

The Bujumbura Declaration-2021

Having convened on August 4, 2021, in Bujumbura, Burundi, in a hybrid format, under the distinguished patronage of **His Excellency Gen. Maj. Evariste Ndayishimiye**, President of the Republic of Burundi; for a meeting chaired by the **Honorable Dr. Domitien Ndiwokubwayo**, Governor of the World Bank Group and Minister of Finance, Budget and Economic Planning for the Republic of Burundi; we, the African Governors of the International Monetary Fund and the World Bank Group, held discussions under the theme "*Digitalization for Inclusive Recovery and Sustainable Growth.*" The outcome of these discussions will be presented in a **Memorandum** that will be delivered to the Heads of the Bretton Woods Institutions during the IMF and World Bank Group Annual Meetings in October 2021.

Recognizing the significant financing needs of our countries, exacerbated by the devastating impact of the COVID-19 pandemic that far exceeds available resources, we stress the need to prevent a divergent recovery and reversal of hard-won development gains while accelerating a green, resilient and inclusive recovery. Therefore, we thank and commend the IMF and the World Bank Group for providing rapid financing on an unprecedented scale to help tackle the pandemic. We also appreciate the debt moratoria's extension that has unlocked additional fiscal resources and bolstered ongoing efforts to contain the Covid-19 pandemic.

Cognizant of the criticality of access to reliable power supply and that digitalization is not an option but an imperative, we seek additional technical and financial resources from the IMF and World Bank Group to support the continent to harness modern technology, transition into the digital economy, boost digital development, achieve the Sustainable Development Goals, and specifically in the following areas:

I. Mobilizing Public and Private Resources for Digital Infrastructure

- We solicit further support of the World Bank Group to our efforts in curbing tax evasion and avoidance, stemming illicit financial flows, and recovering the stolen assets while strengthening the financial and institutional apparatus of revenue-earning public entities.
- We urge the Bretton Woods Institutions to ensure that Domestic Resource Mobilization is adequately funded and support our countries in establishing and operating an effective and inclusive Regional Hub on Domestic Resource Mobilization. Such a hub would help strengthen the implementation of differentiated country-specific goals on Domestic Resource Mobilization and enhance collaboration and knowledge-sharing on tax issues.

- We call upon the WBG and the IMF to promote and support a more inclusive International Tax Cooperation system that is better equipped to hold companies, including Multi-National Entities , accountable in the payment of their fair share of taxes.
- We also urge the World Bank Group to support digitalization technologies, including satellite data and digital payments, which could be used to monitor corporate reporting, reduce corruption, illicit financial outflows, tax evasion, or avoidance.
- We equally urge the Bretton Woods Institutions to support African countries' concerted efforts to modernize tax systems to consider adequate and fair tax value creation in the digital economy.
- We further request World bank Group's support to help strengthen our governments' capacity to mitigate the risk of illicit financial flows resulting from trade misinvoicing by corporations that deliberately misreport the value, quantity, or nature of goods and services to evade taxes, take advantage of tax incentives, avoid capital controls, or launder money. We acknowledge the IMF's recent analysis of financial flows and drivers, and call upon the Fund to support our efforts to reduce information asymmetries that raise the cost of financing and hampening investment.

- We encourage the World Bank Group to intensify efforts to mobilize substantial private savings from global institutional investors, such as pension funds and insurance companies, in re-engineering financial markets, creating investable assets on behalf of private capital, and embedding de-risking as the key avenue for private investment.
- We welcome the general allocation of the Special Drawing Rights approved by the IMF Board. The allocation will provide some support to our region and to increase reserve assets for Africa countries, while rechanneling of Special Drawing Rights will help to support concessional financing. We also call for more flexibility on debt and deficit ceilings, where appropriate.
- We encourage the IMF to support voluntary sovereign-debt buybacks and debt service suspension of both principal and interest payments. We also invite the Fund to establish a debt-for-digital infrastructure swap, create and operate a Digital Infrastructure Fund for Africa, where annual payments from African countries' external debt would be swapped into.

II. Enhancing Africa's Capacity to Harness Potentials of Digitalization

- We implore the World Bank Group and the IMF to provide advisory and financial services that would capacitate African countries to undertake reforms to create an enabling policy, legal, and regulatory environment.
- We encourage the Bretton Woods Institutions to support African countries with programs promoting the development and upscaling of digital solutions across the fiscal, monetary and financial operations spectrum including public procurement, Domestic Resource Mobilization, protection of intellectual property rights and personal data, big data, addressing inefficiencies, and developing early warning systems capable of detecting potential cyber risks.
- We further encourage the World Bank Group and IMF to invest in the digital economy ecosystem in African countries to enable broader participation of all segments of the population in the digital economy. In particular to integrate digital education and innovation into the curricula of all levels of education and to improve regular on-the-job training and e-learning to facilitate rapid adoption and effective use of digital technologies and solutions.

- We request the BWIs to leverage the African Continental Free Trade Area and other regional trading blocks to help countries harmonize their policies, legislations, and regulations to support the development of a secured Digital Single Market in Africa.
- We urge the Bank to intensify its efforts in assisting African economies to address the digital divide in the continent by supporting the development of digital literacy as part of its human capital programs.
- We call on the Bretton Woods Institutions to support Africa's dynamic small and Medium-Sized Enterprises and start-up ecosystems and help them adapt to the rapidly expanding digital economy. We also encourage the World Bank Group to support the acquisition of digital skills to match the job market's demand and help entrepreneurs grow their businesses and the economy.

III. Mitigating digital and Central Bank Digital Currency (CBDC) risks ensuring safety, trust, financial integrity, and safeguards

- We call on the Bretton Woods Institutions to develop digital work programs in support of our countries to tackle cyber criminality, address the challenges related to cross-border payments, and prepare for Central Bank Digital Currencies that fulfill principles and requirements such as accessibility, robustness, safety, efficiency, and privacy, while at the same time complying with the relevant national legislations.
- We urge the Bretton Woods Institutions to strengthen collaboration, including with other standard-setting bodies, to help develop and apply appropriate regulatory and supervisory frameworks, given the rise in Central Bank Digital Currencies, the widespread use of crypto-assets, stable coins, and mobile money payment platforms in many of our countries. In addition, timely technical support would be required to address the monetary and fiscal policy implications of Central Bank Digital Currencies and adapt to changes in the intermediary role of banks.
- We urge the Bretton Woods Institutions to invest in broadband internet connectivity to ensure universal access to affordable, high-quality, and high-speed internet within and across our countries.

IV. Supporting “Just” Energy Transition to Harness Potentials of Digitalization

- We are encouraged that the Bank’s Climate Change Action Plan recognizes that no country can achieve economic growth and extensive private-sector job creation without ensuring access to affordable, reliable, sustainable, and modern energy for all. We are also pleased it acknowledges the role of natural gas as transition energy.
- We exhort the World Bank Group to expand and sustain its technical and financial support to our countries in developing and designing a pipeline of bankable country-specific and regional gas-to-power projects with a view of accelerating digitalization as well as economic recovery and transformation.
- We urge the World Bank Group to scale up its investments in energy corporations in Africa (including by maintaining the financing of gas-to-power projects beyond July 1, 2025) through differentiated financing models and instruments to secure our countries’ transition plans to cleaner energy while giving the World Bank Group unique opportunity to apply its environmental/emissions standards to new

investments, including identifying possible compensating reductions in emissions from other sources to stay on track.

Acknowledgment

We thank His Excellency Général Major Evariste NDAYISHIMIYE, President of the Republic of Burundi, for his opening remarks at the 2021 Caucus of African governors of the International Monetary Fund , and the World Bank Group, and for having kindly placed this event under his very high and distinguished patronage.

Furthermore, we congratulate Honorable Dr. Domitien Ndiwokubwayo, Governor, World Bank Group, and Minister of Finance, Budget, and Economic Planning of the Republic of Burundi and Chairman of the African Caucus and his team for coordinating and excellently conducting this hybrid format Caucus Meeting. Finally, we will remain grateful to the people of Burundi for their warm welcome and hospitality.

Bujumbura, Burundi, August 5, 2021

For the African Governors

Chair-of the2021 African Caucus

Honorable Dr. Domitien Ndiwokubwayo, Governor, World Bank Group
and Minister of Finance, Budget and Economic Planning of Republic of
Burundi