	9.9	
In percent of exports	155.6			136.3	166.1	167.3	172.0	177.2	171.5		120.2	94.4	76.2	
NPV of PPG external debt	13.8			13.9	15.3	17.3	17.9	18.3	17.9		13.6	12.0	9.9	
In percent of exports	155.6			136.3	166.1	167.3	172.0	177.2	171.5		120.2	94.4	76.2	
Debt service-to-exports ratio (in percent)	123.1			35.9	11.5	5.3	5.4	5.4	10.3		9.2	6.0	6.1	
PPG debt service-to-exports ratio (in percent)	123.1			35.9	11.5	5.3	5.4	5.4	10.3		9.2	6.0	6.1	
Total gross financing need (billions of U.S. dollars)	111.7			1516.5	1373.3	89.9	83.0	88.9	96.2		100.3	102.3	111.7	
Noninterest current account deficit that stabilizes debt ratio	24.6			36.3	153.7	7.5	8.4	8.7	9.2		6.8	5.2	4.5	
Key macroeconomic assumptions														
Real GDP growth (in percent)	4.8	1.7	2.7	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
GDP deflator in U.S. dollar terms (change in percent)	6.5	-4.5	8.8	14.8	7.3	2.4	2.4	2.5	2.8	5.4	2.2	2.0	2.0	2.2
Effective interest rate (percent) 5/	0.6	1.0	0.2	0.7	0.3	0.8	0.8	0.6	0.7	0.7	0.7	0.7	0.7	0.7
Growth of exports of goods and services (U.S. dollar terms, in percent)	7.0	7.0	39.3	38.5	1.8	20.9	8.1	6.7	8.8	14.1	10.1	8.6	7.1	9.0
Growth of imports of goods and services (U.S. dollar terms, in percent)	19.9	6.4	16.0	43.8	0.2	1.7	3.2	4.8	4.0	9.6	5.9	6.7	5.6	5.6
Grant element of new public sector borrowing (in percent)	...	...	...	45.6	41.0	48.5	54.6	54.4	54.2	49.7	53.9	54.0	53.7	54.0
Memorandym item:														
Nominal GDP (billions of U.S. dollars)	664.1			800.4	901.6	969.3	1043.0	1122.9	1211.8		1751.4	2466.2	3239.8	

Source: Staff projections and simulations.

1/ Includes both public and private sector external debt.

2/ Derived as $[r - g - \rho(1+g)]/(1+g+\rho+g\rho)$ 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/ Assumes that NPV of private sector debt is equivalent to its face value.

5/ Current-year interest payments devided by previous period debt stock.

6/ Historical averages and standard deviations are derived over the past 4 years (from 2001), subject to data availability.

Table 2. Burundi: Sensitivity Analyses for Key Indicators of Public and Publicly Guaranteed External Debt, 2005-24
(In percent)

	Est.	Projections						
	2005	2006	2007	2008	2009	2010	2015	2024
NPV of debt-to-GDP ratio								
Baseline	14	15	17	18	18	18	14	10
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2005-24 1/	14	25	27	29	30	31	34	57
A2. New public sector loans on less favorable terms in 2005-24 2/	14	16	19	21	22	22	19	16
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2006-07	14	16	20	20	21	20	15	11
B2. Export value growth at historical average minus one standard deviation in 2006-07 3/	14	17	22	22	22	22	17	11
B3. U.S. dollar GDP deflator at historical average minus one standard deviation in 2006-07	14	19	25	26	27	26	20	14
B4. Net non-debt-creating flows at historical average minus one standard deviation in 2006-07 4/	14	22	29	29	29	28	22	13
B5. Combination of B1-B4 using one-half standard deviation shocks	14	26	41	41	41	40	32	19
B6. One-time 30 percent nominal depreciation relative to the baseline in 2006 5/	14	21	24	25	25	25	19	14
NPV of debt-to-exports ratio								
Baseline	136	166	167	172	177	172	120	76
A. Alternative Scenarios								
A1 Key variables at their historical averages in 2005-24 1/	136	269	262	276	293	299	299	438
A2. New public sector loans on less favorable terms in 2005-24 2/	136	177	187	199	209	208	172	127
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2006-07	136	166	167	172	177	172	120	76
B2. Export value growth at historical average minus one standard deviation in 2006-07 3/	136	274	565	574	585	565	404	234
B3. U.S. dollar GDP deflator at historical average minus one standard deviation in 2006-07	136	166	167	172	177	172	120	76
B4. Net non-debt-creating flows at historical average minus one standard deviation in 2006-07 4/	136	235	276	277	279	269	195	104
B5. Combination of B1-B4 using one-half standard deviation shocks	136	262	440	442	447	431	312	166
B6. One-time 30 percent nominal depreciation relative to the baseline in 2006 5/	136	166	167	172	177	172	120	76
Debt service ratio								
Baseline	36	11	5	5	5	10	9	6
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2005-24 1/	36	13	8	8	9	18	34	37
A2. New public sector loans on less favorable terms in 2005-24 2/	36	11	6	7	7	9	10	8
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2006-07	36	11	5	5	5	10	9	6
B2. Export value growth at historical average minus one standard deviation in 2006-07 3/	36	17	15	16	16	29	27	19
B3. U.S. dollar GDP deflator at historical average minus one standard deviation in 2006-07	36	11	5	5	5	10	9	6
B4. Net non-debt-creating flows at historical average minus one standard deviation in 2006-07 4/	36	11	6	7	7	12	13	9
B5. Combination of B1-B4 using one-half standard deviation shocks	36	13	10	11	11	19	20	14
B6. One-time 30 percent nominal depreciation relative to the baseline in 2006 5/	36	11	5	5	5	10	9	6
Memorandum item:								
Grant element assumed on residual financing (i.e., financing required above baseline) 6/	53	53	53	53	53	53	53	53

Source: Staff projections and simulations.

1/ Variables include real GDP growth, growth of GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.
2/ Assumes that the interest rate on new borrowing is by 2 percentage points higher than in the baseline., while grace and maturity periods are the same as in the baseline.
3/ Exports values are assumed to remain permanently at the lower level, but the current account as a share of GDP is assumed to return to its baseline level after the shock (implicitly assuming an offsetting adjustment in import levels).
4/ Includes official and private transfers and FDI.
5/ Depreciation is defined as percentage decline in dollar/local currency rate, such that it never exceeds 100 percent.
6/ Applies to all stress scenarios except for A2 (less favorable financing) in which the terms on all new financing are as specified in footnote 2.

Table 3. Burundi: Public Sector Debt Sustainability Framework, Baseline Scenario, 2004-24
(In percent of GDP, unless otherwise indicated)

	Act.			Est.	Projections									
	2004	Historical Average 5/	Standard Deviation 5/	2005	2006	2007	2008	2009	2010	2005-10 Average	2015	2020	2024	2011-24 Average
Public sector debt 1/	232.3			194.2	49.5	50.4	49.3	47.8	45.5		33.4	26.9	21.7	
Of which: foreign-currency denominated	210.0			177.3	35.3	37.6	37.7	37.4	36.1		27.5	22.7	18.1	
Change in public sector debt	-15.1			-38.2	-144.7	0.9	-1.1	-1.4	-2.3		-1.8	-1.2	-1.3	
Identified debt-creating flows	-38.0			-61.8	-155.1	-5.2	-5.7	-5.8	-6.2		-6.4	-6.7	-7.0	
Primary deficit	1.0	2.2	2.9	-3.6	-4.9	-3.8	-5.0	-5.0	-5.3	-4.6	-6.3	-6.8	-7.2	-6.5
Revenue and grants	35.5			38.9	35.4	31.1	31.5	31.2	30.8		29.3	27.9	27.0	
Of which: grants	15.4			20.7	16.8	12.3	12.5	12.0	11.4		9.0	7.3	6.2	
Primary (noninterest) expenditure	36.5			35.3	30.5	27.3	26.5	26.1	25.5		23.0	21.1	19.8	
Automatic debt dynamics	-23.0			-38.1	-15.1	-0.6	-0.7	-0.8	-0.8		-0.2	0.1	0.2	
Contribution from interest rate/growth differential	-13.8			-14.3	-10.4	-0.4	-0.5	-0.5	-0.5		-0.1	0.1	0.2	
Of which: contribution from average real interest rate	-2.4			-3.3	-1.1	2.0	1.9	1.8	1.8		1.6	1.4	1.3	
Of which: contribution from real GDP growth	-11.4			-11.0	-9.3	-2.4	-2.4	-2.4	-2.3		-1.7	-1.3	-1.1	
Contribution from real exchange rate depreciation	-9.2			-23.8	-4.7	-0.2	-0.2	-0.3	-0.3		...	...	...	
Other identified debt-creating flows	-16.0			-20.1	-135.2	-0.8	0.0	0.0	0.0		0.0	0.0	0.0	
Privatization receipts (negative)	0.0			-0.3	-1.0	-0.8	0.0	0.0	0.0		0.0	0.0	0.0	
Recognition of implicit or contingent liabilities	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	
Debt relief (HIPC and other)	-16.0			-19.8	-134.2	0.0	0.0	0.0	0.0		0.0	0.0	0.0	
Other (specify, e.g., bank recapitalization)	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	
Residual, including asset changes	22.9			23.6	10.5	6.1	4.6	4.4	3.9		4.7	5.5	5.7	
NPV of public sector debt	36.1			30.7	29.5	30.1	29.4	28.7	27.3		19.5	16.3	13.4	
Of which: foreign-currency denominated	13.8			13.9	15.3	17.3	17.9	18.3	17.9		13.6	12.0	9.9	
external	13.8			13.9	15.3	17.3	17.9	18.3	17.9		13.6	12.0	9.9	
NPV of contingent liabilities (not included in public sector debt)	0.0			6.8	6.0	5.4	4.9	4.4	4.0		2.5	1.6	1.1	
Gross financing need 2/	9.6			2.4	0.5	0.3	0.3	0.3	0.8		0.9	0.6	0.7	
NPV of public sector debt-to-revenue ratio (in percent) 3/	101.8			78.9	83.4	96.8	93.4	92.2	88.8		66.7	58.4	49.6	
Of which: external	38.9			35.7	43.3	55.7	56.8	58.7	58.0		46.4	43.2	36.5	
Debt service-to-revenue ratio (in percent) 3/ 4/	36.6			16.0	11.4	11.7	11.1	10.9	12.3		11.0	9.3	8.9	
Primary deficit that stabilizes the debt-to-GDP ratio	16.1			34.6	139.8	-4.7	-3.9	-3.6	-3.0		-4.5	-5.6	-5.9	
Key macroeconomic and fiscal assumptions														
Real GDP growth (in percent)	4.8	1.7	2.7	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Average nominal interest rate on forex debt (in percent)	0.6	1.1	0.2	0.7	0.3	0.8	0.8	0.6	0.7	0.7	0.7	0.7	0.7	0.7
Average real interest rate on domestic currency debt (in percent)	4.3	-1.1	8.9	-1.2	10.7	17.6	19.0	21.0	22.5	14.9	31.2	39.4	42.4	34.7
Real exchange rate depreciation (in percent, indicates depreciation +)	-4.3	4.1	14.2	-12.1	...	...	...	...	...	...	...	...	...	...
Inflation rate (GDP deflator, in percent)	8.3	12.0	8.3	15.3	8.4	5.5	5.4	5.2	5.0	7.5	4.3	4.0	4.0	4.2
Growth of real primary spending (deflated by GDP deflator, in percent)	23.2	7.2	18.2	1.6	-9.3	-5.9	2.0	3.4	2.3	-1.0	3.5	3.7	3.5	3.1
Grant element of new external borrowing (in percent)	...	0.0	0.0	45.6	41.0	48.5	54.6	54.4	54.2	49.7	53.9	54.0	53.7	...

Sources: Country authorities; and staff estimates and projections.

1/ Burundi's public debt is defined as external public and publicly guaranteed debt and domestic central government debt, gross basis.

2/ 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.

3/ Revenues including grants.

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

5/ Historical averages and standard deviations are generally over the past four years (from 2001), subject to data availability.

ANNEX II

Table 4. Burundi: Sensitivity Analysis for Key Indicators of Public Debt, 2005-24

	Est.	Projections							
	2005	2006	2007	2008	2009	2010	2015	2020	2024
NPV of Debt-to-GDP Ratio									
Baseline	31	29	30	29	29	27	20	16	13
A. Alternative scenarios									
A1. Real GDP growth and primary balance are at historical averages	31	34	37	41	45	48	67	93	115
A2. Primary balance is unchanged from 2004	33	35	38	40	43	45	55	68	76
A3. Permanently lower GDP growth 1/	31	30	31	32	32	32	32	37	41
B. Bound tests									
B1. Real GDP growth is at historical average minus one standard deviations in 2006-07	31	32	36	37	38	38	39	43	45
B2. Primary balance is at historical average minus one standard deviations in 2006-07	31	34	37	37	37	36	33	32	31
B3. Combination of B1-B2 using one half standard deviation shocks	31	34	39	39	39	38	33	33	32
B4. One-time 30 percent real depreciation in 2006	31	94	88	82	77	73	54	46	41
B5. 10 percent of GDP increase in other debt-creating flows in 2006	31	35	35	35	35	35	31	31	30
NPV of Debt-to-Revenue Ratio 2/									
Baseline	79	83	97	93	92	89	67	58	50
A. Alternative scenarios									
A1. Real GDP growth and primary balance are at historical averages	79	94	117	126	138	149	210	300	375
A2. Primary balance is unchanged from 2004	84	99	121	128	138	146	189	245	283
A3. Permanently lower GDP growth 1/	79	86	101	101	103	104	109	131	148
B. Bound tests									
B1. Real GDP growth is at historical average minus one standard deviations in 2006-07	79	89	110	112	116	119	129	152	163
B2. Primary balance is at historical average minus one standard deviations in 2006-07	79	95	119	118	119	118	112	116	114
B3. Combination of B1-B2 using one half standard deviation shocks	79	95	122	119	120	119	111	115	116
B4. One-time 30 percent real depreciation in 2006	79	265	282	261	249	236	186	165	150
B5. 10 percent of GDP increase in other debt-creating flows in 2006	79	98	114	112	114	113	107	112	111
Debt Service-to-Revenue Ratio 2/									
Baseline	16	11	12	11	11	12	11	9	9
A. Alternative scenarios									
A1. Real GDP growth and primary balance are at historical averages	16	12	12	12	12	14	14	15	16
A2. Primary balance is unchanged from 2004	16	11	12	11	11	13	12	12	12
A3. Permanently lower GDP growth 1/	16	11	12	11	11	12	11	9	8
B. Bound tests									
B1. Real GDP growth is at historical average minus one standard deviations in 2006-07	16	12	12	12	12	13	12	10	9
B2. Primary balance is at historical average minus one standard deviations in 2006-07	16	11	12	11	11	12	11	9	7
B3. Combination of B1-B2 using one half standard deviation shocks	16	12	12	12	12	13	11	9	7
B4. One-time 30 percent real depreciation in 2006	16	12	12	11	11	13	11	8	7
B5. 10 percent of GDP increase in other debt-creating flows in 2006	16	11	12	11	11	12	11	9	7

Sources: Country authorities; and staff estimates and projections.
1/ Assumes that real GDP growth is at baseline minus one standard deviation divided by the square root of 20 (i.e., the length of the projection period).
2/ Revenues are defined inclusive of grants.