

**Burundi: Joint Staff Advisory Note of Poverty Reduction Strategy Paper
Preparation Status Report**

The attached Joint Staff Advisory Note (JSAN) of the Poverty Reduction Strategy Paper Preparation Status Report for Burundi, prepared jointly by the staffs of the World Bank and IMF, was distributed with the member country's Poverty Reduction Strategy Paper Preparation Status Report to the Executive Boards of the two institutions. The objective of the JSAN is to provide focused, frank, and constructive feedback to the country on progress in implementing its Poverty Reduction Strategy (PRS).

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THE INTERNATIONAL MONETARY FUND AND
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BURUNDI

Joint Staff Advisory Note of the PRSP Preparation Status Report

Prepared by the Staff of the International Monetary Fund and
the International Development Association

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I. INTRODUCTION

1. The Government of Burundi prepared an Interim Poverty Reduction Strategy Paper (I-PRSP) which was presented to the Executive Boards of the IMF and IDA on January 23, 2004. The two Boards concurred with the Joint Staff Assessment (JSA) of that paper (IDA Report No. 27569 and Country Report No. 04/36), which found the I-PRSP framework to be sound. As the PRSP process has not been completed within 18 months of the issue of the I-PRSP and associated JSA, on account of Burundi's complex socio-political environment as a post-conflict country, the authorities have drafted a PRSP Preparation Status Report (PSR) covering the first 15 months of implementation of the I-PRSP framework and the preparation of the full PRSP.

II. PROGRESS IN DEVELOPING THE FULL PRSP AS SET OUT IN THE PSR

2. The PSR describes the progress through end-March 2005 in the **participatory process** being undertaken for the preparation of the full PRSP. This process has been comprehensive and in line with the I-PRSP. A strong effort has been made to avoid gaps in the participatory process. The staff notes that appropriately the authorities have ensured that the participatory process, and sectoral and thematic consultations, are being fully implemented in a comprehensive, indeed noteworthy fashion for a country emerging from severe ethnic conflict. However, this has led to some delays in the completion of the full PRSP with respect to the original timeframe set out in the I-PRSP. The staffs encourage the authorities to continue with this approach, especially given the importance of building a strong consensus for the poverty reduction strategy in the current political context. In this regard, the PSR targets completion of the full PRSP for August 2005. However, in discussions with the staffs the authorities have indicated that, because of some delays in the participatory process in early 2005 the **full PRSP is now projected to be completed by late 2005**. As of mid-June 2005, the communal and provincial consultations had been completed, while an analysis and synthesis of the results is ongoing and is now expected to

be completed by mid-July. At the same time, preparations for the sectoral and thematic consultations have begun and the consultations themselves are now expected to take place during the period August 1-September 15, 2005. On this basis, a first draft of the full PRSP would be prepared in early October 2005 and a final draft by the end of that month.

3. **In the staffs' view, the revised timetable, as presented to the staffs,** would give the government more time to address several of the constraints to meeting the original PSR target of end-August 2005. However, further delays may occur given that the work may proceed more slowly than envisaged for technical reasons or because of the elections, which are being held during June-August 2005.

4. The PSR maps out measures that have been undertaken, as well as elements in the ongoing preparatory process, that should help address the principal areas in which the staffs indicated a need for strengthening in the JSA of the I-PRSP.

5. The PSR describes the actions that have been taken, or are under way, with the support of technical assistance to improve the information base on the **prevalence, characteristics and perceptions of poverty** in Burundi. This should help provide a more detailed analysis of poverty and its determinants, as well as of priority policy areas, as input into the PRSP. However, it would be important that a framework of statistics collection and analysis be put in place to provide for the periodic monitoring and evaluation of poverty trends and policy impacts. The PSR also describes the considerable progress that has been achieved, with IMF and World Bank technical assistance, in improving the government's capacity to monitor and evaluate **public social expenditures** and other poverty-reducing outlays. The ongoing program of improvements, and further technical assistance from the IMF and the Bank, is geared to having these capacities progressively in place, including budget monitoring of poverty-reducing outlays by end-2005, and the evaluation of the efficiency and effectiveness of pro-poor spending in a number of key sectors during 2006. The staffs encourage the authorities to proceed expeditiously in this area and to set up a fully operational expenditure tracking mechanism as quickly as possible.

6. The study on the **sources of growth** is under way and the staffs encourage its timely completion as envisaged in the PSR to ensure it provides a key input to the PRSP. The staffs also recommend that the study take into account the recently completed Diagnostic Trade Integration Study (DTIS), prepared in the context of the Integrated Framework, as well as the Poverty Diagnostic studies being prepared with the support of the Bank.

7. The **thematic and sectoral groups** will play a key role in the production of a high-quality PRSP. The PSR notes that among the tasks of these groups will be that of identifying and quantifying priority policy actions, and of mapping out a system for **monitoring and evaluating the poverty reduction strategy** in line with the MDGs and "Vision Burundi 2025". The staffs underscore the importance of these tasks, and encourage the authorities to set up an operational monitoring system in this area as soon as possible. It will also be important to prioritize the policy actions envisaged and prepare **well-costed medium-term sector strategies** in key sectors to the extent possible within the time frame for finalizing the

PRSP. This would help provide an important input to the budgetary process and the design of a coherent macroeconomic framework. Furthermore, it would provide a framework for financing the PRSP and give a clear signal of the magnitude of international assistance needed for the budget and to support progress towards achieving the MDGs. Over time it should be possible, with the conduct of more detailed sector analyses, including with the assistance of the Bank and donors, to refine the costing exercise and estimates of needs.

8. The PSR notes the lack of **human, technical, and institutional capacity** to support activities in the preparation and implementation of the PRSP. The staffs encourage the authorities to continue to identify measures and assistance needed from the international community to address the shortfalls in capacity within the context of the sectoral and thematic groups and the framework for cooperation and support by development partners that is being established. The IMF (through technical assistance in the fiscal, monetary, and statistics areas) and the Bank (mainly through the ongoing Economic Management Support Project and activities financed by the Belgian Poverty Reduction Partnership) are also committed to supporting Burundi in its efforts to strengthen its institutional capacity with respect to (i) strengthening macroeconomic and statistical data collection and analysis for informed policy formulation; (ii) improving public sector financial management; (iii) conducting poverty and social impact analyses; and (iv) preparing growth and poverty reduction strategies, as well as monitoring and evaluation activities.