



BURUNDI

June 2026

2026 ARTICLE IV CONSULTATION—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR BURUNDI

Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. In the context of the 2026 Article IV consultation with Burundi, the following documents have been released and are included in this package:

- A **Press Release** summarizing the views of the Executive Board as expressed during its June 16, 2026 consideration of the staff report that concluded the Article IV consultation with Burundi.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on June 16, 2026, following discussions that ended on May 8, 2026 with the officials of Burundi on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on June 3, 2026.
- An **Informational Annex** prepared by the IMF staff.
- A **Debt Sustainability Analysis** prepared by the staff of the IMF and the World Bank.
- A **Statement by the Executive Director** for Burundi.

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IMF Executive Board Concludes 2026 Article IV Consultation with Burundi

FOR IMMEDIATE RELEASE

Washington, DC – June 16, 2026: The Executive Board of the International Monetary Fund (IMF) concluded the Article IV consultation¹ with Burundi.

Burundi remains a fragile post-conflict country facing weak institutions, widespread poverty, and spillovers from conflict in neighboring DRC. Economic conditions improved in 2025, with growth reaching 4.2 percent on the back of stronger coffee and gold exports, while inflation fell sharply from 45 percent in April 2025 to 8.6 percent in April 2026.

External vulnerabilities remain elevated: the current account deficit is large, reserves cover only 1.6 months of imports, and the official exchange rate appears significantly overvalued despite a narrower parallel market premium. In January 2026, the authorities adopted a Macroeconomic Stabilization Plan focused on fiscal consolidation, tighter monetary policy, FX reforms, and structural reforms in key sectors. Monetary policy has tightened, with central bank financing of the government frozen, slowing money growth and reducing excess liquidity, though private sector credit has weakened. Fiscal policy has also tightened, supported by spending restraint and improved tax collection, but risks persist from revenue shortfalls, weak investment execution, arrears, and high domestic financing needs. Public debt declined from 53 percent of GDP in 2024 to 42 percent in 2025. While debt is assessed as sustainable, Burundi remains at high risk of external and overall debt distress given ongoing vulnerabilities.

The outlook remains broadly positive despite the war in the Middle East, with growth projected at 3.9 percent in 2026 and averaging 4.3 percent over 2027–31, supported by electrification, agriculture, mining, investment, and structural labor shifts. The near-term impact of the war is expected to be limited, reflecting favorable terms of trade and low global trade integration. Inflation is projected to rise to 14.5 percent in 2026 before easing to 11.5 percent by 2031. External balances are expected to improve, driven by stronger agriculture and mining exports, while FDI related to electrification supports the financial account and raises reserves to 2.8 months of imports by 2031. A tighter fiscal stance is projected to reduce public debt to 32 percent of GDP by 2031. Risks are tilted to the downside in the near term, including fiscal slippages ahead of the 2027 elections and external shocks from weaker export prices or higher fuel and fertilizer costs.

¹ Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board.

Executive Board Assessment²

Executive Directors agreed with the thrust of the staff appraisal. They welcomed the improved economic conditions and commended the authorities for adopting the Macroeconomic Stabilization Plan. Directors noted the broadly positive economic outlook, although risks are tilted to the downside. In this context, Directors emphasized that sustained fiscal prudence, monetary policy tightening, and Foreign Exchange (FX) reforms are crucial to achieving macroeconomic stabilization and boosting inclusive growth. Engagement with the Fund, including through capacity development, and other partners also remains key.

Directors welcomed the ongoing fiscal consolidation and the discontinuation of monetary financing. While acknowledging the authorities' ambitious medium-term fiscal framework, Directors supported a more gradual debt reduction path preserving priority social and development spending. They underscored the importance of stronger domestic revenue mobilization and of reallocating expenditure toward social sectors and infrastructure spending. Enhancing fiscal transparency and SOEs governance and strengthening public financial and debt management remain critical to mitigate fiscal risks.

Directors urged the authorities to tighten the monetary policy stance and actively manage liquidity to strengthen monetary transmission and prepare the ground for FX reforms. In that context, they emphasized the importance of continued, coordinated policy actions to anchor inflation expectations and support disinflation and external adjustment.

Directors concurred that advancing FX reforms remains critical for macroeconomic stability. Noting the favorable environment, they encouraged the authorities to advance FX reforms, through a well-sequenced and tailored roadmap for a unified and flexible FX regime. Carefully communicating these reforms and addressing their potential social and fiscal impacts would also contribute to a successful transition.

Directors noted that the banking sector appears broadly resilient, while vulnerabilities warrant vigilance. They encouraged the authorities to conduct an asset quality review, strengthen supervision, and advance AML/CFT compliance. Implementation of the Safeguards Assessment recommendations is also important.

Directors highlighted that advancing structural and governance reforms remains essential to achieving sustainable and inclusive growth. In this regard, reforms in agriculture, mining, and electricity sectors will play a critical role. Furthermore, Directors underscored that governance reforms are central to unlocking Burundi's growth potential and encouraged the authorities to draw on the 2024 Governance Diagnostic Assessment to prepare and implement a governance action plan. Addressing data gaps should also remain a priority.

It is expected that the next Article IV consultation with Burundi will be held on the standard 12-month cycle.

² At the conclusion of the discussion, the Managing Director, or the Acting Chair of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities. An explanation of any qualifiers used in this summary document can be found here: <http://www.imf.org/external/np/sec/misc/qualifiers.htm>.

Table 1. Burundi: Selected Economic Indicators, 2024–31

	2024	2025	2026	2027	2028	2029	2030	2031
	Est.		Projections					
	(Annual percentage change, unless otherwise indicated)							
Output and prices								
Real GDP	4.1	4.2	3.9	4.2	4.5	4.3	4.3	4.2
GDP deflator	22.2	37.7	15.3	15.6	13.8	12.7	9.8	10.3
CPI (period average)	20.2	34.2	14.5	15.3	13.6	13.2	10.3	11.5
CPI (end of period)	36.4	15.2	19.6	11.9	15.6	11.1	10.7	11.1
Terms of trade (- = deterioration)	21.5	27.7	5.4	0.8	-0.9	-1.1	-1.3	-1.3
Money and credit								
Broad Money (M2)	29.3	19.4	27.7	20.7	21.0	17.2	17.4	15.2
Credit to non-government sector	27.2	23.8	19.0	19.7	18.4	17.1	14.2	14.6
M2/GDP (percent)	43.9	36.5	38.9	39.0	39.7	39.6	40.5	40.6
	(Percent of GDP, unless otherwise indicated)							
Central government budget ^{1/}								
Revenue and grants	19.9	16.5	17.2	18.0	18.1	18.5	18.9	19.3
<i>of which: grants</i>	3.9	2.1	2.5	3.0	3.0	3.0	3.0	3.0
<i>of which: revenue</i>	16.0	14.4	14.7	15.0	15.1	15.5	15.9	16.3
Expenditure	24.9	22.0	20.6	21.4	21.8	22.1	22.7	23.1
Expense	14.1	12.8	12.2	12.1	12.0	11.9	12.0	12.1
Net acquisition of non-financial assets	10.9	9.2	8.4	9.3	9.7	10.2	10.8	10.9
Primary balance	-3.3	-4.2	-2.1	-2.1	-2.1	-2.0	-2.2	-2.1
Overall balance	-5.0	-5.5	-3.4	-3.4	-3.6	-3.6	-3.9	-3.8
Excluding grants	-9.0	-7.6	-5.9	-6.4	-6.6	-6.6	-6.9	-6.8
Public debt								
Public gross nominal debt	53.3	41.6	38.4	38.7	36.6	34.6	34.2	32.4
Investment and savings								
Investment	19.0	19.0	18.7	20.0	19.4	20.4	20.3	20.6
Savings	10.4	12.3	12.7	14.6	14.2	15.1	15.5	16.0
External sector								
Current account balance ^{2/}	-8.6	-6.6	-6.0	-5.4	-5.2	-5.3	-4.8	-4.6
Trade Balance ^{3/}	-19.0	-14.0	-12.2	-11.0	-10.6	-10.5	-10.0	-9.4
Exports	7.1	8.2	8.4	8.7	10.1	10.6	11.9	12.2
Imports	26.1	22.2	20.6	19.7	20.6	21.1	22.0	21.6
Gross international reserves								
In millions of US\$	191.3	213.9	296.8	298.5	360.8	392.0	478.3	511.7
In months of next year imports	1.5	1.6	2.0	1.9	2.2	2.3	2.7	2.8
Memorandum items:								
Official current transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Official capital transfers	3.0	1.9	3.0	3.0	3.0	3.0	3.0	3.0
GDP at current prices								
In Burundi Francs (Billions)	13,879	19,917	23,860	28,731	34,169	40,169	45,999	52,848
In US\$ (Billions)	4.8	6.8	7.9	8.8	9.1	9.4	9.3	9.7
Nominal GDP per capita, US\$	342.7	467.7	533.4	575.5	578	575	556	567
Export volume growth ^{4/}	-29.1	45.3	10.3	13.8	22.8	9.4	13.0	7.0
Population (million)	14.0	14.5	14.9	15.4	15.8	16.3	16.8	17.2

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

^{1/} Fiscal year values (July-June, i.e. 2025 is FY 2024/25).^{2/} Including budget support.^{3/} Goods and services^{4/} Goods, in percent.



BURUNDI

STAFF REPORT FOR THE 2026 ARTICLE IV CONSULTATION

June 3, 2026

KEY ISSUES

Context. Burundi is a fragile, low-income country facing structural challenges, including weak institutions and high vulnerability to external shocks. The legacy of the 2015 crisis and the conflict in neighboring DRC constrain development. Recent years have been characterized by low growth, high and volatile inflation, shortages, and external imbalances. A positive terms of trade shock since 2025, together with a fiscal adjustment in FY2025/26 have helped reduce imbalances and improve economic prospects. In January 2026, the government launched a “Macroeconomic Stabilization Plan” aimed at restoring macroeconomic stability through tighter fiscal and monetary policies, and advancing structural and sectoral reforms.

Outlook and risks. The near-term outlook is favorable, with growth supported by higher export prices and relatively low exposure to global developments. Inflation pressures are expected to ease in 2026, reflecting prudent fiscal policy. External imbalances are forecast to remain significant in the absence of foreign exchange reforms. Risks remain skewed to the downside. Delays or reversals in reform implementation, capacity constraints, and heightened regional tensions could undermine stabilization efforts.

Key policy advice. Maintain a firm focus on macroeconomic stability, while advancing structural reforms to support inclusive growth. Key priorities include sustaining fiscal consolidation through increased revenue mobilization, rationalization of tax expenditures, and strengthened public financial management, while increasing priority social and investment spending. Monetary policy should be tightened, supported by proactive liquidity management, to durably lower inflation. Advancing foreign exchange reforms is critical to improve competitiveness, rebuild reserves, and eliminate distortions. Over the medium term, deepening governance reforms, strengthening the business climate, and accelerating productivity-enhancing reforms—particularly in agriculture and mining—will be essential to unlock private sector-led growth and reduce poverty.

Approved By

Andrea Richter Hume
(African Department)
and S. Jay Peris
(Strategic, Policy, and
Review Department)

An IMF team comprising Mr. Chailloux (head), Mr. Ait Lahcen, Ms. Reyes (both AFR), and Mr. De (FAD), visited Bujumbura during April 27–May 8, 2026. Mr. Atashbar (SPR) participated virtually. Mr. Delepierre (Resident Representative), Ms. Nkengurutse and Mr. Nyunguka (local economists) joined the mission. Ms. Belyse Kwizera (local staff) provided logistical assistance. Ms. Kwizera (OED) participated in official meetings. Discussions were held with Dr. Ndikumana (Minister of Finance, Budget and Digital Economy (MFBDE)), Ms. Inarukundo (Permanent Secretary, MFBEP), Mr. Bigendako (Governor of the Banque de la République du Burundi (BRB)), Mr. Mbonihankuye (Commissioner General, OBR), and other senior officials. The mission team also met with representatives from the private sector and development partners. Ms. Ourigou and Mr. Farrand assisted in the preparation of the report.

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BACKGROUND AND CONTEXT

1. Burundi remains a post-conflict country with substantial fragilities. Weak institutions, recurring political tensions, the legacy of the 2015 crisis and the conflict in neighboring DRC constrain development. With one of the lowest per capita incomes in the world and a very young population (with two-thirds of the population below the age of 25), fostering job-rich growth remains a vital imperative. Parliamentary and local elections in August 2025 resulted in a victory of the ruling party. Presidential elections are scheduled for 2027.
2. The new government adopted a “[Macroeconomic Stabilization Plan](#)” in January 2026 (Annex IV). It aims to restore macroeconomic stability through fiscal consolidation, tighter monetary policy, and better coordination of macroeconomic policies. It sets out to advance foreign exchange reforms, structural reforms in agriculture and mining, and improvements to the business climate.¹
3. The traction of the Fund policy advice has improved. The tightening of the fiscal stance and discontinuation of monetary financing recommended by Staff in the 2025 Article IV are being implemented and have helped reduce inflation. Recommended FX reforms are still pending, though the authorities have mentioned them in their stabilization plans. Structural reforms in agriculture and energy are in line with the Fund advice.

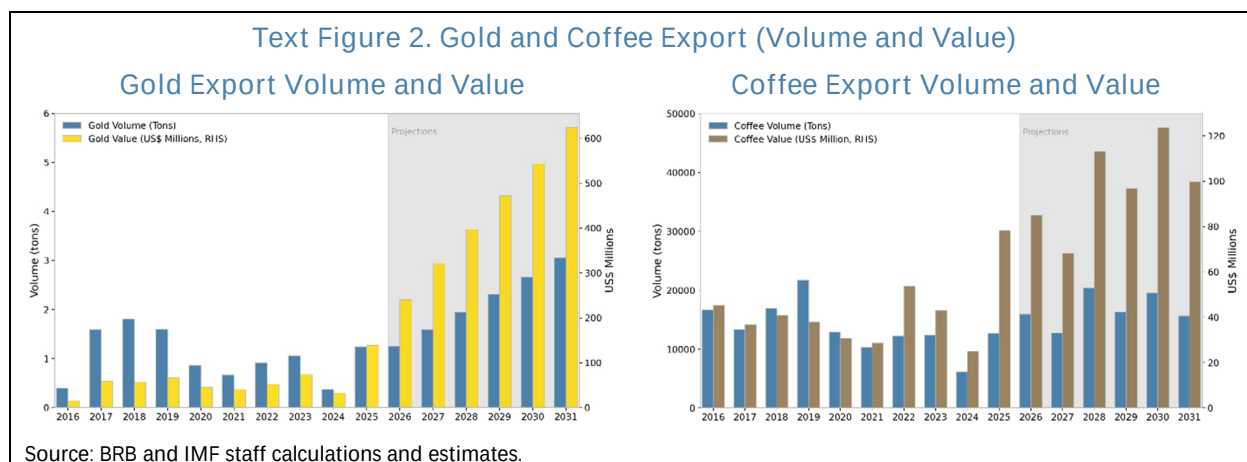
RECENT DEVELOPMENTS

4. Growth has been supported by a large positive terms-of-trade shock, while inflation has fallen sharply. Burundi’s economic environment has improved markedly since 2025. Surging coffee and gold prices led coffee and gold exports to double and triple, respectively (Text figure 2). The external sector supported growth of 4.2 percent in 2025 despite a negative fiscal impulse to growth in H2. Export-related FX inflows peaked during the second half of 2025, relieving intermediate import constraints, thus driving up activity. Since peaking at 45 percent (y/y) in April 2025, inflation has fallen during the first half of 2026, reaching 8.6 percent in April (Text Figure 5) – the lowest monthly rate since June 2021, but is expected to rise again later this year. The deceleration in early 2026 reflected (i) a reduced fiscal impulse, coupled with a freeze in BRB advances to the government since mid-2025 (Text Figure 4) and (ii) falling food and imported prices, the latter also reflecting parallel exchange rate appreciation. Poverty remains an important challenge, with 74 percent of the population living on less than 3 USD per day (2021 PPP), and 85 percent of the workforce employed in subsistence agriculture, often characterized by temporary employment.² So far, the sharp increase in global commodity prices due to the war in the Middle East has had limited impact on the

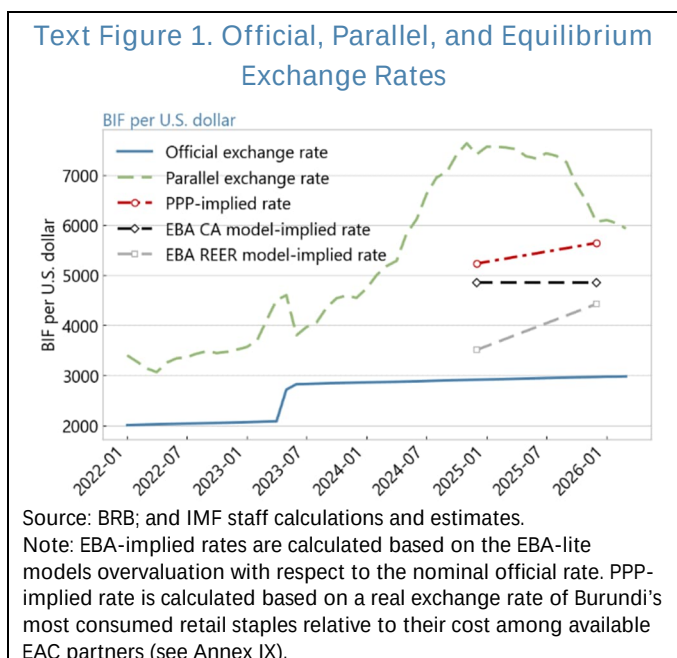
¹ A monitoring dashboard of the first 100 priority measures put forward in the authorities’ plan was posted on the [Ministry of Finance](#) website in December 2025.

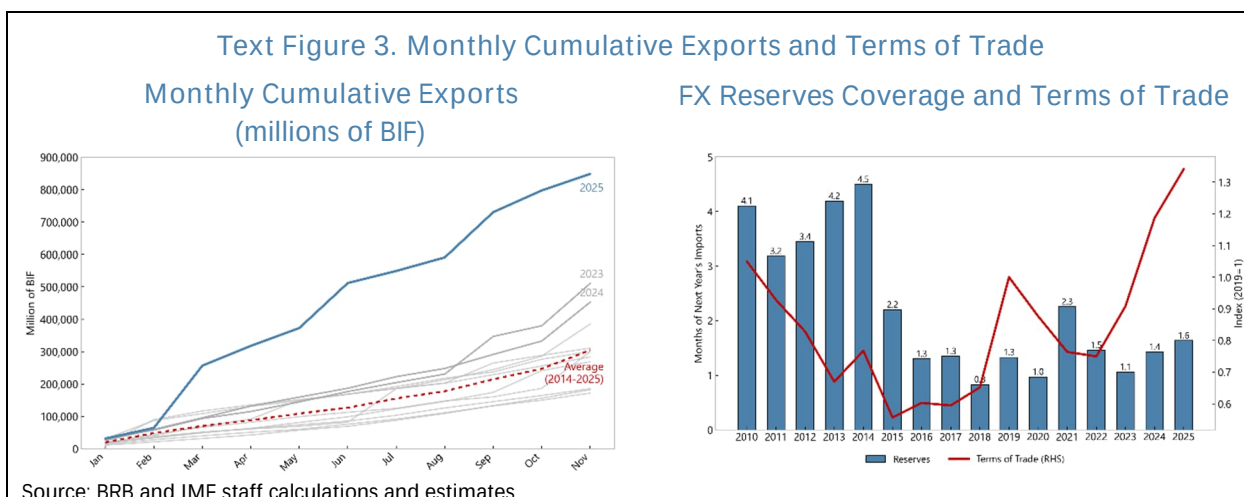
² See World Bank’s Poverty & Inequality Platform ([PIP](#)) and ILO’s country profile for Burundi ([ILOSTAT](#)).

economy, because of Burundi's limited global trade integration and dominance of subsistence agriculture.

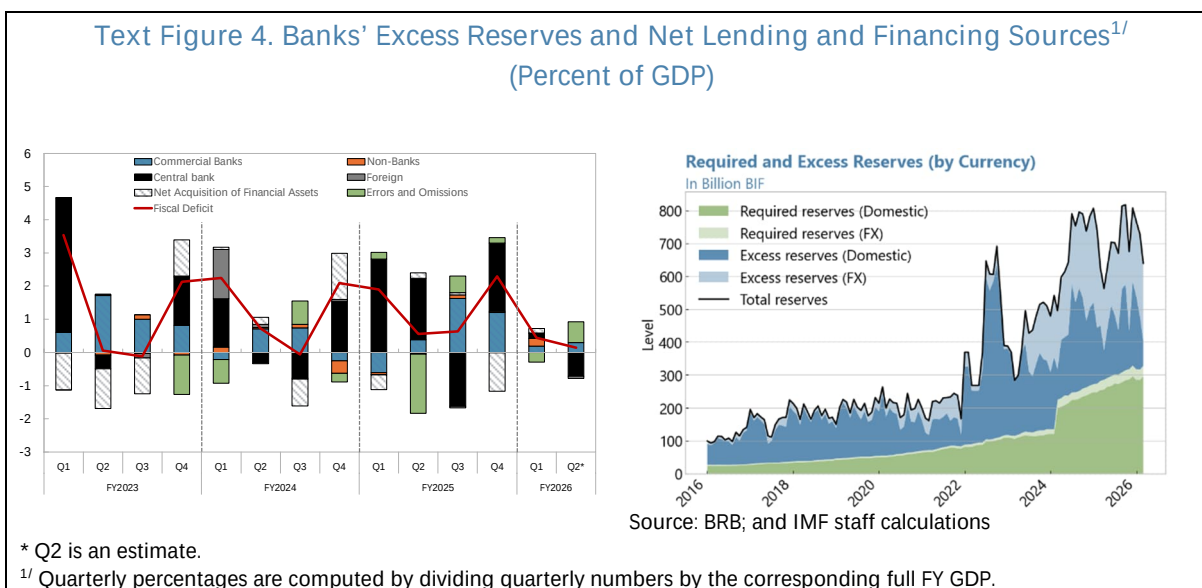


5. External imbalances remain significant, and reserve coverage low. Despite rapid export growth, the 2025 current account deficit remained high, at 6.6 percent of GDP, reflecting Burundi's acute dependance on food and intermediary products. The parallel market premium, which peaked at 160 percent in 2024, declined to 95 percent in 2025, reflecting higher FX inflows from the surge in gold trade and reduced demand for FX as monetary deficit financing declined sharply (Text Figure 6 and Annex VI). With an estimated REER overvaluation of 72 percent of the official exchange rate, the external position is assessed as substantially weaker than the level implied by fundamentals and desirable policies (Text Figure 1 and Annex II). FX reserves stood at USD214 million at end-2025, or 1.6 months of imports.





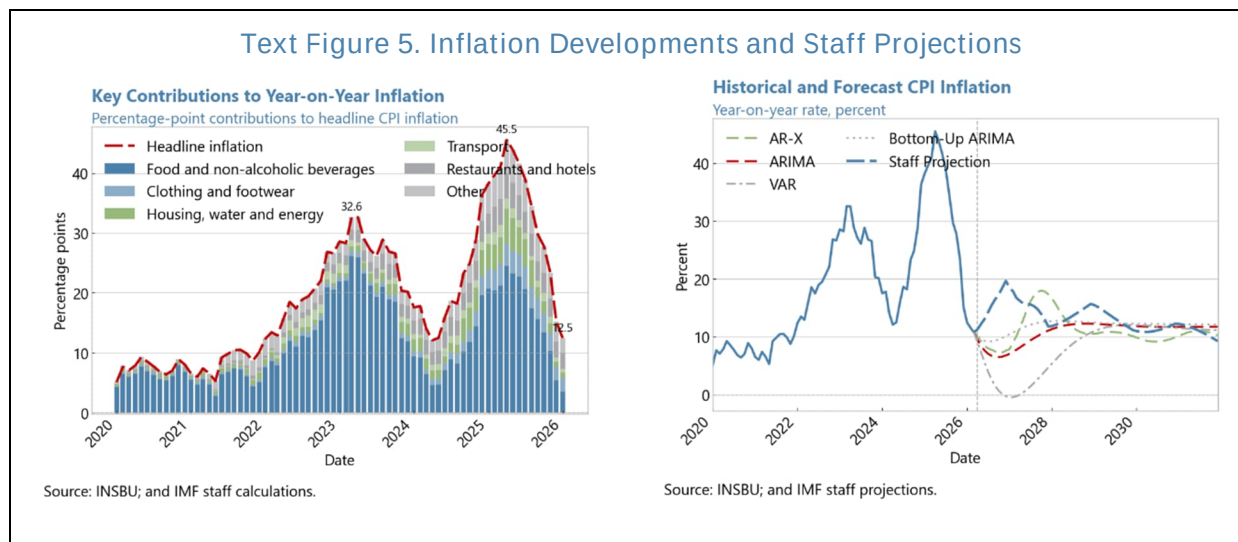
6. Monetary conditions, after loosening in 2025, started to tighten in 2026 and the liquidity overhang began to decline. The monetary financing freeze has slowed money growth and supported disinflation, and the BRB's real policy rate is now slightly positive (compared to -23 percent on average in 2025). Excess reserves, which contributed to interbank rates well below the policy rate in 2025 (Text Figure 7 and Annex VI), have declined, driven by the shift from monetary deficit financing to market financing, and BRB's FX sales to reduce banks' external arrears. A significant share of excess reserves are foreign currency deposits from BRB's gold purchase operations: banks receive USD deposits from the BRB that are not readily usable to meet withdrawals, thus overstating excess liquidity.



7. Private sector credit has fallen from about 41 percent of GDP in 2023-24 to 35 percent in 2025. Persistently negative real lending rates throughout 2025 weakened the banking sector's role in mobilizing savings and financing productive investment. The recent return to positive real lending rates should, over time, support a stronger credit contribution to growth. However, the

Treasury's ongoing shift to market-based deficit financing may compete with private credit for banks' resources.

Text Figure 5. Inflation Developments and Staff Projections



8. The fiscal stance has tightened. In FY2024/25, the primary deficit was 4.2 percent of GDP (5.5 percent overall). For FY2025/26, staff forecast a primary deficit of 2.1 percent of GDP (3.4 percent overall), somewhat higher than set out in the budget, which targeted an ambitious fiscal consolidation of 4.4 ppts of GDP. The authorities' consolidation was to be achieved via (i) a decline in public wages and subsidies as a percentage of GDP (with below-inflation wage increases), and substantially lower domestically financed capital expenditure, and (ii) higher revenue from broadening the tax base through deployment of VAT invoicing machines, a wealth tax on high-engine vehicles, and higher yields from mining revenue through enhanced monitoring.

9. Staff project significantly lower grants and other revenues (by 3.5 and 2.4 percent of GDP, respectively), partly offset by higher tax revenue (by 0.9 percent of GDP). The higher tax take reflects improving tax buoyancy from the rollout of VAT invoicing machines, and higher custom taxes. For expenditure, staff project investment to fall short of budget by 2.7 percent of GDP, mainly due to lower externally financed investments. Staff's projections assume no change in the stock of expenditure arrears, as a reduction in arrears that occurred earlier in the year may be reversed with the incurrence of new arrears.

Text Table 1. Authorities' Budget vs. Staff Projections FY2024/25 – FY2025/26
(Percent of GDP)

	FY24/25	FY25/26	
	Prel. budget outturn	Revised budget	Staff projections
Total revenues	16.5%	22.2%	17.2%
Revenues	14.4%	16.2%	14.7%
Taxes	12.3%	11.0%	11.9%
Other revenues	2.1%	5.2%	2.8%
Grants	2.1%	6.1%	2.5%
Project grants	2.1%	6.1%	2.5%
Budget support	0.0%	0.0%	0.0%
Total expenditure	22.0%	23.3%	20.6%
Expense	12.8%	12.2%	12.2%
Compensation of employees	6.0%	5.4%	5.4%
Use of goods and services	2.4%	2.9%	2.9%
Interest	1.3%	1.2%	1.2%
Subsidies and social benefits	3.0%	2.5%	2.5%
Other expenses	0.2%	0.1%	0.1%
Investment	9.2%	11.1%	8.4%
Domestic resources	6.8%	4.8%	5.4%
Project loans and grants	2.3%	6.3%	3.0%
Overall balance	-5.5%	-1.1%	-3.4%
Primary balance	-4.2%	0.1%	-2.1%

Source: MoF; IMF staff estimates and projections.

10. Debt vulnerabilities have eased somewhat, but risks remain high. Public debt declined from 53 percent at end-2024 to 42 percent of GDP at end-2025, driven by strong nominal GDP growth. Domestic debt accounted for three quarters of the total; 45 percent of domestic debt is low-interest central bank loans. External debt (11 percent of GDP) is mainly owed to multilateral creditors. As of March 2026, external debt arrears are USD 33 million (0.5 percent of GDP, due to Exim Bank of India, OFI and Afreximbank). Debt is assessed as sustainable with a high risk of external debt distress and high overall risk of debt distress (see DSA annex), reflecting downside risks to external debt indicators and elevated domestic debt vulnerabilities. The ongoing GDP rebasing would lower debt-to-GDP ratios but not affect the external risk rating, which is driven by export-denominated indicators.

OUTLOOK AND RISKS

11. The baseline economic outlook remains generally positive despite the war in the Middle East. Growth is projected at 3.9 percent for 2026 and 4.3 percent per year over 2027-31, driven by electrification, agriculture and mining, and expected to grow in line with potential, reflecting capital investment and labor force reallocation towards more productive sectors. The impact of the Middle East war on 2026 growth, whose main transmission channels would be gasoline prices and fertilizer, is expected to be minimal on account of positive terms of trade and limited global trade integration. CPI Inflation is projected to rise again from single digits in the second half of 2026, due to base effects and higher fuel prices, to average 14.5 percent in 2026, before declining gradually to 11.5 percent by 2031. The current account balance would continue to

improve driven by agriculture and mining, while the financial account would reflect higher FDI inflows related to electrification. Official aid flows are expected to remain modest at about 3 percent of GDP. As a result, FX reserves would increase over the medium term, to cover 2.8 months of imports by 2031. Based on the government's announced objectives the fiscal stance is projected to remain tighter than in recent years and public debt to decline to 32 percent by 2031.

12. Domestic and external risks are skewed to the downside. Domestic risks include weaker fiscal performance, reflecting implementation challenges and potential slippages ahead of the 2027 election. On the external front, the economy is highly vulnerable to a terms of trade deterioration that would reduce FX inflows, trigger exchange rate pressures, derail the reform momentum and jeopardize the baseline outlook. Under a downside scenario characterized by a sharp decline in export prices and higher fuel and fertilizer prices, medium-term growth would slow to 3.3 percent, while inflation would rise to 20.8 percent (Annex IX). A materialization of these risks could trigger a relapse into monetary financing and a widening of the foreign exchange premium, further intensifying inflationary pressures. The sensitivity of the outlook to external conditions and reform implementation is explored in upside and downside scenarios (Annex IX).

Authorities' Views

13. Authorities expect faster growth, reflecting their commitment to sustained and well-sequenced reforms. They project average growth of 7.7 percent over the forecast horizon, supported by a strong reform momentum and favorable terms of trade. Continuous fiscal discipline and monetary-fiscal policy coordination will entrench economic stabilization and support increased foreign direct investment. Targeted sectoral policies in the mining and agricultural exports will increase export receipts, which in turn will lead to an appreciation of the parallel exchange rate and reduce currency shortages. This would support a progressive easing of import constraints. Authorities welcomed the staff's analysis on electrification and growth in Burundi, and reaffirmed their commitment to expand power grid access up to 70 percent of the population by 2028.

POLICY DISCUSSIONS

Macroeconomic stabilization—marked by healthy economic growth, lower inflation, and reduced risk of debt distress—is “within reach” if the authorities sustain their commitment to fiscal prudence, tighten monetary policy, and move towards FX unification and a flexible exchange rate regime. Resolute policies combined with governance reforms and measures to promote productive sectors will be crucial to foster growth and stability in this context of higher global uncertainty. Absent such policies domestic and external imbalances will continue to hold back Burundi's reaching its full potential and reducing poverty. In addition, limited external buffers would leave Burundi highly vulnerable to downside shocks. In the near term, a prolonged war in the Middle East could reverse recent terms of trade gains and undermine the ongoing reform momentum. In such a situation, staff would recommend reallocating fiscal resources to deploy well-targeted social assistance measures to protect the most vulnerable, while persisting with macroeconomic reforms.

A. Staying the Course on Fiscal Policy

14. The authorities' medium-term budget framework (MTBF, Annex XI) sets out a tight fiscal path to achieve a large reduction in public debt. Reducing debt to 26.2 percent of GDP by 2029, from 42 percent at end-2025, would require maintaining a tight fiscal stance over the next three fiscal years, with a primary balance of between -0.2 and -0.6 percent of GDP. This would entail a fiscal consolidation on the order of 0.4 ppt of GDP over this horizon.

15. Given Burundi's significant development needs, staff consider that a less aggressive debt reduction path would be more appropriate, to allow higher social and development spending (Text Table 2). Based on the authorities' announced policies and staff's macroeconomic and fiscal projections, public debt will reach 32.4 percent in 2031³. Staff advocates a medium-term fiscal path targeting a public debt of 29.5 percent of GDP by end-2031, consistent with maintaining the present value of public debt below the 35 percent of GDP threshold under the LIC-DSF and providing a meaningful buffer relative to the current assessment of high risk of debt distress. This would entail reducing the primary deficit to an average of about 1.5 percent of GDP over 2027-2031, compared to staff's baseline projection of 2.1 percent of GDP over the same period. It would entail fiscal consolidation of 0.9 ppts of GDP in total over 5 fiscal years.

16. Looking ahead, sustained revenue mobilization is critical given Burundi's spending needs and declining aid. The tax system remains complex, combining general, sectoral, and international rules, with annual budget laws adding taxes and exemptions (Annex V), with a heavy reliance on indirect taxes, notably VAT, and undermined by governance issues for instance in the granting of tax exemptions. Exemptions have grown, reaching BIF 225.19 billion (1.5 percent of GDP mainly accounted for by VAT on imports) in FY2024/25 (Text Figure 6).

17. There is considerable scope for Burundi to increase revenue through tax administration and policy measures. At 12 percent of GDP, tax revenue remains low compared to potential. "Low hanging" tax administration measures could yield 0.5-0.8 of GDP over 5 years. In addition, tax policy measures could yield up to 1.2 ppt in the first 3-5 years and up to 1.5 ppt by year 7 (Annex V). Combined, these measures could raise revenues by up to 2-2.5 ppts of GDP over a 5-7 year horizon. Progress on governance and transparency would support the achievement of domestic revenue mobilization objectives, for instance through the publication of the list of companies benefiting from exemptions. The draft FY2026/27 budget projects a 2 percent of GDP overall fiscal deficit, below the 3.4 percent of GDP projected by staff, reflecting higher tax revenue projections from tax administration gains (VAT invoicing machines and roll-out of e-KORI integrated digital tax administration system).

³ The authorities' MTBF debt target (26 percent by FY2028/29) reflects more optimistic growth and fiscal assumptions than staff's baseline and is not directly comparable.

18. Compared to the authorities' MTBF, staff recommend a fiscal plan with a greater contribution from domestic revenue, in order to finance higher social and capital spending. The principal elements of staff's recommended scenario are as follows:

Tax revenue: Under current policies, tax revenue is set to increase by 1.6 ppts. This will be achieved by FY2030/31 through expanded use of VAT invoicing machines and a new digital revenue management system. Staff recommend further measures to raise tax revenue by an additional 2.1 ppts, so that it reaches 15.6 percent of GDP by FY2030/31. Potential measures include: (i) partial phasing-out of VAT exemptions (0.8 ppts), (ii) improved tax compliance risk management systems (0.5 ppts), (iii) improved customs compliance enforcement (0.35 ppts), and (iv) reducing CIT exemptions (0.4 ppts).

Non-interest current expenditure: Staff recommend maintaining the wage bill stable as a share of GDP while increasing targeted priority spending on social and development issues such as means-tested food, education and healthcare support by 0.5 ppts. This could be financed by phasing out untargeted subsidies and eliminating waste in goods and services.

Capital expenditure: Compared to a baseline increase by 2.5 ppts, staff recommend an increase by 3.3 ppts, to address pressing needs for infrastructure maintenance (water, power and transport). This would bring capital expenditure to 11.7 percent of GDP, close to the authorities' objective of it representing 50 percent of total expenditure. Stronger public investment management, informed by the recent PIMA, will help improve investment efficiency and growth impact.

Text Table 2. Baseline Fiscal scenario vs. Active Fiscal scenario
Baseline fiscal scenario

Baseline	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31
Tax revenue	12.3	11.9	12.2	12.4	12.7	13.1	13.5
Non-tax revenue	4.2	5.3	5.8	5.8	5.8	5.8	5.8
Total expenditure	22.0	20.6	21.4	21.8	22.1	22.7	23.1
Current expenditure	12.8	12.2	12.1	12.0	11.9	12.0	12.1
Interest	1.3	1.2	1.3	1.5	1.6	1.6	1.8
Non-interest	11.6	10.9	10.8	10.5	10.4	10.3	10.4
Capital expenditure	9.2	8.4	9.3	9.7	10.2	10.8	10.9
Domestic resources	6.8	5.4	5.6	5.8	6.0	6.2	6.4
External resources	2.3	3.0	3.7	4.0	4.2	4.5	4.6
Primary balance	-4.2	-2.1	-2.1	-2.1	-2.0	-2.2	-2.1
Overall balance	-5.5	-3.4	-3.4	-3.6	-3.6	-3.9	-3.8
Total Public Sector Debt	41.6	38.4	38.7	36.6	34.6	34.2	32.4

Text Table 2. Baseline Fiscal scenario vs. Active Fiscal scenario (concluded)

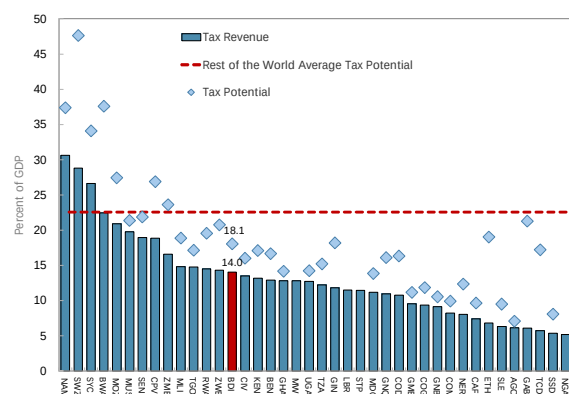
Active fiscal scenario

Active fiscal policy scenario	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31
Tax revenue	12.3	11.9	12.3	12.9	13.7	14.7	15.6
Non-tax revenue	4.2	5.3	5.8	5.8	5.8	5.8	5.8
Total expenditure	22.0	20.6	21.5	22.0	22.4	23.3	23.9
Current expenditure	12.8	12.2	12.1	12.0	11.9	12.0	12.1
Interest	1.3	1.2	1.3	1.5	1.5	1.6	1.7
Non-interest	11.6	10.9	10.8	10.5	10.4	10.4	10.5
Capital expenditure	9.2	8.4	9.4	9.9	10.5	11.3	11.7
Domestic resources	6.8	5.4	5.6	6.0	6.3	6.8	7.2
External resources	2.3	3.0	3.7	4.0	4.2	4.5	4.6
Primary balance	-4.2	-2.1	-2.1	-1.8	-1.4	-1.3	-0.8
Overall balance	-5.5	-3.4	-3.4	-3.3	-2.9	-2.8	-2.5
Total Public Sector Debt	41.6	38.4	38.6	36.3	33.6	32.3	29.5

19. The suspension of BRB advances and shift to market-based financing marks an important milestone, but the financing outlook still warrants caution. Reliance on bank financing has increased; government securities now account for about a quarter of bank assets. With monetary financing assumed at 10 percent of the previous year's tax revenue under the baseline, borrowing costs could increase, and some crowding out private sector lending occur (though higher real rates could boost deposits). Staff project domestic financing of about 2.9 percent of GDP per year over the medium term. External financing is expected to remain limited to concessional sources. Developing the domestic debt market, by extending maturities and broadening the investor base, will be essential to manage rollover risks and contain borrowing costs.

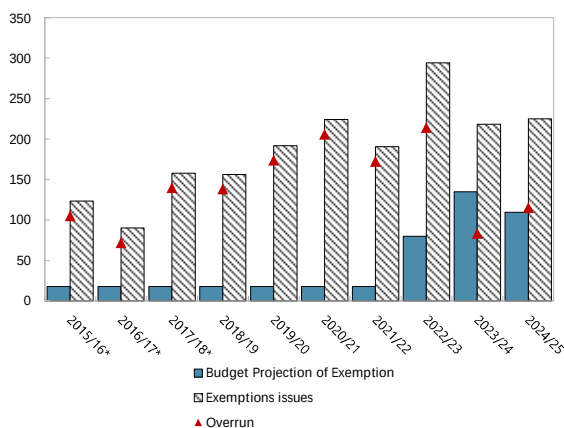
Text Figure 6. Potential gains from Tax Expenditure Reforms

Burundi's tax revenue potential put it ahead of its FCS peers



Source: BRB and IMF staff calculations and estimates

Exemptions Budgeted vs Exemptions Granted (in BIF Billion)



*Indicates fiscal years that were the same as calendar years (e.g., 2015/16 is reported as 2015)

20. Despite some progress, PFM weaknesses continue to hamper spending efficiency and create fiscal risks. Budget credibility, procurement transparency, audit independence, internal controls, and PFM digitalization remain weak. Inadequate project appraisal, selection, execution, maintenance, climate integration, and consolidation of public investment constrain efficiency and infrastructure quality, prompting targeted PIM reform recommendations for 2026-28.

21. PFM, SOE, and debt management reforms should be accelerated to contain fiscal risks including the risk of arrears accumulation. Priorities include improving the monitoring and reporting of expenditure arrears, formalizing PIM procedures, enforcing public procurement rules and enhancing its transparency. Staff suggest expediting the clearance of existing arrears and timely payment of current payment dues.

22. Contingency measures in case of worsening economic conditions should be designed carefully. Staff stressed that the current lack of fiscal space calls for utmost caution when designing mitigation measures. Deficit-neutral, well-targeted, and transitory social assistance to protect the most vulnerable should be preferred to regressive generalized price subsidies. Fiscal consolidation objectives should be maintained in case of a temporary shock, and supportive measures be financed through reallocations, efficiency gains and reductions in non-priority discretionary expenditures.

Authorities' Views

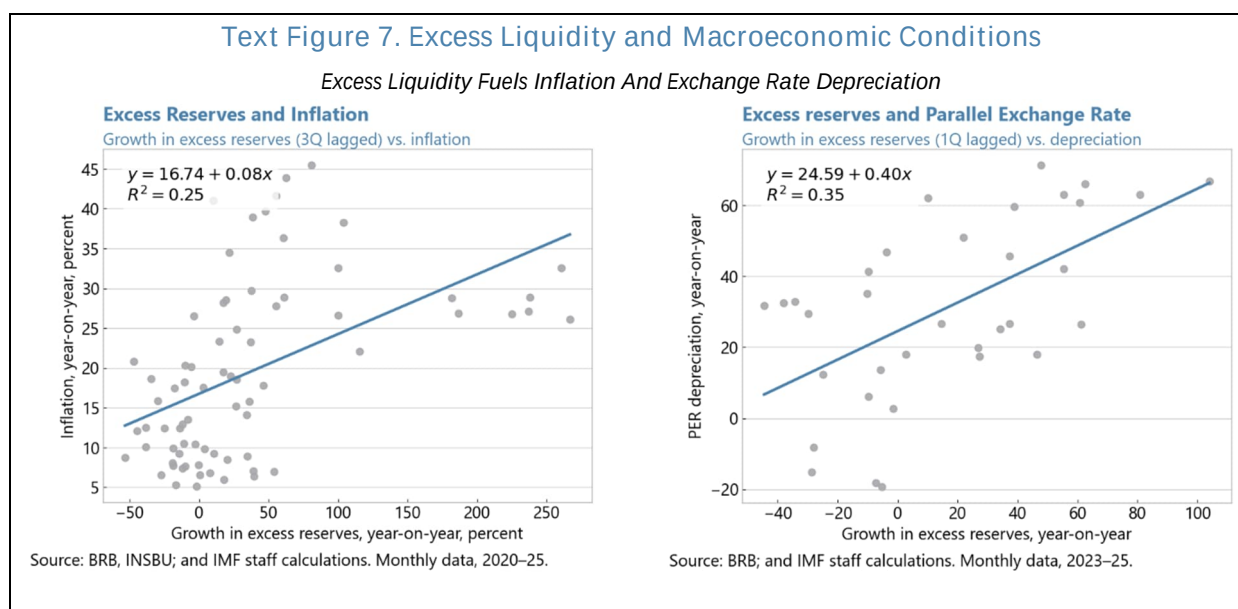
23. Authorities welcomed staff's recommendations and reiterated their commitment to fiscal discipline, while noting that their outlook is more ambitious than staff's. They broadly agreed with staff's recommended fiscal consolidation path and emphasized their intent to rebalance expenditure away from current spending toward growth-enhancing capital investment. On the wage bill, which staff recommended to maintain stable as a share of GDP, the authorities emphasized their opposition to inflation indexation, noting that corrective measures had been initiated since the FY23/24 (unblocking of "*annales*"). On contingency measures, the authorities plan to diversify their sources of fuel supply to cushion external price shocks while preserving fiscal consolidation and protecting vulnerable households and essential imports.

24. Authorities agreed that stronger domestic revenue mobilization will require further tax administration and policy reforms. They pointed to ongoing initiatives to broaden the tax base, improve compliance, roll out electronic billing, operationalize EKori, and prepare a Medium-Term Revenue Strategy. They acknowledged the need to rationalize exemptions and indicated that work is underway to assess the current exemption regime. At the same time, they stressed the need to balance revenue mobilization objectives with maintaining targeted incentives for investment. They shared staff's emphasis on accelerating PFM reforms including digitalization, strengthened expenditure controls, TSA operationalization and procurement discipline.

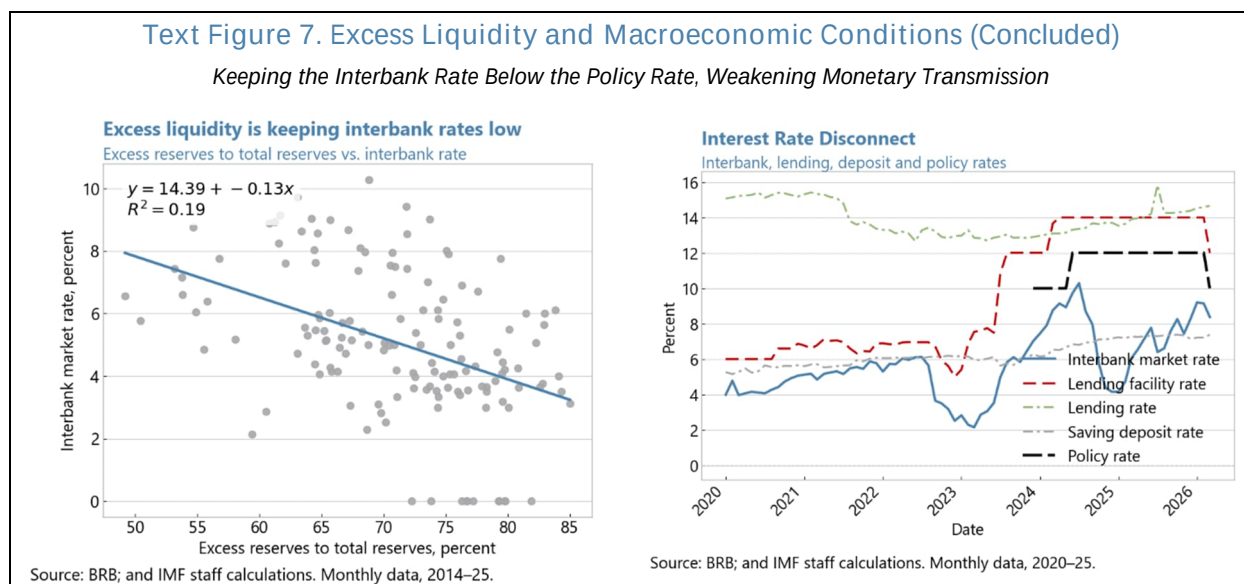
B. A Monetary Path to Macroeconomic Stabilization: Monetary tightening and Active Liquidity Management

25. Staff recommend further tightening of the monetary stance. The recent decline of inflation towards the BRB target is welcome. Given Burundi's history of having one of the highest and most volatile inflation in SSA (Annex VI), inflation expectations are likely not yet well-anchored, leaving Burundi vulnerable to inflation rising quickly in case of a shock. The BRB should aim to move the real policy rate gradually to the 3-5 percent range to rebuild policy credibility, anchor inflation expectations, and prepare the ground for FX market unification.⁴

26. More active liquidity management is essential to strengthen monetary transmission and achieve tighter monetary conditions. The ongoing implementation of the TSA is expected to further contract liquidity, by about 0.5 to 1 percent of GDP by shifting public sector idle deposits to the BRB. The BRB should start using open-market operations or an increase in reserve requirements from the current 5 percent (see Annex VI) to manage liquidity conditions more proactively. Strengthening the operational framework and supporting interbank market operations through more balanced liquidity conditions (Text Figure 7) will align interbank rates with policy rates and improve monetary policy transmission.



⁴ Tiedemann, Johanna, Olivier Bizimana, and Shant Arzoumanian. 2025. "Measuring Monetary Policy Stance in Sub-Saharan African Emerging and Frontier Markets." IMF Working Paper No. WP/25/160.



Authorities' Views

27. Authorities emphasized that their macroeconomic stabilization plan will reinforce monetary policy traction and accelerate the transition toward an inflation targeting framework. They highlighted the key contribution that improved monetary-fiscal policy coordination has made to reducing inflation. On the monetary stance, they are of the view that monetary policy should see through the current supply shocks, and that monetary tightening would only be required in case of a demand shock, second-round effects or if the supply shocks lead to persistent inflation pressures. Authorities acknowledged the merit of active liquidity management, they indicated that the current level of excess reserves is expected to decline gradually, supported by the tightening effect of BRB FX sales and the upcoming TSA implementation. While reiterating their focus on avoiding a relapse to fiscal dominance, they are preparing to manage liquidity actively within an interest rate corridor.

C. Reforming the Foreign Exchange Framework

28. Phasing out the current dual exchange rate system and transitioning towards a more flexible exchange rate regime reflecting changing economic fundamentals would help reduce distortions, support competitiveness and strengthen FX inflows. Significant FX market distortions undermine activity by fostering informality in the export sector, smuggling, and fuel shortages. The dual exchange rate system also discourages FDI and erodes the domestic currency value of official aid. Exchange rate reform would bring macroeconomic and structural benefits, by boosting exports and foreign direct investment, and raising the value of external aid.

29. Different approaches are possible, ranging from a rapid, upfront unification and move towards a floating exchange rate regime, to a more gradual path to achieving this objective. While gradual convergence of the official and parallel rates may seem like a better approach given

Burundi's political, economic, and FX market conditions, an extended transition could fuel speculation and would keep distortions in place for longer. As external pressures have eased, with higher export prices and stronger foreign exchange inflows contributing to parallel exchange rate appreciation, and the parallel rate getting closer to its estimated equilibrium value (see EBA, Annex II), staff see a window of opportunity to start restoring equilibrium in the foreign exchange market. Under either approach, ensuring fiscal and monetary policies that are consistent with macroeconomic and debt sustainability are crucial pre-requisites to establish the credibility needed to shore up confidence in the currency. Post-unification, staff advise the authorities to adopt either a full-floating exchange rate or a semi-managed exchange rate regime (Annex VIII).

30. Staff also recommend that the authorities adopt a clearly sequenced roadmap to implement their FX market unification strategy. The BRB should clarify its FX operation framework, which should include regular auctions and intervention modalities. The authorities should also facilitate the operations of FX bureaus by allowing FX rates to be set freely and reverse the decision to mandate the move of NGOs' FX accounts to the BRB. Technical assistance from the IMF on monetary operations could be provided to assist the BRB in designing these reforms.

Authorities' Views

31. Authorities emphasized that FX market reform is a key priority of their stabilization strategy. While they acknowledged some overvaluation of the official exchange rate, they pointed to the significant narrowing of the parallel market premium as evidence of tangible progress, attributing this outcome to better fiscal-monetary coordination, stricter enforcement of FX repatriation requirements⁵, and improved macroeconomic conditions. Authorities stressed their intention to sustain these stabilization efforts, noting that continued progress could further support the appreciation of the parallel exchange rate. Progress on the fiscal and monetary fronts will prepare the ground for a gradual transition to a market-determined exchange rate fully restoring market equilibrium.

D. Strengthening the Financial Sector

32. The banking sector appears broadly resilient, but pockets of vulnerability warrant vigilance. Financial stability indicators have been relatively stable with some deterioration in liquidity indicators (Table 6). Rapid credit growth in 2021-23 and weak supervision raise questions about asset quality. The sovereign-bank nexus remains a risk given the authorities' ongoing shift to bank financing. At end-2025, government debt accounted for about 28 percent of banks' total assets. This share is projected to remain broadly stable, limiting the additional burden on bank balance sheets. Concentration risks and contingent liabilities, especially vis-à-vis SOEs, and limited progress in measuring and managing FX risk, including off-balance-sheet positions, complicate a full

⁵ Staff is assessing whether the stricter enforcement of the repatriation requirement gives rise to a tightening of a CFM according to the Institutional View.

assessment of banks' vulnerabilities, despite the recent reduction in banks' FX arrears and net short positions.

33. Close supervision will be vital in the context of liquidity normalization. Given the ongoing waning of excess liquidity, the BRB should assess the impact on banks' liquidity ratios and identify banks that could be at risk of falling below regulatory minimums. The BRB should provide access to standing liquidity facilities, against high-quality collateral, for solvent but temporarily illiquid institutions.

34. Conducting an asset quality review (AQR) and strengthening supervisory practices should be a near-term priority. The AQR has not yet commenced as the BRB cited severe capacity constraints. In the interim, a thematic review of credit risk found that some banks have underestimated their provisioning. Staff recommend that the BRB allocate the necessary resources for the AQR, and enhance reporting on NPLs, restructured loans, and sectoral concentrations. Supervision of banks exhibiting rapid credit growth, significant FX exposures, or large sovereign holdings should be intensified. Banks' net open FX positions limits should be reinforced, backed by more granular and frequent reporting.

35. AML/CFT, and the bank-resolution framework are areas of supervision that require additional scrutiny. An FATF evaluation mission took place in February–March 2026 and a provisional report has been produced. An AML unit has been established at the BRB. The authorities are fully engaged in implementing the measures that would allow Burundi to avoid grey-listing, though an observation period will follow before a final determination. Burundi's AML/CFT framework remains extremely weak across all major areas of evaluation, regardless of potential grey-listing (which may not occur due to procedural rather than substantive reasons related to the FATF's prioritization criteria). The legal and operational framework for bank resolution remains incomplete.

Authorities' Views

36. Authorities consider the banking system to be sound. They highlighted the implementations of most of the FSSR recommendations and confirmed ongoing efforts to monitor commercial banks' FX arrears and Net Open Positions more closely. Recent FX sales to banks have helped to reduce banks' FX external arrears, reducing the system net short position, a welcome development in terms of overall risk.

E. Governance Reforms for Faster Growth

37. Strengthening governance is a key prerequisite to unlocking Burundi's full potential. Progress has been made on PFM and with the launch of an anti-corruption framework for the Burundian Revenue Authority. Empowering institutions mandated to improve governance and fight corruption through adequate budget resources would drive institutional improvements. An IMF Governance Diagnostic Assessment (GDA) examined vulnerabilities across the six core state functions of fiscal governance, central bank governance and operations, financial sector oversight,

rule of law, market regulation, and AML-CFT and is being finalized. Its recommendations could provide helpful inputs for the authorities to elaborate their own governance action plan.

38. Debt reporting of SOEs is improving as part of ongoing PFM reforms. About 40 percent of SOEs submitted financial statement and debt reports to the MoF (see DSA). As SOEs remain a major source of fiscal liability amid operational inefficiencies and lack of transparency, modernizing their operational capacity and transparency frameworks is essential for improving fiscal risk management. Their large presence in key sectors –agriculture, electricity, and fuel– crowds out private sector participation.

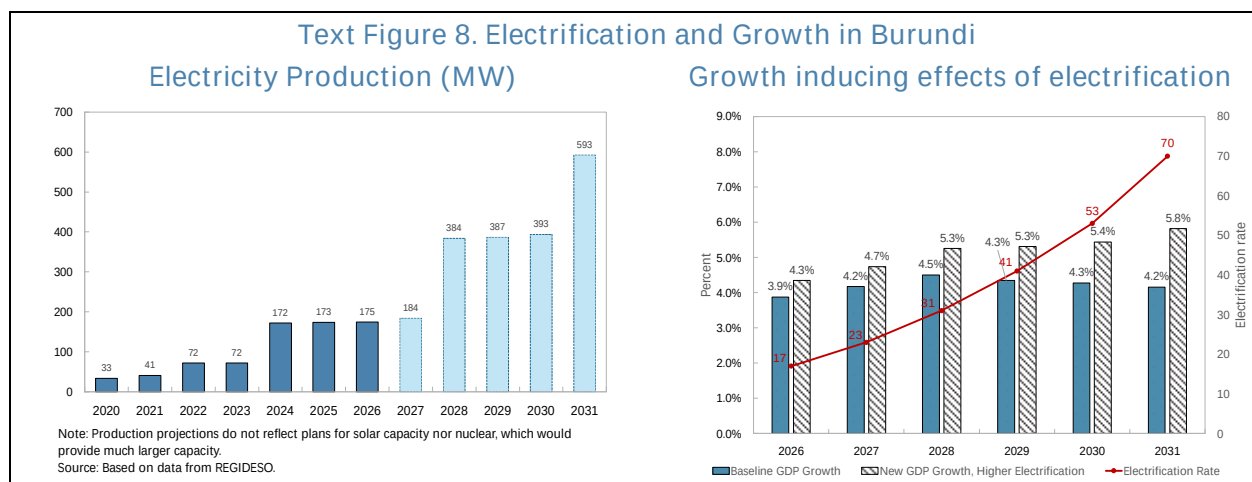
39. Implementing recommendations from the 2022 safeguard assessment would strengthen progress towards greater central bank independence and transparency. Progress in this regard has stalled, and transparency concerns persist. Critical pending actions include establishing a formal operational framework for gold transactions, developing an exit plan for the BRB's involvement in quasi-fiscal activities, and ensuring that reserve assets are placed exclusively with investment-grade counterparties. With audited financial statements of the BRB not having been published since FY2021, transparency and accountability of central bank finances have been undermined. Immediate action is needed to resume external audits and the regular publication of audited financial statements.

Authorities' Views

40. Authorities agree that accelerating governance reforms would provide economic momentum and help attract investment. They welcomed staff's recognition of ongoing improvements in PFM governance. They highlighted that all SOE borrowing and dividend decisions now require MoF validation to strengthen accountability and transparency. They will consider publication of the Governance Diagnostic Assessment, once finalized and consistent with national procedures.

F. Unleashing Strategic Sectors' Growth Potential

41. Coffee, artisanal gold mining and electricity are priority sectors to unleash medium-term growth. Coffee production still suffers from low yields—reflecting underinvestment, aging plantations and limited price incentives—even if recent reforms have helped close the gap between international prices and Burundi's export prices. Similarly, the gold sector is marked by informality, limited mechanization, infrastructure gaps, and institutional weaknesses preventing investment. While electricity production has increased sixfold since 2020, poor access to electricity remains an important bottleneck. Progress in transmission and distribution to give grid access to 70 percent would generate close to 2 percent additional growth beyond baseline projections (Text Figure 8 and SIP).



42. Sectoral policies could improve Burundi's growth prospects:

- In the *coffee sector*, further measures to increase the pass-through from international prices to small farmers will provide an incentive to expand production. Targeting fertilizer subsidies, together with incentives for switching to better cultivating techniques will eliminate fertilizer shortages and support higher yields. Finally, ODECA, both the regulator and an operator in the sector, should be managed on a fully commercial and arm-length basis to avoid unfair competition.
- In the *mining sector*, Burundi's progress towards EITI membership and steps towards gold sector formalization would help boost growth. Invoicing BRB gold purchases in domestic currency would contribute to reserve accumulation and discourage illegal exports. A complete mechanization of the gold sector would generate higher mining yields (see Annex V).
- In the *electricity sector*, staff recommend a focus on distribution and transmission to support the electrification project. An accelerated implementation of the transmission and distribution PPP project and a reform of the role of the public power utility REGIDESO will magnify the impact of electrification on growth.

43. While data provided to the Fund have shortcomings (Annex X), ongoing IMF technical assistance will help. Burundi's statistics are found to have shortcomings hampering surveillance, lacking in granularity and coverage, for instance in Government Financial Statistics (GFS) where gaps include coverage of SOEs debt. Gaps also remain for National Accounts data in terms of granularity, frequency and timeliness. An intensive technical assistance program (Figure 6) supports progress in PFM, fiscal risk management and macro-fiscal policies, to strengthen the authorities' capacity to forecast and evaluate their own macroeconomic policies. Burundi is the largest receiver of IMF technical assistance within SSA fragile states.

Authorities' Views

44. Authorities stressed their focus on export sector development. They welcomed staff recommendations to increase agricultural yields and highlighted the recent efforts to diversify export products, plant new coffee trees and improve agricultural techniques. Authorities emphasized priority on the formalizing and mechanizing of artisanal mining, expanding energy and transport infrastructure, strengthening digitalization and welcomed ongoing plans to reinforce IMF technical assistance in fiscal, monetary and statistical reform areas.

STAFF APPRAISAL

45. Economic conditions improved in 2025. Strong terms-of-trade gains from surging coffee and gold prices boosted exports, growth and FX inflows. While foreign reserves increased, alleviating import constraints, the external position is assessed as substantially weaker than the level implied by fundamentals and desirable policies, with a sizable current account deficit and significant foreign exchange overvaluation. The dual exchange rate system continues to weigh on the economy, encouraging informality and trade leakages, and discouraging investment. Inflation fell sharply from its 2025 peak, supported by fiscal adjustment and minimal monetary financing from the central bank, but stayed above its target.

46. The economic outlook remains broadly positive, despite the Middle East war, provided that the current reform momentum is sustained. Growth is projected to reach 3.9 percent in 2026 and to average 4.3 percent thereafter, supported by favorable terms of trade and structural reforms that increase access to electricity and improve business conditions. Inflation is expected to decline gradually, should better macroeconomic policies be maintained, while the current account improves and FX reserves increase gradually. Fiscal policy is projected to remain tight, contributing to a continued decline in public debt. However, risks are tilted to the downside, including fiscal slippages ahead of elections, adverse external shocks, and supply disruptions. A prolonged war in the Middle East could reverse recent terms of trade gains and undermine the ongoing reform momentum.

47. Macroeconomic stabilization is “within reach” if the authorities sustain their commitment to fiscal prudence, tighten monetary policy, move towards FX unification and transition to a more flexible exchange rate regime. Resolute policies combined with governance reforms and structural policy measures to boost exporting sectors will be crucial to foster growth and stability. Governance reforms, particularly in tax policy, the mining sector and FX allocation, will be critical to secure sustained macroeconomic stabilization.

48. While the authorities' medium-term fiscal framework aims for a sharp reduction in public debt, staff recommend a more gradual approach that allows priority social and development spending to be preserved. Stronger revenue mobilization—through VAT reforms, improved compliance, reduced exemptions, and higher customs and corporate taxes—will be key to achieving debt sustainability. Expenditure reforms should focus on reallocating resources toward

priority social sectors and boosting capital investment, especially in infrastructure. Strengthening public financial management and debt management will help mitigate fiscal risks.

49. Tightening monetary policy and actively managing liquidity to strengthen monetary policy transmission would enhance credibility, thereby anchoring inflation expectations and preparing the ground for FX reforms. Excess reserves, though declining, weaken the link between interbank and policy rates and should be reduced through open-market operations or higher reserve requirements. A positive real policy rate would help to anchor inflation and support external adjustment. Given improved external conditions, staff see a window of opportunity to advance FX reforms. Elaborating a well-sequenced plan to achieve this objective will be vital. Success will also depend critically on continuing to improve policy credibility through sound macroeconomic policies. Key related reforms will include enhancing the BRB FX operational framework and liberalizing the FX market.

50. The banking sector appears broadly resilient, but vulnerabilities warrant continuous vigilance. Rapid past credit growth and limited supervisory capacity raise concerns about asset quality. High government debt positions, data gaps on FX exposures and contingent liabilities complicate risk assessment. Key areas requiring attention include AML/CFT compliance and an incomplete bank resolution framework. Conducting an asset quality review and strengthening supervision are critical priorities.

51. Governance reforms are central to unlocking Burundi's growth potential. Progress in public financial management and new anti-corruption measures are encouraging, but adequate resourcing of anti-corruption institutions is needed. The Governance Diagnostic Assessment could guide the authorities' work towards a comprehensive action plan. Reforming SOEs remains critical, as inefficiencies, fiscal risks, and limited transparency in key sectors crowd out private investment. The implementation of safeguards recommendations by the BRB would strengthen transparency and accountability.

52. Enhancing growth within Burundi's key sectors necessitates implementing targeted reforms in coffee production, gold mining, and electricity generation. Coffee exports remain below past peaks due to low yields from aging plantations, underinvestment, and weak price incentives, though recent reforms—such as improved auction mechanisms and higher farmgate prices—have reduced illicit trade. Power generation has expanded rapidly yet access remains limited and outages persist, highlighting transmission and distribution challenges. Priority measures include formalizing and mechanizing mining, improving passthrough from international prices in the coffee sector, and scaling up electricity transmission and distribution through Public-Private Partnerships in the power sector.

53. It is proposed that the next Article IV consultation with Burundi take place on the standard 12-month cycle.

Table 1. Burundi: Selected Economic Indicators 2024–31

	2024	2025	2026	2027	2028	2029	2030	2031
	Est.		Proj.					
(Annual percentage change, unless otherwise indicated)								
Output, prices, and exchange rate								
Real GDP	4.1	4.2	3.9	4.2	4.5	4.3	4.3	4.2
GDP deflator	22.2	37.7	15.3	15.6	13.8	12.7	9.8	10.3
CPI (period average)	20.2	34.2	14.5	15.3	13.6	13.2	10.3	11.5
CPI (end of period)	36.4	15.2	19.6	11.9	15.6	11.1	10.7	11.1
Terms of trade (- =deterioration)	21.5	27.7	5.4	0.8	-0.9	-1.1	-1.3	-1.3
Money and credit								
Broad Money (M2)	29.3	19.4	27.7	20.7	21.0	17.2	17.4	15.2
Credit to non-government sector	27.2	23.8	19.0	19.7	18.4	17.1	14.2	14.6
M2/GDP (percent)	43.9	36.5	38.9	39.0	39.7	39.6	40.5	40.6
(Percent of GDP, unless otherwise indicated)								
Central government budget 1/								
Revenue and grants	19.9	16.5	17.2	18.0	18.1	18.5	18.9	19.3
<i>of which</i> : grants	3.9	2.1	2.5	3.0	3.0	3.0	3.0	3.0
<i>of which</i> : revenue	16.0	14.4	14.7	15.0	15.1	15.5	15.9	16.3
Expenditure	24.9	22.0	20.6	21.4	21.8	22.1	22.7	23.1
Expense	14.1	12.8	12.2	12.1	12.0	11.9	12.0	12.1
Net acquisition of non-financial assets	10.9	9.2	8.4	9.3	9.7	10.2	10.8	10.9
Primary balance	-3.3	-4.2	-2.1	-2.1	-2.1	-2.0	-2.2	-2.1
Overall balance	-5.0	-5.5	-3.4	-3.4	-3.6	-3.6	-3.9	-3.8
Excluding grants	-9.0	-7.6	-5.9	-6.4	-6.6	-6.6	-6.9	-6.8
Public debt								
Public gross nominal debt	53.3	41.6	38.4	38.7	36.6	34.6	34.2	32.4
Investment and savings								
Investment	19.0	19.0	18.7	20.0	19.4	20.4	20.3	20.6
Savings	10.4	12.3	12.7	14.6	14.2	15.1	15.5	16.0
External sector								
Exports (goods and services)	7.1	8.2	8.4	8.7	10.1	10.6	11.9	12.2
Imports (goods and services)	26.1	22.2	20.6	19.7	20.6	21.1	22.0	21.6
Trade Balance (goods and services)	-19.0	-14.0	-12.2	-11.0	-10.6	-10.5	-10.0	-9.4
Current account balance (incl. budget support)	-8.6	-6.6	-6.0	-5.4	-5.2	-5.3	-4.8	-4.6
Current account balance (excl. budget support)	-8.6	-6.6	-6.0	-5.4	-5.2	-5.3	-4.8	-4.6
Gross international reserves (incl. ECF)								
In millions of US\$	191.3	213.9	296.8	298.5	360.8	392.0	478.3	511.7
In months of next year imports	1.5	1.6	2.0	1.9	2.2	2.3	2.7	2.8
Memorandum items:								
Official current transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Official capital transfers	3.0	1.9	3.0	3.0	3.0	3.0	3.0	3.0
GDP at current market prices								
In billions of Burundi Francs	13,879	19,917	23,860	28,731	34,169	40,169	45,999	52,848
In billions of US\$	4.8	6.8	7.9	8.8	9.1	9.4	9.3	9.7
GDP per capita (Nominal US\$)	342.7	467.7	533.4	575.5	578	575	556	567
Export volume growth (goods, in percent)	-29.1	45.3	10.3	13.8	22.8	9.4	13.0	7.0
Import volume growth (goods, in percent)	-14.8	22.4	3.0	5.6	8.0	3.7	2.6	1.5
Population (million)	14.0	14.5	14.9	15.4	15.8	16.3	16.8	17.2

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

1/ Fiscal year values (July-June, i.e. 2025 is FY 2024/25).

Table 2a. Burundi: Central Government Operations, 2023–31 (BIF Billion)^{1/}

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Est.		Proj.					
	(BIF Billion)							
Revenue and grants	2,469.2	2,791.7	3,771.0	4,730.3	5,706.0	6,883.5	8,134.7	9,515.4
Revenue	1,981.2	2,433.2	3,217.4	3,941.4	4,762.5	5,768.5	6,842.2	8,032.6
Tax revenue	1,607.0	2,078.0	2,601.0	3,198.1	3,893.5	4,710.6	5,635.8	6,648.8
Taxes on income, profits, and capital gains	430.0	602.5	678.4	842.9	1,046.8	1,252.7	1,528.0	1,756.2
Taxes on goods & services	1,017.7	1,274.9	1,631.6	2,003.7	2,421.6	2,882.1	3,383.6	3,930.9
Taxes on international trade & transactions	159.3	200.6	290.9	351.4	425.1	575.9	724.3	961.7
Other revenue	374.2	355.3	616.4	743.3	869.0	1,057.8	1,206.4	1,383.9
Grants	488.0	358.4	553.6	788.9	943.5	1,115.1	1,292.5	1,482.7
Program grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project grants	488.0	358.4	553.6	788.9	943.5	1,115.1	1,292.5	1,482.7
Total expenditure	3,091.2	3,713.9	4,507.7	5,633.2	6,850.0	8,204.6	9,797.6	11,407.6
Expense	1,746.3	2,167.1	2,660.4	3,179.9	3,785.1	4,430.8	5,164.0	5,999.1
Compensation of employees	845.9	1,020.2	1,174.4	1,410.9	1,687.5	1,994.3	2,311.7	2,651.8
Purchases/use of goods & services	335.3	401.4	644.4	732.0	816.9	891.1	1,028.5	1,195.5
Subsidies and Social benefits	331.1	507.7	552.6	665.0	771.9	929.2	1,077.1	1,235.6
Interest	215.3	212.1	268.4	347.4	479.4	581.4	706.4	870.0
Other expense	18.7	25.7	20.5	24.6	29.4	34.8	40.3	46.2
Net acquisition of nonfinancial assets	1,345.0	1,546.7	1,847.3	2,453.2	3,064.9	3,773.8	4,633.7	5,408.5
Of which: Domestically financed	689.1	1,155.4	1,187.3	1,468.6	1,822.1	2,214.0	2,682.6	3,153.8
Net lending (+) / borrowing (-)	-621.5	-922.2	-736.6	-902.9	-1,144.0	-1,321.1	-1,662.9	-1,892.3
Net acquisition of financial assets	-105.7	236.2	-64.1	0.0	0.0	0.0	0.0	0.0
Deposits	-85.4	174.6	-109.5	0.0	0.0	0.0	0.0	0.0
Net lending	-20.3	61.7	45.4	0.0	0.0	0.0	0.0	0.0
Shares and other equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net incurrence of liabilities	549.1	1,096.8	654.8	902.9	1,144.0	1,321.1	1,662.9	1,892.3
Domestic	348.6	1,109.9	627.3	824.3	967.7	1,009.2	1,154.7	1,286.4
Commercial banks	122.9	445.0	557.0	564.2	647.9	619.9	683.6	722.8
Non-banks	15.4	-3.8	37.7	0.0	0.0	0.0	0.0	0.0
Central Bank (net)	234.7	874.1	173.1	260.1	319.8	389.4	471.1	563.6
Domestic Arrears	-15.1	-220.9	-140.0	0.0	0.0	0.0	0.0	0.0
Unidentified financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign	200.5	-13.1	27.5	78.7	176.3	311.9	508.2	605.9
Accounts Payable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unidentified financing/Financing gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:								
Fiscal primary balance	-406.3	-710.1	-468.2	-555.5	-664.6	-739.7	-956.5	-1,022.2
GDP at current market prices (BIF billion)	12,391	16,898	21,889	26,296	31,450	37,169	43,084	49,422

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

^{1/} Fiscal year values (July-June).

Table 2b. Burundi: Central Government Operations, 2023–31 (Percent of GDP)^{1/}

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Est.		Proj.					
	(Percent of GDP)							
Revenue and grants	19.9	16.5	17.2	18.0	18.1	18.5	18.9	19.3
Revenue	16.0	14.4	14.7	15.0	15.1	15.5	15.9	16.3
Tax revenue	13.0	12.3	11.9	12.2	12.4	12.7	13.1	13.5
Taxes on income, profits, and capital gains	3.5	3.6	3.1	3.2	3.3	3.4	3.5	3.6
Taxes on goods & services	8.2	7.5	7.5	7.6	7.7	7.8	7.9	8.0
Taxes on international trade & transactions	1.3	1.2	1.3	1.3	1.4	1.5	1.7	1.9
Other revenue	3.0	2.1	2.8	2.8	2.8	2.8	2.8	2.8
Grants	3.9	2.1	2.5	3.0	3.0	3.0	3.0	3.0
Program grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project grants	3.9	2.1	2.5	3.0	3.0	3.0	3.0	3.0
Total expenditure	24.9	22.0	20.6	21.4	21.8	22.1	22.7	23.1
Expense	14.1	12.8	12.2	12.1	12.0	11.9	12.0	12.1
Compensation of employees	6.8	6.0	5.4	5.4	5.4	5.4	5.4	5.4
Purchases/use of goods & services	2.7	2.4	2.9	2.8	2.6	2.4	2.4	2.4
Subsidies and Social benefits	2.7	3.0	2.5	2.5	2.5	2.5	2.5	2.5
Interest	1.7	1.3	1.2	1.3	1.5	1.6	1.6	1.8
Other expense	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Net acquisition of nonfinancial assets	10.9	9.2	8.4	9.3	9.7	10.2	10.8	10.9
Of which: Domestically financed	5.6	6.8	5.4	5.6	5.8	6.0	6.2	6.4
Net lending (+) / borrowing (-)	-5.0	-5.5	-3.4	-3.4	-3.6	-3.6	-3.9	-3.8
Net acquisition of financial assets	-0.9	1.4	-0.3	0.0	0.0	0.0	0.0	0.0
Deposits	-0.7	1.0	-0.5	0.0	0.0	0.0	0.0	0.0
Net lending	-0.2	0.4	0.2	0.0	0.0	0.0	0.0	0.0
Shares and other equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net incurrence of liabilities	4.4	6.5	3.0	3.4	3.6	3.6	3.9	3.8
Domestic	2.8	6.6	2.9	3.1	3.1	2.7	2.7	2.6
Commercial banks	1.0	2.6	2.5	2.1	2.1	1.7	1.6	1.5
Non-banks	0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Central Bank (net)	1.9	5.2	0.8	1.0	1.0	1.0	1.1	1.1
Domestic Arrears	-0.1	-1.3	-0.6	0.0	0.0	0.0	0.0	0.0
Unidentified financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign	1.6	-0.1	0.1	0.3	0.6	0.8	1.2	1.2
Accounts Payable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unidentified financing/Financing gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fiscal primary balance	-3.3	-4.2	-2.1	-2.1	-2.1	-2.0	-2.2	-2.1

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

^{1/} Fiscal year values (July-June).

Table 3. Burundi: Monetary Survey, 2024–31
(BIF Billion)

	2024	2025	2026	2027	2028	2029	2030	2031
	Est.		Proj.					
Net foreign assets	-1,459.0	-1,958.6	-1,684.9	-1,895.0	-1,910.4	-2,060.9	-1,962.8	-1,918.9
Central bank	-548.2	-536.4	-233.1	-227.4	5.2	139.3	564.6	745.9
Deposit money banks	-910.8	-1,422.2	-1,451.8	-1,667.6	-1,915.5	-2,200.3	-2,527.3	-2,664.8
Net domestic assets	8,143.3	9,968.7	11,724.1	13,968.4	16,469.6	19,096.6	21,931.4	24,789.6
Domestic credit	9,345.5	11,433.1	13,514.7	16,037.9	18,907.8	21,892.5	25,184.6	28,717.2
Net claims on the government	3,716.3	4,466.5	5,225.5	6,115.0	7,161.0	8,133.4	9,470.4	10,706.2
Central bank	1,805.6	1,793.0	2,034.9	2,313.2	2,674.5	3,091.9	3,616.7	4,219.0
Commercial banks	1,910.7	2,673.5	3,190.6	3,801.9	4,486.4	5,041.6	5,853.7	6,487.2
Credit to the economy	5,629.2	6,966.5	8,289.2	9,922.9	11,746.8	13,759.0	15,714.2	18,011.0
Credit to the private sector	5,616.2	6,954.1	8,276.8	9,910.4	11,734.3	13,746.5	15,701.7	17,998.4
Credit to public enterprises	12.9	12.4	12.5	12.5	12.5	12.5	12.6	12.6
Other items, net (assets = +)	-1,202.2	-1,464.4	-1,790.6	-2,069.5	-2,438.2	-2,795.8	-3,253.2	-3,927.6
M3	6,684.3	8,010.1	10,039.2	12,073.4	14,559.2	17,035.7	19,968.6	22,870.7
Foreign currency deposits	597.1	740.6	757.0	870.1	999.8	1,148.7	1,319.6	1,392.0
M2	6,087.2	7,269.5	9,282.2	11,203.3	13,559.4	15,887.0	18,649.0	21,478.7
Currency in circulation	1,045.9	1,251.8	1,437.5	1,735.0	2,100.4	2,460.8	2,889.6	3,328.2
Local currency deposits	5,041.3	6,017.7	7,844.6	9,468.3	11,459.0	13,426.1	15,759.4	18,150.5
Demand deposits	3,418.2	4,160.6	5,172.4	6,243.0	7,554.5	8,851.7	10,387.9	11,963.7
Quasi-money	1,623.0	1,857.1	2,672.2	3,225.3	3,904.5	4,574.4	5,371.5	6,186.8
Change as a percentage of beginning period M2								
Net foreign assets								
Central bank	-10.1	6.9	4.2	0.01	-6.37	7.75	2.28	0.84
Deposit money banks	-10.0	-8.4	-0.4	-2.3	-2.2	-2.1	-2.1	-0.7
Net domestic assets	37.2	30.0	24.1	24.2	22.3	19.4	17.8	15.3
Domestic credit	42.8	34.3	28.6	27.2	25.6	22.0	20.7	18.9
Net claims on the government	17.6	12.3	10.4	9.6	9.3	7.2	8.4	6.6
Credit to the economy	25.3	22.0	18.2	17.6	16.3	14.8	12.3	12.3
Other items, net (assets = +)	-5.7	-4.3	-4.5	-3.0	-3.3	-2.6	-2.9	-3.6
M3	29.4	21.8	27.9	21.9	22.2	18.3	18.5	15.6
Foreign currency deposits	0.1	2.4	0.2	1.2	1.2	1.1	1.1	0.4
M2	29.3	19.4	27.7	20.7	21.0	17.2	17.4	15.2
Currency in circulation	8.7	3.4	2.6	3.2	3.3	2.7	2.7	2.4
Local currency deposits	20.6	16.0	25.1	17.5	17.8	14.5	14.7	12.8
Demand deposits	15.9	12.2	13.9	11.5	11.7	9.6	9.7	8.5
Quasi-money	4.7	3.8	11.2	6.0	6.1	4.9	5.0	4.4
Memorandum items:								
Credit to the private sector (percent GDP)	40.5	34.9	34.7	34.5	34.3	34.2	34.1	34.1
Official exchange rate (BF/\$)	...	...	...	...	...	...	...	...

Sources: Burundi authorities; IMF staff estimates and projections.

Table 4. Burundi: Central Bank Accounts, 2024–31
(BIF Billion)

	2024	2025	2026	2027	2028	2029	2030	2031
	Est.		Proj.					
Net foreign assets	-548.2	-536.4	-233.1	-227.4	5.2	139.3	564.6	745.9
Assets	568.5	643.9	908.4	1049.5	1454.6	1814.4	2539.5	2863.5
Liabilities	1116.7	1180.2	1141.5	1276.9	1449.4	1675.1	1975.0	2117.7
Net domestic assets	2684.4	2875.3	3095.0	3423.5	3835.6	4270.3	4788.8	5392.4
Domestic credit	2317.8	2207.0	2449.0	2727.2	3088.6	3505.9	4030.7	4633.1
Net claims on the government	1805.6	1793.0	2034.9	2313.2	2674.5	3091.9	3616.7	4219.0
Other credit to the economy	512.2	414.1	414.1	414.1	414.1	414.1	414.1	414.1
Other items, net (assets = +)	366.6	668.2	646.1	696.3	747.0	764.3	758.1	759.3
Reserve money	2136.1	2338.9	2862.0	3196.1	3840.8	4409.6	5353.4	6138.3
Currency in circulation	1045.9	1251.8	1437.5	1735.0	2100.4	2460.8	2889.6	3328.2
Bank reserves	782.7	807.6	1072.9	1037.1	1230.4	1350.5	1767.5	2008.9
Cash in vault	267.5	328.2	419.1	503.9	607.6	710.9	833.4	954.3
Other nonbank deposits	180.8	105.6	126.6	152.4	181.2	213.1	244.0	280.3
Memorandum items:								
Net foreign assets of BRB (US\$ million)								
Assets	195.0	216.8	299.6	301.3	363.6	394.9	481.1	514.5
Liabilities	383.1	397.3	376.5	366.6	362.3	364.5	374.2	380.5

Sources: Burundi authorities; IMF staff estimates and projections.

Table 5a. Burundi: Balance of Payments, 2024–31
(US\$ Million)

	2024	2025	2026	2027	2028	2029	2030	2031
	Est.		Proj.					
Current account	-414.6	-448.8	-478.4	-477.8	-478.5	-494.5	-448.7	-446.9
(excluding official transfers)	-414.6	-448.8	-478.4	-477.8	-478.5	-494.5	-448.7	-446.9
Trade balance	-682.6	-685.7	-705.0	-697.0	-679.6	-679.5	-636.3	-617.5
Exports, f.o.b.	222.1	406.8	511.2	584.9	718.3	785.3	886.8	948.5
Of which: coffee	27.4	78.2	84.9	68.2	113.1	96.7	123.6	99.7
gold	32.3	138.9	240.6	321.1	396.8	472.2	543.0	624.5
Imports, f.o.b.	-904.6	-1092.5	-1216.2	-1281.9	-1397.9	-1464.8	-1523.1	-1566.0
Of which: petroleum products	-171.5	-147.3	-215.1	-220.1	-230.3	-247.4	-254.2	-261.6
Of which: Covid related imports	...	...	...	...	...	...	...	...
Of which: Capital imports	-199.9	-208.3	-220.5	-229.3	-238.4	-247.4	-256.9	-265.3
Of which: import content of project loans/grants	59.5	54.5	104.8	115.4	125.6	129.6	137.0	136.8
Services (net)	-231.0	-260.5	-263.1	-272.5	-286.8	-302.1	-298.4	-299.4
Credits	121.5	148.1	160.0	184.3	201.5	205.0	227.1	235.0
Debits	-352.5	-408.6	-423.1	-456.9	-488.3	-507.0	-525.5	-534.4
Income (net)	-11.7	-20.9	-24.7	-27.0	-29.3	-31.6	-34.2	-51.7
Of which: interest on public debt	-11.4	-10.6	-11.1	-13.4	-13.9	-14.3	-14.8	-15.3
Current transfers (net)	510.7	518.3	514.4	518.7	517.2	518.7	520.1	521.7
Of which: Workers remittances	209.1	240.4	286.2	334.9	380.3	383.8	381.8	406.3
Capital account	145.5	131.6	238.6	265.1	274.5	280.9	280.1	292.2
Financial account	275.1	430.6	322.7	452.0	559.9	594.3	656.8	650.2
Direct investment	26.1	31.2	63.6	150.2	164.6	177.9	177.3	233.7
Other investment ¹	236.7	380.2	259.1	301.9	395.3	416.4	479.4	416.6
Assets	-11.2	-43.7	-62.6	-79.7	-90.2	-89.5	-96.8	-84.6
Liabilities	247.8	423.9	321.7	381.6	485.4	505.9	576.3	501.1
Errors and omissions	90.9	-90.7	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	96.8	22.7	82.8	239.3	355.9	380.7	488.1	495.5
Financing (increase in assets = -)	-96.8	-22.6	-82.8	-239.3	-355.9	-380.7	-488.1	-495.5
Of which: change in official reserves	-80.9	-22.6	-82.8	-1.7	-62.3	-31.3	-86.3	-33.4
Exceptional financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rescheduling of debt service (DSSI)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:								
Current account	-8.6	-6.6	-6.0	-5.4	-5.2	-5.3	-4.8	-4.6
Of which: official transfers and capital account (net)	3.0	1.9	3.0	3.0	3.0	3.0	3.0	3.0
Gross official reserves (incl. financing needs)								
US\$ million	191.3	213.9	296.8	298.5	360.8	392.0	478.3	511.7
Months of imports	1.5	1.6	2.0	1.9	2.2	2.3	2.7	2.8
PV of external debt (percent of exports of GS)	84.3	80.9	78.3	76	74	72	71	69
Government external debt (percent of GDP)	15.6	10.8	9.3	9.1	8.6	8.3	8.4	7.7
Imports of petroleum products (tons)	155,845	169,283	187,518	222,276	245,761	270,987	284,848	299,399
Oil (US\$/barrel)	79.2	67.7	89.3	77	73	71	70	68
Nominal GDP (US\$ billion)	4.8	6.8	7.9	8.8	9.1	9.4	9.3	9.7

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

¹ Including trade credits and grants. BPM6 manual defines other investment as a residual category that includes all other changes in assets and liabilities of public and private sectors including trade credits and grants.

Table 5b. Burundi: Balance of Payments, 2024–31
(Percent of GDP)

	2024	2025	2026	2027	2028	2029	2030	2031
	Est.					Proj.		
Current account	-8.6	-6.6	-6.0	-5.4	-5.2	-5.3	-4.8	-4.6
(excluding official transfers)	-8.6	-6.6	-6.0	-5.4	-5.2	-5.3	-4.8	-4.6
Trade balance	-14.2	-10.1	-8.9	-7.9	-7.4	-7.3	-6.8	-6.3
Exports, f.o.b.	4.6	6.0	6.4	6.6	7.9	8.4	9.5	9.7
Of which: coffee	1.2	1.2	1.1	1.1	1.1	1.1	1.1	1.0
gold	0.7	2.1	3.0	3.6	4.3	5.0	5.8	6.4
Imports, f.o.b.	-18.8	-16.1	-15.3	-14.5	-15.3	-15.6	-16.3	-16.1
Of which: petroleum products	-3.6	-2.2	-2.7	-2.5	-2.5	-2.6	-2.7	-2.7
Of which: Covid related imports	...	...	...	...	...	...	...	...
Of which: Capital imports	-4.2	-3.1	-2.8	-2.6	-2.6	-2.6	-2.8	-2.7
Of which: import content project loans/grants	-1.2	-0.8	-1.3	-1.3	-1.4	-1.4	-1.5	-1.4
Of which: import content ECF	0.0	0.0	0.0					
Services (net)	-4.8	-3.8	-3.3	-3.1	-3.1	-3.2	-3.2	-3.1
Credits	2.5	2.2	2.0	2.1	2.2	2.2	2.4	2.4
Debits	-7.3	-6.0	-5.3	-5.2	-5.3	-5.4	-5.6	-5.5
Income (net)	-0.2	-0.3	-0.3	-0.3	-0.3	-0.3	-0.4	-0.5
Of which: interest on public debt	-0.2	-0.2	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2
Current transfers (net)	10.6	7.7	6.5	5.9	5.7	5.5	5.6	5.4
Of which: Workers' remittances	4.3	3.6	3.6	3.8	4.2	4.1	4.1	4.2
Capital account	3.0	1.9	3.0	3.0	3.0	3.0	3.0	3.0
Financial account	5.7	6.4	4.1	5.1	6.1	6.3	7.0	6.7
Direct investment	0.5	0.5	0.8	1.7	1.8	1.9	1.9	2.4
Other investment ¹	4.9	5.6	3.3	3.4	4.3	4.4	5.1	4.3
Assets	-0.2	-0.6	-0.8	-0.9	-1.0	-1.0	-1.0	-0.9
Liabilities	5.1	6.3	4.0	4.3	5.3	5.4	6.2	5.1
Errors and omissions	1.9	-1.3	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	2.0	0.3	1.0	2.7	3.9	4.1	5.2	5.1
Financing (increase in assets = -)	-2.0	-0.3	-1.0	-2.7	-3.9	-4.1	-5.2	-5.1
Of which: change in official reserves	-1.7	-0.3	-1.0	0.0	-0.7	-0.3	-0.9	-0.3
Exceptional financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rescheduling of debt service (DSSI)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

¹ Including trade credits and grants. BPM6 manual defines other investment as a residual category that includes all other changes in assets and liabilities of public and private sectors including trade credits and grants.

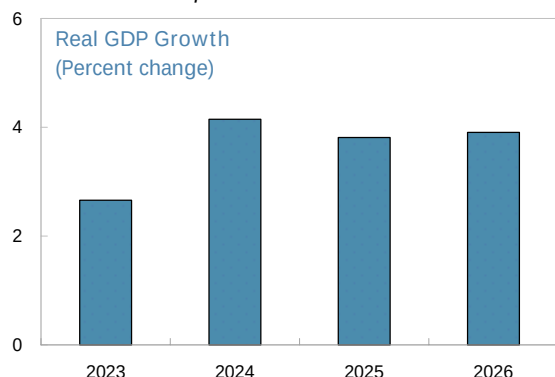
Table 6. Burundi: Banking System Soundness Indicators, 2023–25

	2023				2024				2025			
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec
Capital Requirement												
Capital requirement over risk weighted assets (solvency ratio)	23.6	21.7	20.6	19.4	21.3	21.3	20.4	18.5	19.9	19.7	18.2	17.8
Core capital (Tier 1 capital) over weighted assets	21.8	19.9	19.0	17.9	19.8	19.7	18.9	17.1	18.4	18.3	16.9	16.5
Quality of assets												
Nonperforming loans (percent of total gross loans granted)	2.5	2.5	2.6	3.2	3.6	3.6	4.2	3.7	4.0	4.0	3.8	4.2
Provisions (percent of nonperforming loans)	49.8	53.0	54.8	56.4	53.9	52.1	49.0	61.7	60.3	57.0	60.6	56.8
Nonperforming loans net of provisions (percent of capital)	4.5	4.4	4.9	5.8	6.8	7.3	9.0	6.3	6.7	7.3	6.9	8.4
Large exposures (percent of capital)	108.7	124.4	117.9	105.3	104.6	95.2	100.5	110.5	100.8	98.0	82.2	83.2
Profitability rates												
Return on assets	0.4	1.1	1.4	2.2	0.6	1.2	1.7	2.4	0.6	1.3	1.7	2.3
Return on equity capital	2.9	9.3	11.8	18.6	5.3	10.1	14.3	20.0	4.9	10.7	15.3	20.3
Net interest (percent of gross results)	70.8	67.3	67.8	65.2	65.7	67.5	66.1	64.1	67.8	66.5	67.2	67.5
Costs excluding interest (percent of gross outturn)	49.2	47.0	48.4	49.2	50.1	50.6	50.7	50.3	51.5	50.2	50.1	50.9
Liquidity												
Liquid assets (percent of all loans granted)	15.3	18.7	15.8	17.1	15.3	21.2	25.2	19.0	16.3	15.9	19.1	18.5
Liquid assets (percent of total risk weighted assets)	13.1	15.5	13.4	13.6	13.5	18.7	21.3	15.4	13.7	13.5	15.8	15.2
Liquid assets (percent of short-term commitments)	12.5	15.5	13.3	14.4	12.9	18.0	22.3	17.8	14.9	14.6	16.4	16.8
Exposure to foreign currency												
Foreign currency loans to total gross loans	13.0	15.6	18.1	18.1	18.5	18.4	17.6	16.3	15.9	17.2	20.9	19.9
Foreign currency liabilities to total liabilities	11.7	14.2	15.4	15.8	18.4	18.9	18.2	19.5	18.4	18.7	21.8	21.7
Net open position in foreign exchange to equity	12.0	16.5	15.9	22.9	16.2	15.2	17.5	20.4	20.9	20.4	20.6	20.9

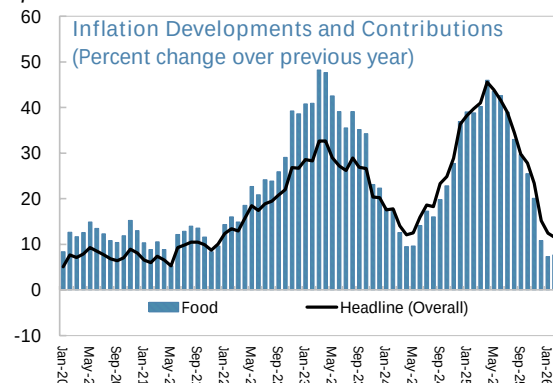
Source: Burundi authorities.

Figure 1. Burundi: Recent Developments, 2019–26

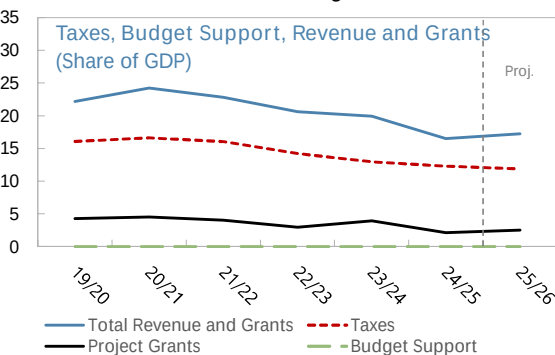
Despite increasing since 2022, growth remains below potential and below peer countries...



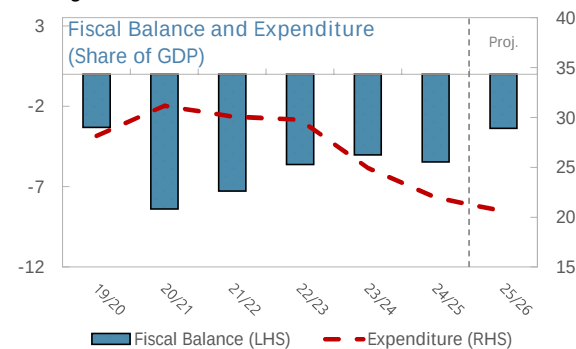
... and Burundi has experienced two major inflationary episodes since 2022.



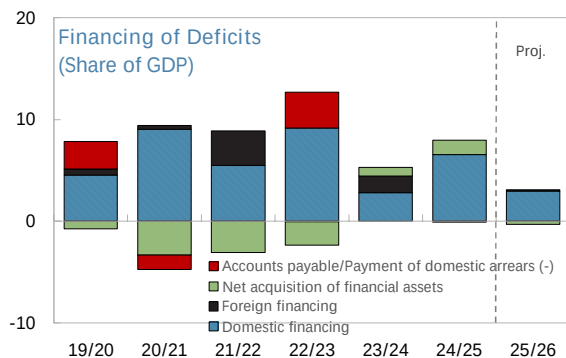
Revenue growth was slower than nominal GDP growth, with revenue to GDP ratio declining since 2021/22...



... while expenditure declined even faster in real terms, leading to lower fiscal deficit.



Domestic financing, notably from the central bank, has been the main source of financing over the last few years.



The current account deficit has been narrowing, and FX reserves increasing, thanks to favorable terms of trade in 2024 and 2025

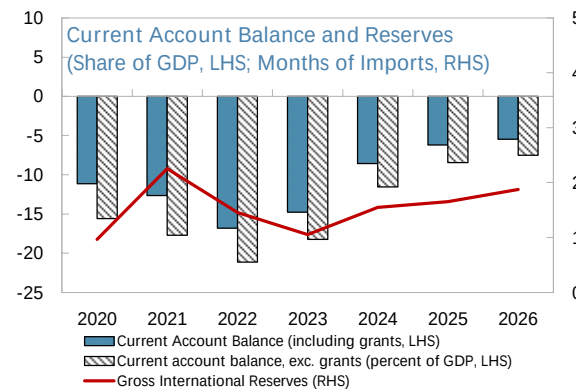
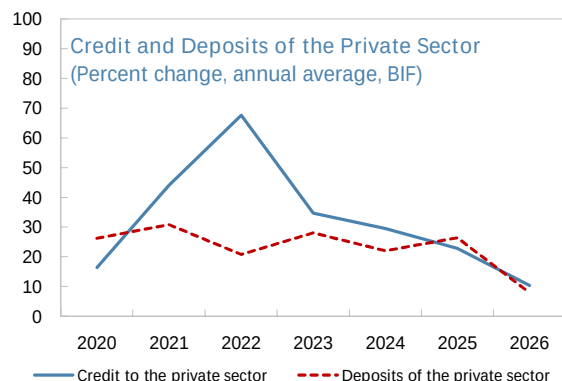


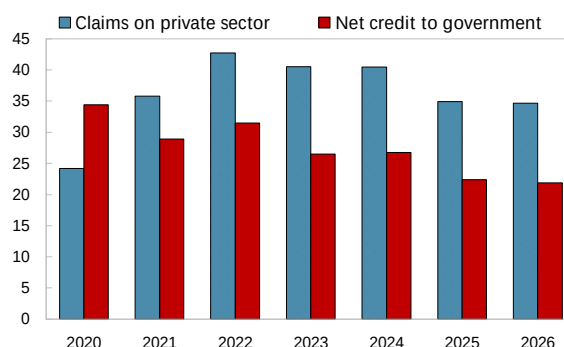
Figure 2. Burundi: Monetary Developments, 2014–26

After the Covid- crisis-related expansion, credit is back to growing in line with nominal GDP

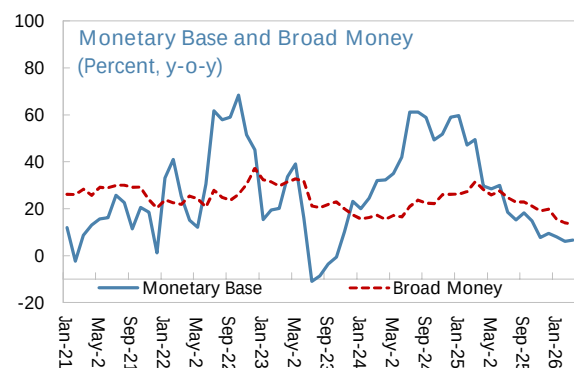


Credit to government has slowly receded as a share of GDP since 2023

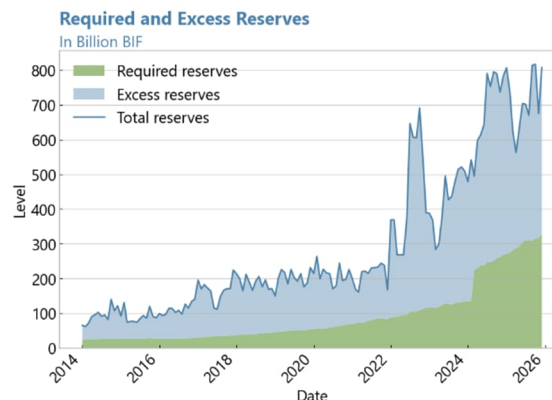
Credit to the Economy (Percent of GDP)



Recent years have seen recurrent bouts of reserve money expansion, while broad aggregates remained subdued...

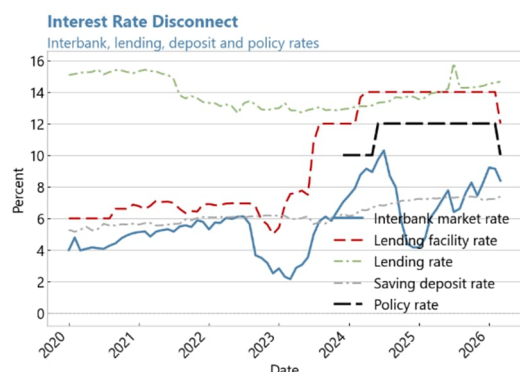


... these injections and limited liquidity management by the BRB resulted in a large "liquidity overhang" ...



Source: BRB; and IMF staff calculations.

...whose impact is noticeable in interbank rates about 200 basis points lower than the BRB policy rate...



Source: BRB; and IMF staff calculations. Monthly data, 2020–25.

...meanwhile rates on short-term government securities have remained persistently below inflation

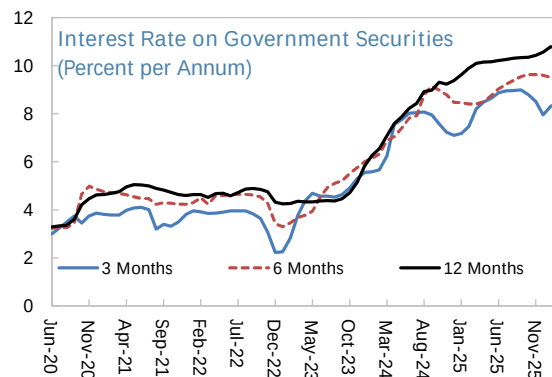
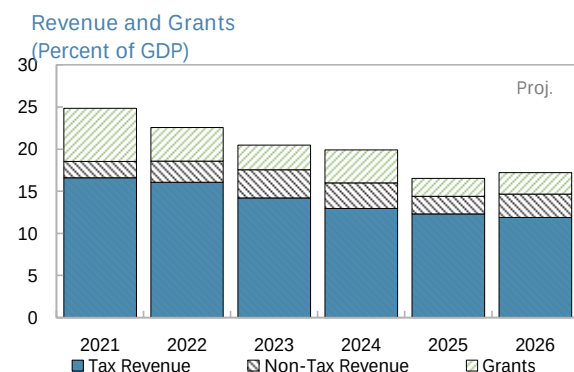
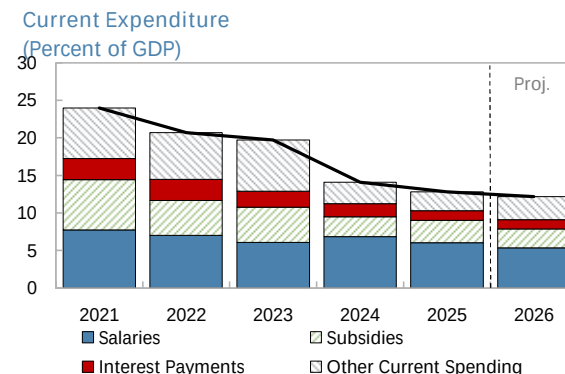


Figure 3. Burundi: Fiscal Developments, 2018–26

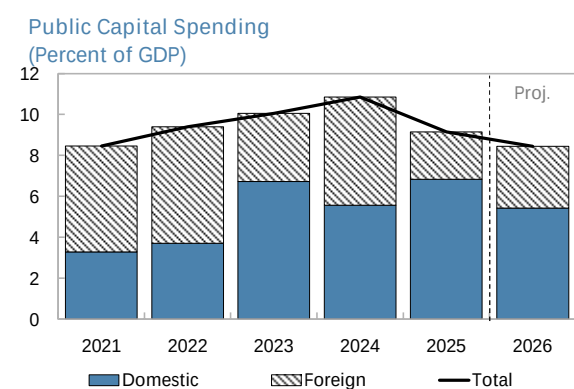
Revenues have been somewhat stable, but grants declined highlighting the need for domestic revenue mobilization



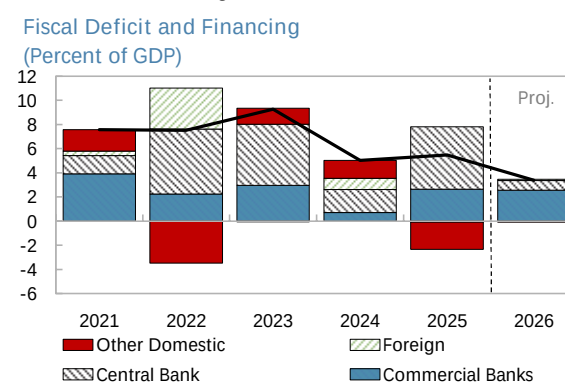
Financing shortfalls forced current expenditure compression



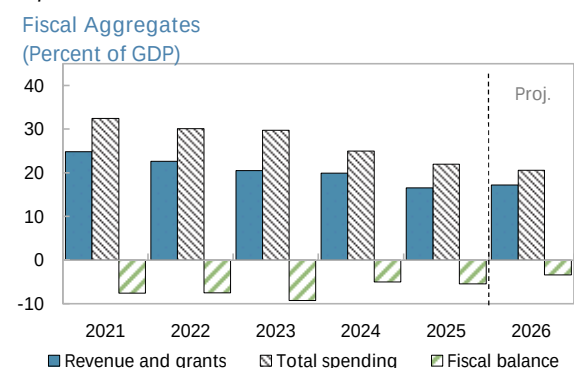
....and continuing cuts in capital spending.



The financing mix has improved with less reliance on central bank financing and more recourse to markets



Expenditure-driven consolidation drove fiscal balances improvement...



... no new monetary financing flows have been noted since the beginning of the fiscal year FY25/26.

Central Bank Stock of Ordinary Advances to the Government
(in millions BIF)

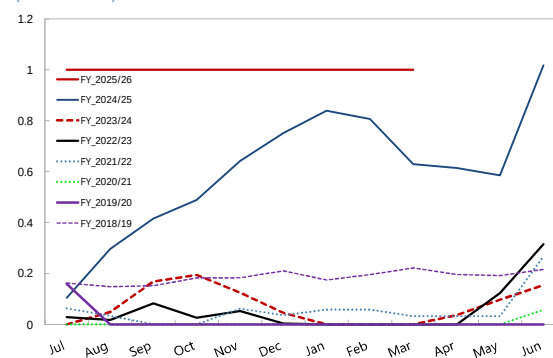
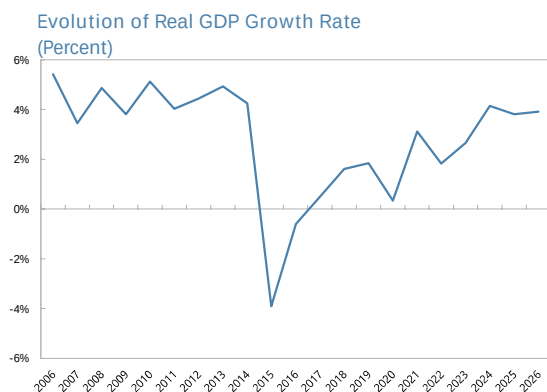
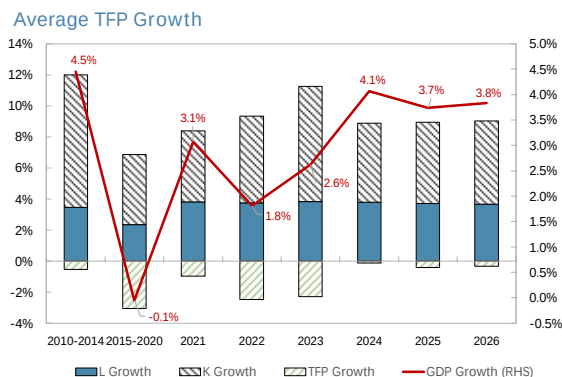


Figure 4. Burundi: Growth Developments, 2001–42

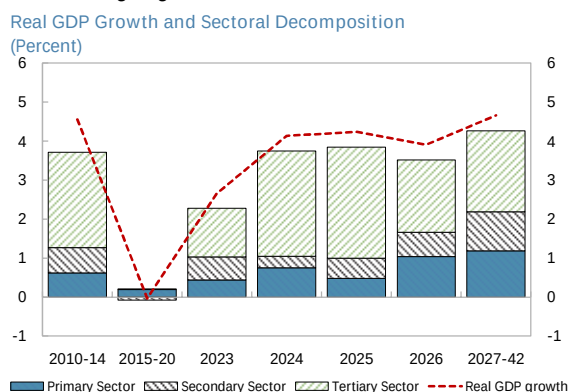
Growth post Covid-19 has remained low and volatile, but in the past two years the country has maintained an above average growth rate



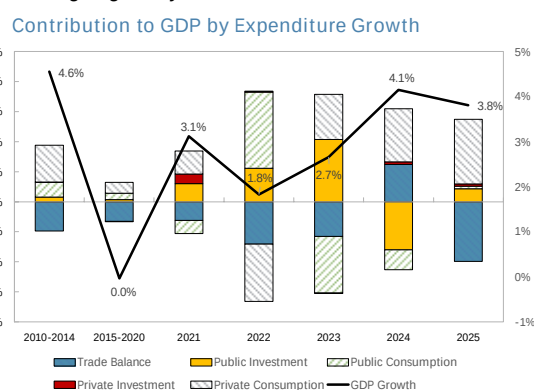
Despite strong contribution of labor growth and capital accumulation, negative TFP has dented growth performance throughout the last decade



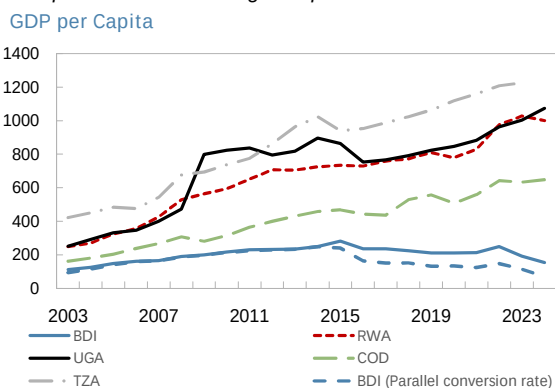
Following a decade of economic activity driven by the primary and tertiary sector, industry is expected to provide a larger contribution going forward



On average, private consumption and public investment have been important contributors to GDP growth, with net trade contributing negatively.



Meanwhile, Burundi's income per capita continues to underperform relative to regional peers



...and informal trade (from smuggling and exports under-invoicing) keeps dragging on fiscal resources and FX reserves.

Official vs True EX/IM Ratios
(True = Official + IMTS discrepancy)

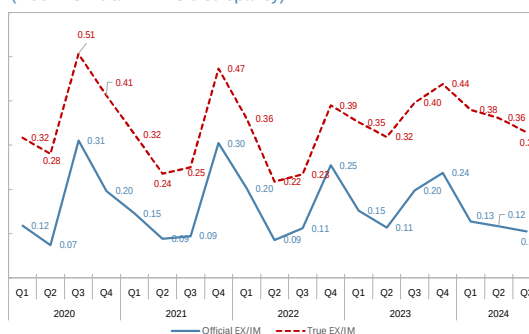
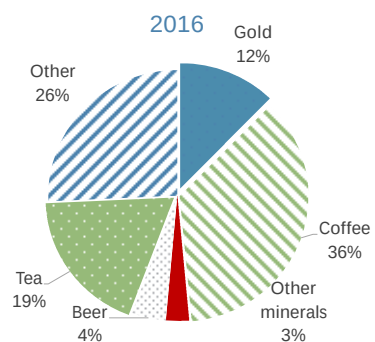
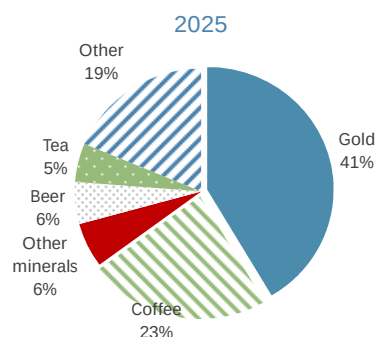


Figure 5. Burundi: Ongoing and Prospective Impact of Gold Exports of Burundi

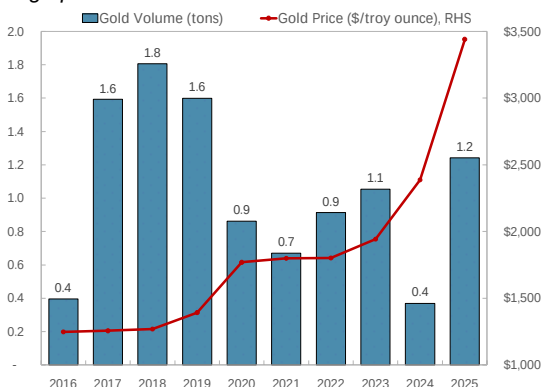
Gold displaced coffee and tea as the major exporting goods in the country...



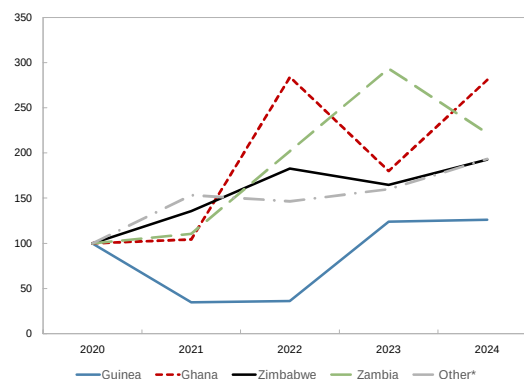
...and now represents more than 40% of total merchandise exports.



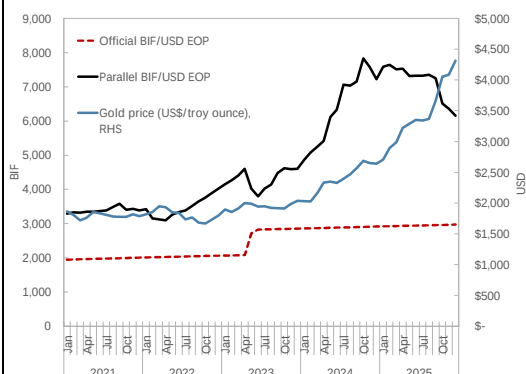
However, officially registered exported gold still does not follow a constant stream of production despite high prices.



Gold volumes exported to Dubai have increased markedly over the last 5 years...



...contributing to an appreciation of the parallel exchange rate through a larger domestic supply of FX.



The outlook for gold exports greatly depends on price changes but also on artisanal gold sector formalization..

Exports of Gold Scenarios at Different Prices and Reform Assumptions (US\$ Million)

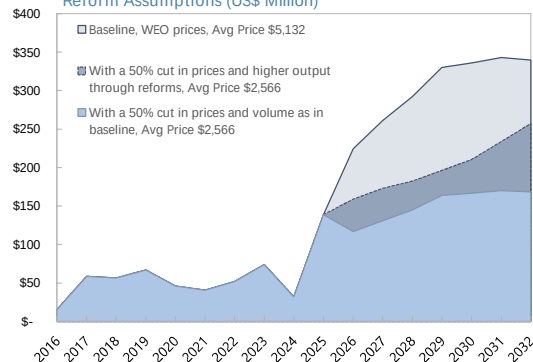
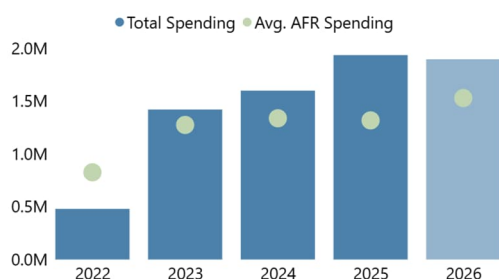


Figure 6. Burundi: Capacity Development Overview, Actual and Planned¹

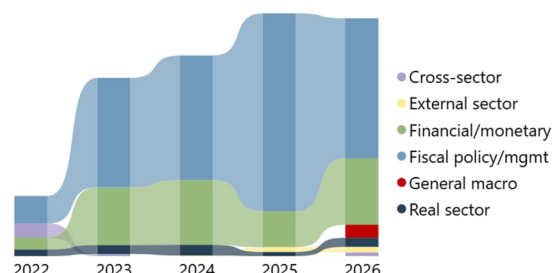
CD spending has steadily increased in Burundi

Burundi: CD Spending, FY 23-26
(Million USD)



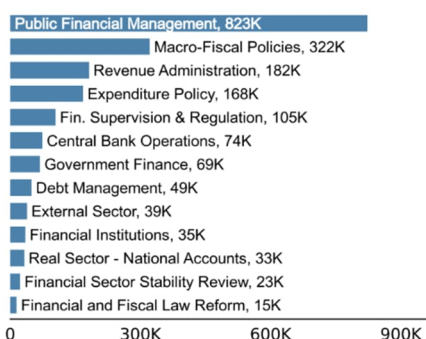
With a concentration of CD spending in fiscal and monetary

CD Spending by Sector, FY 23-26
(Million USD)



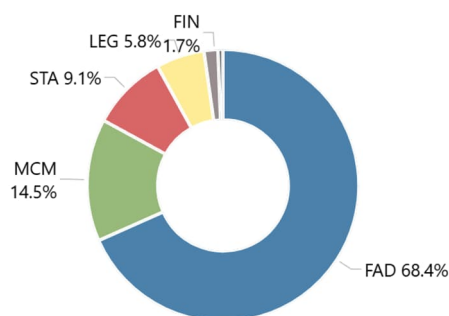
More recently, in FY2025, PFM, Macro-Fiscal Policies and Revenue Administration led CD spending

CD Spending by Workstream, FY 2025
(Million USD)



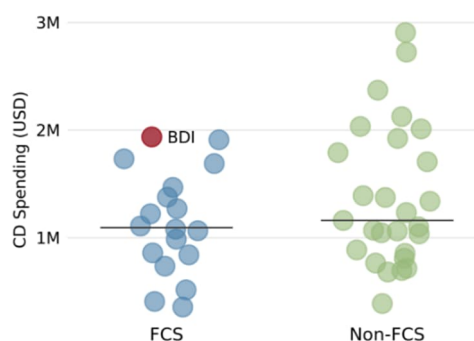
With the Fund's Fiscal Department (FAD) having the greatest share of CD spending

CD Spending by Delivery Department, FY 2025
(Million USD)



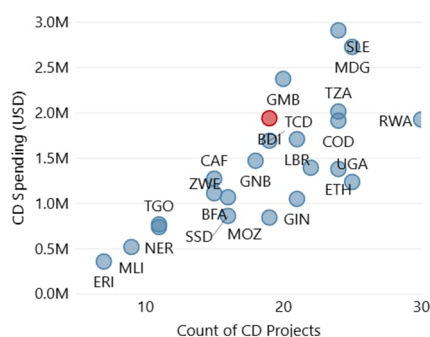
Among AFR FCS countries, Burundi leads in CD spending

CD Spending to AFR, FCS and non-FCS, FY2025
(Million USD)



And stands above the average pending and project count for AFR LIC countries

CD Projects and Spending to AFR-LIC, FY2025
(Million USD)



Source: IMF staff calculations based on CDMAP data.

¹ Years denote fiscal years. Data for FY22 to FY25 is actual data, data for FY26 and FY27 is based on planned activities in CDMAP as of April 7th, 2026. Only projects in the stages "Approval", "Execution" and "Complete" are included. Average spending includes all single country spending in AFR divided by 45.

Annex I. Implementation of Past IMF Recommendations (2025 Article IV Consultation)

FUND ADVICE	COMMENTS
FISCAL & DEBT	
• Tighten the fiscal stance and reduce monetary financing. • Improve expenditure efficiency, advance PFM reforms, reduce exemptions, broaden the tax base, and enhance compliance via digitalization. • Maintain prudent debt management focused on grants and concessional borrowing. • Improve monitoring and prevention of domestic arrears.	• Partially implemented. Authorities launched a medium-term fiscal framework in 2025 aiming at tightening the fiscal stance to reduce reliance on monetary financing. Recourse to BRB financing has been minimal so far in FY25/26. • Partially implemented. Various PFM reforms undertaken last year will give tools to improve expenditure efficiency. A plan is being rolled out by OBR to improve tax administration and compliance and deploy digital collection tools. No progress has been made conversely on reducing tax exemptions and on widening the tax base. • Implemented. Debt management has remained prudent and measures have been taken to develop a secondary market of government securities. • Not yet implemented. A clear framework for managing domestic arrears management is still lacking.
FOREIGN EXCHANGE & MONETARY	
• Accelerate FX unification and move to a flexible exchange rate regime; remove FX restrictions. • Tighten monetary policy via lower money growth, higher policy rates, and quantitative tightening. • Develop a transitional monetary framework toward inflation targeting. Use a policy rate anchor and improve communication to guide expectations.	• Not implemented. Persistent FX distortions undermine activity. FX restrictions have been maintained. • Not yet implemented. The monetary tightening observed since the last consultation has been driven by the tighter fiscal stance and the interruption of monetary financing. Real policy rates have moved from deep negative territory to zero, but the move was entirely driven by disinflation: no official rate hike nor quantitative tightening have been implemented by the BRB in 2025 and so far in 2026.

FUND ADVICE	COMMENTS
	Not yet implemented. While steps are taken to improve the forecasting function and policy communication further long term effort and technical assistance will be needed to support the transition to inflation targeting.
GOVERNANCE	
- Strengthen the rule of law, anti-corruption framework, and transparency (including procurement). - Enhance central bank governance through the implementation of safeguard assessment recommendations. - Improve SOE oversight and reduce fiscal risks. Consider performance-based management or private participation.	- Partially implemented. Authorities need to revamp their governance agenda relying on the forthcoming governance diagnostic report. Some progress is evident in the launch of an anti-corruption framework for the Burundian Revenue Authority. - Not yet implemented. Authorities still need to implement the recommendations from the latest safeguard assessment, including the publication of recently audited financial statements. - Partially implemented. Measures have been taken to improve the management and stakeholder control of SOEs (debt reporting, dividend payments), reduce waste and undue transfer of budget resources, and promote public private partnerships.
STRUCTURAL	
- Advance reforms to address productivity bottlenecks in agriculture, mining, infrastructure, and local markets. - Strengthen energy planning, transmission capacity, and energy sector governance. - Publish governance diagnostic report. - Reduce data gaps, improve availability of macroeconomic statistics and data transparency.	- Partially implemented. Authorities have taken measures to boost coffee production (closing the gap between exporting and international prices, planting of trees, improving agricultural techniques) and provided incentives for the formalization of the gold semi-artisanal sector (taxation, modalities of BRB purchases, financing for mechanization). - Partially implemented. Authorities are actively working towards concluding a USD1.5 bln PPP agreement to undertake a large transmission and distribution project. The regulatory framework for energy is being overhauled in the context of the WB-sponsored Energy Compact. - Partially implemented. Authorities have provided feedback to the draft GDA and subsequent publication is being considered.

FUND ADVICE	COMMENTS
	Partially implemented. Authorities continue advancing the data adequacy agenda with support from ongoing Fund TA.
FINANCIAL	
- Strengthen the monitoring of FX exposure risks and enhance bank supervision. - Conduct an asset quality review and address sovereign-bank nexus through stress testing and prudential tools. - Enhance financial inclusion and digitalization of payment systems. Reduce cash reliance and support credit deepening.	- Partially implemented. Limited progress in measuring and managing FX risks which constraints balance sheet vulnerability assessment. Most FSSR recommendations have been implemented. Authorities are stepping up efforts to monitor commercial banks FX arrears and net open positions. - Not implemented. The asset quality review is still pending due to BRB capacity constraints. - Implemented. Progress made by the BRB and the banking industry in developing digital payment solutions accessible by mobile phones, and in promoting inter-operability of payment systems.

Annex II. Risk Assessment Matrix¹

Risks	Likelihood	Expected Impact on the Economy	Policy Response
CONJUNCTURAL RISKS			
Geopolitical Tensions and Intensification of Conflicts. Rising geopolitical tensions, and a weakening of multilateralism, raise the risk of an escalation in military conflicts, accompanied by damage to key physical and financial infrastructure, disruptions in major transit routes and supply chains, higher migration pressures, additional financial frictions and market volatility.	High	High. Heightened geopolitical tensions could affect maritime routes that jeopardize exports of Burundi. A deepening of geopolitical conflicts that could reduce FX reserves inflows could jeopardize macroeconomic balance.	Strengthen contingency planning, and maintain macroeconomic stability through tight monetary policy and fiscal policies to buffer the external shocks.
Commodity Price Volatility. Supply and demand imbalances—triggered by geopolitical tensions, coordinated production decisions, shifts in investor preferences, or structural changes in demand—fuel commodity price swings, amplifying external and fiscal pressures, social unrest, and macro instability.	High	Low. Burundi's dependence on food and fuel commodity imports is limited, with the country relying heavily on local subsistence agriculture. High fertilizer prices could dent agricultural yields but increases in global commodity prices of gold could boost the country's exports and support economic growth and reserves accumulation.	Reform monetary and exchange rate policies. Develop and strengthen domestic subsistence agriculture through structural reforms. to enhance agricultural productivity of agriculture and formalize gold production.
Fiscal Vulnerabilities and Higher Interest Rates. Higher public debt and deficit levels put further upward pressure on long-term interest rates, sharply tightening global financial conditions, amplifying currency volatility, and reducing consumption and investment that exacerbate adverse debt dynamics. Disruptions are amplified by increased role of price-sensitive investors and	High	Low. The increase of global interest rates may lead to a reduction of capital flows to Burundi. The effect of Burundi's debt and prospective new debt would be moderate given the relatively low ratio of debt to GDP, its lack of access to international	Exchange rate unification would facilitate aid inflows and create potential for private sector FDIs. To this end tighten monetary policy and stabilize public finances. Deploy structural reform across

¹ The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline. Likelihood reflects staff's subjective assessment: "low" (below 10 percent), "medium" (10-30 percent), and "high" (30-50 percent). The RAM captures staff views on the source of risks and overall concern as of the time of discussions with the authorities.

Risks	Likelihood	Expected Impact on the Economy	Policy Response
leveraged NBFIs in sovereign debt markets, limited market absorption capacity when NBFIs offload debt securities, higher roll-over needs on shorter sovereign debt maturities, and strong sovereign-financial nexus. Concurrently, capital outflows from emerging and developing economies elicit a sharp increase in short-term rates.		market, and its potential access to concessional funding.	sectors to reinforce private sector led-initiatives..
Social Discontent. Persistently high living costs, youth unemployment and inequality, amid an erosion in governance standards and pressures from geoeconomic realignments, trigger social unrest, political repression and instability, affecting countries' capacity to pursue economic reforms.	Medium	Medium. Labor informality and low productivity-low paying jobs in agriculture continue being two priority problems in Burundi. While there is no evidence of social discontent, low economic opportunities for the population are a latent risk.	Promote reforms that support the business environment and facilitate the work of enterprises, specially micro and small and promote higher productivity segments (like mechanized mining and electrification) to mitigate underemployment in subsistence agriculture.
STRUCTURAL RISKS			
Labor Shortages and Remittances. Tighter immigration policies exacerbate labor shortages in aging destination economies, reducing potential output, fueling inflation, and straining fiscal balances through lower revenues. Origin countries see depressed remittances and incomes, and worsening external balances, though a larger labor force could partly offset the remittance decline over the medium term.	High	Low. Remittances represent still a small share of GDP in Burundi (less than 4%). While they do support those who receive them, they are not fundamental to boost aggregate consumption or mitigate external imbalances, and therefore are not macro-critical.	Foster financial inclusion reforms that facilitate the access to remittances.
Climate Change. Extreme climate events and rising temperatures could cause loss of life, damage to infrastructure, food insecurity, supply disruptions, and	Medium	Medium. Most of the production of Burundi is based on agriculture (export and subsistence). As	Reinforcement of emergency preparedness mechanisms and

Risks	Likelihood	Expected Impact on the Economy	Policy Response
heighten economic and financial instability.		the country is prone to floods, droughts and landslides, the occurrence of natural disasters that affect local agriculture production is macro-critical.	prevention tools (weather forecast, communication with communities, reallocation), measures to promote—and investments in—risk reduction and resilience, including climate-resilient infrastructure, water resources management and climate-smart agriculture, and strengthening social protection mechanisms
DOMESTIC RISKS			
Fiscal slippages. Upcoming Presidential elections in May 2027 could lead to fiscal slippages and arrears accumulation.	Medium	High. Could lead to increased monetary financing and higher inflation	Enhance fiscal transparency, budget oversight and monetary independence to avoid that lack of timely spending and revenue monitoring provides an opportunity for slippages and relapse to monetary financing.
Delays in FX and structural reforms.	Medium	High. Persistent and potentially widening gap between the parallel and the official exchange rates; intensification of informality of trade; pressure on FX reserves.	Greater transparency of monetary policy, enhancing monetary policy and FX operations, instruments and active liquidity management, phase out regulations creating FX market distortions and privileged access to FX at the official rate.

Annex III. External Sector Assessment

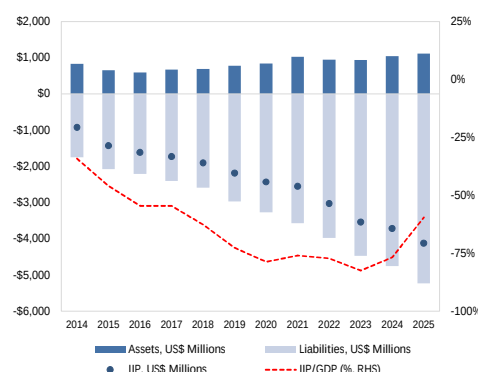
Overall Assessment. The external position is assessed as substantially weaker than the level implied by fundamentals and desirable policies. The slight qualitative downgrade with respect to the CA-gap model metric, responds to a combination of factors that include import restrictions during part of 2025, foreign exchange reserves below adequacy levels, large over-valuation of the REER, and lingering distortions in the FX market. The assessment is subject to uncertainty stemming from the significant FX market distortions and their potential impact on the actual current account. External imbalances are projected to slowly narrow under a baseline scenario -though surrounded by large global uncertainty- supported by the authorities' commitment to a tighter fiscal and monetary policy stance. Persistent high prices of key export commodities and steadfast policy implementation to eliminate FX market distortions would narrow imbalances at a faster pace. On the contrary, a deepening and larger duration of the ongoing Middle East crisis could jeopardize the outlook for external balances going forward.

Potential Policy Responses. Ambitious exchange rate policy reforms aimed at reducing FX shortages and promoting a market-based exchange rate are needed to reduce external imbalances. Fiscal adjustment and measures to improve competitiveness (including labor market reform) are also required. Promoting transformative structural reforms in other sectors –agriculture, financial sector, energy – is also essential to increase productivity and ensure a balanced economic and social development. In addition, seeking development partners' support will provide additional FX reserves to cushion the path of adjustment and exit from fragility.

Foreign Assets and Liabilities: Position and Trajectory

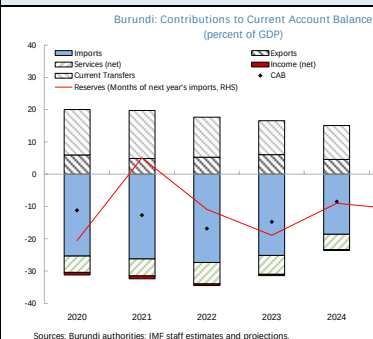
Background. While Burundi's net international investment position relative to the economy (NIIP/GDP) has been on a downward trend since 2014, the last two years are showing a slight correction to an estimate of -60% of GDP (from -77% in 2024 and -83% in 2023). The main driver of this is a strong increase in nominal GDP. Total foreign assets were estimated at USD 1,110 million in 2025, while total liabilities reached USD 5,233 million.

Assessment. Despite a moderate slowdown in the NIIP/GDP downward trend, its magnitude poses a risk to the external sustainability of Burundi's economy. A successful implementation of key policy reforms, including the pending FX unification, the ongoing fiscal consolidation, and cease of monetary financing, should increase FX reserves through higher formal exports, FDI and foreign aid. Moreover, the “formalization” of some external assets held informally (in the form of foreign currency cash or undeclared gold in vaults overseas) should help bringing back the NIIP to more sustainable levels over the medium run.



Source: IMF staff estimates based on data from Burundian authorities.

Current Account



Sources: Burundi authorities; IMF staff estimates and projections.

Background. In 2025, the current account deficit (CAD) stood at 6.6 percent of GDP, a notable improvement from the 8.6 percent deficit of 2024. The CAD was halved relative to the average annual pace of 12.8 percent of GDP during 2020–2024, when it was largely driven by rising energy prices and a loose fiscal stance. Unlike then, the more benign CAD in 2025 results from a tighter fiscal policy that reduced absorption and from positive external conditions –higher coffee and gold prices– that boosted exports in value. The sustained increase in gold prices and authorities' efforts to promote the formalization of artisanal gold mining production drove gold exports up to 1.2 tons vs. 0.4 tons in 2024. Remittances lent support to the external sector, growing 15 percent in 2025. They remain low in absolute level though, at 3.6 percent of GDP. The country has rebuilt limited FX reserve buffers since mid-2025, after a period of extreme reserve scarcity, following the ECF expiry and the non-disbursement of contingent loans from other IFIs.. Baseline

projections suggest that reserve coverage could surpass 2.5 months of next year's imports by 2030, predicated on continuing positive external conditions and adequate domestic policies. Export revenues are projected to increase in the medium term owing to higher commodity prices. Over the medium term, the CA deficit is projected to further improve with exports growth (gold, coffee, tea, beer) facilitating a correction of the long-standing external imbalance.

Assessment. The current account norm (the level in line with fundamentals and desirable policy levels) is estimated at -4.7 percent of GDP. With an actual cyclically adjusted CA deficit of 8.3 percent, the EBA-lite CA model indicates a negative CA gap of 3.6 percent of GDP in 2025. FX reserves, at 1.6 months of imports, fall short of the ARA metric of 3.5 months. Fiscal policy (with a deficit of 5.5 percent of GDP in 2025) was still beyond the desirable stance. The CA gap also reflects structural factors not captured by the model and contributing to the economy's competitiveness challenges. The imbalances underline the importance of a growth and export friendly fiscal adjustment, as well as policies to improve competitiveness and contain external imbalances. FX market

distortions –the premium remains at around 100 percent– prevent the efficient functioning of domestic and export markets as they encourage illegal exports and create disincentives for investors. Against this background, staff assess the external position as substantially weaker than the level implied by medium-term fundamentals and desirable policies.

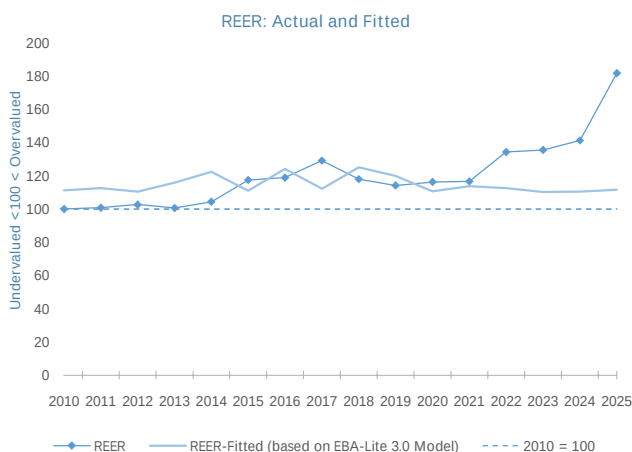
Burundi: EBA-lite Model Results, 2025

	CA model ^{1/}	REER model ^{1/}
	(in percent of GDP)	
CA-Actual	-6.6	
Cyclical contributions (from model) (-)	1.3	
Natural disasters and conflicts (-)	0.4	
Adjusted CA	-8.3	
CA Norm (from model) ^{2/}	-4.7	
Adjustments to the norm (+)	0.0	
Adjusted CA Norm	-4.7	
CA Gap	-3.6	-2.4
o/w Relative policy gap	1.1	
Elasticity	-0.1	
REER Gap (in percent)	71.8	48.9

^{1/} Based on the EBA-lite 3.0 methodology

^{2/} Cyclically adjusted, including multilateral consistency adjustments.

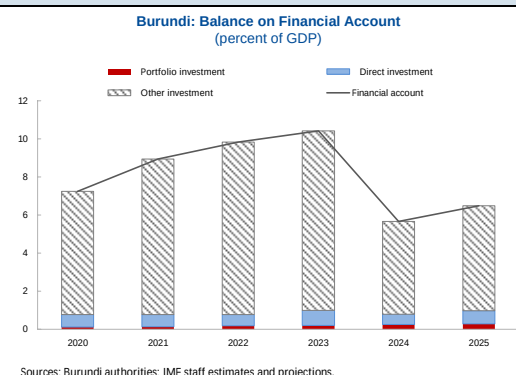
Real Exchange Rate



Background. Burundi's real effective exchange rate (REER) has been on an appreciating trend for more than 10 years and more recently at an unprecedented sharp pace. In 2025 the REER appreciated at its fastest pace yet –a 29 percent increase with respect to its level one year ago. **Assessment.** The REER overvaluation implied by the EBA-lite current account model is estimated at 71.8 percent (applying an estimated semi-elasticity of the current account balance relative to the REER of -0.1). The overvaluation implied by the REER model suggests an overvaluation of 49 percent relative to the norm. This real estimated overvaluation is in line with recent outcomes in the local economy. While the parallel FX market premium declined to 100

percent at end-2025 from a much wider gap in 2024, CPI inflation averaged 34 percent. The real overvaluation during 2025 –despite a nominal appreciation of the parallel market rate– illustrates the impact of higher local prices in Burundi relative to the rest of the world in reducing external competitiveness. Recent retreat of end-of-year inflation (15.2 percent y/y), jointly with authorities' fiscal consolidation actions, could provide the conditions for a correction of the large and persistent overvaluation. Nevertheless, a close monitoring of FX market conditions, monetary policy and price outcomes, as well as implementation of tighter fiscal measures is a priority for the country to promote external competitiveness.

Capital and Financial Accounts: Flows and Policy Measures



Background. In 2025, Burundi's CA deficit was largely financed by inflows. The financial and capital accounts slightly improved relative to 2024 due to larger net trade credit liabilities, FDI and project grants. Direct investment inflows in the medium-term are likely to increase gradually in response to consistent implementation of stabilizing macro-fiscal policy driving improvements in the business environment. The positive terms of trade would help support the authorities' reform agenda. Despite a positive medium-term outlook, FDI levels will remain low, going from 0.5 percent of GDP in 2025 to an estimate of 2 percent towards 2030. To promote fast and sustainable growth, reforms that attract investor's confidence and create a more business-friendly environment

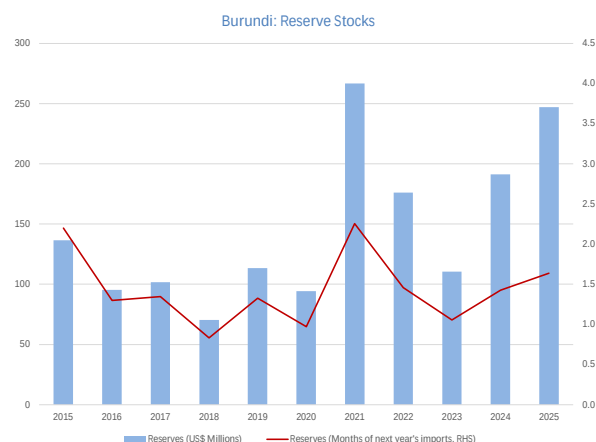
need to be stepped up given the history of low FDI to the country.

Assessment. A removal of FX control measures within a policy reform framework and timeline that reflects the country's constraints and vulnerabilities to changing external conditions would improve the financial account by attracting more private flows. Improving the frequency and the quality of financial account data provision, notably on foreign investments and imports financing, would help better grasp developments and direct policy.

FX Intervention and Reserves Level

Background. In 2025, the FX reserves of the BRB reached US\$ 214 million, a 12 percent increase from the 2024 levels of US\$191 million. The historical declining stock of reserves is starting to consistently reverse course due to authorities' policy actions and the positive external environment. FX reserves, as measured in months of next year's imports, have also seen a gradual increase with a coverage rate of 1.6 in 2025. While the BRB continues to deal with low FX buffers, its actions are moving in the direction of supporting reserve build up. Monetary financing has ceased since July 2025. Further, the BRB is attempting to activate the interbank money market through facilitating financial transactions on a new platform. The existence of a dual FX market, with a premium estimated at 100 percent, is still preventing exports from reaching full potential, leading to lower FX accumulation, and limiting investors' confidence.

Assessment. The BRB should move towards a market-determined floating exchange rate and eliminate the large FX premium. The IMF's reserve adequacy metric for credit-constrained economies indicates that the adequate level of reserves should account for the cost of carrying reserves, probability of a large shock, and the cost of a reversal of flows. Considering the higher cost of holding reserves and the shock-prone environment, the optimal reserve coverage ratio is between 3.5 and 4.6 months of imports. Consistent with this range, the reserve level should be kept at a minimum of 3.5 months of imports.



Annex IV. Macroeconomic Stabilization Plan 2025–27

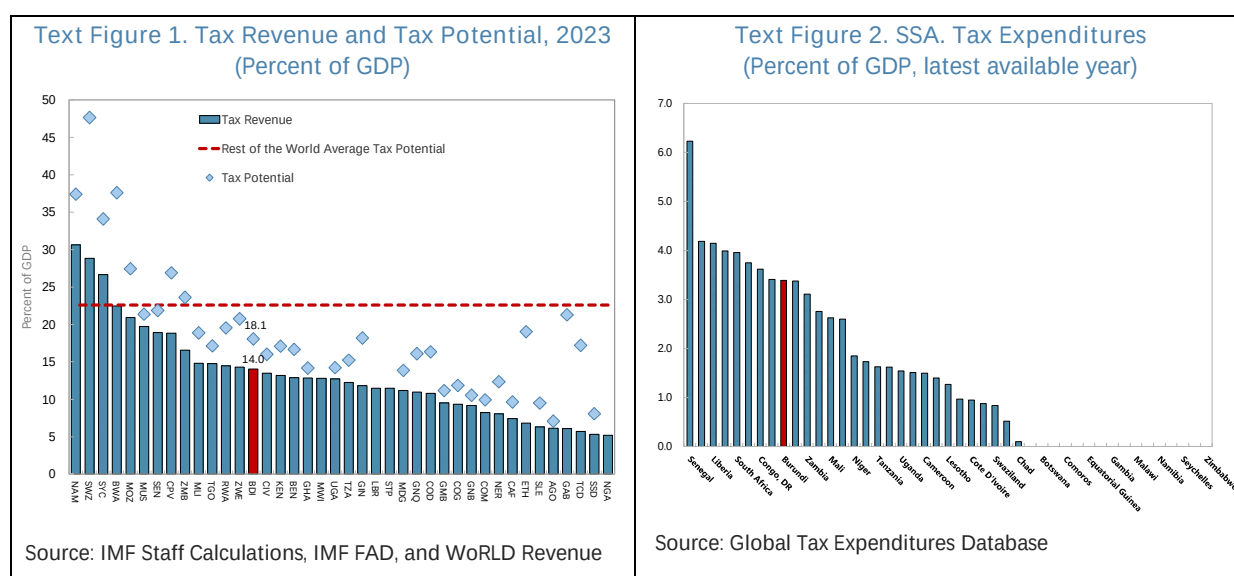
Burundi's 2025–2027 [*Macroeconomic Stabilization Plan*](#) aims to restore macroeconomic stability by reducing inflationary pressures, narrowing fiscal and external imbalances, while supporting inclusive growth.

1. Fiscal policy focuses on consolidation to restore sustainability. Measures emphasize strengthening domestic revenue mobilization through tax policy and administration reforms, including the rationalization of tax expenditures. On the expenditure side, the authorities plan to enhance spending efficiency, contain non-priority outlays, strengthen oversight of state-owned enterprises, and safeguard priority social and capital spending. These efforts are complemented by reforms to reinforce medium-term fiscal planning and debt management.
2. Monetary policy aims to contain inflation and safeguard stability. The authorities intend to maintain a tighter and more disciplined monetary policy stance, improve liquidity management and monetary transmission.
 - The authorities aim to strengthen coordination between monetary and fiscal policies to avoid macroeconomic inconsistencies and enhance the effectiveness of stabilization instruments.
 - To address financial stability challenges, the central bank plans to advance the digitalization of the financial system, strengthen macroprudential oversight, and assess financial asset quality.
 - The plan aims to complete the foreign exchange reforms, notably market liberalization and unification of the exchange rate. The plan emphasizes the need to diversify foreign exchange inflows, particularly through higher exports and foreign direct investment.
3. Structural policies focus on transforming the agricultural and mining sectors, promoting local value chains, and improving the business climate. In agriculture, the plan aims to raise productivity and reduce dependence on imports. In the mining sector, reforms seek to better harness domestic potential through expanded geological coverage and improved contract governance.
4. Strengthening governance, transparency, and anti-corruption frameworks is a cross-cutting objective, aimed at improving policy effectiveness, supporting private-sector-led growth, and enhancing the credibility of the macroeconomic adjustment framework.

Annex V. Tax Expenditures

A. Background

1. While Burundi's tax revenue compares favorably to its peers, it remains below its potential. The tax-to-revenue ratio in Burundi has been stable over the long term, reaching 87 percent in 2025. It was slightly above the EAC average in 2023. However, as for other countries, Burundi's tax revenue remains below its estimated tax potential (Text Figure 1), pointing to significant potential for further domestic revenue mobilization. At the same time, Burundi's estimated tax expenditures exceed the regional average (Text Figure 2), indicating relatively high revenue losses from exemptions and incentives compared to most peers.



B. Legal Framework Regulating Exemptions in Burundi

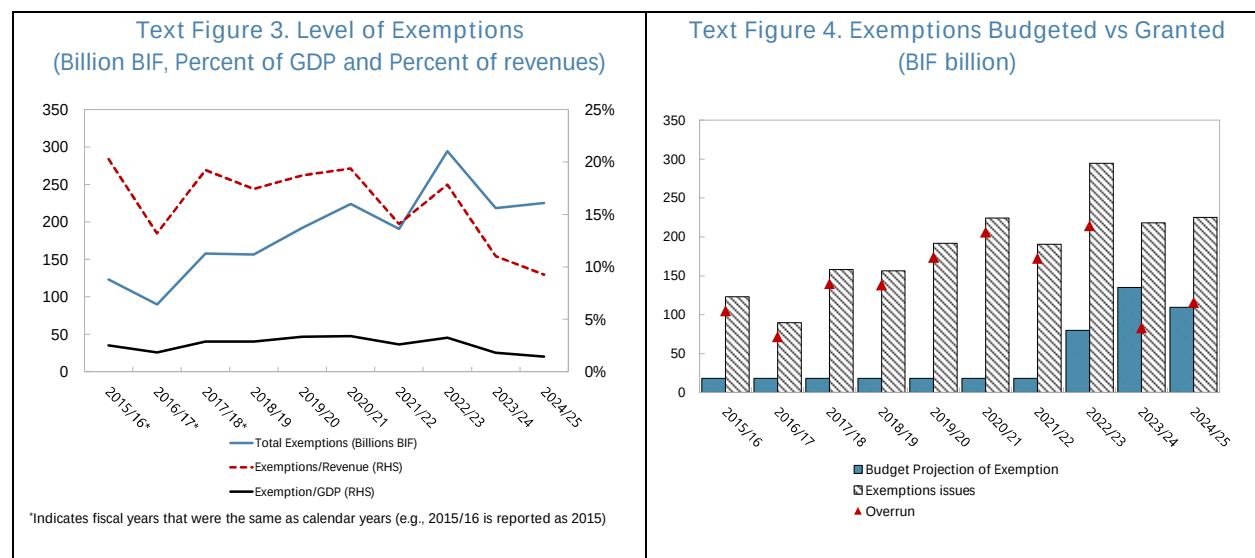
2. Several laws and regulations exist in Burundi to grant and manage exemptions. This legal framework consists of (i) the constitution of Burundi, (ii) the investment code, (ii) the value-add tax (VAT) Law, (iv) the manual of procedures in granting exemptions. Exemptions are also granted in the context of international and regional agreements (Vienna Convention, EAC custom agreements). The annual budget law sets a limit of exemptions to be granted during the fiscal year.

3. The range of beneficiaries of exemptions is wide and the list of activities which are exempted is long. The beneficiaries of the exemptions include investors, non-governmental organizations, non-profit associations, embassies and diplomats, international organizations, members of the government and of the parliament. A non-exhaustive list of exempted goods includes medicinal & pharmaceutical products, vaccines, raw materials for manufacturing of medicinal products, veterinary products, and agricultural inputs.

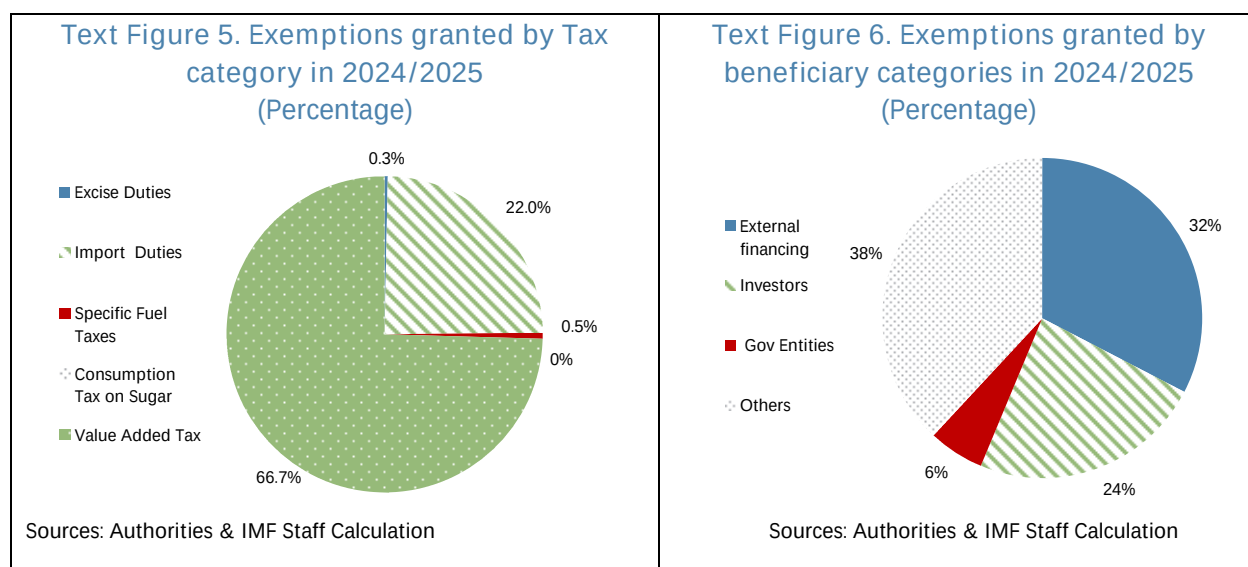
C. Stock Taking and Magnitude of Exemptions in Burundi.

4. A significant amount of revenue is forgone by granting exemptions. The amount of tax exemptions has been large and has increased rapidly over the last 10 years (Text Figure 3). In 2024/2025, exemptions reached BIF 225.19 billion (about 1.5 percent of GDP or 9.3 percent of revenues). Exemptions have increased in nominal terms since 2015 but remained broadly stable as a share of GDP and revenues.

5. The amount of exemptions granted has constantly overrun exemptions authorized in the budget law. In 2024/2025, exemptions projected in the budget were BIF 109.65 billion, but the government granted a total amount of exemptions of BIF 225.19 billion (Text Figure 4). In the same period, the government missed its revenue target by BIF 111.51 billion.



6. Exemptions processed by “Burundi Revenue Authority” (OBR) are concentrated in five main categories (Text Figure 5): VAT, import duties, excise duties, consumption tax on sugar and specific fuel taxes. In 2024/2025, the exemption under VAT and import duties constituted the bulk of tax exemptions (66.7 and 22 percent respectively). The more prominent beneficiary sector of tax exemptions is external financing (Text Figure 6).



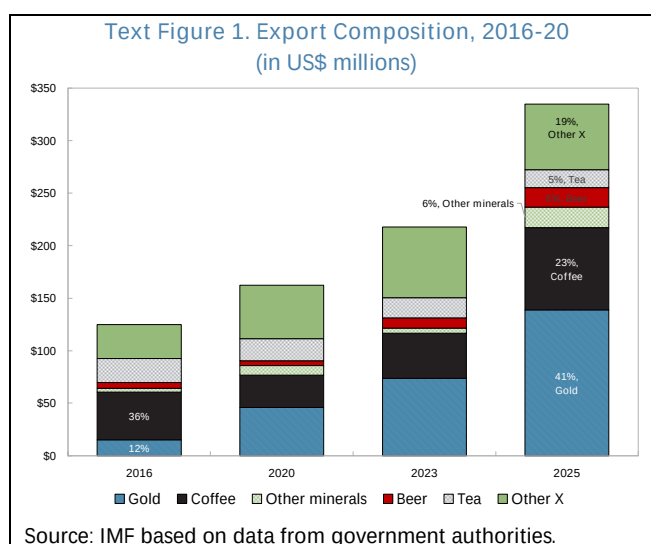
7. Policy recommendations. Strengthening tax expenditure reporting and undertaking a more systematic review of exemptions to ensure they are well targeted, cost-effective, and aligned with policy priorities and fiscal constraints will allow Burundi to increase domestic revenue mobilization, while maintaining support for government priorities. In the short run, staff recommend to focus on VAT reform (the largest source of tax revenue) and reducing the VAT registration thresholds and reviewing and eliminating unnecessary VAT exemptions. Reducing the number of items taxed at the reduced VAT rate would yield additional revenues, help formalize economic activity, and improve the efficiency of the tax system.

Annex VI. Opportunities, Challenges and Reform Avenues for the Artisanal Gold Mining Sector in Burundi

Artisanal and small-scale gold mining (ASGM) is a key sector for the Burundian economy, and now its main source of exports. However, it is hampered by challenges including informality, limited mechanization, and governance weaknesses. Development and formalization of ASGM is a top government priority. Unlike other minerals in Burundi, the gold sector will likely remain small-scale and artisanal due to low proven reserves and limited infrastructure potential to scale-up production. Even so, high gold prices and semi-mechanization of the sector may yet provide a meaningful impulse to the economy and reduce external imbalances.

A. Recent Developments and Outlook

1. Burundi is endowed with a diverse mineral base, of which gold represents the largest mineral export. Burundi produces tin, tungsten, tantalum (3Ts), nickel, and rare earth minerals. Gold has now surpassed coffee as the country's most important export, at 41 percent of total merchandise goods in 2025 (Figure 1). Mining production is dominated by artisanal and small-scale mining, with limited (although growing) industrial activity.¹

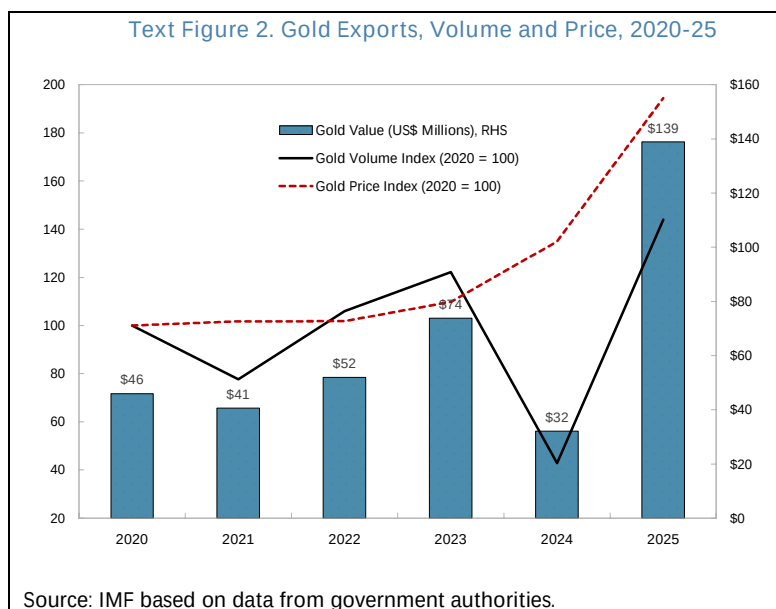


2. The mining sector is an important employer for informal, temporary, and vulnerable workers, but its official contribution to GDP remains below 1 percent of GDP.²

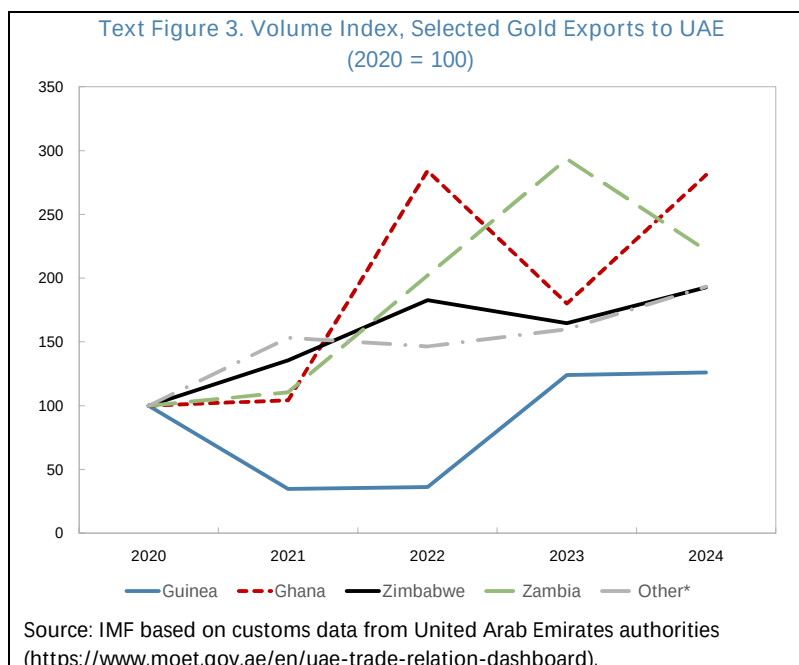
3. High gold prices are now driving a peak in gold production. Gold prices have more than doubled since 2023, reaching \$4,500 per troy ounce at end-2025. Combined with a three-fold volume expansion, this has boosted exports remarkably (Figure 2). During the second half of 2025 inflows of USD to the parallel market supported a 20 percent appreciation of the Burundi Franc (BIF) vs. dollar.

¹ Mostly in non-gold mining.

² This small contribution could be attributed to the way mining value added is registered in national accounts and contrasts heavily to the elevated increase in the volume of gold exported in 2025 relative to the previous year –a threefold expansion.



4. The recent hike in gold prices has accelerated the gold sector –including ASGM– across SSA. Exports to United Arab Emirates (UAE), a main destination of artisanal gold from SSA, increased from several producers of the region (Figures 3). The figure shows data only until 2024, thus not reflecting the remarkable volume expansion of gold exports in Burundi during 2025. For SSA peer artisanal producers, the pattern points clearly towards an expansion of volume exported since 2022.



5. Recent mining sector reforms have supported the formalization of ASGM in Burundi. After the suspension of all mining licenses in 2021 amid disputes in the rare earth sector (over the terms of the concession deemed unbalanced and insufficient revenues for the State), the authorities

promulgated a new Mining Code in August 2023 to overhaul the legal framework and strengthen state oversight, and also lengthen the duration of mining licenses to reduce regulatory uncertainty. In the gold sector the BRB initiative to purchase gold in U.S. dollars to domestic producers starting in 2024, rather than in local currency, drastically changed incentives for formal market participation, in a context of high FX market premium. The BRB monopoly on gold exports, introduced in 2019, had limited impact then, and wasn't followed by a real increase in official exports until 2024. Decrees operationalizing the new code have been taken in 2025. The authorities have started in 2025 a mapping campaign of mining activities, and encouraged the gradual mechanization of selected mining sites, with the objective of enhancing productivity, traceability, and regulatory compliance.

6. The current mining code issued in 2023 introduced changes in the taxation of the gold sector—including artisanal operations—and strengthened legal mandates. The new code maintains the same ad-valorem tax of 1% for the ASGM sector as it did in the most recent code, but introduces a lower take from the State from gold mining production by cooperatives at 7%.³ Additionally, in practice there are transparency efforts in terms of the payments by the government and the deposit of the royalty on artisanal production. The new mining code also restrained public official's participation in mining cooperatives, a common practice in the past.

7. Going forward, prospects for gold exports are positive as elevated prices and progress towards mechanization of semi-artisanal cooperatives could strengthen the supply response. These perspectives are heavily conditioned on the price outlook so formalization efforts and investment in the sector to increase output could further increase the volume of gold production. The mining reforms needed to formalize fully ASGM could also become a gateway for the large-scale production potential of other minerals in the country.

B. ASGM Formalization: Challenges and Opportunities

8. Challenges in Burundi are very similar to those in other regional economies where this type of low scale gold production exists. Gold exploitation at the artisanal level has low costs of entry for individual gold miners and is hard to track, given high oversight costs for authorities. The multiple weaknesses in the flow of funds from production to exports means that there are a variety of opportunities for leakages (Flow Chart 1). Selected challenges are:

At the production stage:

1. Limited information on payments to cooperative members and assay process to individual producers, lack of laboratory capacity to evaluate mineral concentration.
2. Limited knowledge of geology and gold reserve availability, poor cadastral and land registries.
3. Limited financial inclusion to avoid cash payments and monitor payment transfers to local producers.
4. Limited access to production inputs (chemicals like mercury), capacitation and environmental mitigation.

³ Link [code-minier-1.pdf](#) and government ordinances. The team will dialogue with authorities on the application of this royalty.

At the commercialization stage:

1. Potential conflicts of interests since comptoirs can be sellers, buyers and exporters.
2. Payments in USD create pressure in the FX market.

At the export stage:

1. Balance sheet risk for the central bank during the gold holding period (quasi-fiscal risk)
2. Risk of low FX repatriation by licensed exporters.

9. The current policy environment offers a window for further formalization of the sector. The current policy mix, conducive to a narrowing of the FX premium, will gradually reduce producers' incentives for informality. The purchase of gold in domestic currency by the BRB, ultimately permitted by FX unification, will facilitate miners' operations, ease access to critical imports for production (chemicals), facilitate their access to credit with local commercial banks, and accelerate the semi-mechanization of the sector which could in turn support an expansion of gold production, even in the absence of full-scale industrial mining.

C. Formalization of ASGM: Peer Countries experiences

10. The high informality of gold exports presents problems for building official FX reserves and domestic revenue mobilization. While gold smuggling or illegal exports are found in many countries where artisanal mining is predominant, it is widespread in Burundi. In 2023, Burundi data for official gold exports⁴ were only a quarter of trading partner data reporting gold imports from Burundi. High levels of unrecorded gold exports may reflect governance weaknesses and potential leakages along the value chain, reducing fiscal revenues and FX accumulation from this source. Private sector mining consultants evaluate the country's overall ASGM production to be between 3 and 4 metric tons per year (compared with the 1.2 metric tons exported in 2025 by the BRB despite its monopoly). Burkina-Faso and Ghana are peer country examples where "missing gold exports" is low (Table 1). Ghana is particularly relevant given the recent dynamism of artisanal and semi-artisanal mining and a successful formalization campaign following the creation of [GoldBod](#).

11. Domestic Gold Purchasing Programs (DGPP) have been successful at promoting formalization. Table 1 presents three cases of countries in SSA, besides Burundi, with an ongoing DGPP. Each of them has different characteristics. Burkina Faso, part of WAEMU, has an autonomous government agency in charge of its DGPP. This type of model assigns the fiscal responsibility of gold purchases through the government's budget and prevents the potential quasi-fiscal costs of a central bank leading the DGPP as in Ethiopia and Ghana. These latter two countries have also made progress in formalizing artisanal gold mining, with Ghana recently introducing an intermediary between producers and the central bank (Ghana's Gold Board). Ultimately, the central bank is still

⁴ Missing exports are defined as the difference between the value of Burundi exports reported by the rest of the world (computed as mirror imports) and the value of exports reported by Burundi (source: COMTRADE).

liable for gold purchases in the case of Ghana. Results in the three models have helped formalize the ASGM sectors. Burundi should evaluate the pros and cons of different approaches to DGPP.

D. Potential Reform Avenues to support and formalize the ASGM

12. Further developing Burundi's gold sector and ensuring positive spillovers to the broader economy will require further reforms across several fronts.

Institutional Framework:

- *Enhancing transparency* remains a priority, building on recent progress such as the mining sector dashboard developed at the Office Burundais des Mines (OBM). Joining the Extractive Industries Transparency Initiative (EITI) would strengthen disclosure of mining contracts and operations, and help Burundi meet international transparency standards, which will be critical to attract foreign investors. Likewise, transparency in price setting mechanisms and gold assay (including through the setting-up of local capabilities to analyze concentration and grade) will further improve the sector's development.
- *Continued progress in governance and oversight, and regulatory stability* will be essential to support investment and proper financing of the sector needs in machinery.

BRB gold purchase invoicing, sustainable growth and financial inclusion:

- *Greater transparency on the BRB gold purchase operations and local currency invoicing* would help align sectoral policies with macroeconomic objectives. In a context of wide availability of FX and unrestricted FX operations, artisanal miners should be indifferent to the invoicing currency. Hopefully the narrowing of the FX premium and the eventual unification of the FX rate will allow the BRB to purchase gold in local currency, decision that would have a strong impact on reserve accumulation.
- *Implementing mechanisms that guarantee the health and safety* of the actors employed in the sector, mitigate the impact in the environment, and prevent abusive labor practices. Risks of mercury pollution are elevated in a poorly regulated and monitored sector.
- *Foster inclusive financing and access to credit of gold miners.* Small cooperatives quote difficult access to credit and regulatory instability as the main cause for under-investment and low yields. Addressing both issues will support gold production going forward.

Figure 1. Burundi: Key Aspects of the Flow of Funds for ASGM

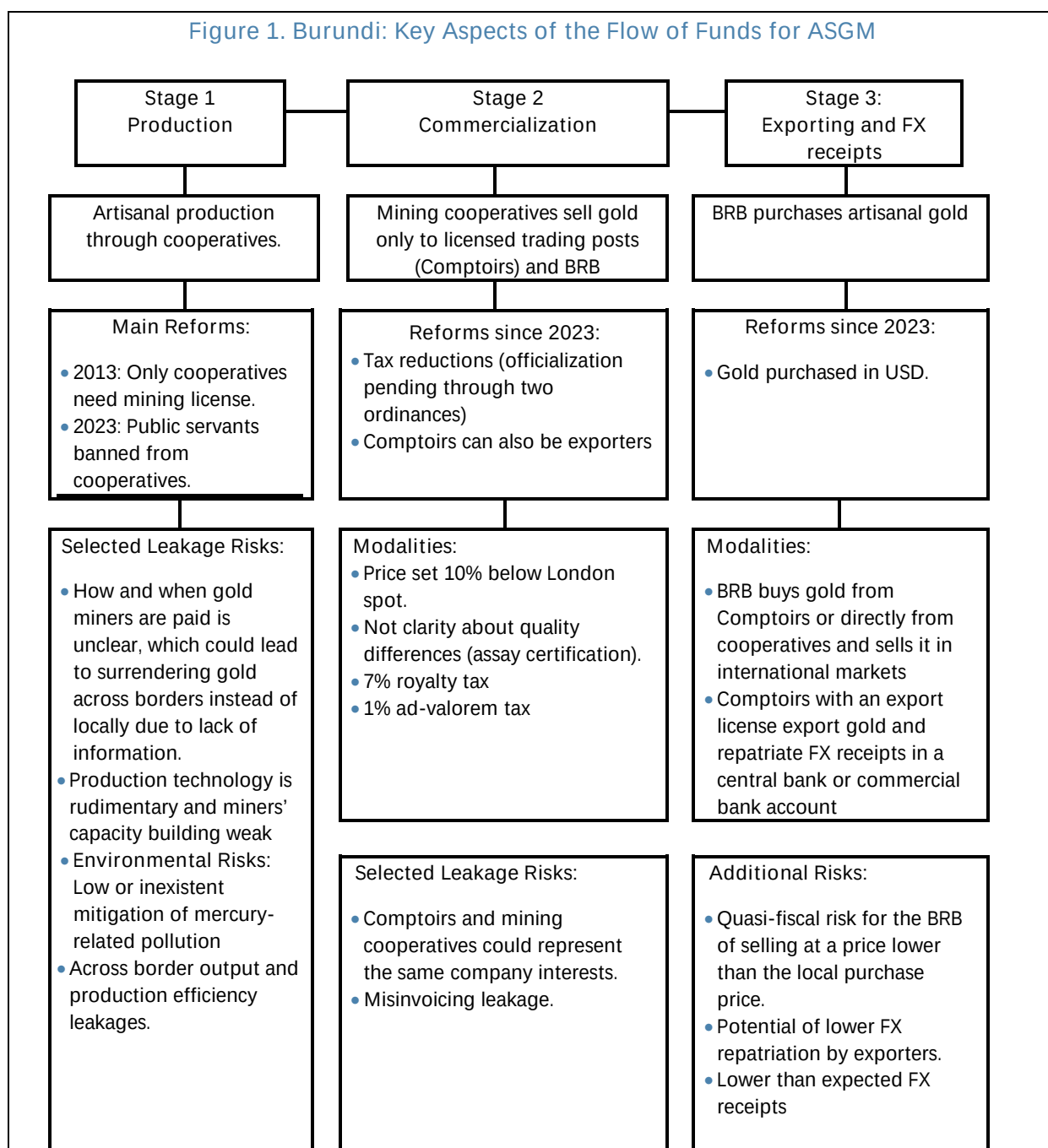


Table 1. Burundi: Artisanal Gold Mining Ongoing Formalization in Domestic Gold Purchasing Programs

	Burkina Faso	Ethiopia	Ghana	Burundi
Officially established Domestic Gold Purchasing Program	Yes	Yes	Yes	No (In practice yes)
Central bank role	Regional Central bank (WAEMU) - Recipient of FX proceeds	Direct Purchase of Gold from producers	Direct purchase of Gold from intermediary (GoldBod, which relies on <i>Comptoirs</i>)	Direct purchase of gold from intermediaries and from cooperatives (<i>Comptoirs</i>)
Central bank balance sheet risk	No, purchase risk on fiscal budget through SONASP*	Yes	Yes	TBC**
Gold to Reserves only	Yes, to regional reserves	Yes	Yes	Yes***
Segmented commercial bank excess liquidity from FX deposits	n.a.	Yes	n.a.	n.a.
Price Setting	Price premium paid to producers relative to international spot price Payment in domestic currency	Price premium paid to producers relative to international spot price Payment in domestic currency	Price premium paid to producers relative to international spot price Payment in domestic currency	Haircut of 7%-10% relative to spot price Payment in US\$
Other incentives in place to attract domestic producers?	Insecurity at the border makes the DGPP attractive	n.a.	n.a.	n.a.
Is local price paid to producers published periodically?	No	Yes	Yes	No
Memo: Missing Gold Exports (% of Reported Gold Exports) in 2023	4.5	n.a.	4.3	76

*SONASP (Societe Nationale de Substances Precieuses) is an autonomous government agency/SOE that depends on Burkina Faso's Ministries of Mines (for technical operations) and Finance (for financial management). It is in charge of mining production, marketing and processing. The government gains dividends from SONASP operations.

**Team will dialogue with authorities on balance sheet risks.

*** FX reserve accumulation transitory for they flow out to ASGM producers

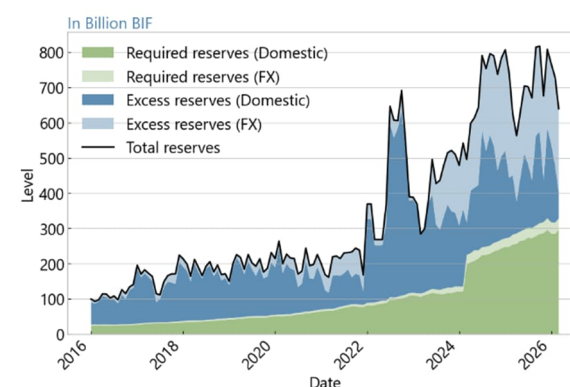
Annex VII. Strengthening Monetary Transmission Through Liquidity Normalization

A. Rationale For Active Liquidity Management

1. Negative real policy rates and weakly anchored inflation expectations call for a firmer monetary policy stance. Staff project 12-month-ahead inflation at about 15 percent. Using a neutral real policy rate of 3 percent implies a neutral nominal rate of around 18 percent. With the policy rate at 10 percent and inflation still above the 8 percent target, real policy rates remain negative or at best near zero, well below the neutral level needed to durably anchor inflation expectations and support external rebalancing.

2. Excess liquidity amplifies macro financial risks. Staff analysis shows that (i) the flow of liquidity, rapid increases in reserves and currency in circulation, is positively associated with both inflation and parallel market depreciation, and (ii) the stock of liquidity, a persistently high level of excess reserves, weakens monetary transmission and leaves “latent” risks that can materialize if credit or FX demand increases. A large pool of zero yielding reserves can quickly be transformed into credit expansion or FX purchases, making inflation and the exchange rate more sensitive to shocks.

Text Figure 1. Required and excess reserves (by currency)



Source: BRB; and IMF staff calculations.

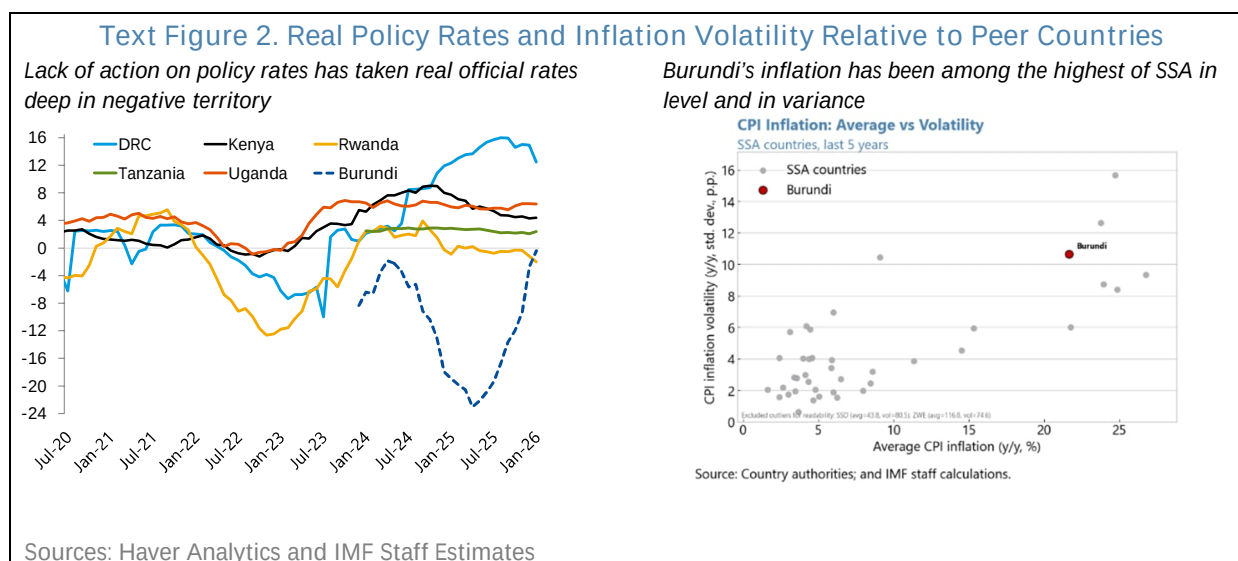
3. Tighter monetary policy is also needed to support FX reforms and reduce the overvaluation of the real exchange rate. Staff’s external sector assessment points to a substantial real exchange rate overvaluation (around 49–63 percent depending on the metric) and a large current account gap driven in part by policy distortions. A credible tightening of monetary conditions, including positive real interest rates and removal of excess liquidity, would help lower inflation more durably, reduce the FX premium, and support the envisaged roadmap toward FX market liberalization and unification.

4. Excess reserves have been declining since early 2026, driven by the cessation of monetary financing, the shift to Treasury financing through banks, BRB FX sales, and growing credit to the economy. Moreover, a portion of bank reserves now reflects foreign currency deposits from gold export operations that banks cannot freely access yet, overstating the degree of domestic-currency excess liquidity. These developments call for a recalibration of the liquidity management strategy from active withdrawal toward orderly transition management.

B. Strategy for Liquidity Management and Tightening

5. Reserve requirements should be the primary instrument for withdrawing structural excess liquidity. The last increase of the reserve requirement (RR), from 3 to 5 percent, was in May 2023. This compares with an average of about 12 percent in sub-Saharan Africa. Staff recommend a further gradual increase in the RR to reduce the outstanding stock of excess reserves and restore an active interbank market. Using RRs is appropriate in the context of structural excess liquidity, and would have the additional merit of preserving the BRB monetary income (as opposed to interest yielding open market operations). Staff calculations indicate that raising the RR from 5 to 7.5 percent would significantly reduce the current liquidity overhang while allowing banks to maintain a small buffer of precautionary excess reserves (for example around 3 percent of deposits, consistent with the minimum observed over 2007-2025). Doubling the RR to 10 percent would reduce the estimated excess liquidity cushion from about BIF 500 billion to roughly BIF 150 billion. Given the strength of bank balance sheets, liquidity coverage ratios around 20 percent, robust profitability (return on capital near 20 percent) and solid capital buffers (risk-weighted capital ratio about 19 percent), such tightening appears manageable from a system-wide perspective, provided it is implemented gradually and supported by appropriate backstops. Open Market Operations (OMOs) could be used as complements to RR increases, especially at the current early stage of money and capital market development.

6. Restoring an active interbank market is essential for transmission of monetary policy rate actions to market interest rates. A key operational objective of liquidity management should be to move the system toward a structurally balanced position, where some banks are in surplus and others in deficit, rather than all banks holding large excess reserves. In that environment, the newly introduced electronic trading platform (Refinitiv) can facilitate redistribution of liquidity and allow the interbank rate to respond to the policy signal. As excess reserves decline and the interbank market deepens, deposit and lending rates should gradually align with the policy rate in real terms, increasing the opportunity cost of cash holdings and attracting currency in circulation back into the banking system.

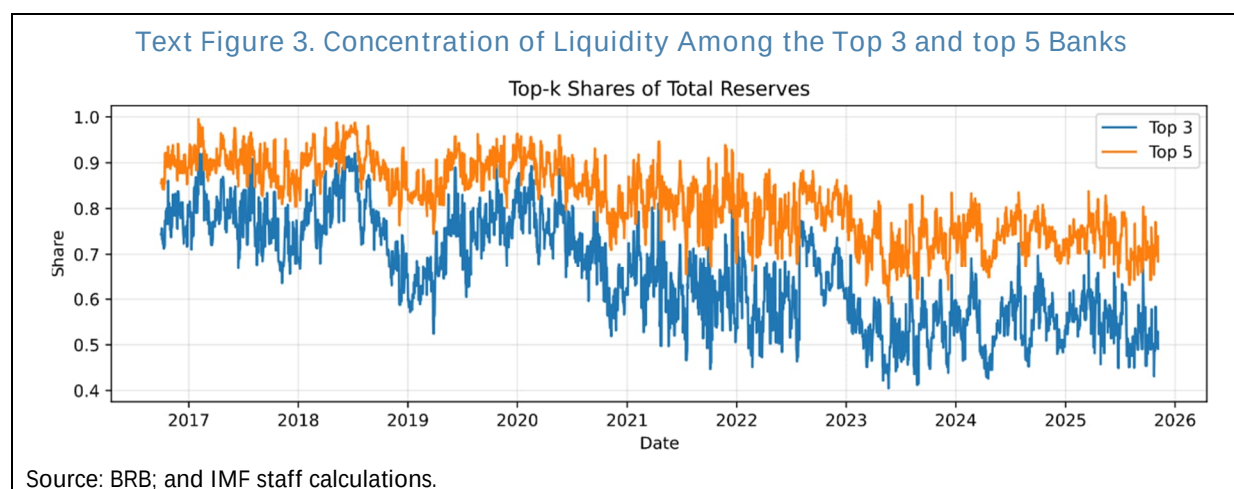


7. Interest-rate policy should aim at a positive real policy rate, that converges over time toward a neutral level around 3 to 5 percent. Achieving and maintaining a modestly positive real policy rate, together with a leaner liquidity environment, will be critical to complete “the last mile” of disinflation and anchor expectations.

C. Safeguarding Macro-Financial Stability and Sequencing Implementation

8. Tightening must be calibrated to banks’ heterogeneous liquidity positions and supported by standing facilities. Excess reserves are concentrated in the largest banks, though this concentration has declined compared to 2020 (see Figure below), indicating that the overhang is now a system-wide issue. Smaller banks operate with tighter liquidity positions and may face temporary liquidity shortfalls as RR increase. Staff therefore recommend that:

- i. The BRB phase the RR increases over several steps and allow a short transition period for banks that enter the tightening phase without excess reserves to meet the new requirement.
- ii. Standing lending facilities against high-quality collateral (notably government securities) be actively used to provide temporary liquidity to solvent banks facing short-term mismatches.
- iii. In rare cases where liquidity strains reflect deeper solvency issues, the BRB deploy tailored, conditional liquidity support while simultaneously addressing underlying capital and asset-quality problems, in line with the ongoing asset-quality review and the evolving bank-resolution framework.



9. Liquidity management should be closely coordinated with fiscal and FX policies. Sustained fiscal discipline, and the cessation of monetary financing are critical to prevent renewed liquidity injections and to ensure that the gains from tighter monetary policy are not undone. The planned FX-market liberalization and gradual unification of exchange rates should be sequenced with liquidity withdrawal to avoid excessive short-term pressures on the exchange rate and to minimize the risk of disorderly balance-sheet effects in the banking system.

10. Strengthening the operational framework and communication will increase the effectiveness of tightening. Over the medium term, the BRB should clarify its operational target (e.g., an interbank rate within a corridor around the policy rate), refine its liquidity-forecasting capacity, and consider introducing a symmetric interest-rate corridor with both lending and deposit facilities once liquidity conditions allow. Clear and proactive communication, by linking RR increases, OMOs, and policy-rate decisions to the authorities' Macroeconomic Stabilization Plan and the inflation objective, will help anchor expectations, support financial-market development, and enhance the credibility of the monetary tightening strategy.

Annex VIII. FX Unification Scenarios

This Annex summarizes three staff scenarios for FX market liberalization and exchange rate unification. The scenarios differ in the speed of official rate adjustment, the mechanism to close the parallel–official gap, and the implied policy mix (monetary/fiscal tightening and supporting structural measures). All three scenarios could be followed either by a full floating of the exchange rate, or a hybrid type of semi-managed exchange rate.

A. Scenario I: “One-Off” Official Rate Adjustment

1. The official exchange rate is reset to the “equilibrium” level through a one-off devaluation of about 97 percent.¹ Unification is completed by additional measures that progressively bring the parallel rate toward the official rate, with the residual premium reduced to zero over time. This approach is designed to generate a rapid realignment of expectations and incentives and a quick normalization of FX supply, including through greater formalization of FX receipts and a stronger export supply response.
2. Key transition risks. This scenario presents several risks: balance-sheet exposure to FX movements (notably in the financial sector), potential social impacts from relative-price changes on some imports, and budgetary costs associated with mitigating these impacts. In addition, the local-currency value of external debt increases immediately after the discrete adjustment, which can temporarily weaken solvency indicators even as liquidity indicators may improve with a stronger export response. Another risk would emerge if the new exchange rate is not adjusted over time in line with changes in the real effective exchange rate.

B. Scenario II: “Gradual” Official Rate Adjustment (Crawling Peg)

3. A gradual depreciation path for the official exchange rate is announced, with the aim of closing the REER gap by early 2028. Over the same horizon, the parallel rate is assumed to converge gradually toward equilibrium, and unification occurs once the equilibrium level is reached. The gradual approach provides time to adjust fiscal and monetary policies and can smooth near-term social impacts (including via the possibility of more gradual administered price adjustments). It also allows banks time to reduce open FX positions.
4. The trade-off is that distortions persist for longer. FX shortages and the premium can remain material during the transition, and reserve accumulation is expected to be slower than under a one-off adjustment. A key risk is that if the parallel rate increases faster than the official crawl due to still-high inflation (reflecting domestic factors such as loose macro policies, or due to an external shock), the credibility of the exchange rate reform will be undermined, slowing FX inflows and delaying convergence.

¹ The equilibrium exchange rate as of March 2026 is assumed to be around 70% above the current official rate. This level is estimated by taking the average of REER gap based on the EBA-Lite CA method (64 percent), REER method (50 percent) and the PPP exchange rate (90 percent). The cumulative projected inflation differential is factored in when calculating the required devaluation to close the REER gap in the future.

C. Scenario III: Parallel Rate Converges to the Official Rate Through Robust Policies

5. The adoption of tight macroeconomic policies and robust structural reforms could help bring the parallel rate down to match the official exchange rate, which would remain fixed at its current rate. This scenario entails quantitative monetary tightening and positive real interest rates, fiscal surpluses, and supporting structural measures to reduce domestic liquidity and FX demand, so that the parallel market clears at progressively lower exchange rates.

6. Achieving this outcome would entail significant macroeconomic costs. The fiscal and monetary tightening required to engineer the convergence is significant and would thus be strongly deflationary with negative economic growth resulting in a GDP that is about 20% smaller than the baseline after 3 years.² At the same time, large-scale liquidity tightening could undermine financial stability. Moreover, foreign reserve coverage improves only gradually while a substantial premium persists during the transition.

7. Staff employed an elasticity-based approach to estimate the fiscal and monetary effort required to close the parallel exchange rate premium. This approach traces the causal transmission from the fiscal deficit to the parallel market rate through the monetary sector by decomposing the adjustment into three links, each estimated on quarterly data using OLS with HAC standard errors (Newey-West, 3 lags) to account for residual serial correlation arising from the year-on-year transformation of quarterly data. The first link estimates the sensitivity of parallel rate depreciation to reserve money growth:

$$\Delta per_t = \alpha_1 + \varepsilon_1 \Delta rm_t + \beta_1 oer_t + \beta_2 g_t + \beta_3 \Delta nfa_t + u_t$$

where ε_1 is the marginal effect of reserve money growth on parallel rate depreciation, controlling for the official exchange rate (oer_t), real GDP growth (g_t) and changes in net foreign assets (Δnfa_t). The second link connects central bank financing of the deficit to monetary expansion:

$$\Delta rm_t = \alpha_2 + \varepsilon_2 ncg_t + \beta_4 \Delta nfa_t + \beta_5 \Delta c_t + \beta_6 \Delta o_t + u_t$$

where ncg_t is central bank financing of the deficit as a share of annual GDP, Δc_t is credit to the private sector, and Δo_t captures other central bank balance sheet items. ε_2 measures the monetary expansion associated with each additional percentage point of GDP in monetized deficit. The third link decomposes total deficit financing into its central bank and banking system components:

$$ncg_t = \alpha_3 + \varepsilon_3 d_t + \beta_7 b_t + u_t$$

where d_t is the quarterly fiscal deficit as a share of annual GDP, and b_t is the share of the deficit financed by the commercial banking system rather than the central bank. ε_3 captures the fraction of each marginal unit of deficit that is financed through central bank money creation. The inflation implications of monetary expansion are estimated as:

² Staff baseline projects an average growth rate of 4.3 percent over the period 2027-2029.

$$\pi_t = \alpha_4 + \varepsilon_4 \Delta rm_t + \beta_8 g_t + \beta_9 \Delta nfa_t + u_t$$

which captures both the direct effect of money growth on inflation as well as the indirect effects through parallel rate depreciation (import cost pass-through). The growth implications of fiscal consolidation are estimated as:

$$g_t = \alpha_5 + \varepsilon_5 d_t + u_t$$

The table below presents the estimated elasticities based on quarterly data over the period 2016-2025.

Text Table 1. Estimated Elasticities			
Dependent variable	Key regressor	Coefficient estimate	Interpretation
Parallel exchange rate growth, YoY %	Reserve money growth, YoY %	$\varepsilon_1 = 0.65$	A 1 pp reduction in YoY reserve money growth is associated with a reduction in YoY PER change of 0.58 pp.
Reserve money growth, YoY %	Monetized deficit, % GDP	$\varepsilon_2 = 5.3$	A 1pp reduction in the monetized deficit (as a share of annual GDP) is associated with a reduction in YoY reserve money growth of 5.3 pp.
Monetized deficit, % GDP	Fiscal deficit, % GDP	$\varepsilon_3 = 0.52$	A 1pp reduction in the fiscal deficit (% GDP) changes the monetized deficit by 0.52 pp of GDP.
Inflation, YoY %	Reserve money growth, YoY %	$\varepsilon_4 = 0.39$	A 1 pp change in YoY reserve money growth moves YoY inflation by 0.39 pp.
Real GDP growth, YoY %	Fiscal deficit, % GDP	$\varepsilon_5 = 0.65$	A 1 pp change in deficit/GDP is associated with 0.65 pp change in y/y real GDP growth.

Source: INSBU and BRB; IMF staff calculations.

8. Staff calculations estimate that bringing down the parallel rate from its current level to the official exchange rate will result in high output costs. Staff used the approach described above to estimate the cost of bringing the parallel exchange rate from a level of 6'100 BIF/USD to around 3'184 BIF/USD over 12 quarters (3 years). This implies an appreciation of around 48%. The results, summarized in the table below, suggest that achieving such appreciation would require a sustained reduction in year-on-year reserve money growth of roughly 30 percentage points relative to baseline, implying a money supply that is 60 percent lower than the baseline. This decline corresponds to a quarterly reduction in monetized deficit of about 5.7 percentage points of GDP and an overall fiscal adjustment of about 10.8 percentage points of GDP. The implied macroeconomic costs would be substantial, including lower inflation but also materially weaker real growth. In particular, real GDP and the price level are expected to decline by about 20 percent and 28 percent respectively relative to baseline.³ These reduced-form estimates suggest that closing the parallel-market gap within three years through fiscal-monetary tightening alone would require implausibly large adjustment, indicating that policy tightening by itself is unlikely to be sufficient.

³ Over the period 2027-2029, staff baseline projects an average real growth of 4.3 percent, an average annual inflation of 14 percent and an average reserve money growth of 15.6 percent.

Text Table 2. Required Adjustment¹

Variable	Average adjustment relative to baseline	Cumulative adjustment relative to baseline	Interpretation
Parallel exchange rate growth, YoY %	-19.5%	-47.8%	To achieve a cumulative PER appreciation of 47.8% over 12 quarters, average YoY PER growth would need to be about -19.5 percent over the horizon.
Reserve money growth, YoY %	-30pp	-65.7pp	To deliver average YoY PER appreciation of 19.5 percent, average YoY reserve money growth would need to be about 30 percentage points lower than baseline.
Monetized deficit, % GDP	-5.7pp	-67.9pp	To achieve a decline in average YoY reserve money growth of 30pp, the quarterly monetized deficit must be lower by 5.64pp of GDP relative to baseline.
Fiscal deficit, % GDP	-10.8pp	-129.4pp	Reducing quarterly monetized deficit by 5.7pp of GDP requires reducing the quarterly deficit by 10.8 pp of GDP.
Inflation, YoY %	-11.6pp	-31pp	Reducing average YoY reserve money growth by 30pp is associated with a reduction in average YoY CPI inflation of 11.6pp relative to baseline.
Real GDP growth, YoY %	-7.1pp	-19.7pp	Reducing quarterly deficit by 10.8pp of GDP is associated with a reduction in average YoY GDP growth of 7.1pp relative to baseline.

Source: INSBU and BRB; IMF staff calculations.

¹ “Average adjustment” denotes the constant wedge relative to baseline over the projection horizon. “Cumulative adjustment” denotes the compounded wedge relative to baseline for growth variables and the sum of quarterly flow adjustments for fiscal variables. Estimates are derived from reduced-form historical elasticities and are illustrative rather than structural.

D. Overall Assessment

9. The three scenarios presented above illustrate the core policy trade-offs. A discrete official adjustment (Scenario I) can compress distortions quickly but concentrates transition risks and requires strong mitigation measures. A crawling peg (Scenario II) spreads adjustment over time and may reduce near-term social and balance-sheet disruption but risks prolonging shortages and widening the premium if the parallel market moves faster. A disinflation-led strategy that forces the parallel rate down to the official rate (Scenario III) avoids a nominal change in the official rate but implies exceptionally large fiscal and monetary tightening with potentially high output and financial-stability costs.

10. Across scenarios, eliminating FX market distortions requires a coherent package. In particular, a clear exchange rate strategy (including the chosen speed of adjustment), supporting fiscal and monetary policies consistent with disinflation and external rebalancing, and measures that strengthen FX supply and confidence during the transition. Additionally, temporary capital flow measures or targeted restrictions on specific transactions could help mitigate unintended effects of exchange rate unification. The appropriate sequencing should be anchored in macro-stabilization objectives and calibrated to social and macro-financial vulnerabilities, including banking sector’s FX exposure.

11. All three scenarios could be followed either by a full floating of the exchange rate, or a hybrid type of semi-managed exchange rate. A floating exchange rate regime following the re-alignment would be the most plausible option given the paucity of FX reserves and provide a guarantee against the re-emergence of an FX premium. A hybrid fixed exchange rate regime but frequent re-alignment post devaluation could also be an option. The initial movement in case of “one-off” adjustment is designed not to go to the “equilibrium level” assumed by the team, but towards the parallel rate, to close the gap between the two. The idea of an initial “overshooting” (rate deliberately set beyond the assumed “equilibrium”) could have some tactical merit, as it could permit an upfront accumulation of FX reserves.

Annex IX. PPP Exchange Rate

- Recent price comparisons using retail food staples across Burundi and neighboring countries continue to show a large divergence between prices when converted using the official exchange rate versus the parallel market rate. Back-of-the-envelope PPP calculations indicate that the official rate remains substantially overvalued, while the parallel rate is slightly undervalued.
- Using the basket of goods approach, the implied PPP exchange rate is estimated around 5,600 BIF/USD. This suggests an overvaluation of roughly 90 percent relative to the official rate. Prices in Burundi appear on average 47 percent higher than neighboring countries when converted at the official rate, and about 9 percent cheaper when converted at the parallel rate (Table 1). This continues to indicate that the equilibrium rate lies between the two market rates.
- A similar calculation last year yielded a PPP exchange rate of around 5,200 BIF/USD.¹ The difference between last year's estimate and this year reflects the impact of the high inflation levels observed in Burundi over the same period compared to its neighbors.

Text Table 1. Average price difference between Burundi and neighboring countries – January 2026

	Average price difference with neighbors at official rate	Average price difference with neighbors at parallel rate
Flour, 1 kg	57.9%	12.9%
Rice, 1 kg	39.8%	-24.5%
Sugar, 1 kg	52.9%	2.5%
Salt, 1 kg	47.1%	-9.4%
Cooking oil, 1 liter	52.6%	2.0%
Beef meat, 1 kg	27.4%	-50.2%
Chicken meat, 1 kg	53.1%	2.9%
Average across goods	47.2%	-9.1%

Source: www.globalproductprices.com; IMF staff estimates and calculations.

¹ This number excludes beer, for which the data is not anymore available from the source. The 2025 Article IV report presented a PPP exchange rate of 5,509 BIF/USD, which included beer.

Annex X. Scenario Analysis

This annex describes an “upside” and a “downside” scenario illustrating how Burundi’s outlook would respond to different combinations of external conditions and reform implementation.

A. Upside Scenario

1. An upside scenario could materialize under the assumptions of rapid FX unification and successful implementation of macroeconomic and structural reforms following the authorities’ National Stabilization Strategy. Sound policies would facilitate disbursement from donors and FDI inflows, which would accelerate investment in infrastructure and productivity growth. The electrification reform would be a landmark of this scenario (Table 1).

Text Table 1. Upside Scenario: Main Assumptions and Policies

Assumptions	Macroeconomic Policies	Structural Reforms
• Global outlook as in baseline • Increase in the volume of gold (up to authorities’ baseline projections of 5.6 tons by 2028). • Higher sectoral growth driven by structural reforms and spillovers from electrification (assuming a doubling of the electrification rate). • Remittances increase gradually until an equilibrium level of 4.2% in 2031. • FDI inflows are 0.5% of GDP higher than in baseline each year.	• Complete FX unification reform. Gradual devaluation of the official exchange rate to close the current gap, followed by FX floating. • Monetary tightening. Lower money growth and a higher policy rate (positive in real terms). • Tight Fiscal stance maintained. Revenue mobilization and expenditure rationalization help maintain a tight fiscal stance and entrench debt sustainability.	• Enhancement of agricultural techniques (planting new coffee trees, irrigation) • Increased electrification production and coverage • Formalization of gold mining sector • Liberalization of fuel, fertilizer and medicine prices. • Improvements to the business environment, including better trade logistics and facilitation. • Digitalization of the financial system and creation of a functioning capital market.

2. FX unification. The “upside” scenario assumes a gradual FX unification starting in January 2027 and ending in December 2027 with a total devaluation of 133 percent followed by a depreciation equal to the projected inflation differential with the US (i.e. stabilizing the real effective exchange rate under a floating exchange rate regime. FX unification allows the BRB to purchase gold from local producers in BIF instead of dollars starting from 2027, thus improving substantially the accumulation of FX reserves at the central bank).

3. **Active Monetary Policy.** Monetary financing is limited to 10 percent of last year's fiscal revenues in 2025/26 and then discontinued in the following years. The BRB is assumed to partially sterilize FX inflows in 2027 by selling government debt and absorbing liquidity to mitigate the impact on money growth and inflation.

4. **Active Fiscal Policy.** A tight fiscal stance is maintained, supported by a comprehensive package of fiscal reforms that could significantly enhance revenue mobilization and the quality of public expenditure while improving equity in taxation and prioritizing social spending including:

- **Domestic resource mobilization:** Through a recalibration that makes the tax system more equitable and focuses on direct taxes, the tax-to-GDP ratio could increase by approximately 1 ppt in the first 3-5 years, and up to 1.5 ppts by year 7. Key measures include an expansion of the tax base and the reduction of tax expenditures, especially exemptions (Table 2).
- **Tax administration:** Improvements in this area could increase the tax-to-GDP ratio by 0.8 to 1.5 ppts over a five-year horizon (Table 2). This would include the implementation of compliance risk management, use of third-party data, digitalization, improving service quality, and setting up a HNWI unit.
- **Use of additional revenues:** Under the upside scenario, the additional fiscal space created by tax policy and tax administration reforms amounting to about 2.4 percent of GDP by 2031 could be allocated to priority social and development spending. This includes a gradual restoration of public wages and transfers and an increase in domestically financed capital expenditure to 7.2 percent of GDP by 2031 targeted towards education, health and infrastructure.
- **Public Financial Management (PFM):** Improvements in the structure and transparency of the budget planning through an effective implementation of the Medium-Term Budget and Expenditure Frameworks, as well as the Multi-Year Budget and Economic Programming will enhance PFM.
- **Public Investment Management (PIM):** It is essential to build staff capacity, modernize integrated IT systems, and formalize the full investment cycle, including climate risks. This could be achieved through stronger coordination across government entities, mandatory project appraisal and selection that integrates climate risks. Other elements include greater transparency in procurement, improved treasury management, enhanced monitoring of finance to prevent arrears, systematic maintenance planning, stronger project execution and audits, and better asset registration and valuation.

Text Table 2. Active Fiscal Policy: Fiscal Gains Relative to the Baseline Scenario (percent of GDP)

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31
Tax to GDP - Baseline	12.3%	11.9%	12.2%	12.4%	12.7%	13.1%	13.5%
Reform Revenue Gain			0.1%	0.5%	1.0%	1.6%	2.1%
VAT			0.1%	0.4%	0.7%	1.0%	1.3%
Corporate Income Tax			0.0%	0.1%	0.2%	0.3%	0.4%
Personal Income Tax			0.0%	0.0%	0.0%	0.0%	0.0%
Customs			0.0%	0.0%	0.1%	0.3%	0.4%
Tax to GDP - Active Fiscal Policy	12.3%	11.9%	12.3%	12.9%	13.7%	14.7%	15.6%

5. Medium-term outcomes. The “upside” scenario results in GDP growth averaging 6.0 percent per year during 2026-31 (1.8 percent above baseline per year), with an annual growth rate of 8.4 percent by 2031. Reserve coverage reaches 4.2 months of import by 2031 (vs. 2.8 in baseline).

B. Downside Scenario

6. The main shock in this scenario is a severe deterioration in terms of trade driven by a price fall in key export commodities -gold, coffee, tea- and higher fertilizer, food and energy prices. Prices deteriorate strongly in 2026 and slowly return to baseline levels by 2031. The first-round effects would be through a deterioration in the external balance, price pass-through, higher imported inflation and higher pressure in the FX market. Second-round effects would reduce growth, as higher fertilizer prices negatively impact agricultural yields.

7. Medium-term outcomes. This “downside” scenario results in a deterioration of the current account balance to -7.6 percent of GDP in 2026 (from -6.0 in the baseline), followed by a slow recovery to -4.5 percent by 2031 (-4.6 in baseline). Reserve coverage in months of imports would fall to 1.2 in 2026 with a continuous drain to 0.8 by 2031 (vs. 2.8 in baseline). Growth deteriorates to 3.3 percent in 2026 and 3.4 percent in 2027 (from 3.9 and 4.2 percent, respectively, in the baseline). Average growth over 2026-31 would stand at 3.3 percent (about 1 percent below baseline). Inflation rises to 17.6 and 27.7 percent in 2026 and 2027, respectively (from 14.5 and 15.3 in the baseline).¹ Inflation then remains elevated fueled by the central bank deficit financing. Lower growth, higher inflation, and negative real rates would weaken banks’ balance sheet., Supply chain disruptions from acute FX shortages would increase NPLs, undermining credit growth and weighing on the capital buffers of the banking system.

¹ The downside scenario impact on inflation of higher oil and food prices resulting from the conflict in the Middle East is estimated as follows: crude prices are assumed to increase by 25% and food prices by 3% on average in 2026 relative to the baseline. A passthrough of 70% is assumed from oil prices to transport prices and of 40% from international food prices to domestic food prices. The respective CPI basket weights are applied which results in inflation increasing by 3pp from transport prices and 1.3pp from food prices. An additional feedback effect of 0.9pp from transport prices to domestic food prices is factored in. The overall effect on inflation is around +3pp relative to the baseline.

Text Table 3. Downside Scenario: Main Assumptions and Policies

Global Assumptions	Macroeconomic Policies	Structural Reforms
Price shock in 2026 relative to baseline that slowly converges to baseline in 2031: • Deterioration in the prices of gold, coffee and tea (-25%, -10% and -10%, respectively). • 25% higher oil prices • 22% higher fertilizer prices • 5% higher international food prices • Global growth lower by 0.5% • Global inflation higher by 0.5% relative to baseline in 2026 and 0.1% in 2027. • Lower economic growth across sectors due to: constraints to import (due to limited FX inflows and higher import prices), lower agricultural yields (fertilizer shock), lower domestic demand, off-track paths for reforms. • FDI flows dry up due to the slower pace of reforms (0.5% of GDP lower each year).	The deficit is fully financed by the central bank. Progress towards FX unification is delayed.	Delays in structural reform implementations across sectors due to constrained capacity: agriculture, electrification, gold mining, fuel price liberalization, financial sector.

8. Contingency. The authorities' reform momentum comes under pressure in this scenario but policy commitments are partly maintained, with the only exception of a monetary financing relapse brought about by weak revenues and disruptions in the local security market (from high inflation and growth slowdown).

Table 1. Burundi: Selected Macroeconomic Indicators across Scenarios, 2025–31

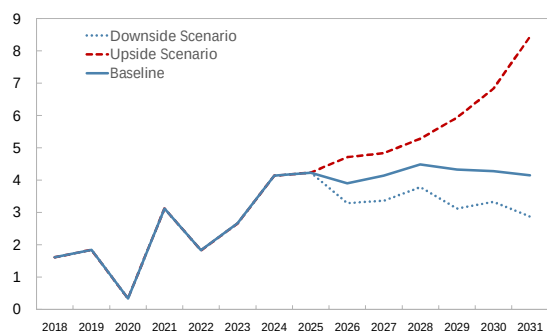
	2025			2026			2027			2028			2029			2030			2031		
	Base	Down	Up	Base	Down	Up	Base	Down	Up	Base	Down	Up	Base	Down	Up	Base	Down	Up	Base	Down	Up
<i>(annual percentage change)</i>																					
Real GDP	4.2	4.2	4.2	3.9	3.3	4.7	4.2	3.4	4.8	4.5	3.8	5.3	4.3	3.1	5.9	4.3	3.3	6.8	4.2	2.9	8.4
CPI (period average)	34.2	34.2	34.2	14.5	17.6	14.5	15.3	27.7	12.5	13.6	23.2	10.5	13.2	20.8	8.2	10.3	17.3	7.8	11.5	18.0	7.9
<i>(percent of GDP, unless otherwise indicated)</i>																					
Revenue and grants ^{1/}	16.5	16.5	16.5	17.2	17.3	17.3	18.0	18.0	19.3	18.1	18.1	22.8	18.5	18.5	25.4	18.9	18.9	26.2	19.3	19.3	26.0
Expenditure ^{1/}	22.0	22.0	22.0	20.6	20.6	20.6	21.4	21.3	22.0	21.8	21.5	25.8	22.1	21.6	27.6	22.7	22.2	28.6	23.1	22.4	28.8
Overall fiscal balance ^{1/}	-5.5	-5.5	-5.5	-3.4	-3.3	-3.3	-3.4	-3.3	-2.7	-3.6	-3.3	-2.9	-3.6	-3.1	-2.2	-3.9	-3.3	-2.4	-3.8	-3.1	-2.8
Public Debt ^{2/}	41.6	41.6	41.6	38.4	38.1	38.0	38.7	35.3	48.4	36.6	31.4	45.3	34.6	28.5	39.0	34.2	27.1	35.4	32.4	24.6	31.1
<i>of which</i> : external	10.8	10.8	10.8	9.3	9.3	9.3	9.1	8.5	18.9	8.6	7.9	17.2	8.3	7.5	15.3	8.4	7.5	13.9	7.7	6.7	12.4
CAB (% of GDP)	-6.6	-6.6	-6.6	-6.0	-7.6	-5.6	-5.4	-6.7	-5.3	-5.2	-6.2	-4.6	-5.3	-5.9	-4.4	-4.8	-5.1	-4.4	-4.6	-4.5	-4.5
GIR (months of MGS)	1.6	1.5	1.4	2.0	1.2	2.4	1.9	0.6	3.1	2.2	0.6	3.2	2.3	0.4	3.3	2.7	0.7	3.8	2.8	0.8	4.2

^{1/} Fiscal year values (July-June, i.e. 2025 is FY 2024/25).

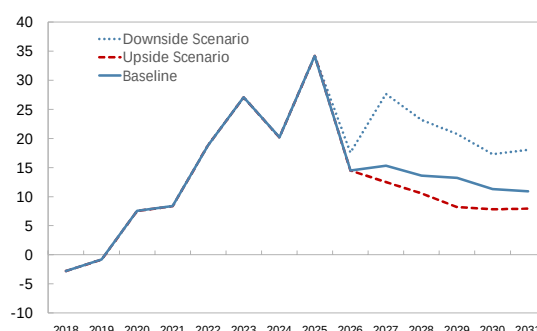
^{2/} Public Debt refers to Gross Nominal Public Debt.

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

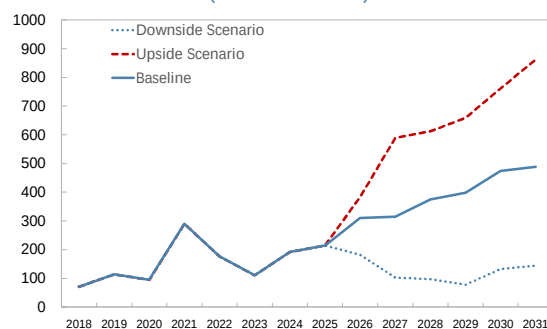
Figure 1. Burundi: Selected Macroeconomic Indicators across Scenarios, 2028–31

Real GDP growth across Scenarios, 2018–31
(year-on-year, % change)

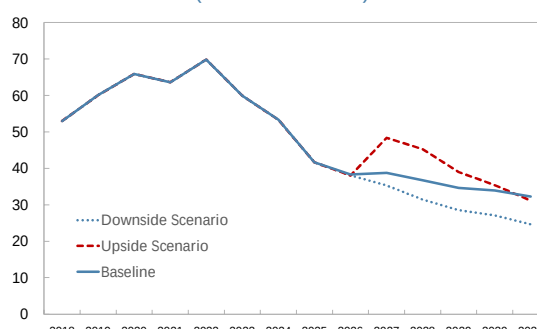
Sources: Burundi authorities and IMF staff estimates and projections.

Average CPI Inflation across Scenarios, 2018–31
(year-on-year, % change)

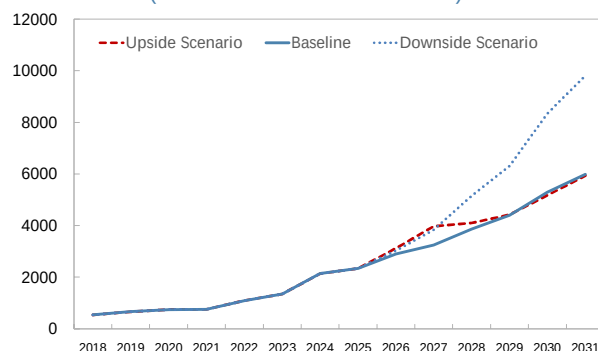
Sources: Burundi authorities and IMF staff estimates and projections.

Gross International Reserves, 2018–31
(USD\$ Millions)

Sources: Burundi authorities and IMF staff estimates and projections.

Public Debt across Scenarios, 2018–31
(Percent of GDP)

Sources: Burundi authorities and IMF staff estimates and projections.

Monetary Base, 2018–31
(In millions of Burundi Francs)

Sources: Burundi authorities and IMF staff estimates and projections.

Annex XI. Medium-Term Budget Framework for FY2025/26–2028/29

1. On March 25, the Cabinet approved a Medium-Term Budget Framework (MTBF) for fiscal years 2025/26 to 2028/29. Its assumptions and projections are more optimistic than staff's baseline. It assumes an ambitious pace of reform execution, including full electrification, full mineral sector formalization, growing agricultural yields and exports, and progress in the secondary and tertiary sectors.
 - Growth. The authorities project 7.7 percent average annual growth for 2026–29 (compared to staff's 4.2 percent), led by agriculture, mining, construction, and electrification.
 - External. By 2028, gold exports are projected to exceed 5.6 tons—four times staff's baseline projection. FDIs, historically low, are expected to reach 3 percent of GDP, about twice staff's projection. Reserve coverage would improve to 4.5 months of imports by FY26/27. No reference to FX policy, suggesting that the current overvaluation of the BIF would gradually worsen.
 - Inflation. A sharp decline to 8 percent in 2026, reflecting declining net claims on government.
 - Fiscal. A tight fiscal stance through FY2028/29, reducing public debt from 35.3 percent of GDP in FY2026/27 to 26.2 percent in FY2028/29. Staff project an average fiscal deficit that is about 1.5 ppts higher.

Text Table 1. MTBF and Staff Baseline Projections, 2026–2029

	2026		2027		2028		2029	
	Authorities	Staff	Authorities	Staff	Authorities	Staff	Authorities	Staff
	<i>(annual percentage change)</i>							
Real GDP	5.5	3.9	6.8	4.2	8.3	4.5	10.2	4.3
CPI (period average)	8.0	14.5	8.0	15.3	8.0	13.6	8.0	13.2
	<i>(percent of GDP, unless otherwise indicated)</i>							
Revenue and grants 1/ 2/	22.2	17.2	21.0	18.0	20.8	18.1	20.3	18.5
Expenditure 1/ 2/	23.7	20.6	22.9	21.4	22.2	21.8	21.4	22.1
Primary balance 1/	-0.3	-2.1	-0.6	-2.1	-0.4	-2.1	-0.2	-2.0
Overall balance 1/	-1.5	-3.4	-1.9	-3.4	-1.5	-3.6	-1.1	-3.6
Public debt 1/	48.1	38.4	35.3	38.7	30.0	36.6	26.2	34.6
of which: external	10.6	9.3	10.6	9.1	9.2	8.6	8.2	8.3
CAB	-8.2	-6.0	-8.8	-5.4	-6.3	-5.2	-4.5	-5.3
GIR (in months of imports)	2.6	2.0	4.5	1.9	4.5	2.2	4.5	2.3

1/ Fiscal year values (July-June, e.g. 2026 is FY2025/26)

2/ Excludes tax exemptions.

2. The divergence between staff and authorities' projections results from: (i) different assumptions –staff projections reflect the effect of the war; (ii) different goal of the planning framework (authorities' projections are not reflecting a likely baseline for all sectors of their programming; for some areas they rather reflect a policy goal); and, (iii) data compilation discrepancies. Authorities' baseline scenario is comparable to staff's upside scenario.

Annex XII. Data Issues

Table 1. Burundi: Data Adequacy Assessment for Surveillance

Data Adequacy Assessment Rating ^{1/}							
C							
Questionnaire Results ^{2/}							
Assessment	National Accounts	Prices	Government Finance Statistics	External Sector Statistics	Monetary and Financial Statistics	Inter-sectoral Consistency	Median Rating
	C	B	C	C	B	B	C
Detailed Questionnaire Results							
Data Quality Characteristics							
Coverage	B	B	D	B	B		
Granularity ^{3/}	C		C	C	B		
			C		C		
Consistency			B	D		B	
Frequency and Timeliness	C	B	B	B	B		
Note: When the questionnaire does not include a question on a specific dimension of data quality for a sector, the corresponding cell is blank. 1/ The overall data adequacy assessment is based on staff's assessment of the adequacy of the country's data for conducting analysis and formulating policy advice, and takes into consideration country-specific characteristics. 2/ The overall questionnaire assessment and the assessments for individual sectors reported in the heatmap are based on a standardized questionnaire and scoring system (see IMF <i>Review of the Framework for Data Adequacy Assessment for Surveillance</i>, January 2024, Appendix I). 3/ The top cell for "Granularity" of Government Finance Statistics shows staff's assessment of the granularity of the reported government operations data, while the bottom cell shows that of public debt statistics. The top cell for "Granularity" of Monetary and Financial Statistics shows staff's assessment of the granularity of the reported Monetary and Financial Statistics data, while the bottom cell shows that of the Financial Soundness indicators.							
A	The data provided to the Fund are adequate for surveillance.						
B	The data provided to the Fund have some shortcomings but are broadly adequate for surveillance.						
C	The data provided to the Fund have some shortcomings that somewhat hamper surveillance.						
D	The data provided to the Fund have serious shortcomings that significantly hamper surveillance.						
Rationale for staff assessment.<i>Data provision to the Fund has some shortcomings that somewhat hamper surveillance.</i> •<i>National accounts are currently compiled according to the 1993 System of National Accounts (SNA) with a base year of 2005 and are published with a typical lag of 6 months after the reference period. The authorities are working on rebasing GDP and migrating to the 2008 SNA, with the first rebased data expected to be published by the end of 2025.</i> •<i>Fiscal statistics lack granularity and coverage (e.g., data on public arrears), creating uncertainty in assessing fiscal risks and debt sustainability.</i> •<i>Balance of Payments (BoP) statistics are reported with a delay of about 3 months after the reference period. The International Investment Position (IIP) is only available on an annual basis and is not disseminated. Continued efforts are needed to further enhance data quality and granularity, methodological soundness, and consistency. Improving the frequency and the quality of financial account data, notably on foreign investments and imports financing, will enable a more accurate assessment of the external sector. In addition: (i) Incorrect methodology that leads to an overestimation of trade credits. (ii) Insufficient source data for direct investment flows and positions; and (iii) external debt statistics compiled on a cash, rather than accrual, basis.</i> •<i>Monetary and financial statistics are compiled at a regular basis with large granularity. It covers several banking subsectors.</i>							
Changes since the last Article IV consultation. - <i>Quality of banking supervision data and in particular credit risk assessment of banks portfolios (NPLs) was flagged as a potential risk. This is currently being addressed through TA.</i>							
Corrective actions and capacity development priorities. - <i>Two ongoing TA programs are expected to improve monetary and financial sector data quality: The first covers bank supervision and is addresses the issue of credit risk assessment. It is expected to improve BRB capacity to assess the quality of NPLs data reported by banks. The second aims at automating the process of collection of monetary and financial data based on banks reporting, which should improve its quality and timeliness. However, once implemented, these changes might affect the consistency of data across time. One important aspect of our planned discussions with the BRB during the upcoming Article IV mission will be to understand the extent of such risk and how to mitigate it.</i> - <i>Corrective action for external sector statistics: The Office Burundais des Recettes (OBR) needs to share the relevant information with the BRB to allow for a proper estimation of trade credits and a review of BOP data.</i>							
Use of data and/or estimates in Article IV consultations in lieu of official statistics available to staff. <i>To estimate Burundi's Net International Investment Position in the External Sector Assessment, staff used mirrored data from creditor and debtor countries' NIIP, published by the Brookings Insituitioun's External Wealth of Nation Database.</i>							
Other data gaps. Staff analysis would benefit from having data on domestic arrears and expenditure side GDP.							

Table 2. Burundi: Data Standard Initiative

Burundi participates in the Enhanced General Data Dissemination System (e-GDDS) and publishes the data on its National Summary Data Page since April 2023.

Table 3. Burundi: Table of Common Indicators Required for Surveillance

	Data Provision to the Fund				Publication under the Data Standards Initiatives through the National Summary Data Page			
	Date of Latest Observation	Date Received	Frequency of Data ⁶	Frequency of Reporting ⁶	Expected Frequency ^{6,7}	Burundi ⁸	Expected Timeliness ^{6,7}	Burundi ⁸
Exchange Rates	25-Mar-25	27-Mar-25	D	M	D	M	...	3W
International Reserve Assets and Reserve Liabilities of the Monetary Authorities ¹	Jan-25	Feb-25	M	M	M	...	1M	...
Reserve/Base Money	Jan-25	Feb-25	M	M	M	M	2M	1M
Broad Money	Jan-25	Feb-25	M	M	M	M	1Q	1Q
Central Bank Balance Sheet	Jan-25	Feb-25	M	M	M	M	2M	1M
Consolidated Balance Sheet of the Banking System	Jan-25	Feb-25	M	M	M	M	1Q	1Q
Interest Rates ²	Jan-25	Feb-25	M	M	M	M	...	6W
Consumer Price Index	Feb-25	Mar-25	M	M	M	M	2M	20D
Revenue, Expenditure, Balance and Composition of Financing ³ —General Government ⁴	Jan-25	Feb-25	M	M	A	...	3Q	...
Revenue, Expenditure, Balance and Composition of Financing ³ —Central Government	Jan-25	Feb-25	M	M	Q	Q	1Q	1Q
Stocks of Central Government and Central Government-Guaranteed Debt ⁵	2024	Jan-25	A	Q	Q	Q	2Q	1Q
External Current Account Balance	2024	Jan-25	A	A	Q	Q	1Q	1Q
Exports and Imports of Goods and Services	Dec-24	Jan-25	M	M	M	M	12W	2M
GDP/GNP	2024Q3	Feb-25	Q	Q	Q	A	1Q	18M
Gross External Debt	2024	Jan-25	A	A	Q	Q	2Q	1Q
International Investment Position	Dec-18	Dec-18	NA	NA	A	...	3Q	...

¹ Includes reserve assets pledged or otherwise encumbered, as well as net derivative positions.

² Both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

³ Foreign, domestic bank, and domestic nonbank financing.

⁴ The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.

⁵ Including currency and maturity composition.

⁶ Frequency and timeliness: ("D") daily; ("W") weekly or with a lag of no more than one week after the reference date; ("M") monthly or with lag of no more than one month after the reference date; ("Q") quarterly or with lag of no more than one quarter after the reference date; ("A") annual; ("SA") semiannual; ("I") irregular; ("NA") not available or not applicable; and ("NLT") not later than.

⁷ Encouraged frequency of data and timeliness of reporting under the e-GDDS and required frequency of data and timeliness of reporting under the SDDS and SDDS Plus. Any flexibility options or transition plans used under the SDDS or SDDS Plus are not reflected. For those countries that do not participate in the IMF Data Standards Initiatives, the required frequency and timeliness under the SDDS are shown for New Zealand, and the encouraged frequency and timeliness under the e-GDDS are shown for Eritrea, Nauru, South Sudan, and Turkmenistan.

⁸ Based on the information from the Summary of Observance for SDDS and SDDS Plus participants, and the Summary of Dissemination Practices for e-GDDS participants, available from the IMF Dissemination Standards Bulletin Board (<https://dsbb.imf.org/>). For those countries that do not participate in the Data Standards Initiatives, as well as those that do have a National Data Summary Page, the entries are shown as "..."



BURUNDI

June 3, 2026

STAFF REPORT FOR THE 2026 ARTICLE IV CONSULTATION—INFORMATIONAL ANNEX

Prepared By
**The African
Department**

The African Department
(In consultation with other departments)

CONTENTS

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RELATIONSHIP WITH OTHER INTERNATIONAL FINANCIAL INSTITUTIONS	11

FUND RELATIONS

(As of March 31, 2025)

Membership Status: Joined: September 28, 1963; Article XIV

General Resources Account:

	SDR Million	Percent Quota
Quota	154.00	100.00
IMF's Holdings of Currency (Holdings Rate)	149.62	97.16
Reserve Tranche Position	4.40	2.86

SDR Department

	SDR Million	Percent Allocation
Net cumulative allocation	221.45	100.0
Holdings	0.18	0.08

Outstanding Purchases and Loans

	SDR Million	Percent Quota
RCF loans	53.90	35.00
ECF arrangements	46.20	30.00

Latest Financial Commitments

- Arrangements

Type	Approval Date	Expiration Date	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
ECF	07/17/2023	01/16/2025	200.20	46.20
ECF	01/27/2012	03/31/2016	40.00	30.00
ECF ¹	07/07/2008	01/23/2012	51.20	51.20

- Outright Loans

Type	Approval Date	Expiration Date	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
RCF	10/25/2021	10/27/2021	53.90	53.90

¹ Formerly PRGF.

Projected Payments to the Fund²**(SDR million; based on existing use of resources and present holdings of SDRs)**

	Forthcoming				
	2025	2026	2027	2028	2029
Principal			10.78	10.78	20.02
Charges/interest	<u>5.13</u>	<u>6.83</u>	<u>6.83</u>	<u>6.84</u>	<u>6.83</u>
Total	<u>5.13</u>	<u>6.83</u>	<u>17.61</u>	<u>17.62</u>	<u>26.85</u>

Implementation of HIPC Initiative

Commitment of HIPC assistance	Enhanced Framework
Decision point date	Aug. 2005
Assistance committed	
By all creditors (US\$ million) ³	832.60
<i>Of which:</i> Fund assistance (US\$ million)	27.87
(SDR equivalent in millions)	19.82
Completion point date	Jan. 2009
Disbursement of IMF assistance (SDR million)	
Assistance disbursed to Burundi	19.28
Interim assistance	0.26
Completion point balance	19.02
Additional disbursements of interest income ⁴	3.07
Total Disbursement	22.35

Implementation of MDRI Assistance

I. Total debt relief (SDR million) ⁵	26.40
<i>Of which:</i> MDRI	9.01
HIPC	17.39

² When a member has overdue financial obligations outstanding for more than three months, the amount of such arrears will be shown in this section.

³ Net present value (NPV) terms at the decision point under the enhanced framework.

⁴ Under the enhanced framework, an additional disbursement is made at the completion point corresponding to interest income earned on the amount committed at the decision point but not disbursed during the interim period.

⁵ The Multilateral Debt Relief Initiative (MDRI) provides 100 percent debt relief to eligible member countries that are qualified for assistance. The debt relief covers all debt owed to the Fund as of end-2004 that is outstanding at the time the member qualifies for the relief.

II. Debt relief by facility (SDR million)

Delivery date	GRA	PRGT	Total
February 2009	N/A	26.40	26.40

Implementation of CCR⁶

Date of Catastrophe	Board Decision Date	Amount Committed (SDR Million)	Amount Disbursed (SDR Million)
N/A	07/20/2020	5.48	5.48
N/A	10/02/2020	4.82	4.82
N/A	04/01/2021	4.16	4.16
N/A	12/15/2021	3.50	3.50

Exchange Rate Arrangement

The de jure exchange rate arrangement is floating, and the de facto exchange rate arrangement is a crawl-like arrangement. Burundi has availed itself of the transitional arrangements of Article XIV since it joined the Fund in 1962 but no longer maintains any exchange restrictions or multiple currency practices that relate to that article. Based on information available to staff, Burundi maintains exchange restrictions subject to approval under Article VIII, Section 2 (a) arising from (i) the rationing and prioritization of FX, and (ii) the requirement of a general tax clearance certificate for transfers upon definitive departure from Burundi. Burundi no longer maintains an exchange system free of multiple currency practices and or exchange restrictions on the making of payments and transfers for current international transactions, with the exception of measures introduced for security reasons which have been notified to the Fund pursuant to Executive Board Decision No. 144-(52/51).

Safeguards Assessment

A 2022 Safeguards Assessment - conducted with respect to the financial assistance for Burundi under the Rapid Credit Facility approved by the IMF Executive Board on October 25, 2021 - concluded that the BRB's safeguards framework had weakened, reflecting material vulnerabilities in governance, transparency, and control arrangements. The assessment identified several priority recommendations, including strengthening compliance practices, establishing a formal governance and operational framework for gold transactions, developing an exit plan from quasi-fiscal activities, and ensuring that reserve assets are managed in line with the established security and liquidity objectives for central banks. It also underscored the need to restore the external audit cycle and the regular publication of audited financial statements, as the prolonged lapse in audited financial reporting had significantly undermined transparency and accountability.

⁶ As of February 4, 2015, the Post-Catastrophe Debt Relief Trust has been transformed to the Catastrophe Containment and Relief (CCR) Trust.

Article IV Consultation

Burundi is on the standard 12-month cycle. The next Article IV Consultation is scheduled to be completed by May 2027.

Financial Sector Assessment Participation

A Financial Sector Assessment Program (FSAP) IMF-World Bank mission was conducted in Burundi in January 2009 and published in 2013. An FSSR mission was conducted by the IMF in January 2024. No plans have been made for the update of the 2009 FSAP.

Resident Representative

Mr. Samuel Delepierre has been the IMF Resident Representative in Burundi since April 1st, 2023.

TECHNICAL ASSISTANCE

The Fund has been providing Burundi with technical assistance and capacity building to help authorities to design and implement policies. Capacity development covers a wide range of areas in macroeconomics, fiscal, public finance management, monetary policy and financial stability and data production in accordance with current manuals. Technical assistance provided since July 2022 are listed below.

<u>Technical Assistance Description</u>	Delivery date
AFRITAC Centre (AFC)	
AT to support the INSBU in aligning the quarterly national accounts with the base year 2016, in accordance with the SNA 2008	May-26
Discussion on the nature, scope, methodologies, and TA needs under an automated tax data matching program	Apr-26
TA to develop a guide for annual performance reporting (APR)	Apr-26
TA to develop a risk based supervision and implement the MCM recommendations under the 2024 FSSR. 2026	Mar-26
TA for monitoring and control mechanisms exemptions applicable to import and export operations of goods, as well as on customs suspension regimes	Mar-26
TA to develop an inter-ministerial framework for internal accounting control and audit, and present the tools of internal accounting control	Mar-26
Macroeconomic framework	Mar-26
Joint ICD_ AFC TA for Macroeconomic framework to the CPSO Team	Mar-26
TA on budgetary risks and preparation of the 2026/2027 annual report.	Jan-26
TA mission is to support the BRB in its project to modernize and consolidate its regulatory and supervisory framework for ICT and cyber risks to support the safe and resilient development of digital financial services, including digital banking, electronic money and payment systems.	Jan-26
TA for the VAT Modernization Project	Mar-25
PFM capacity development_Manual of accounting procedure, centralization, account and fixed assets management.	Jan-25
TA to develop an internal accounting control system	Dec-25
TA to conduct an impact study on the Interest rate risk in the banking book – IRRBB and build a Risk based supervision framework and bank rating using SEPREC tool	Nov-25
TA to Finalize the TOFE based on the 2014 and 1986 MSFP, including the production of financial statements; Reconcile debt statistics, and expand the scope of public finance statistics to include the social security sub-sector	Nov-25
TA to support the authorities in the implementation of annual performance reports APR for three pilot ministries	Oct-25

External Sector Statistics (ESS) to improve the availability and quality with Emphasis on sources and methodologies for ESS and FDI	Aug-25
TA on revenue forecasting and development of a micro-simulation module for the impact of new tax and customs measures	Jul-25
Development of an annual financing plan and the schedule for issuing government debt instruments	Jul-25
TA to develop the functional specifications for the materials and assets accounting module	Jun-25
TA on compilation of quarterly GDP at current prices	May-25
TA to finalise the implementation of an emergency liquidity provision framework (ELPF)	May-25
Capacity building for GDP models at current prices and compiling of quarterly national accounts	May-25
TA on compilation of quarterly GDP at current prices	May-25
TA on the Development of the Procedures Manual for Public Debt Management Operations	Apr-25
Development of the Procedures Manual for Public Debt Management	Apr-25
Updating collateral eligible for emergency liquidity assistance (ELA) operations.	Mar-25
TA on capacity building in GFS with focus on adequacy of data to extend GFS coverage to other sub-sectors of public administration and the use monetary statistics in TOFE preparation	Mar-25
Government finance statistics (GFS) with focus on the extend of the coverage and use monetary statistics in the TOFE preparation	Mar-25
Virtual TA mission as part of the VAT Modernization Project	Mar-25
Preparation of a Quantitative Impact Study on interest rate risks at the BRB	Feb-25
Collateral framework and identifying specific collaterals eligible emergency liquidity assistance (ELA) operations	Feb-25
Preparation of a Quantitative Impact Study on interest rate risks at the BRB	Feb-25
Capacity development for loan classification and adequate provisions and address recommended priority actions of the MCM 2024 FSSR	Jan-25
Emergency Liquidity Assistance Framework	Jan-25
TA to develop an internal procedures manual for front, middle and back offices activities that provide guidance on business processes for debt management operations.	Jan-25
Capacity development on banking supervisors to perform credit files reviews, adequacy of provisions and priority actions identified by MCM 2024	Jan-25
Efficient emergency liquidity provision framework aligned with current best practices	Jan-25
Public Financial Management Institutions, accounting procedure manuals; management account, fixed assets, and closing accounts, budget accounting manual	Jan-25

Inventory of gaps between the BRB current regulatory framework and the Basel III standards, and the updating of the roadmap for the implementation of the Basel III framework	Dec-24
Development of models for quarterly GDP at current prices and strengthen the INSBU's capacities in the work of compiling quarterly national accounts	Nov-24
Virtual Mission on the Preparation of the Multi-Year Budgetary and Economic Programming Document (DPBEP) 2025-2027 focusing on macrobudgetary framework tools	Nov-24
Follow-up TA on revenue forecasting mechanisms, assess the progress made in implementing the recommendations of the October 2023 mission, strengthen the skills of OBR and the MoF for at least three main types of revenue.	Oct-24
Assessment of TA Needs in macroeconomic modeling and projections	Sep-24
Developing the Medium-Term Budgetary Framework (MTBF) and the central Medium-Term Expenditure Framework	Aug-24
Government finance statistics in accordance with the Government Finance Statistics Manual 2014 (GFSM 2014)	Aug-24
Implementation of an annual financing plan and the schedule for issuing public securities	Aug-24
Tax Administration Diagnostic Assessment Tool (TADAT)	Jun-24
Cash management and quality review to be annexed to the draft of the budget law	May-24
Training workshop for members of parliament on the switch to the program budget, new format of the budget law - 2024/2025	May-24
Quality review of PAP and the program budgeting format of the 2024/2025 finance bill, with a view to preparing budgetary documents for council discussions.	Apr-24
Bank rating tool, review of the framework and the results of this first rating exercise	Apr-24
Elaboration of a hands-on manual on stock accounting procedures to accompany the implementation the development of the accrual accounting	Mar-24
TOFE methodology in accordance with GFSM 2014 and Expansion of the scope of public finance statistics to other subsectors	Feb-24
Elaboration of Ministries' their annual performance projects _PAP under budget program	Jan-24
Programming and budgeting of public investments	Jan-24
Monitoring and control of exemptions from duties and taxes and suspensive regimes	Dec-23
Virtual TA for drafting the guidelines for the elaboration of the annual performance under budget program.	Dec-23
Regional Seminar on banking regulation and supervision	Nov-23
Customs reform and modernization strategy	Nov-23
Quarterly national accounts and retropolation work for GDP base year 2016	Nov-23
Multi-year budgetary frameworks. Review of macroeconomic framework for the next 3 years, the forecast TOFE; CBMT, CDMT, the Multi-year Economic and Budgetary Programming Document (DPBEP); the Expenditure and Performance Review	Nov-23

Validation Workshop for the budget program development guide	Oct-23
Virtual Workshop on Emergency Liquidity Provision	Oct-23
Revenue forecasting tool	Oct-23
BRB supervisors training on bank rating	Oct-23
Peer Review of SCN migration 1993-2008 and GDP rebasing	Sep-23
Development of multi-year budgetary framework	Aug-23
Statistiques des finances publiques -TOFE	Mar-23
Improving public investment budgeting	Jan-23
Strengthening of the Government Single Account	Jan-23
National Accounts training	Dec-22
Development of the architecture of budgetary programs and coherence of segments of the budgetary nomenclature	Nov-22
Capacity Development on Monetary and Financial Statistics (MFS) and Financial Soundness Indicators (FSI).	May-22

AFRITAC East (AFE)

Workshop, on "Modelling Supply, Agricultural, and External Shocks in the FPAS: Tools, Challenges, and Regional Experiences	May-26
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Fiscal Affairs Department (FAD)

Public Investment Management Assessment (PIMA) TA Mission, including C-PIMA module	Nov-25
Debt Management Performance Assessment Methodology (DeMPA)	Jun-25
Capacity development in the management of the compensation of employees	Dec-24
Medium-term strategy for public finance management reforms, and priority action plan	Sep-24
Governance diagnostic mission	May-24
Scoping mission on Governance	Feb-24
Public finance management diagnostic	Oct-22

Institute of Capacity Development (ICD)

Macroeconomic framework and forecasting	Jun-26
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Monetary and Capital Markets Department (MCM)

TA for Reference exchange rate analysis and FX operations framework for macroeconomic stabilisation under coordinated approach for monetary, fiscal, exchange rate, and debt policies.	Oct-25
Presentation of the MCM Technical Assistance Workplan (TAW) to the BRB.	Jan-25
Technical Assistance Workplan (TAW) stemming from the Burundi Financial Sector Stability Review (FSSR) Report and validate its contents	Jan-25

External sector statistics (ESS) to identify data gaps and improve the quality of on trade of good and services, remittances, primary income, direct investments, and trade credits.	May-24
FSSR Mission (Financial Sector Stability Review)	Jan-24
Revue de la stabilite du secteur financier	Nov-23
Conduct of monetary policy	Jul-22

Statistic Department (STA)

Capacity Development on Monetary and Financial Statistics (MFS) and Financial Soundness Indicators (FSI)	May-25
BOP mission to identify data gaps and improve the quality external sector statistics (ESS)	May-24
Monetary and financial statistics (MFS) and financial soundness indicators (FSI)	Nov-23
Public debt statistics	Sep-23
Monetary and financial statistics and Financial Sector Indicators	Jan-23
Public finance statistics (TOFE)	Jul-22

RELATIONSHIP WITH OTHER INTERNATIONAL FINANCIAL INSTITUTIONS

World Bank: <https://www.worldbank.org/en/country/burundi>

African Development Bank: <https://www.afdb.org/en/countries/east-africa/burundi>

Regional Technical Assistance (AFRITAC centre): <https://www.afritaccentre.org/>



BURUNDI

STAFF REPORT FOR THE 2026 ARTICLE IV CONSULTATION— DEBT SUSTAINABILITY ANALYSIS

June 3, 2026

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The Debt Sustainability Analysis has been prepared by the staff of the International Monetary Fund and the International Development Association.

Joint Bank-Fund Debt Sustainability Analysis	
Risk of external debt distress	High
Overall risk of debt distress	High
Granularity in the risk rating	Sustainable
Application of judgment	Yes

Despite significant improvement of macroeconomic conditions reflecting favorable terms of trade and strong growth, Burundi's external and overall public debt continue to be assessed at high risk of debt distress, with the application of judgement due to uncertainty regarding the near- to medium-term fiscal conditions and debt dynamics; debt is assessed as sustainable¹ Record coffee and gold prices have driven strong export performance, helping to rebuild FX reserves. Under the baseline scenario, which relies on continued reform implementation and favorable ToT, all external debt burden indicators remain well below their respective thresholds throughout the projection period. The debt service-to-exports ratio remains below its 10 percent threshold throughout the projection period. The PV of total public debt-to-GDP lies above the 35 percent benchmark in 2026–27, is at the benchmark in 2028, and falls below it from 2029. Overall, risks are mitigated on the domestic debt front by negative real interest rates and strong nominal GDP dynamics, and on the external front by favorable terms of trade and the prospects for gradual FX convergence and ultimately FX reform implementation. Key risks include a reversal in commodity prices, election-related fiscal slippage, delays in FX reform, escalation of external arrears, and spillovers from the DRC conflict. A customized downside stress scenario—reflecting adverse terms-of-trade shocks, election-related fiscal slippage, and weaker growth—shows two external debt indicators breaching their thresholds in 2026–28 highlighting the uncertainty and sensitivity of baseline terms of trade assumptions and consequences of fiscal slippages ahead of elections. Owing to the divergence in between debt trajectories under the two scenarios considered in the analysis, a judgement is applied to maintain the assessment of the external risk rating at high.

¹ Burundi's debt-carrying capacity is classified as weak. The country's composite indicator (CI) is 2.47, based on the April 2026 WEO data and the 2024 CPIA score.

BACKGROUND

A. Public Debt Coverage

1. Public debt coverage includes the external and domestic debt of the central government (Text Table 1). Other general government entities do not borrow abroad. Due to data limitations, the domestic debt of state-owned enterprises (SOEs) is excluded. External contingent liabilities of SOEs are included. SOEs can borrow in domestic markets without a government guarantee but must provide physical collateral for loans above BIF5 million. Central bank debt is excluded, except IMF loans incurred on behalf of the government. External debt is based on residency. External arrears are included. Domestic arrears are excluded due to limited data.

2. State-owned enterprises pose contingent liability risks. Only 10 percent of SOEs submit financial statements to the Court of Accounts. Information on their domestic debt is therefore lacking, adding to fiscal risks. Apart from the government-guaranteed loan contracted by the telecommunications company, no other external loan or externally guaranteed loan has been reported.

3. State-owned enterprise debt reporting is improving. A 2023 law now requires government approval for all new SOE borrowing, and the MoF is conducting regular reviews of SOE financial performance and indebtedness. The authorities reported that about 40 percent of SOEs have submitted financial data to the MoF so far, and a comprehensive SOE debt report is under preparation. The main bottlenecks behind limited progress include weak institutional capacity at the SOE level, the absence of standardized reporting templates, and limited enforcement mechanisms. IMF and World Bank technical assistance, including through the Sustainable Development Finance Policy (SDFP) performance policy action, is supporting the establishment of a systematic SOE debt reporting framework.

Text Table 1. Burundi: Public Debt Coverage Under the Baseline Scenario

Subsectors of the public sector	Sub-sectors covered
1 Central government	X
2 State and local government	
3 Other elements in the general government	
4 o/w: Social security fund	
5 o/w: Extra budgetary funds (EBFs)	
6 Guarantees (to other entities in the public and private sector, including to SOEs)	X
7 Central bank (borrowed on behalf of the government)	X
8 Non-guaranteed SOE debt	

Text Table 2. Burundi: Coverage of Contingent Liabilities Stress Tests

1 The country's coverage of public debt	The central government, central bank		
	Default	Used for the analysis	Reasons for deviations from the default settings
2 Other elements of the general government not captured in 1.	0 percent of GDP	5.0	Existing and potential domestic arrears not yet fully identified or securitized.
3 SoE's debt (guaranteed and not guaranteed by the government) 1/	2 percent of GDP	8.0	Available data cover only some state-owned enterprises; others may fall outside the current DSA scope.
4 PPP	35 percent of PPP stock	0.0	No PPP liabilities identified for the analysis.
5 Financial market (the default value of 5 percent of GDP is the minimum value)	5 percent of GDP	5.0	Default value retained as a conservative assumption.
Total (2+3+4+5) (in percent of GDP)		18.0	

1/ The default shock of 2% of GDP will be triggered for countries whose government-guaranteed debt is not fully captured under the country's public debt definition (1.). If it is already included in the government debt (1.) and risks associated with SoE's debt not guaranteed by the government is assessed to be negligible, a country team may reduce this to 0%.

B. Debt Developments

4. The stock of total public debt stood at about 42 percent of GDP at end-2025, down from 53 percent at end-2024 (Table 4), driven by a favorable interest rate-growth differential. Domestic debt, which accounted for about 31 percentage points, is dominated by interest-free central bank loans to government. The other major component is government securities held mainly by commercial banks carrying interest rates ranging from 5 to 10 percent, well below inflation. Multilateral creditors accounted for the majority of the external debt stock (about 11 percent of GDP). IMF loans remained the largest single external creditor exposure, followed by legacy IDA credits. The Exim Bank of India remained the leading bilateral creditor. Burundi has not accessed private external capital markets. Under the baseline, the ratio of total public debt is projected to decline steadily over the projection period, reaching about 34 percent of GDP by 2031, with domestic debt standing at about 25 percent of GDP. In the medium term, about half of the external financing is expected to be provided by the World Bank, 20 percent by other multilateral partners and the remaining 30 percent by non-Paris Club partners. Limited project grants and concessional loans are assumed in the near term, consistent with applicable IDA resources in grant-only terms and the

absence of a Fund-supported program. Over the medium term, external financing assumptions, including grants, reflect only committed or highly likely disbursements.

5. The stock of external arrears stabilized in 2025, at US\$33 million or 0.5 percent of GDP. The arrears are owed to the Exim Bank of India, OPEC Fund for International Development (OFID), and others. In 2025, some arrears have been settled (China, EIB) and new ones incurred. The improved external environment and stronger FX inflows have helped stabilize arrears accumulation, though clearance remains pending.

6. Information on domestic arrears remains limited. The authorities reported that domestic arrears stood at approximately BIF 370 billion in July 2025. Part of these arrears are being cleared, and part is being securitized through negotiated maturities and rates with suppliers. However, the authorities cannot fully determine the amount of domestic arrears accumulated. They are of the view that the transition to program budgeting, complemented by strengthened expenditure controls and improved cash management, would help reduce arrears accumulation. There is a need for: (i) a legal framework defining revenue and expenditure arrears; (ii) an inventory of budgetary and extra-budgetary arrears; and (iii) a clearance plan. The comprehensive audit of domestic arrears, which was expected to be completed in June 2023, has not yet been finalized, and the adoption of a formal arrears clearance plan remains outstanding. The authorities introduced measures in the FY2025/26 budget law prohibiting ministries from incurring extra-budgetary expenditure commitments, and are enforcing commitment cutoff dates to prevent new arrears accumulation.

7. The ongoing GDP rebasing to base year 2016, supported by STA, AFRITAC Central and the World Bank technical assistance, is expected to increase nominal GDP by about 50 percent. This would improve debt solvency indicators; however, the indicators that drive the high external risk assessment — PV of debt-to-exports and debt service-to-exports — are denominated in exports, not GDP, and would therefore be unaffected by rebasing. The risk rating would remain unchanged. Rebased GDP data for 2016–2020 are ready for publication by the INSBU. Export volumes will not be affected. Debt indicators expressed as a percent of nominal GDP will fall, but export volumes and debt service obligations will not be affected. The impact of rebasing on tax revenue could be somewhat ambiguous in the short run.

C. Macroeconomic Forecasts

8. The macroeconomic outlook has improved substantially since the previous DSA, reflecting significant improvement in the terms-of-trade as global coffee and gold prices have risen sharply. Production volumes of coffee doubled and gold more than tripled, driving record export performance in H2 2025. This has led to FX reserves expansion from US\$191 million at end-2024 to US\$214 million at end-2025, and a narrowing of the FX premium on the parallel market from about 150 percent early 2025 to about 100 percent by year-end. Growth is estimated at 4.2 percent in 2025, as the increase in FX reserves allowed the resumption of imports of production goods, providing an important boost to key sectors in H2 2025. Headline inflation peaked at 45 percent YoY in April 2025

before declining to around 15 percent in December, bringing the 2025 average to roughly 34 percent.

9. Under the baseline scenario, growth is projected at about 3.9 percent in 2026, 4.1 percent in 2027, rising gradually to 4.3 percent in the medium term. The baseline assumes a continuation of the favorable external environment with high gold and coffee prices, and a progressive reduction of the FX premium to about 60 percent by 2030. The resulting increase in FX reserves (2.9 months of imports by 2031) will drive increased imports of production goods, notably fuel, whose shortage has been impeding growth. Stronger growth is underpinned by more dynamism in the industry and construction sectors amid better access to production goods and electricity provision as the country plans to add 360 MW in production capacity by 2031. The cessation of BRB advances to the government since mid-2025 has significantly slowed money growth. The resulting reduction in government borrowing from the central bank has freed up liquidity in the banking system, supporting an expansion of credit to the private sector and contributing to the improved growth trajectory. However, the baseline does not presume an automatic resolution of fuel shortages; the pass-through of international oil prices remains incomplete and administered, and the fuel price adjustments will be gradual to avoid destabilizing the economy. The recent escalation of the Middle East conflict poses additional risks to fuel import costs and availability. The authorities have indicated that they are analyzing the situation and will manage fuel price adjustments cautiously to avoid destabilizing effects on inflation and economic activity, while pursuing diversification of supply sources to reduce costs.

10. Inflation is projected at about 15 percent in 2026, gradually converging to 10 percent in the medium term. Average inflation is projected at about 15.3 percent in 2026 and 15.6 percent in 2027 and to about 10 percent by 2031, conditional on sustained fiscal consolidation and the continued suspension of monetary financing. The freeze of BRB advances to the government since mid-2025 and tighter fiscal policy have slowed money growth significantly.

11. External imbalances have improved markedly. The non-interest current account deficit narrowed from 8.6 percent of GDP in 2024 to 6.6 percent in 2025, driven by the surge in export revenues. Under the baseline, the current account deficit is expected to gradually improve further, reaching about 5 percent of GDP by 2031, supported by continued favorable terms of trade and a progressive reduction of the FX premium. Official reserves are projected to increase to 2.9 months of imports by 2031.

12. Fiscal policy has shifted from large, monetized deficits to an ambitious consolidation effort. After deficits of about 5–6 percent of GDP in FY2023/24–2024/25, the revised FY2025/26 budget targets a deficit below 2 percent of GDP, backed by a compression of the nominal wage-bill, tighter subsidies, revenue mobilization, and a drastic reduction in new BRB financing since mid-2025. The primary deficit is estimated to have declined to about 1.9 percent of GDP in FY2025/26.

13. The baseline assumes a gradual reduction of the FX premium and no major policy reversal. The FX premium is projected to decline to its 10-year average of 60 percent by the end of the forecasting horizon, driven by improved fundamentals — including stronger export revenues,

higher FX reserves, and tighter fiscal and monetary policy — rather than a deliberate policy of exchange rate unification. The official exchange rate remains administered throughout the projection period. The freeze on monetary financing of the budget is maintained. The proportion of financing through domestic bond issuance rises. Negative real interest rates on domestic debt continue to support debt reduction dynamics, though the extent of financial repression moderates as inflation—measured by the GDP deflator—declines from about 15 percent in 2026 to about 9 percent by 2031. Limited project grants and concessional loans are assumed.

14. A customized adverse scenario is used to inform the judgment on the external risk rating. The customized stress scenario assumes a combined adverse shock encompassing a terms-of-trade reversal, election-related fiscal slippage, and weaker growth. Exports are reduced by 3–5 percentage points of GDP over 2026–30, simulating a reversal in coffee and gold prices from current highs, while imports increase by 1–2 percentage points reflecting higher petroleum costs. Revenue and grants decline by 0.5–1.5 percentage points in 2026–28, and primary expenditure rises by 0.5–1 percentage point, concentrated around the May 2027 presidential election. Real GDP growth is reduced by 0.5–1 percentage point, reflecting weaker import capacity and investment. The decline in exports under the scenario reflects the combined effect of lower commodity prices (reducing export values) and weaker growth (reducing export volumes), consistent with a plausible terms-of-trade reversal from current record highs. The resulting rise in debt service-to-exports from about 9 percent to 15 percent in 2026 is driven by the sharp fall in the export denominator rather than a change in debt service obligations. The inflation and exchange rate paths are kept at baseline, as the net effect on prices is ambiguous and, given the predominantly domestic nature of Burundi's debt, higher inflation would work in the country's favor through deeper financial repression.

Text Table 3. Burundi: Selected Macroeconomic Indicators, 2021–31

	Average 2021–25	Average 2026–45	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Real GDP growth (percent)													
July 2023 DSA	3.7	5.1	0.3	3.1	3.3	6.0	5.9	5.7	5.9	5.5	5.0	5.0	5.0
Current DSA	3.2	4.2	3.1	1.8	2.7	4.1	4.2	3.9	4.2	4.5	4.3	4.3	4.2
Inflation, GDP deflator (percent)													
July 2023 DSA	14.0	10.7	6.2	8.5	18.9	20.1	16.1	10.1	10.2	10.0	10.2	10.0	10.7
Current DSA	24.0	12.9	8.5	18.3	33.1	22.2	37.7	15.3	15.6	13.8	12.7	9.8	10.3
Primary fiscal balance (percent of GDP) 1/													
July 2023 DSA	-2.8	-0.3	-3.6	-1.6	-6.4	-1.8	-0.7	-0.6	-0.3	-0.3	-0.3	-0.4	0.2
Current DSA	-4.2	-2.1	-1.6	-8.2	-5.8	-3.3	-1.9	-2.4	-1.9	-2.3	-1.7	-2.7	-1.6
Non-interest current account balance (in percent of GDP)													
July 2023 DSA	-14.7	-13.9	-11.0	-12.5	-15.4	-16.9	-17.6	-17.4	-15.6	-13.1	-10.5	-14.2	-12.9
Current DSA	-11.7	-5.1	-12.5	-16.6	-14.5	-8.4	-6.5	-5.9	-5.3	-5.1	-5.1	-4.6	-4.4
Exports growth (percent)													
July 2023 DSA	10.7	14.6	-9.3	0.7	9.7	30.1	22.2	21.2	17.1	8.2	14.5	12.9	13.8
Current DSA	17.9	13.6	0.7	8.7	29.0	-10.3	61.5	21.0	14.6	19.6	7.7	12.5	6.2
Imports growth (percent)													
July 2023 DSA	6.1	7.7	1.0	13.8	2.6	5.0	7.9	4.6	3.3	-1.5	19.6	9.4	10.6
Current DSA	8.7	5.8	13.8	21.6	2.2	-13.3	19.4	9.2	6.1	8.5	4.5	3.9	2.5

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

1/ Fiscal year values (i.e. July–June 2021 is FY 2020/21).

REALISM TOOLS

15. Past drivers of external and public debt have been projected with large errors. Figure 4 shows the scale of the residuals in past projections for external debt, with large, unexpected changes in debt related to large stock-flow adjustments. Regarding external debt, the current account deficit will be the largest debt-creating flow. However, its magnitude is projected to decrease over the next 5 years. The reduction of public debt will be largely driven by the negative real interest rates on domestic debt papers, and to a lesser extent, the real exchange rate dynamics. Questions arise as to the sustainability of maintaining highly negative real interest rates (about -10 percent as of 2026). While similar levels of financial repression have proven unsustainable in peer countries, the limited options available to depositors and investors in Burundi, and the large share of the public debt held by state-owned banks (about half) render unlikely a sudden stop of domestic financing. In addition, baseline inflation should result in a substantial alleviation of the inflation tax on domestic government debt holders (relative to 2025). Peer-country data on the 3-year primary balance adjustment (Figure 5 top left chart) show that the projected improvement in the fiscal balance is within the observed sample distribution.

16. Consistency between fiscal adjustment and growth (Figure 5 top right chart). The fiscal multipliers suggest that the current growth trajectory is consistent with the planned fiscal consolidation path. The baseline growth projections of about 4 percent in 2027–2028 rising to nearly 5 percent by 2034 are supported by the positive external environment, which offsets any contractionary effects from fiscal tightening. Public and private investment rates are consistent with historical trends (Figure 5 bottom charts).

COUNTRY CLASSIFICATION AND DETERMINATION OF SCENARIO STRESS TESTS

17. Burundi's debt-carrying capacity is classified as weak, as in the February 2025 DSA. The country's composite indicator (CI) is 2.47, based on the April 2026 WEO data and 2024 CPIA score of 3.06. The CI remains in the weak category (below 2.69).

Text Table 4. Burundi: Composite Indicator and Thresholds

Debt Carrying Capacity			
Weak			
Final	Classification based on current vintage	Classification based on the previous vintage	Classification based on the two previous vintage
Weak	Weak 2.47	Weak 2.31	Weak 2.27

Note: Until the April 2019 WEO vintage is released, the two previous vintages ago classification and corresponding score are based solely on the CPIA per the previous framework.

APPLICABLE	
EXTERNAL debt burden thresholds	
PV of debt in % of Exports	140
GDP	30
Debt service in % of Exports	10
Revenue	14

APPLICABLE	
TOTAL public debt benchmark	
PV of total public debt in percent of GDP	35

Calculation of the CI Index

Components	Coefficients (A)	10-year average values (B)	CI Score components (A*B) = (C)	Contribution of components
CPIA	0.385	3.018	1.16	47%
Real growth rate (in percent)	2.719	3.068	0.08	3%
Import coverage of reserves (in percent)	4.052	22.065	0.89	36%
Import coverage of reserves*2 (in percent)	-3.990	4.868	-0.19	-8%
Remittances (in percent)	2.022	6.081	0.12	5%
World economic growth (in percent)	13.520	2.967	0.40	16%
CI Score			2.469	100%
CI rating			Weak	

New framework	
	Cut off values
Weak	CI < 2.69
Medium	2.69 ≤ CI ≤ 3.05
Strong	CI > 3.05

PUBLIC AND EXTERNAL DSA ASSESSMENT

18. Burundi continues to be assessed as presenting a "high risk" of external debt distress, as in the previous DSA of July 2023. Under the baseline, the substantial improvement in terms of trade and strong growth and FX reserves would result in all four external debt indicators remaining below their respective thresholds from 2026 onwards and further declining over the medium and long term (Text Figure 1 and Figure 2). While the mechanical signal under the baseline does not point to a high-risk rating, staff applies judgment informed by a customized adverse scenario, to reflect elevated global uncertainty and downside risks, especially in light of reform risks and the political cycle (risks of fiscal slippages and delays in key reforms ahead of the 2027 elections). The PV of the baseline external debt-to-exports ratio stood at 99 percent in 2025, already well below the 140 percent threshold, and is projected to decline further to 90 percent in 2026 and to about 79 percent by 2027. In the previous DSA, this ratio breached the threshold until 2029. The debt service-to-exports ratio, at about 9 percent in 2026, declining to 8 percent by 2027, below the 10 percent threshold. The PV of external debt-to-GDP and debt service-to-revenue ratios remain well below their thresholds throughout. The PV of total public debt-to-GDP stood at 39 percent in 2025. Under the baseline, it declines gradually to about 37 percent in 2026–27 and 35 percent in 2028, remaining above the 35 percent benchmark, before falling below it from 2029 (33 percent). However, under the customized downside scenario (combining adverse terms-of-trade shocks, election-related fiscal slippage, and weaker growth), the PV of external debt-to-exports breaches the 140 percent threshold in 2026–28, peaking at about 180 percent in 2028, and the debt service-to-exports ratio exceeds its

10 percent threshold through 2028. Notably, the export-denominated indicators are the ones that breach, while the debt service-to-revenue ratio remains well below its threshold even under stress, underscoring that the key vulnerability lies in the sensitivity of exports to terms-of-trade shocks rather than in fiscal capacity. Staff therefore assess the external risk rating at high, using judgment. Despite the existence of external arrears (US\$33 million or 0.5 percent of GDP in 2025) and unquantified domestic arrears, the “in debt distress” classification is not applied, as Burundi’s external arrears are legacy obligations of limited magnitude—some recently settled—and the authorities remain current on obligations to the major multilateral creditors, while domestic arrears reflect expenditure management weaknesses rather than debt servicing incapacity.

19. The overall risk of public debt distress is also assessed as high. The PV of total public debt-to-GDP stood at 39 percent in 2025, above the 35 percent benchmark, and is projected to remain above it through 2027 before declining to 33 percent by 2029. Domestic debt, at about 31 percent of GDP in 2025, significantly exceeds the LIC median of 17 percent, and both solvency and liquidity indicators for domestic debt are above their respective medians. The sovereign-bank nexus, with government securities concentrated in state-owned banks at highly negative real interest rates, creates vulnerabilities that could materialize if financial repression unwinds.

20. The assessment is based on application of judgment. The assessment is predicated on the continuation of favorable terms of trade, the authorities pursuing progressive FX premium reduction and fiscal consolidation, and the ongoing moratorium on monetary financing. This judgment reflects the balanced risks between the improved external outlook and the domestic vulnerabilities associated with the electoral cycle, capacity constraints, and the still-elevated public debt level. The “customized scenario” discussed below illustrates the trajectory under combined adverse shocks.

21. Under the stress tests, the DSA thresholds are breached over longer periods compared with the baseline scenarios. The most extreme shocks for external debt indicators are the exports shock (for PV of debt-to-exports, peaking at 175 percent in 2028) and non-debt flows (for PV of debt-to-GDP). For debt service-to-exports, the exports shock produces the most severe breach, with the ratio rising to 12 percent in 2028. For public debt, the most extreme shock is the combined contingent liabilities scenario. Under the historical scenario (A1), external debt indicators deteriorate sharply and continuously, reflecting the highly unfavorable historical averages driven by the 2015 crisis and subsequent years of instability.

22. The rebasing of GDP from 2005 to 2016 would further improve solvency indicators. Nominal GDP for 2016–23 would rise by about 50 percent, lowering debt ratios expressed as a percent of GDP. However, rebasing improves these ratios through the denominator effect only and does not intrinsically change the government’s debt servicing capacity or the underlying fiscal position. Export volumes and debt service obligations are unaffected.

23. Other reforms would enhance debt sustainability. DRM measures in tax administration—such as the preparation of a tax register, digitalization of tax declaration and payments, increasing transparency in collecting and accounting for non-tax revenues including mining revenues and dividends—would boost aggregate revenues. Curtailing tax expenditures would improve the tax

take, and digitalization of PFM processes would facilitate greater expenditure efficiency. Burundi remains highly vulnerable to climate shocks, including flooding, droughts, and landslides, which pose risks to agricultural output and fiscal balances. The authorities' plans for electrification and reduced dependence on biomass — including the addition of 360 MW through public-private partnerships — would support climate adaptation. However, REGIDESO, the state-owned utility, carries significant debt including a US\$50 million retroceded loan from the government, and its financial situation warrants monitoring as a potential source of contingent fiscal risk.

24. Domestic debt indicators exceed the median across LICs over 2026–31 (Figure 1). The median across LICs is 17 percent of GDP. The outturn for Burundi is about 31 percent of GDP in 2025 and about 29 percent of GDP in 2026, with a gradually declining profile thereafter to about 24 percent by 2031. The average real interest rate on new borrowing, about -10 percent in 2026 declining to about -2 percent by 2031, indicates widespread but moderating financial repression. Persistently negative real interest rates act as a tax on financial intermediation and may hamper financial sector development over the longer term. The authorities are securitizing a portion of domestic arrears through negotiated instruments with suppliers, which could shift these obligations from unrecorded arrears into the formal domestic debt stock.

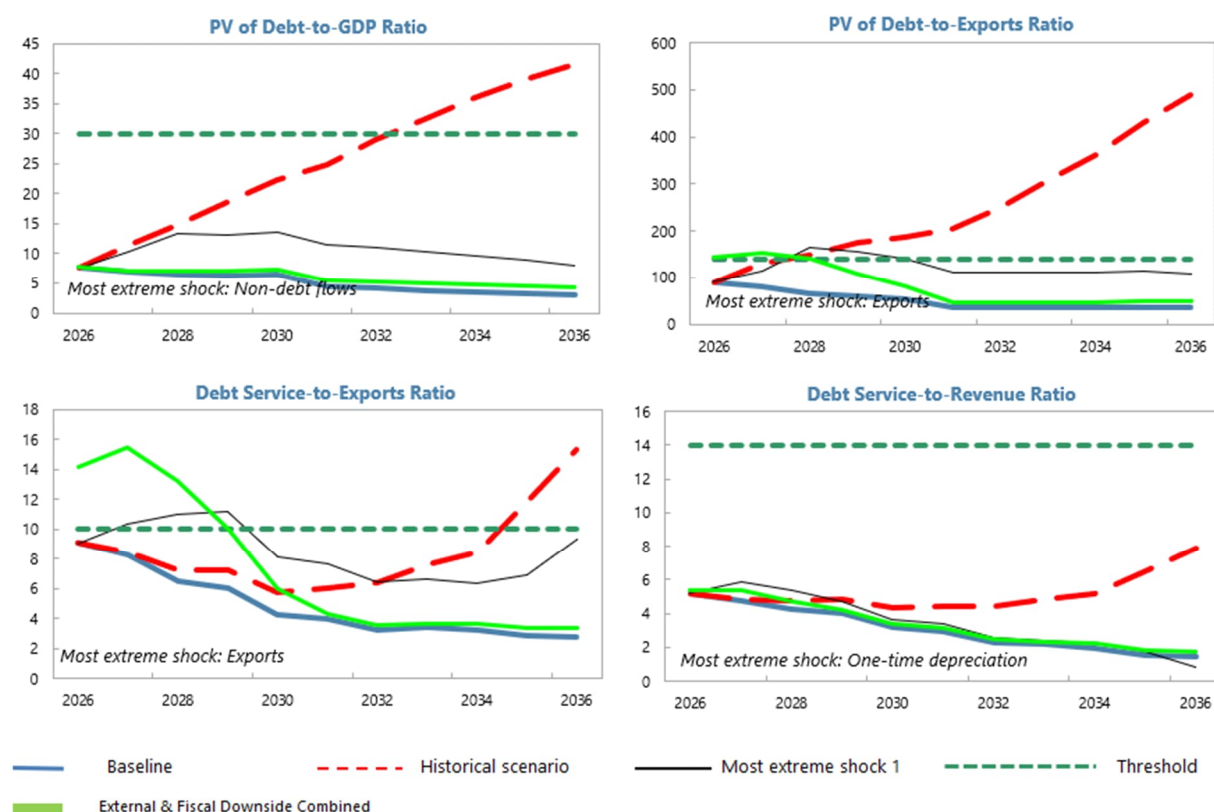
25. Under the baseline, new domestic borrowing shifts progressively from central bank financing toward market-based bond issuance. The share of central bank financing in new domestic borrowing is assumed to be capped at 10 percent of the previous year's tax revenue. The increased issuance of medium- and long-term bonds is expected to be absorbed primarily by commercial banks, particularly state-owned institutions, given the absence of a deep non-bank investor base. Net domestic issuance shows significant peaks and declines over the projection period, reflecting lumpy refinancing needs as short-term instruments mature.

26. Under the customized scenario, the PV of external debt-to-exports breaches the 140 percent threshold in 2026–28, peaking at about 180 percent in 2028, before declining below the threshold from 2029. The debt service-to-exports ratio exceeds its 10 percent threshold through 2028, peaking at about 18 percent in 2027. The PV of external debt-to-GDP and debt service-to-revenue ratios remain below their thresholds. The PV of total public debt-to-GDP rises to about 38–39 percent over 2027–28 under the customized scenario (compared to 35 percent under the baseline), remaining above the 35 percent benchmark through 2030 before declining. The breach of two external debt indicators under plausible adverse shocks supports the assessment of the external risk rating at high using judgment.

27. Domestic debt vulnerabilities warrant close scrutiny under the customized scenario. Both average solvency and liquidity domestic debt indicators exceed their LIC median values. The scenario highlights the tension between the projected shift from monetary financing toward market-based bond issuance and the absorptive capacity of the banking sector, given the shallow domestic market and concentration of government securities in state-owned banks. The large sovereign-bank nexus creates two-way vulnerability: a normalization of real interest rates (currently about -10 percent) would simultaneously raise government debt service costs and generate losses on banks'

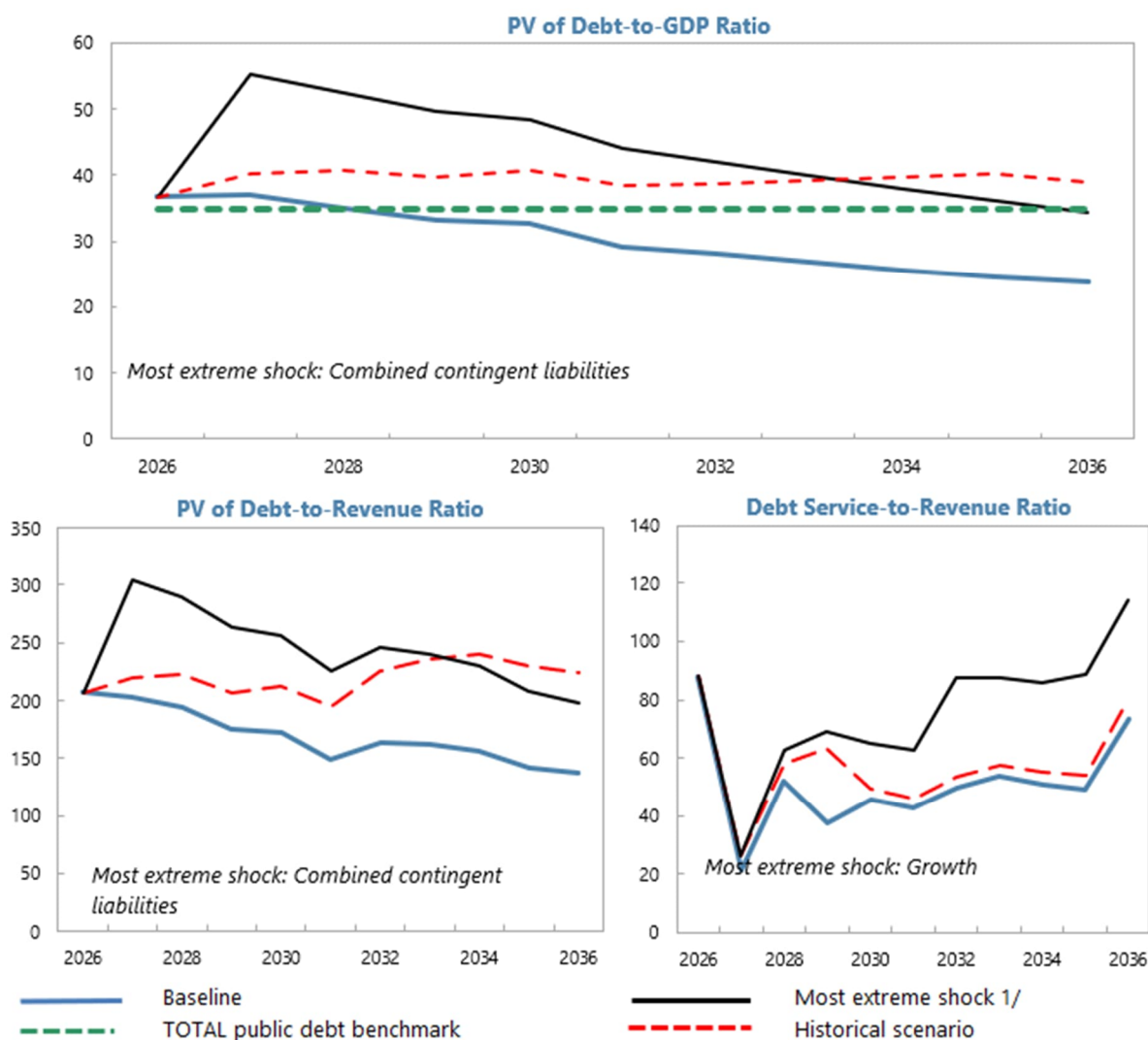
bond portfolios, with implications for financial sector stability. The customized scenario assumes the monetary financing moratorium is broadly maintained; a resumption would worsen fiscal dynamics further.

Text Figure 1. Burundi: Indicators of Public and Publicly Guaranteed External Debt under Alternative Scenario, 2026–36



1 The most extreme stress test is the test that yields the highest ratio in or before 2036. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Text Figure 2. Burundi: Indicators of Public Debt under Alternative Scenario, 2026–36



1/ The most extreme stress test is the test that yields the highest ratio in or before 2036. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

RATING AND VULNERABILITIES

28. Staff assesses Burundi's debt as sustainable under the baseline scenario. Burundi is at high risk of external debt distress and high overall risk of debt distress with the application of judgment. Staff assessed debt as sustainable. While all four external debt indicators remain below their thresholds under the baseline, the customized downside scenario—combining adverse terms-of-trade shocks, election-related fiscal slippage, and weaker growth—shows the PV of external debt-to-exports breaching the 140 percent threshold in 2026–28 (peaking at 180 percent) and the debt

service-to-exports ratio exceeding the 10 percent threshold through 2028. Staff therefore use judgment to maintain the external risk rating at high. The PV of baseline external debt-to-exports stood at 99 percent in 2025, already below the 140 percent threshold, and is projected to decline further to 90 percent in 2026 and 79 percent in 2027. All four external indicators are projected to remain below their thresholds from 2028 onward. The PV of total public debt-to-GDP stood at 39 percent in 2025, is projected to decline to 37 percent in 2026–27, and to fall below the 35 percent benchmark from 2029. Risks are mitigated on the domestic front by strong nominal GDP dynamics and negative real interest rates, and on the external front by the favorable terms-of-trade outlook and prospects for progressive FX reform implementation.

29. Risks.

Downside Risks

- i. Commodity price reversal and oil price shocks. A sharp decline in gold and coffee prices would reverse export gains, reduce FX inflows, and undermine the favorable debt dynamics that underpin the improved risk assessment. Further rise in oil prices would widen the current account deficit and deplete FX reserves. The baseline relies heavily on the continued positive external environment.
- ii. Election-related fiscal slippages. As the country prepares for the May 2027 presidential elections, government spending pressures could arise and undo the current progress in fiscal consolidation and monetary financing moratorium.
- iii. Delays in FX reform. The likelihood of meaningful FX reforms is challenged by a combination of domestic—election cycle and capacity constraints—and external risks—DRC border conflict spillovers. Failure to make progress on FX unification would constrain reserve accumulation and donor re-engagement.
- iv. Escalation of external arrears. Given the limited data available, the actual scale of external and domestic arrears could exceed current estimates. The recent escalation of the DRC conflict and closure of the land border since December 2025 pose additional risks.
- v. Fiscal execution risks. The revised FY2025/26 budget includes a sizable and front-loaded adjustment that relies on a large projected increase in non-tax revenues, full implementation of planned tax and PFM measures, and across-the-board spending compression. Implementation capacity is limited, leaving significant execution risks.
- vi. DRC conflict and Ebola spillovers. About 100,000 Congolese refugees entered Burundi at end-2025 amid security concerns, which could be exacerbated by the outbreak of the Ebola epidemic in DRC. A deterioration could make it difficult to sustain spending restraint.

Upside Risks

Upside risks include continued improvements in terms of trade, swifter and successful FX reforms, a new Fund-supported arrangement, and stabilization of the conflict in eastern DRC. Further reduction of the FX premium followed by rapid exchange rate unification would resolve key macroeconomic imbalances, improve fuel supply, strengthen investor confidence, and boost formal exports. A resolution of the DRC conflict and reopening of the land border would alleviate pressures and create a more conducive environment for economic development. Delayed World Bank funding could be released, and a new Fund-supported arrangement could be negotiated, catalyzing donor support and capital inflows.

AUTHORITIES' VIEWS

30. The authorities broadly agreed with the main conclusions of the DSA. 1. They emphasized that the National Stabilization Strategy (2025–27) provides a comprehensive policy framework — encompassing fiscal consolidation, the cessation of monetary financing, and progressive FX reform — that would generate sustained improvements in debt indicators. 2. The Minister of Finance highlighted that all SOE borrowing and dividend decisions now require MoF validation, and that regular monitoring meetings with SOEs have been established. They noted that the FY2025/26 budget law now prohibits ministries from incurring extra-budgetary commitments, and that commitment cutoff dates are being enforced to prevent new arrears accumulation. They gave assurances of their continued efforts to address the problem of external arrears. 3. The authorities emphasized their commitment to addressing debt vulnerabilities.

Table 1. Burundi: Decomposition of Public Debt and Debt Service by Creditor, 2024–26^{1,2}

	Debt Stock (end of period)			Debt Service					
	2025			2024	2025	2026	2024	2025	2026
	(In US\$ Million)	(Percent total debt)	(Percent GDP)	(In US\$ Million)			(Percent GDP)		
Total	2818.1	100.0	41.6	759	776	218	15.8	11.5	2.7
External	727.6	25.8	10.8	51	52	37	1.1	0.8	0.5
Multilateral creditors ⁴	446.7	15.9	6.6	37	39	21	0.8	0.6	0.3
IMF	106.5	3.8	1.6	3	0	0	0.1	0.0	0.0
World Bank	112.3	4.0	1.7	7	7	7	0.1	0.1	0.1
ADB/AfDB/IADB	27.2	1.0	0.4	21	31	1	0.4	0.5	0.0
Other Multilaterals	200.7	7.1	3.0	6	2	14	0.1	0.0	0.2
o/w: OPEC Fund for International Development in Africa	95.0	3.4	1.4	3	3	3	0.1	0.0	0.0
o/w: Arab Bank for Economic Development in Africa	74.6	2.6	1.1	1	1	1	0.0	0.0	0.0
list of additional large creditors ³	79.1	2.8	1.2	0	1	1	0.0	0.0	0.0
Bilateral Creditors	183.5	6.5	2.7	13	13	16	0.3	0.2	0.2
Paris Club	0.0	0.0	0.0	0	0	0	0.0	0.0	0.0
o/w: list largest two creditors	0.0	0.0	0.0	0	0	0	0.0	0.0	0.0
o/w: list largest two creditors	0.0	0.0	0.0	0	0	0	0.0	0.0	0.0
list of additional large creditors ³	0.0	0.0	0.0	0	0	0	0.0	0.0	0.0
Non-Paris Club	183.5	6.5	2.7	13	13	16	0.3	0.2	0.2
o/w: Saudi Arabia Debt Stock	72.9	2.6	1.1	1	1	1	0.0	0.0	0.0
o/w: India Debt Stock	38.6	1.4	0.6	2	2	2	0.0	0.0	0.0
o/w: China Debt Stock	20.8	0.7	0.3	1	1	1	0.0	0.0	0.0
Bonds	0.0	0.0	0.0	0	0	0	0.0	0.0	0.0
Commercial creditors	0.0	0.0	0.0	0	0	0	0.0	0.0	0.0
o/w: list largest two creditors	0.0	0.0	0.0	0	0	0	0.0	0.0	0.0
o/w: list largest two creditors	0.0	0.0	0.0	0	0	0	0.0	0.0	0.0
list of additional large creditors ³	0.0	0.0	0.0	0	0	0	0.0	0.0	0.0
Other international creditors	0.0	0.0	0.0	0	0	0	0.0	0.0	0.0
o/w: list largest two creditors	0.0	0.0	0.0	0	0	0	0.0	0.0	0.0
list of additional large creditors ³	0.0	0.0	0.0	0	0	0	0.0	0.0	0.0
Domestic	2090.6	74.2	30.9	708	724	181	14.7	10.7	2.3
T-Bills	325.8	11.6	4.8	124	153	143	2.6	2.3	1.8
Bonds	691.5	24.5	10.2	0	0	0	0.0	0.0	0.0
Loans	1073.3	38.1	15.9	584	571	38	12.1	8.4	0.5
Memo items:	0.0	0.0	0.0						
Collateralized debt ⁵	0.0	0.0	0.0						
o/w: Related	0.0	0.0	0.0						
o/w: Unrelated	0.0	0.0	0.0						
Contingent liabilities	0.0	0.0	0.0						
o/w: Public guarantees	0.0	0.0	0.0						
o/w: Other explicit contingent liabilities ⁶	0.0	0.0	0.0						
Nominal GDP	6767.11								

1/ As reported by Country authorities according to their classification of creditors, including by official and commercial. Debt coverage is the same as the DSA.

2/ Some public debt is not shown in the table due to [confidentiality clauses/capacity constraints] (include for all creditor groups where applicable)

3/ Individual creditors accounting for more than 5 percent of total debt.

4/ "Multilateral creditors" are simply institutions with more than one official shareholder and may not necessarily align with creditor classification under other IMF policies (e.g. Lending Into Arrears)

5/ Debt is collateralized when the creditor has rights over an asset or revenue stream that would allow it, if the borrower defaults on its payment obligations, to rely on the asset or revenue stream to secure repayment of the debt. Collateralization entails a borrower granting liens over specific existing assets or future receivables to a lender as security against repayment of the loan. Collateral is "unrelated" when it has no relationship to a project financed by the loan. An example would be borrowing to finance the budget deficit, collateralized by oil revenue receipts. See the joint IMF-World Bank note for the G20

"Collateralized Transactions: Key Considerations for Public Lenders and Borrowers" for a discussion of issues raised by collateral.

6/ Includes other one-off guarantees not included in publicly guaranteed debt (e.g. credit lines) and other explicit contingent liabilities not elsewhere classified (e.g. potential legal claims, payments resulting from PPP arrangements).

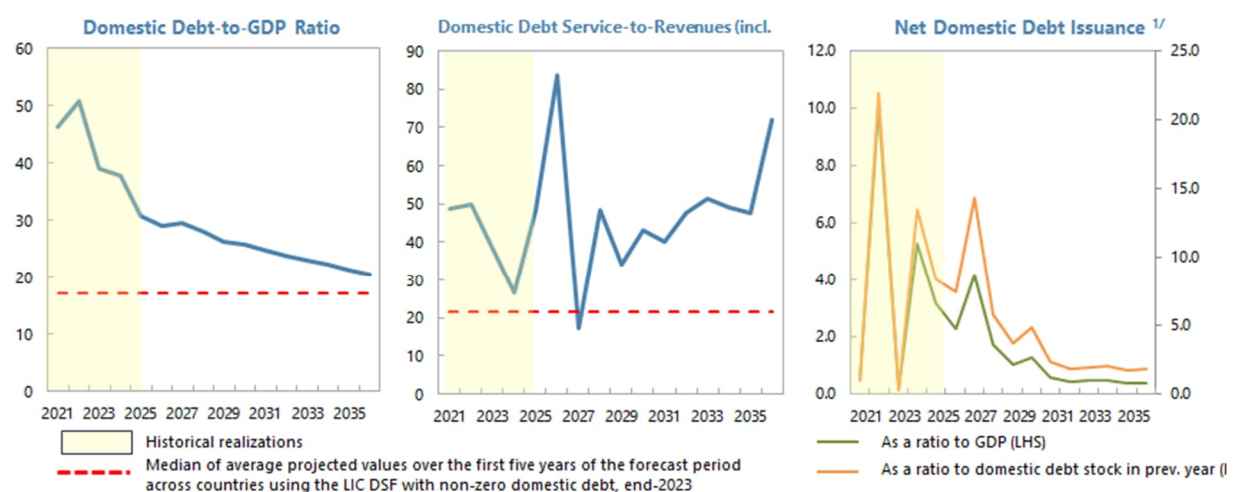
Table 2. Burundi: Staff Projections of External Disbursements, 2024–34^{1/}
(In percent of GDP)

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Loans (Projects)											
Projected disbursements (staff)	1.5	0.8	0.8	0.7	1.1	1.2	1.8	1.4	1.2	1.1	1.0
Multilateral	0.5	0.2	0.3	0.3	1.0	1.1	1.6	1.2	1.1	1.0	0.9
Of which: IMF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which: IDA	0.0	0.0	0.0	0.0	0.8	0.8	1.4	1.0	0.9	0.8	0.8
Of which: AfDB	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which: Others	0.5	0.2	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2
BADEA	0.3	0.1	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1
OPEC Fund	0.1	0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Bilateral	1.0	0.6	0.5	0.4	0.2	0.2	0.2	0.2	0.1	0.1	0.1
Paris Club											
Non-Paris Club	1.0	0.6	0.5	0.4	0.2	0.2	0.2	0.2	0.1	0.1	0.1
India	0.6	0.4	0.3	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1
EXIM Bank of India (EBI)	0.6	0.4	0.3	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Saudi Arabia	0.4	0.2	0.2	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Fonds Saoudien	0.4	0.2	0.2	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other											
Grants (Projects and budget support)											
Projected disbursements (staff)	0.1	2.1	1.9	2.5	2.5	2.4	2.5	2.4	2.3	2.0	1.9
Of which: IDA	0.0	1.5	1.3	1.1	1.1	1.3	1.3	1.3	1.2	1.1	1.0
Of which: AfDB	0.0	0.1	0.2	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6
Of which: Others (incl. US and EU)	0.1	0.5	0.5	0.9	0.9	0.5	0.5	0.5	0.5	0.4	0.4
Of which: Project grants	0.1	2.1	1.9	2.5	2.5	2.4	2.5	2.4	2.3	2.0	1.9
Memorandum items:											
GDP at current market prices											
In billions of US\$	4.8	6.8	8.0	8.8	9.1	9.4	9.3	9.7	10.6	11.6	12.8
Share of IMF disbmt in total loans (in percent)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share of IMF disbmt in total loans and grants (in percent)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Authorities and IMF staff projections

1/ Staff projected disbursements are based on discussions between staff and the authorities and development partners and the absorption capacity.

Figure 1. Burundi: Indicators of Domestic Public Debt, 2021–36
(Percent)

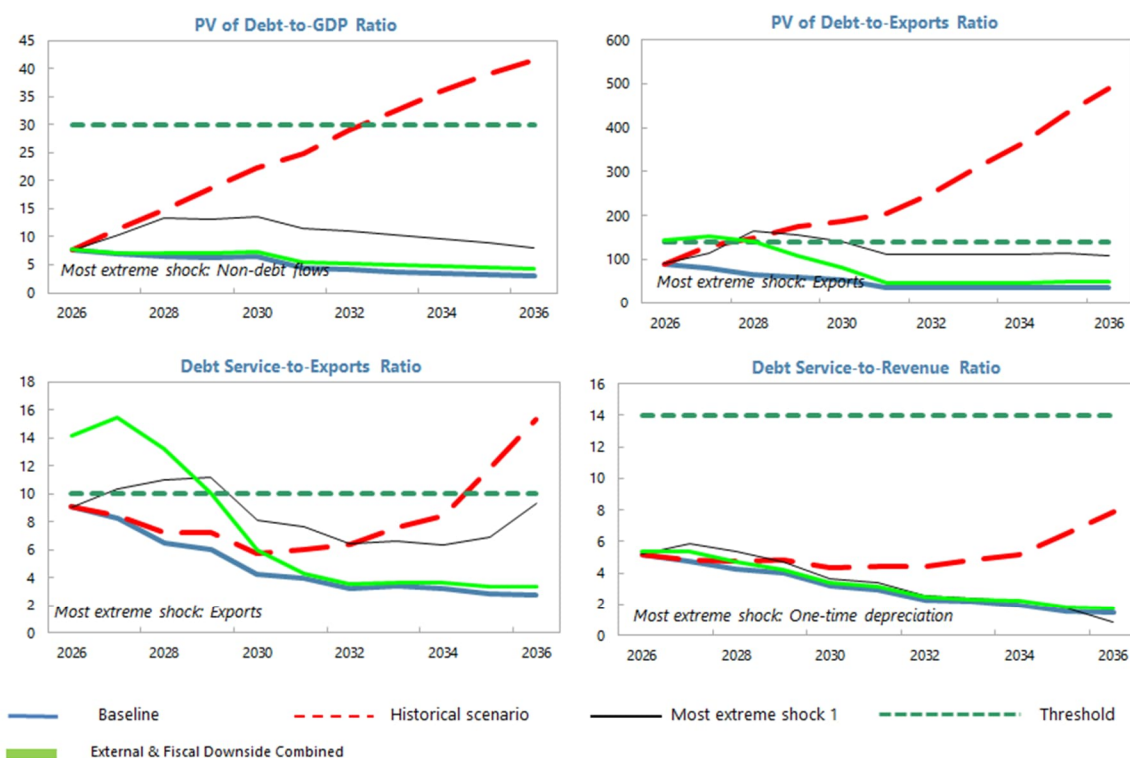


Borrowing Assumptions (average over 10-year)	Value
Shares in new domestic debt issuance	
Medium and long-term	79%
Short-term	21%
Borrowing terms	
Domestic MLT debt	
Avg. real interest rate on new borrowing	-2.2%
Avg. maturity (incl. grace period)	3
Avg. grace period	2
Domestic short-term debt	
Avg. real interest rate	-11.4%

1/ Net domestic debt issuance is an estimate based on the calculated public gross financing need net of gross external financing, drawdown of assets, other adjustments and domestic debt amortization. It excludes short-term debt that was issued and matured within the calendar year.

Sources: Country authorities and staff estimates and projections.

Figure 2. Burundi: Indicators of Public and Publicly Guaranteed External Debt under Alternative Scenarios, 2026–36



Customization of Default Settings		
	Size	Interactions
Tailored Stress		
Combined CL	Yes	
Natural disaster	n.a.	n.a.
Commodity price	No	No
Market financing	n.a.	n.a.

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

Borrowing assumptions on additional financing needs resulting from the stress tests*		
	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	1.4%	1.4%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	24	24
Avg. grace period	7	7

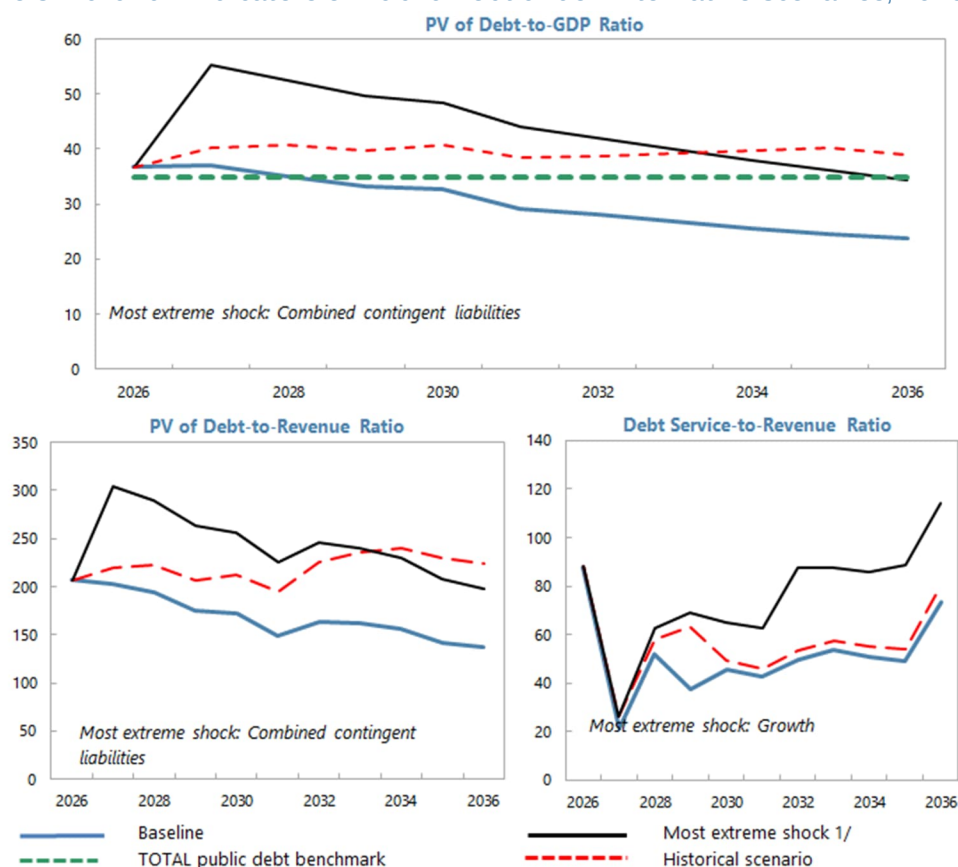
* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2036. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Note: The magnitude of shocks used for the commodity price shock stress test are based on the commodity prices outlook prepared by the IMF research department.

Sources: Country authorities and staff estimates and projections.

Figure 3. Burundi: Indicators of Public Debt under Alternative Scenarios, 2026–36



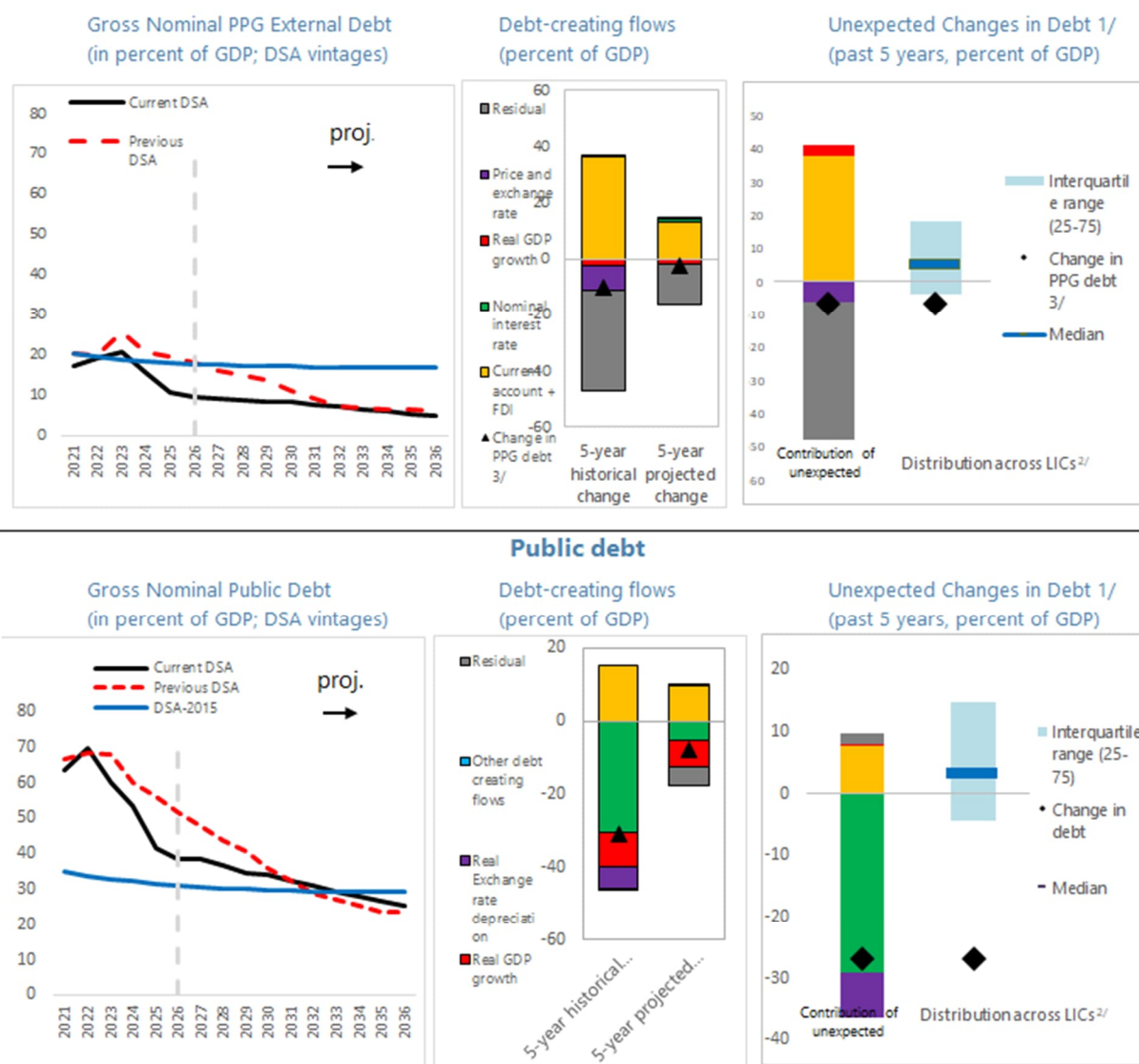
Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	5%	5%
Domestic medium and long-term	75%	75%
Domestic short-term	20%	20%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	1.4%	1.4%
Avg. maturity (incl. grace period)	24	24
Avg. grace period	7	7
Domestic MLT debt		
Avg. real interest rate on new borrowing	-2.2%	-2.2%
Avg. maturity (incl. grace period)	3	3
Avg. grace period	2	2
Domestic short-term debt		
Avg. real interest rate	-11.4%	-11.4%

* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2036. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Figure 4. Burundi: Drivers of Debt Dynamics – Baseline Scenario



1/ Difference between anticipated and actual contributions on debt ratios.

2/ Distribution across LICs for which LIC DSAs were produced.

3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.

Figure 5. Burundi: Realism Tools

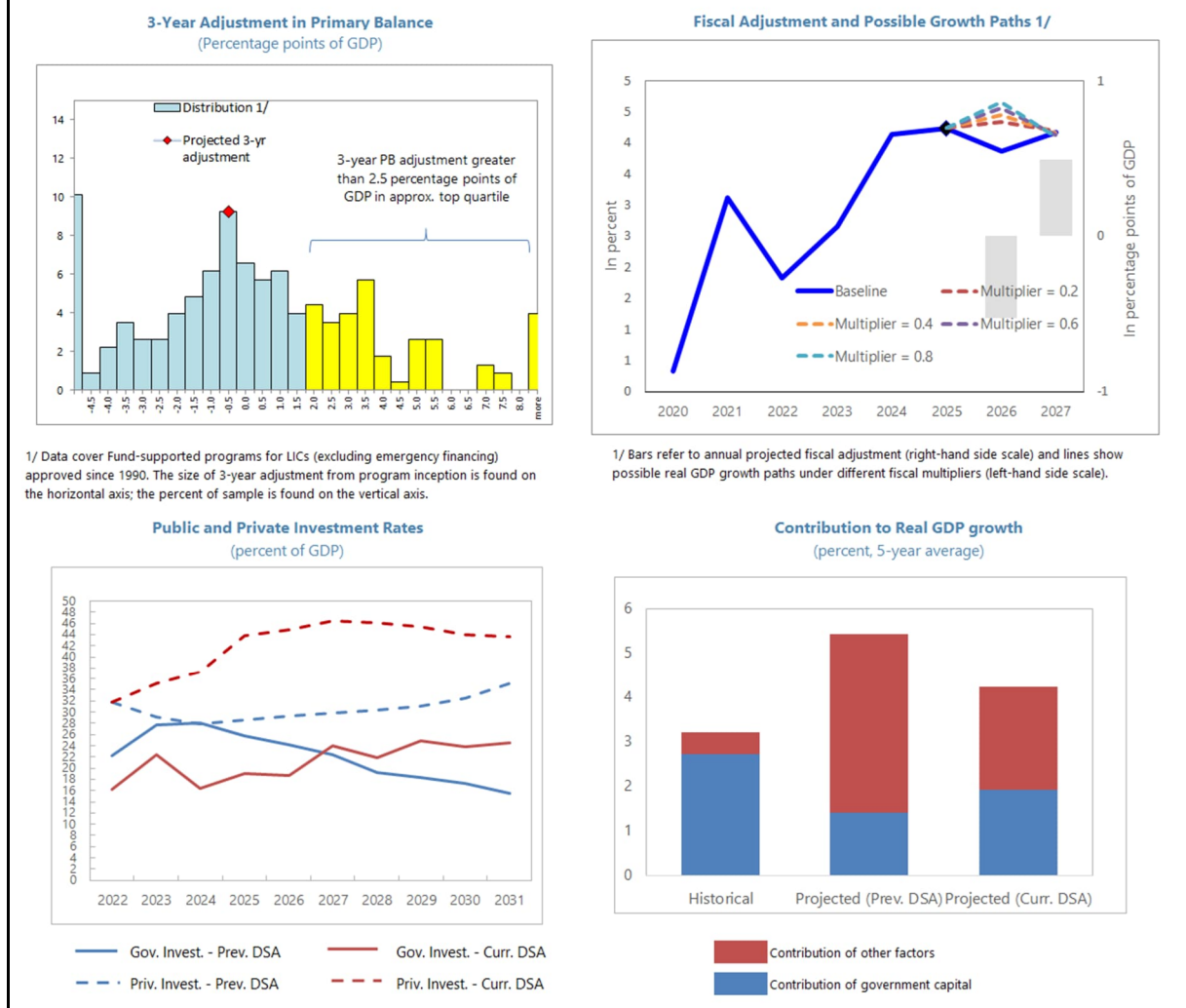


Table 3. Burundi: External Debt Sustainability Framework, Baseline Scenario, 2023–44
(In Percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 8/ Historical Projections	
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2036	2044	Historical	Projections
External debt (nominal) 1/ of which: public and publicly guaranteed (PPG)	20.7	15.6	10.8	9.3	9.1	8.6	8.3	8.4	7.7	4.9	0.5	17.2	7.4
	20.7	15.6	10.8	9.3	9.1	8.6	8.3	8.4	7.7	4.9	0.5	17.2	7.4
Change in external debt	1.7	-5.2	-4.8	-1.4	-0.3	-0.4	-0.3	0.1	-0.7	-0.5	-1.8		
Identified net debt-creating flows	12.4	5.8	1.7	4.9	3.4	3.0	3.0	2.6	1.9	2.6	0.5	9.4	2.8
Non-interest current account deficit	14.5	8.4	6.5	5.9	5.3	5.1	5.1	4.6	4.4	5.2	3.1	11.6	5.0
Deficit in balance of goods and services	24.9	19.0	14.0	12.2	11.0	10.6	10.5	10.0	9.4	8.0	5.6	21.9	9.6
Exports	8.9	7.1	8.2	8.4	8.7	10.1	10.6	11.9	12.2	8.5	2.2		
Imports	33.8	26.1	22.2	20.6	19.7	20.6	21.1	22.0	21.6	16.5	7.8		
Net current transfers (negative = inflow)	-10.5	-10.6	-7.7	-6.5	-5.9	-5.7	-5.5	-5.6	-5.4	-3.4	-0.7	-10.5	-5.0
of which: official	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other current account flows (negative = net inflow)	0.1	0.0	0.2	0.2	0.2	0.2	0.2	0.2	0.4	0.6	-1.8	0.2	0.4
Net FDI (negative = inflow)	-0.8	-0.5	-0.5	-0.8	-1.7	-1.8	-1.9	-1.9	-2.4	-2.4	-2.6	-1.2	-2.0
Endogenous debt dynamics 2/	-1.4	-2.0	-4.3	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2		
Contribution from nominal interest rate	0.3	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.0	0.0		
Contribution from real GDP growth	-0.5	-0.8	-0.5	-0.4	-0.4	-0.4	-0.4	-0.4	-0.3	-0.2	0.0		
Contribution from price and exchange rate changes	-1.2	-1.5	-4.0	...	...	...	...	...	...	...	...		
Residual 3/	-10.6	-11.0	-6.5	-6.3	-3.6	-3.5	-3.3	-2.5	-2.5	-3.1	-2.2	-10.1	-3.3
of which: exceptional financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	...		
Sustainability indicators													
PV of PPG external debt-to-GDP ratio	...	...	8.1	7.6	6.9	6.6	6.4	6.4	4.4	2.9	0.5		
PV of PPG external debt-to-exports ratio	...	...	99.2	89.9	79.1	65.5	60.1	53.9	36.3	34.5	24.1		
PPG debt service-to-exports ratio	13.9	17.5	15.3	9.1	8.2	6.5	6.0	4.2	4.0	2.8	2.9		
PPG debt service-to-revenue ratio	7.2	8.5	8.6	5.2	4.7	4.3	4.0	3.2	2.9	1.4	0.4		
Gross external financing need (Million of U.S. dollars)	643.3	437.0	491.6	464.5	377.4	359.3	361.9	303.7	245.2	469.6	392.3		
Key macroeconomic assumptions													
Real GDP growth (in percent)	2.7	4.1	4.2	3.9	4.2	4.5	4.3	4.3	4.2	5.1	4.8	2.0	4.5
GDP deflator in US dollar terms (change in percent)	6.6	7.7	34.9	13.1	6.7	-0.9	-1.9	-4.4	0.2	5.0	5.1	6.6	3.3
Effective interest rate (percent) 4/	1.5	1.3	1.4	1.5	1.8	1.7	1.8	1.9	2.0	0.9	1.4	1.0	1.4
Growth of exports of G&S (US dollar terms, in percent)	29.0	-10.3	61.5	21.0	14.6	19.6	7.7	12.5	6.2	4.0	13.1	13.8	8.4
Growth of imports of G&S (US dollar terms, in percent)	2.2	-13.3	19.4	9.2	6.1	8.5	4.5	3.9	2.5	4.5	17.7	6.6	5.0
Grant element of new public sector borrowing (in percent)	...	...	...	40.7	40.9	38.6	38.6	38.6	38.6	38.6	49.6	...	39.0
Government revenues (excluding grants, in percent of GDP)	17.3	14.6	14.6	14.8	15.2	15.1	15.9	15.9	16.6	16.5	13.2	16.2	16.0
Aid flows (in Million of US dollars) 5/	927.2	910.0	855.0	253.0	279.4	281.3	287.7	286.8	298.9	136.9	395.9		
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	3.3	3.3	3.1	3.1	3.1	3.1	0.9	1.0	...	2.0
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	87.7	88.7	93.1	93.2	93.2	93.4	87.0	84.5	...	82.0
Nominal GDP (Million of US dollars)	4,291	4,814	6,767	7,950	8,834	9,147	9,361	9,333	9,736	15,539	34,234		
Nominal dollar GDP growth	9.4	12.2	40.6	17.5	11.1	3.5	2.3	-0.3	4.3	10.3	10	8.8	8.0
Memorandum items:													
PV of external debt 7/	...	...	8.1	7.6	6.9	6.6	6.4	6.4	4.4	2.9	3.6		
In percent of exports	...	...	99.2	89.9	79.1	65.5	60.1	53.9	36.3	34.5	20.7		
Total external debt service-to-exports ratio	13.9	17.5	15.3	9.1	8.2	6.5	6.0	4.2	4.0	2.8	1.6		
PV of PPG external debt (in Million of US dollars)	...	...	550.4	603.4	608.6	602.4	595.5	600.9	429.6	457.0	1227.7		
(PVT-PVT-1)/GDP-1 (in percent)	...	...	...	0.8	0.1	-0.1	-0.1	0.1	-1.8	0.1	0.1		
Non-interest current account deficit that stabilizes debt ratio	12.8	13.6	11.3	7.3	5.5	5.5	5.4	4.6	5.1	5.7	3.7		

Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as $[r - g - p(1+g) + \epsilon\alpha(1+r)]/(1+g+p+gp)$ times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate; p = growth rate of GDP deflator in U.S. dollar terms; ϵ = nominal appreciation of the local currency; and α = share of local currency-denominated external debt in total external debt.

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

5/ Defined as grants, concessional loans, and debt relief.

6/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

7/ Assumes that PV of private sector debt is equivalent to its face value.

8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Definition of external/domestic debt	Residency-based
Is there a material difference between the two criteria?	Yes

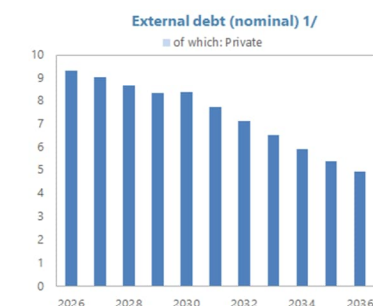
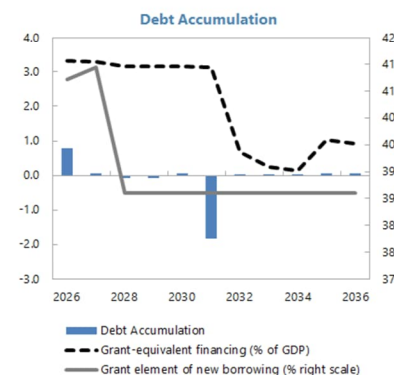


Table 4. Burundi: Public Sector Debt Sustainability Framework, Baseline Scenario, 2023–44
(In Percent of GDP, unless otherwise indicated)

	Actual			Projections							Average 6/ Historical Projections		
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2036	2044	Historical	Projections
Public sector debt 1/ of which: external debt	59.9 20.7	53.3 15.6	41.6 10.8	38.4 9.3	38.7 9.1	36.6 8.6	34.6 8.3	34.2 8.4	32.4 7.7	25.6 4.9	25.9 0.5	56.0 17.2	32.3 7.4
Change in public sector debt	-9.9	-6.6	-11.7	-3.3	0.3	-2.0	-2.0	-0.5	-1.7	-1.2	1.6		
Identified debt-creating flows	-5.5	-7.3	-12.6	-2.2	-2.1	-1.4	-1.4	0.5	-0.4	-0.4	3.4	-0.4	-0.8
Primary deficit	5.8	3.3	1.9	2.4	1.9	2.3	1.7	2.7	1.6	1.0	1.9	4.4	1.7
Revenue and grants	20.7	17.6	16.6	17.8	18.2	18.1	18.9	18.9	19.6	17.3	14.9	20.0	17.8
of which: grants	3.5	3.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	0.8	0.2		
Primary (noninterest) expenditure	26.5	20.8	18.4	20.1	20.1	20.4	20.6	21.5	21.1	18.3	16.8	24.5	19.5
Automatic debt dynamics	-11.3	-10.5	-14.4	-4.6	-4.0	-3.7	-3.1	-2.1	-2.0	-1.4	1.5		
Contribution from interest rate/growth differential	-12.7	-7.7	-10.9	-4.6	-4.0	-3.7	-3.1	-2.1	-2.0	-1.4	1.5		
of which: contribution from average real interest rate	-10.9	-5.3	-8.7	-3.1	-2.4	-2.0	-1.6	-0.7	-0.6	-0.1	2.3		
of which: contribution from real GDP growth	-1.8	-2.4	-2.2	-1.6	-1.5	-1.7	-1.5	-1.4	-1.4	-1.3	-0.7		
Contribution from real exchange rate depreciation	1.4	-2.8	-3.5	...	...	...	...	...	...	...	...		
Other identified debt-creating flows	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
Privatization receipts (negative)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Recognition of contingent liabilities (e.g., bank recapitalization)	0.0	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)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other debt creating or reducing flow (please specify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Residual	-4.4	0.7	0.9	-1.0	2.4	-0.7	-0.7	-1.0	-1.3	-0.8	-1.8	0.6	-0.6
Sustainability indicators													
PV of public debt-to-GDP ratio 2/	...	...	39.1	36.7	37.0	35.1	33.1	32.7	29.2	23.7	25.7		
PV of public debt-to-revenue and grants ratio	...	...	235.7	206.7	203.6	193.7	175.6	173.0	149.4	136.9	172.1		
Debt service-to-revenue and grants ratio 3/	44.3	33.8	55.8	87.9	21.1	51.8	37.4	45.8	42.6	73.2	77.2		
Gross financing need 4/	15.0	9.2	11.1	9.9	5.6	11.6	8.7	11.2	9.8	9.2	10.9		
Key macroeconomic and fiscal assumptions													
Real GDP growth (in percent)	2.7	4.1	4.2	3.9	4.2	4.5	4.3	4.3	4.2	5.1	3.2	2.0	4.5
Average nominal interest rate on external debt (in percent)	1.5	1.4	1.4	1.5	1.8	1.9	1.9	2.0	2.1	0.9	1.1	1.0	1.4
Average real interest rate on domestic debt (in percent)	-21.2	-13.6	-23.5	-10.0	-8.7	-7.2	-6.0	-2.8	-2.6	-0.3	10.7	-7.3	-3.8
Real exchange rate depreciation (in percent, + indicates depreciation)	7.7	-14.4	-23.9	...	...	...	...	...	...	...	...	-2.7	...
Inflation rate (GDP deflator, in percent)	33.1	22.2	37.7	15.3	15.6	13.8	12.7	9.8	10.3	10.7	0.3	13.6	11.8
Growth of real primary spending (deflated by GDP deflator, in percent)	-12.0	-18.3	-7.6	13.5	3.8	6.3	5.2	9.1	2.1	4.1	-0.8	0.5	4.5
Primary deficit that stabilizes the debt-to-GDP ratio 5/	15.7	9.8	13.5	5.6	1.6	4.3	3.8	3.1	3.3	2.2	0.2	13.0	3.1
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

Sources: Country authorities; and staff estimates and projections.

1/ Coverage of debt: The central government, central bank. Definition of external debt is Residency-based.

2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.

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

4/ 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 and other debt creating/reducing flows.

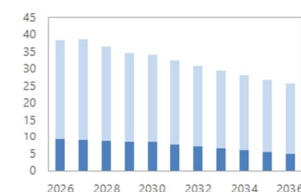
5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio (i.e., a primary surplus), which would stabilize the debt ratio only in the year in question.

6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Definition of external/domestic debt	Residency-based
Is there a material difference between the two criteria?	Yes

Public sector debt 1/

■ of which: local-currency denominated
■ of which: foreign-currency denominated



■ of which: held by residents
■ of which: held by non-residents

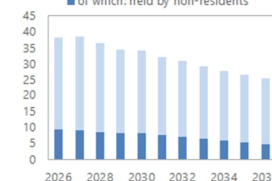


Table 5. Burundi: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2026–36 (In Percent)

	Projections 1/										
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
PV of debt-to GDP ratio											
Baseline	8	7	7	6	6	4	4	4	3	3	3
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2026-2036 2/	8	11	15	18	22	25	29	33	36	39	42
A2. Alternative Scenario : External & Fiscal Downside Combined											
B. Bound Tests											
B1. Real GDP growth	8	7	7	7	7	5	5	4	4	4	3
B2. Primary balance	8	7	7	7	7	5	5	5	5	4	4
B3. Exports	8	8	10	10	10	8	8	7	7	6	6
B4. Other flows 3/	8	10	13	13	14	12	11	10	10	9	8
B5. Depreciation	8	9	6	6	6	3	3	3	2	2	2
B6. Combination of B1-B5	8	10	12	12	12	10	9	9	8	7	7
C. Tailored Tests											
C1. Combined contingent liabilities	8	8	8	7	8	6	6	6	5	5	5
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	8	7	7	6	6	4	4	4	3	3	3
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	30	30	30	30	30	30	30	30	30	30	30
PV of debt-to-exports ratio											
Baseline	90	79	65	60	54	36	35	36	35	35	35
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2026-2036 2/	90	130	149	175	187	205	250	308	361	430	488
B. Bound Tests											
B1. Real GDP growth	90	79	65	60	54	36	35	36	35	35	35
B2. Primary balance	90	83	71	67	61	45	45	46	46	48	49
B3. Exports	90	115	166	155	141	111	110	112	111	113	108
B4. Other flows 3/	90	117	132	125	114	95	95	97	96	98	93
B5. Depreciation	90	79	48	43	38	21	20	20	18	18	19
B6. Combination of B1-B5	90	122	107	130	118	94	94	96	94	95	91
C. Tailored Tests											
C1. Combined contingent liabilities	90	88	75	71	66	50	50	53	53	56	58
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	90	79	65	60	54	36	35	36	35	35	35
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	140	140	140	140	140	140	140	140	140	140	140
Debt service-to-exports ratio											
Baseline	9	8	6	6	4	4	3	3	3	3	3
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2026-2036 2/	9	8	7	7	6	6	6	8	8	12	15
B. Bound Tests											
B1. Real GDP growth	9	8	6	6	4	4	3	3	3	3	3
B2. Primary balance	9	8	7	6	4	4	3	4	4	3	3
B3. Exports	9	10	11	11	8	8	6	7	6	7	9
B4. Other flows 3/	9	8	7	7	5	5	4	5	4	6	8
B5. Depreciation	9	8	6	6	4	4	3	3	3	3	1
B6. Combination of B1-B5	9	9	9	9	7	6	5	5	5	7	8
C. Tailored Tests											
C1. Combined contingent liabilities	9	8	7	6	4	4	4	4	4	3	3
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	9	8	6	6	4	4	3	3	3	3	3
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	10	10	10	10	10	10	10	10	10	10	10
Debt service-to-revenue ratio											
Baseline	5	5	4	4	3	3	2	2	2	2	1
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2026-2036 2/	5	5	5	5	4	4	4	5	5	6	8
B. Bound Tests											
B1. Real GDP growth	5	5	5	5	4	3	3	2	2	2	2
B2. Primary balance	5	5	4	4	3	3	2	2	2	2	2
B3. Exports	5	5	4	5	4	3	3	3	2	2	3
B4. Other flows 3/	5	5	5	5	4	4	3	3	3	3	4
B5. Depreciation	5	6	5	5	4	3	3	2	2	2	1
B6. Combination of B1-B5	5	5	5	5	4	4	3	3	3	3	4
C. Tailored Tests											
C1. Combined contingent liabilities	5	5	4	4	3	3	2	2	2	2	2
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	5	5	4	4	3	3	2	2	2	2	1
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	14	14	14	14	14	14	14	14	14	14	14

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the threshold.

2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.

3/ Includes official and private transfers and FDI.

Table 6. Burundi: Sensitivity Analysis for Key Indicators of Public Debt, 2026–36

	Projections 1/										
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
PV of Debt-to-GDP Ratio											
Baseline	37	37	35	33	33	29	28	27	26	25	24
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2026-2036 2/	37	40	41	40	41	38	39	39	40	40	39
B. Bound Tests											
B1. Real GDP growth	37	41	44	43	45	43	43	43	43	43	43
B2. Primary balance	37	42	44	42	41	38	36	34	33	31	30
B3. Exports	37	38	39	37	37	33	32	30	29	28	26
B4. Other flows 3/	37	41	42	40	40	37	35	34	32	30	29
B5. Depreciation	37	36	33	31	30	26	24	22	21	19	17
B6. Combination of B1-B5	37	41	39	35	35	32	31	30	29	28	28
C. Tailored Tests											
C1. Combined contingent liabilities	37	55	52	50	48	44	42	40	38	36	34
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	37	39	39	40	42	40	41	41	41	41	41
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
TOTAL public debt benchmark	35	35	35	35	35	35	35	35	35	35	35
PV of Debt-to-Revenue Ratio											
Baseline	207	204	194	176	173	149	164	161	156	142	137
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2026-2036 2/	207	220	223	207	213	195	226	235	241	230	225
B. Bound Tests											
B1. Real GDP growth	207	222	235	225	232	214	250	258	260	244	245
B2. Primary balance	207	231	245	224	220	192	211	207	200	181	173
B3. Exports	207	210	215	196	194	169	186	183	176	159	153
B4. Other flows 3/	207	223	233	214	214	187	205	202	194	175	166
B5. Depreciation	207	198	186	165	158	132	138	134	126	112	101
B6. Combination of B1-B5	207	224	215	186	185	163	182	181	178	163	159
C. Tailored Tests											
C1. Combined contingent liabilities	207	304	289	264	256	225	246	240	230	208	199
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	207	213	218	211	221	207	239	247	250	238	240
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Debt Service-to-Revenue Ratio											
Baseline	88	21	52	37	46	43	50	53	51	49	73
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2026-2036 2/	88	26	58	63	49	46	53	57	55	54	80
B. Bound Tests											
B1. Real GDP growth	88	26	63	69	65	63	88	88	86	88	114
B2. Primary balance	88	25	62	68	69	66	76	75	72	68	90
B3. Exports	88	21	52	38	46	43	50	54	51	50	75
B4. Other flows 3/	88	21	52	38	47	43	51	54	52	51	76
B5. Depreciation	88	24	52	55	47	40	55	49	48	47	68
B6. Combination of B1-B5	88	25	56	61	53	50	69	66	62	64	86
C. Tailored Tests											
C1. Combined contingent liabilities	88	25	80	71	105	71	81	99	81	74	103
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	88	25	57	63	60	60	82	83	83	85	108
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the benchmark.

2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.

3/ Includes official and private transfers and FDI.

**Statement by Mr. Regis N'Sonde, Executive Director for Burundi,
Mr. Jephthe Nsumbu, Alternate Executive Director, and
Ms. Micheline Kwizera, Advisor to Executive Director
June 16, 2026**

1. On behalf of our Burundian authorities, we thank staff for the constructive engagement during the 2026 Article IV consultation. The authorities see recent macroeconomic developments as clear evidence that the decisive shift toward stronger policy discipline, improved coordination, and steadfast reform implementation are delivering results.
2. The Burundi Macroeconomic Stabilization Program (2025–2027) remains the central anchor for policy implementation. While the authorities concur with staff that downside risks persist, they do not consider the upcoming elections to pose a material risk to the outlook. They emphasize that strong institutional commitment, firmer policy anchoring under the program, and enhanced inter-agency coordination provide a credible basis for sustaining reform momentum and advancing their reform agenda.

Recent Economic Developments and Outlook

3. Macroeconomic conditions have improved, with coffee and mining sectors driving recent gains. While staff project 3.9 percent growth for 2026, the authorities perceive a more favorable outlook, supported by ongoing reforms expected to gradually lift growth, and assess risks as being more balanced.
4. Disinflation has been rapid and policy-driven. Inflation declined significantly from about 45 percent in April 2025 to 8.6 percent in April 2026, reflecting the end of monetary financing and stronger policy coordination. The authorities expect this trend to be sustained, with the current policy mix anchoring a continued disinflation path.
5. External pressures remain elevated but are gradually easing. Stronger exports and improved policy coordination are contributing to a narrowing FX premium. Nevertheless, the authorities remain mindful of persistent external imbalances. To this end, their external strategy relies on a gradual, reform-driven adjustment, centered on scaling up exports, cautiously advancing exchange rate normalization, and reorienting imports toward growth-enhancing investment, to support a progressive rebalancing of the external position.

Fiscal Policy

6. Addressing structural fiscal constraints remains the cornerstone of the reform agenda. Fiscal consolidation has shifted decisively from commitment to implementation, supported by a credible medium-term fiscal strategy, marking a clear break from past reliance on monetary financing. Domestic revenue mobilization is at the center of reform efforts. The adoption of e-KORI marks a key milestone, and efforts are underway to fully harness its benefits, including through targeted technical assistance particularly on procurement to strengthen its effectiveness and impact. Revenue mobilization efforts are showing early but tangible

results. Taxpayer registration has reached around 40 percent of the end-period target, while electronic billing performance exceeds 50 percent of the target. These gains reflect improved compliance, strengthening the credibility of the domestic revenue mobilization strategy.

7. The authorities concur on the need to enhance the transparency and governance of tax expenditures. To this end, they are establishing a comprehensive digital registry of tax exemptions while a high-level committee is actively assessing the existing stock of exemptions to ensure alignment with policy objectives and contain associated fiscal risks. The committee is currently conducting a diagnostic review of the tax expenditure framework, including an evaluation of the magnitude, composition, and socioeconomic impact of exemptions over the past five years. A first draft of the assessment report is expected by end-June 2026.
8. Debt management reforms are strengthening governance and institutional oversight. A revised legal framework is in place and technical and steering committees have been reactivated, improving coordination over borrowing decisions. Efforts continue to strengthen analytical capacity and support the development of the domestic debt market.
9. Public financial management reforms are being operationalized to anchor fiscal discipline. The Treasury Committee is operational and meets regularly while the Treasury Single Account roadmap is being implemented to improve consolidation of public accounts, enhance cash management and strengthen expenditure control. Importantly, in February 2026, the authorities established, through a Prime Ministerial decree, a high-level steering framework supported by several technical committees to reinforce oversight of public. These committees cover (i) expenditure commitments, (ii) treasury management, (iii) public debt management, and (iv) treasury securities. They bring together key institutions, including the Ministry of Finance, the central bank (BRB), and the Burundi Revenue Authority (OBR) and serve to strengthen coordination in budget execution, cash management, and debt operations. In addition, the recent adoption of the decree reorganizing the *Cour des Comptes* and reinforcing its oversight and audit functions, in line with previous Fund advice, represents an important step toward enhancing accountability.

Monetary and Financial Sector Policies

10. Monetary policy remains data-dependent and carefully calibrated to bring inflation back toward the East African Community (EAC) target of 8%. Disinflation has been largely driven by policy-actions and supported by improved fiscal-monetary coordination. The current stance appropriately takes account of supply-side drivers of inflation, with further tightening expected only if second-round effects emerge or demand-driven pressures become more persistent.
11. The BRB views the current policy mix as critical anchor to strengthen monetary policy transmission, including through improved liquidity management and the expected introduction of the interest rate corridor. Policy communication remains essential, and the BRB will continue to communicate monetary policy decisions to further reinforce policy credibility.

12. The authorities remain attentive to foreign exchange-related risks, including banks' FX exposures, and continue to closely monitor the impact of ongoing reform measures on financial sector stability. Regarding the dual exchange rate system, the authorities remain committed to a prudent, gradual, and well-sequenced reform path aimed at improving market functioning and transparency while supporting the transition toward a more market-determined exchange rate. They note that the current reform stance has already begun to yield results, as reflected in the appreciation of the parallel market rate, while recognizing that the persistence of the premium reflects structural frictions in the foreign exchange market. In this context, additional progress in market functioning and transparency, further improvements in coordination of fiscal and monetary policies, and continued structural reforms will be important to support exchange rate reform, mitigate social impacts, and safeguard macroeconomic stability.

13. AML/CFT reforms are progressing, with the first evaluation underway and the report expected in September 2026. Planned reforms include the establishment of a beneficial ownership registry and the operationalization of the National AML/CFT Committee. In this regard, the decree establishing the Committee has already been signed. For the beneficial ownership registry, a steering committee is already in place, the consultant has been recruited, and a draft memorandum is already available. The authorities remain committed to pursuing these reforms and expediting the process, notwithstanding existing capacity constraints.

Structural Reforms

14. To address critical growth bottlenecks, particularly in energy and infrastructure, the authorities are accelerating the implementation of national priority reforms in energy, agriculture, and mining. In this context, scaling up electricity generation remains central to easing supply constraints and unlocking productivity gains. In the fuel sector, reforms are advancing to strengthen competition, while the government is actively diversifying trade partners to mitigate the impact of high energy prices. In parallel, strong engagement with development partners, notably the World Bank and the AfDB, continues to support both investment and implementation capacity.

15. To strengthen productivity while reinforcing revenue performance, the authorities are advancing targeted sectoral reforms. In mining, improved governance and oversight are bearing fruit, as reflected in commendable production growth and reduced informality. In agriculture, reforms are progressing to enhance fertilizer availability, improve oversight of agricultural exports, and strengthen resilience to climate shocks. Targeted measures, including fertilizer distribution, are also being implemented to support vulnerable households.

16. On governance, the authorities remain committed to advancing SOE reforms to strengthen transparency and contain fiscal risks. On the Governance Diagnostic Assessment, discussions are underway to finalize the report, and the authorities agree that its publication will enhance transparency and policy credibility.

17. The authorities are advancing operational measures to ease financial and business constraints, with a view to sustaining private sector-led growth. The SME guarantee mechanism

is helping improve access to finance, while Special Economic Zones and the digital one-stop shop are expected to reduce administrative bottlenecks and support investment.

Conclusion

18. The Burundian authorities' strong commitment to their home-grown reform program is beginning to deliver tangible results. Nonetheless, in the context of heightened global uncertainty, external vulnerabilities, and persistent capacity constraints, risks to implementation remain. However, those risks are mitigated by strong policy ownership, continued structural reforms, and close collaboration with development partners.

19. The authorities highly value the policy dialogue with the Fund as well as capacity development assistance provided in several areas. They look forward to continuing engagement with the Fund.