



**BANQUE DE LA REPUBLIQUE  
DU BURUNDI**

**MONETARY POLICY  
REPORT  
SECOND QUARTER  
2021**

**December-2021**

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## **Acronyms**

<b>NDA</b>	: Net Domestic Assets
<b>BIF</b>	: Burundi Franc
<b>BOJ</b>	: Bank of Japan
<b>BRB</b>	: Banque de la République du Burundi
<b>EAC</b>	: East African Community
<b>ECB</b>	: European Central Bank
<b>GDP</b>	: Gross Domestic Product
<b>IMF</b>	: International Monetary Fund
<b>ISTEEBU</b>	: Institut de Statistiques et d'Etudes Economiques du Burundi
<b>M3</b>	: Broad Money
<b>MFBCDE</b>	: Ministère des Finances, du Budget et de la Coopération au Développement Economique
<b>OECD</b>	: Organization for Economic Co-operation and Development
<b>ROA</b>	: Return on Assets
<b>ROE</b>	: Return on Equity
<b>SSA</b>	: Sub-Saharan Africa
<b>UGX</b>	: Ugandan Shilling
<b>USD</b>	: United States Dollar
<b>YoY</b>	: Year on year
<b>QOQ</b>	: Quarter on quarter

## EXECUTIVE SUMMARY

Quarter-on-quarter, world economic growth improved in the second quarter of 2021 in advanced OECD countries (+1.7 against + 0.6% in the previous quarter), due to the recovery in global economic activity following the spread of vaccination and an easing of restrictions against Covid-19.

According to IMF forecasts of October 2021, the world economy growth is expected to improve by 5.9% in 2021 against a recession of 3.1% in 2020. This development is largely due to the recovery in aggregate demand and the strengthening of government support in the main OECD countries to support households and corporations.

In the East African Community countries, economic growth is expected to accelerate in 2021, driven by the recovery of global economic activity and the measures to support these economies undertaken by the public authorities to limit the adverse effect of the Covid-19 pandemic.

Concerning national development, economic growth is expected to recover in 2021 (3.3 against -0.5% in 2020), following the improvement in activity in all sectors. The balance of payments in the second quarter 2021 worsened mainly due to widening deficit of goods and services. However, the capital account surplus improved compared to the same quarter in 2020.

The fiscal deficit (including grants) worsened in the second quarter of 2021 compared to the same quarter of 2020, due to the greater increase of expenditure than revenue. The reserve money picked up by 14.7%. The money supply rose by 25.7%, driven by the increase of net claims on the economy.

Official foreign exchange reserves increased by 16.4% year-on-year basis and covered 0.8 months of imports of goods and services compared to 0.7 months recorded in the same period in 2020, while the minimum threshold is set at 4.5 months in the ECA convergence criteria.

The main indicators of activity and soundness of the banking sector improved in the second quarter 2021. The banking sector remained sufficiently capitalized and profitable and complied with all regulatory and prudential standards.

## I. WORLD ECONOMIC DEVELOPMENT

### 1.1. Global GDP growth

Quarter-on-quarter basis, world economic growth improved in the second quarter 2021 in advanced OECD countries (+1.7 against +0.6% in the previous quarter), due to the recovery in global economic activity following an easing containment measures and the effects of the vaccination of the population against Covid-19.

In emerging countries, economic activity improved in all countries, particularly in China (1.3 against 0.6%) and in South Africa (1.2 against 1.1%) while it contracted in India (-10.2 against + 2.1%).

**Table 1: GDP growth in main advanced and emerging countries (in percent)**

	Quarter to quarter			Year on year		
	Q2-2020	Q1-2021	Q2-2021	Q2-2020	Q1-2021	Q2-2021
<b>USA</b>	-8,9	1,5	1,6	-9,1	0,5	12,2
<b>Japan</b>	-7,9	-1,1	0,5	-10,1	-1,3	7,7
<b>Germany</b>	-9,8	-1,8	1,6	-11,3	-3,1	9,4
<b>France</b>	-13,8	-0,1	1,1	-18,6	1,5	18,7
<b>United Kingdom</b>	-18,8	-1,5	5,5	-21,4	-6,1	22,2
<b>Euro Zone</b>	-11,7	-0,3	2,1	-14,5	-1,2	14,3
<b>OECD - Total</b>	<b>-10,5</b>	<b>0,6</b>	<b>1,7</b>	<b>-11,6</b>	<b>-0,3</b>	<b>13,1</b>
<b>China</b>	11,7	0,6	1,3	3,2	18,3	7,9
<b>India</b>	-25,2	2,1	-10,2	-23,3	1,6	20,9
<b>Turkey</b>	-3,2	1,7	0,9	-9,1	7,4	21,4
<b>South Africa</b>	-16,6	1,1	1,2	-17,5	-2,7	...

*Source: OECD, main economic indicators, September 2021*

Year-on-year basis, economic growth improved in the second quarter 2021 in all advanced OECD countries (+13.1 against -11.6%) compared to the same quarter in 2020. In the United States, economic activity rose by 12.2% against a decrease of 9.1% in the same period in 2020. In the United Kingdom, economic growth significantly recovered (+22.2 against -21.4%). In the Euro area, GDP grew by 14.3%, whereas it contracted by 14.5% in the same period of the previous year.

In Japan, economic growth picked up after a sharp contraction recorded in the same period in 2020 (+ 7.7 against -10.1%). This recovery is mainly explained by the improvement of aggregate demand due to the relaxation of population containment measures following the spread of vaccination against the COVID-19 pandemic.

In the main emerging countries, economic growth significantly recovered in India (+20.9 against -23.3%) and accelerated in China (+7.9 against + 3.2%).

According to IMF forecasts published in October 2021, the world economy growth is expected to improve by 5.9% in 2021 against a recession of 3.1% in 2020. This improvement is largely due to the recovery of aggregate demand and the strengthening of public measures taken by many OECD countries to support households and corporations to increase production and consumption potential.

## 1.2. World trade

**Table 2: World economic growth in 2021 (in percent)**

	2019	2020	2021 (p)
<b>World GDP</b>	<b>2,5</b>	<b>-3,1</b>	<b>5,9</b>
<b>Advanced economies</b>	<b>1,6</b>	<b>-4,5</b>	<b>5,2</b>
<b>USA</b>	2,6	-3,4	6,0
<b>Euro zone</b>	1,3	-6,3	5,0
<b>Japan</b>	0,0	-4,6	2,4
<b>Emerging and Developing Economies</b>	<b>3,8</b>	<b>-2,1</b>	<b>6,4</b>
<b>China</b>	6,0	2,3	8,0
<b>India</b>	4,0	-7,3	9,5
<b>Subsaharan Africa</b>	3,2	-1,7	3,7
<b>Nigeria</b>	2,2	-1,8	2,6
<b>South Africa</b>	0,2	-6,4	5,0
<b>World trade volume</b>	<b>1,2</b>	<b>-8,2</b>	<b>9,7</b>
<b>(p): provisional</b>			

*Source: IMF, World economic outlook, October 2021*

For all advanced countries, economic growth should stand at 5.2% in 2021 against a recession of 4.5% in 2020. In the United States, growth is expected to pick up by 6.0% in 2021 against a decrease of 3.4% in 2020. In the euro Zone, GDP growth will recover by 5.0% in 2021 against a recession of 6.3%. In Japan, economic growth could recover by 2.4% against a contraction of 4.6% in 2020.

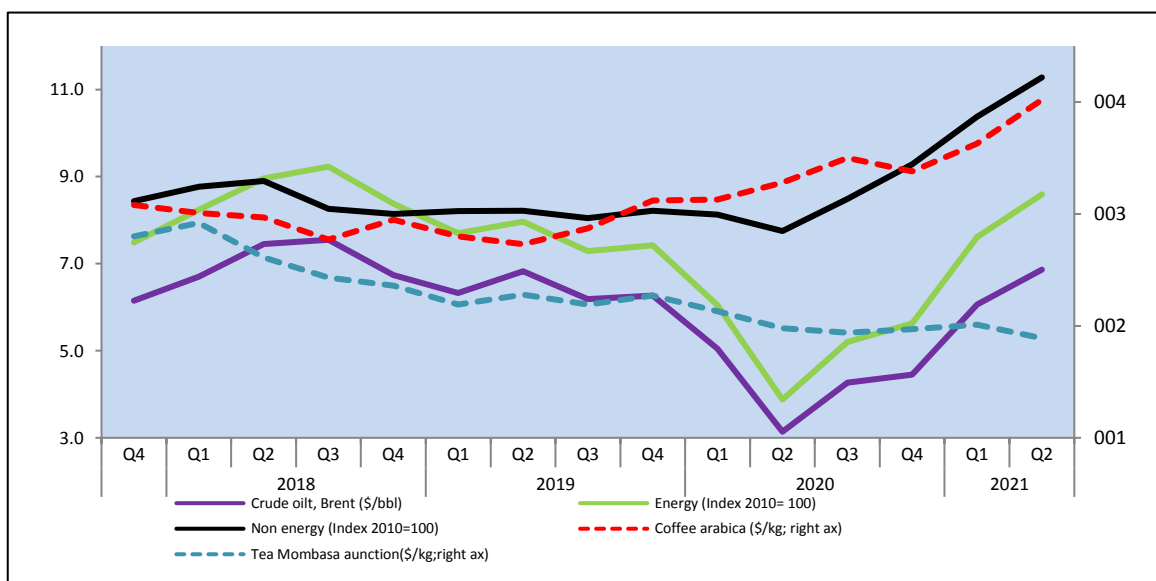
In emerging and developing countries, GDP growth should stand at 6.4% in 2021 against a decline of 2.1% in 2020. In China and India, economic activity should improve by 8.0 against 2.3% and 9.5% against a recession of 7.3%, respectively in 2020. In sub-Saharan Africa, GDP could grow by 3.7% against a decline of 1.7% in 2020. This recovery is driven by positive fallout from the global economic recovery and the rise of commodity prices as well as progress in the fight against the Covid-19 pandemic.

As a result, world trade could improve by 9.7% in 2021, following the increase of aggregate demand in major economies such as in the United States, the euro Zone, in the China and India.

### 1.3. Commodity prices and inflation

In the second quarter of 2021, commodity prices generally continued the recovery that began in the second half of 2020. Compared to the previous quarter, the price of crude oil (Brent) was 68.60 against USD 60.60 per barrel. Both the energy index (85.90 against 76.10) and the non-energy products index (112.70 versus 103.80) increased quarter -on- quarter. The price of Arabica coffee rose to 4.02 from USD 3.63 per kilogram in the previous quarter. However, the price of tea at the Mombasa auctions fell to 1.89 from USD 2.01 per kilogram in the previous quarter.

**Chart 1: Commodity prices**



**Source: World Bank, Commodity prices, October 2020**

Year-on-year basis, inflation rose in overall major advanced countries and some emerging and developing countries. This rise is due to the imbalance between supply and demand, and the increase prices of basic products compared to their low level recorded in the same period of the previous year.

In the United States, inflation stood at 5.4 against 0.4% recorded in the same quarter in 2020. In the euro Zone, inflation rose to 2.2 against 0.2% in the corresponding quarter in 2020.

**Table 3: Inflation in main advanced and emerging countries (in percent)**

Year over year			
	Q2-2020	Q1-2021	Q2-2021
USA	0,4	2,6	5,4
Japan	0,1	-0,4	-0,5
Germany	0,8	1,7	2,3
France	0,3	1,1	1,5
United Kingdom	0,8	1,0	2,4
Euro zone	0,2	1,7	2,2
OCDE - Total	0,9	2,4	4,0
China	2,7	0,4	1,1
India	5,2	5,7	5,6
Russia	3,1	5,8	6,5
Turkey	11,6	16,2	17,5
Brasil	2,1	6,1	8,3
South Africa	2,3	3,2	5,1

*Source: OECD, Economic Outlook, June 2021*

In emerging and developing countries, inflation overall increased, driven by the higher prices of food and petroleum products. In China, inflation decelerated to 1.1 from 2.7% while in India it rose (5.6 from 5.2%). Likewise, it increased in Russia (6.5 against 3.1%), Turkey (17.5 against 11.6%) and South Africa (5.1 against 2.3%).

#### **1.4. Monetary policy in developed countries**

The central banks of main advanced countries continued their accommodative monetary policies in the second quarter of 2021, in order to support the recovery of their economies affected by adverse effect of the Covid-19 pandemic.

In the United States, the Federal Reserve has extended the target range for interest rates from 0.0 to 0.25%. Furthermore, it continued to buy back Treasury securities and mortgage-backed securities to stimulate the flow of credit to households and corporations.

In the euro Zone, the European Central Bank (ECB) kept unchanged the interest rates of the main refinancing operations (0.00%) as well as those of the marginal lending facility (0.25%) and deposit facilities (-0.50%). It renewed the repurchase of assets and the reinvestment of repayments to maintain favorable financing conditions for corporations and households.

The Bank of Japan continued its monetary policy of quantitative and qualitative easing by extending the interest rate on deposit facilities (-0.1%) and by maintaining its program of buybacks Treasury bonds with an objective to reach the target level of inflation close to 2% and keep it stable.



### 1.5. Main macroeconomic indicators of EAC countries<sup>2</sup>

Economic growth in the EAC countries is expected to accelerate in 2021, driven by the recovery of world economy and stimulus measures taken in order to limit the adverse effect of the Covid-19 pandemic on the economy.

**Table 4: GDP growth in EAC<sup>3</sup> countries (in percent)**

	2018	2019	2020	2021(p)
<b>Burundi</b>	5,3	4,5	-0,5	2,0
<b>Kenya</b>	6,3	5,4	-0,3	4,5
<b>Uganda</b>	6,3	6,4	3,0	3,3
<b>Rwanda</b>	8,6	9,4	-3,3	4,9
<b>Tanzania</b>	5,4	5,8	2,0	4,5
<b>EAC</b>	6,5	6,5	-0,2	5,7
<b>AfSS</b>	2,7	2,5	-2,4	2,4

Source: World Bank, Regional economic outlook, June 2021

For Burundi, data are provided in macroeconomic framework, July 2021

In the second quarter 2021, economic growth recovered in all EAC countries, driven by good agricultural performance, investments in infrastructure and communication and information technology.

Inflation remained subdued in most countries, due to weak price increases of agricultural products following the good harvests, stable exchange rates and moderate prices for petroleum products.

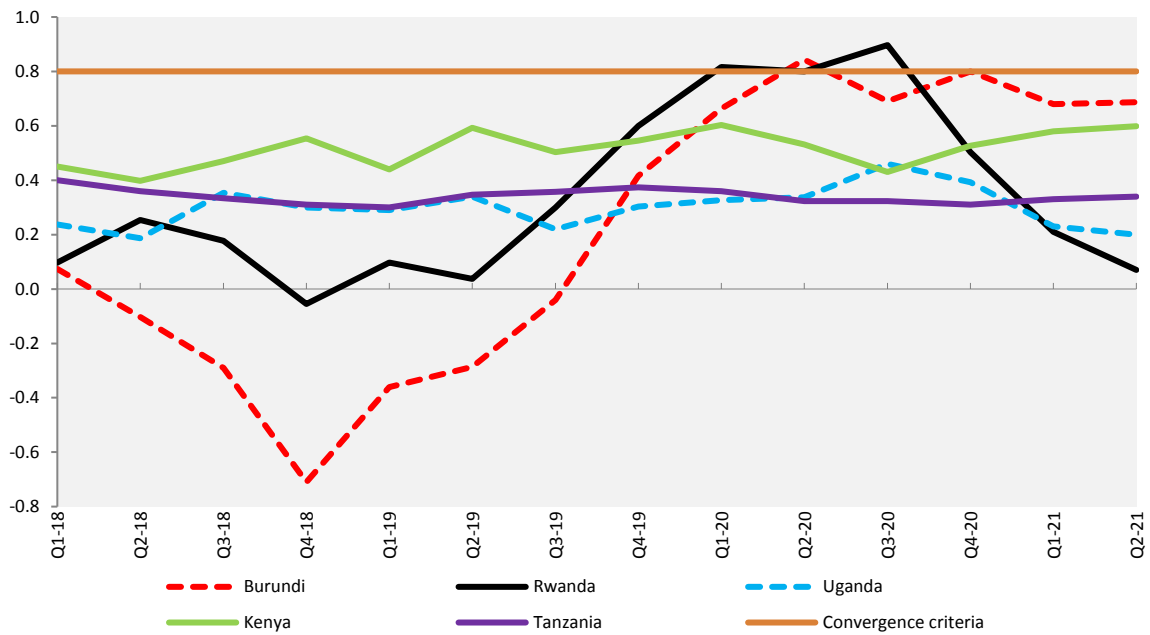
Compared to the previous quarter, inflation declined in Rwanda (0.7 against 2.1%) and Uganda (2.0 against 2.3%). However, it slightly increased in Burundi (6.9 against 6.8%), Tanzania (3.4 against 3.3%) and Kenya (6.0 against 5.8%).

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<sup>2</sup> Southern Sudan data are not available

<sup>3</sup> Data for Burundi are taken from the Burundi Macroeconomic Framework, July 2021.

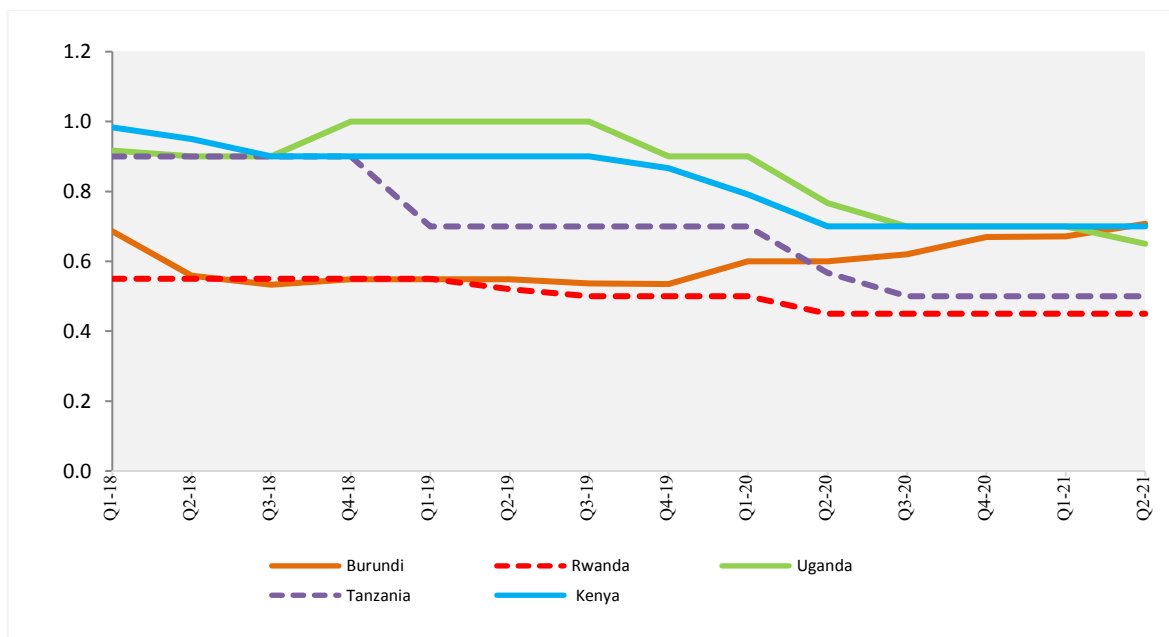
**Chart 2: Inflation in EAC countries (in percent)**



**Source: EAC Central Banks web sites**

During the second quarter 2021, the central banks of the EAC countries continued their accommodative monetary policy with more flexible financing conditions for their economies which was deeply affected by the effects of the pandemic of the Covid-19.

**Chart 3: Central bank interest rates (in percent)**



**Source: EAC Central Banks web sites**

Compared to the previous quarter, the key interest rates of the central banks of Rwanda (4.5%), Kenya (7.0%) and Tanzania (5.0%) remained unchanged while that of Uganda (6.5 against 7.0%) declined. In Burundi, the interest rate on the marginal lending facility stood at 7.1% against 6.7% recorded in the previous quarter.

Year-on-year basis, the currencies of the EAC countries fluctuated within the limit of 5.0%, agreed in the context of maintaining the stability of the exchange rate, with the exception of the Rwandan franc which depreciated by 5.3% slightly above the threshold.

**Table 5: USD exchange rate against EAC currencies**

	End of period				
	USD/TZS	USD/RWF	USD/UGX	USD/KSH	USD/BIF
june-20	2 296,50	937,08	3 730,14	106,42	1 915,00
march-2021	2 298,50	979,28	3 663,93	109,41	1 960,81
june-21	2 298,90	987,14	3 556,71	107,75	1 976,04
Annual change june-21/june-20(%)	<b>0,1</b>	<b>5,3</b>	<b>-4,6</b>	<b>1,2</b>	<b>3,2</b>
Quarterly change june-21/march-21(%)	<b>0,02</b>	<b>0,80</b>	<b>-2,93</b>	<b>-1,52</b>	<b>0,78</b>

*Source: EAC Countries Central Banks websites*

## II. LOCAL ECONOMIC AND FINANCIAL DEVELOPMENT

### 2.1. Production and Prices

In the second quarter of 2021, the production of dry tea slightly decreased (-0.2%) compared to the same period of the previous year, standing at 3,364.0 against 3,369.3 tonnes.

The average index of industrial production increased by 11.6% compared to the corresponding quarter IN 2020, mainly due to the rise production of the food (+ 11.3%) and chemical industries (+13, 7%), especially the production of BRARUDI beverages (+ 6.6%), cigarettes (+ 37.5%), paints (+ 43.7%) and soaps (+ 5.2%). Likewise, compared to the previous quarter, this index rose by 8.2%, from 129.0 to 139.6, mainly driven by the increase production of BRARUDI beverages (+ 2.7%) and cigarettes (+ 29.0%).

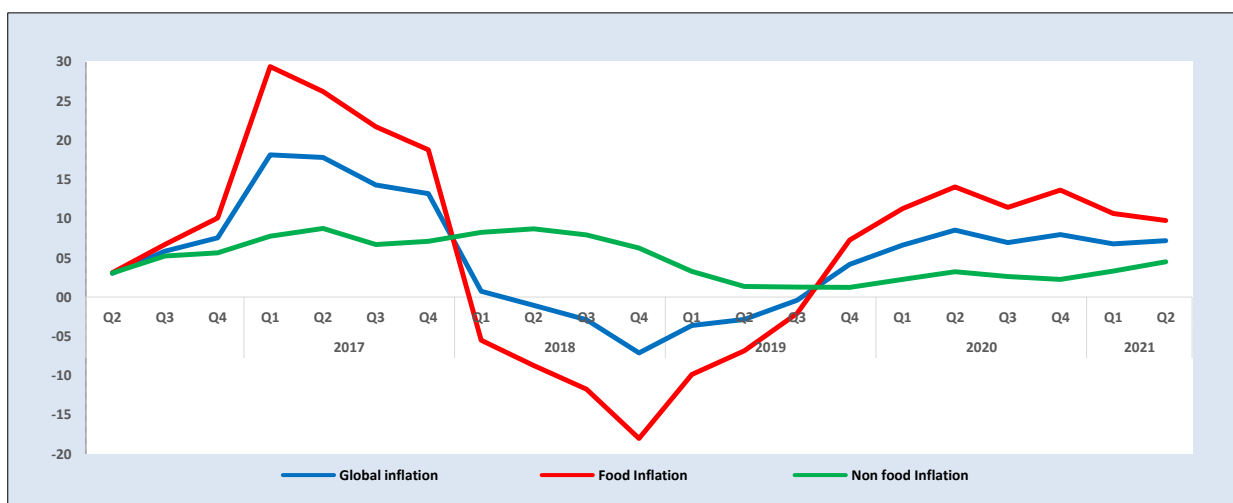
REGIDESO's electricity production fell by 11.5% year-on-year basis, from 68,776 to 60,898 megawatts, mainly due to the decrease of the production from the Rwegura and Mugera hydroelectric plants. On the other hand, it increased by 3.4% compared to the previous quarter.

The volume of goods transiting through the Port of Bujumbura increased by 26.1% year-on-year basis and by 1.6% quarter-on-quarter, mainly due to imports of cement and clinker.

At Melchior NDADAYE International Airport, the number of passengers sharply picked up year-on-year, from 245 to 28,910 passengers. Compared to the previous quarter, it increased by 56.7%. Likewise, aircraft traffic increased both quarterly and year-on-year, reaching 1,016 flights compared to 854 flights in the previous quarter and 292 flights recorded in the same period in 2020.

The inflation fell in the second quarter 2021, standing at 7.2 against 8.5% in the corresponding quarter in 2020. This decline concerned food inflation (9.8 against 14.0%), non-food inflation slightly accelerated (4.5 against 3.2%).

**Chart 4: Inflation by major components (in percent)**



Source: BRB based on data provided by ISTEERU

Compared to that of the previous quarter, the inflation slightly accelerated (7.2 against 6.8%), following the increase of non-food inflation (4.5 against 3.3%), the food inflation slightly declined (9.8 against 10.7%).

For all year 2021, forecasts show that economic activity could recover (3.3 against -0.5%), following the improvement activity in all sectors, namely the primary sector (3.6 against 3.0%), secondary (2.5 against 0.4%) and tertiary (3.4 against -2.7%).

**Table 6: Real GDP growth and inflation (in percent)**

	2017	2018	2019	2020 (Prov.)	2021(Prov.)
<b>1. Real GDP Growth</b>	<b>3,8</b>	<b>5,3</b>	<b>4,5</b>	<b>-0,5</b>	<b>3,3</b>
Primary sector	0,2	7,4	2,8	3,0	3,6
Secondary sector	7,6	2,5	1,1	0,4	2,5
Tertiary sector y	4,0	3,2	7,2	-2,7	3,4
<b>2. Inflation</b>	<b>16,1</b>	<b>-2,6</b>	<b>-0,7</b>	<b>7,5</b>	<b>4,1</b>

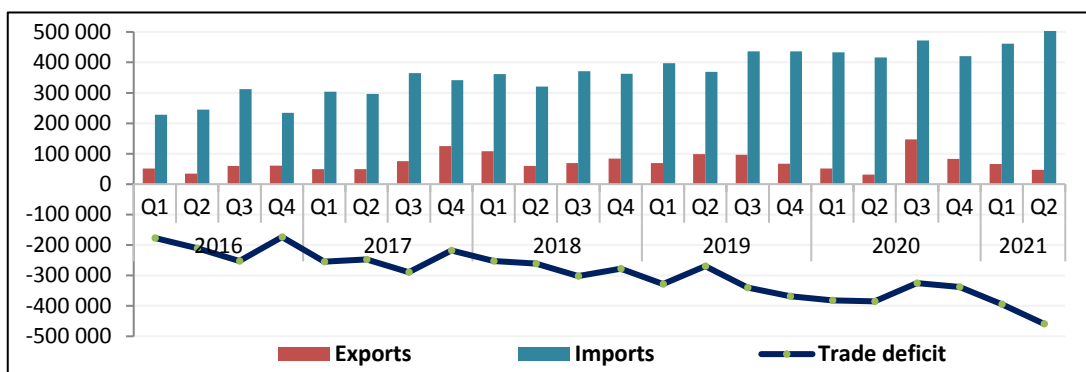
Source: BRB based on data provided by ISTEERU

## 2.2. External sector

### 2.2.1. External trade

In the second quarter of 2021, the trade deficit widened, amounting BIF 459,166.6 million against 385,863.4 million in the same quarter of 2020. This wider deficit is due to the largest increase of imports CIF (BIF 506,482.2 against 416,691.1 million) compared to the increase of exports (BIF 47,315.6 against 30,827.7 million).

**Chart 5: Trade balance (in BIF million)**



*Source: Database, tripartite committee for foreign trade statistics (BRB, OBR, ISTEERU)*

Year-on-year basis, exports increased by 53.5% in the second quarter 2021. This increase of exports was mainly attributed to manufactured products (+88.2%) and, to a lesser extent, that of primary products (+9.8%), notably exports of coffee. The three main exported products, which are coffee, tea and gold, accounted for 26.2% of total exports in the second quarter of 2021 compared to 40.6% in the same quarter in 2020.

**Table 7: Key exported products (in percent of the total exports)**

	2019			2020				2021	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Coffee	14,6	12,4	27,3	16,3	6,4	9,2	41,5	28,4	7,9
Gold	48,2	60,3	16,4	0,0	0,0	60,1	0,0	0,0	0,0
Tea	11,4	10,5	13,4	23,6	34,2	6,7	9,1	19,8	18,2
Others	25,7	16,8	42,9	60,1	59,4	24,0	49,4	51,8	73,8
<b>Total ( in %)</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Total (in BIF million)</b>	<b>99 114,2</b>	<b>96 740,8</b>	<b>67 525,9</b>	<b>51 059,0</b>	<b>30 827,7</b>	<b>146 557,9</b>	<b>84 186,9</b>	<b>66 215,7</b>	<b>47 315,6</b>

*Source: Database, tripartite committee for foreign trade statistics (BRB, OBR, ISTEERU)*

Imports picked up by 21.5% in the second quarter 2021, driven by the increase of intermediate goods (BIF 174,731.2 million against 223,107.4 million) and consumer goods (BIF 134,186.1 against 181,737.7 million). In contrast, imports of capital goods decreased by 5.7%, from BIF 107,773.8 million to 101,637.2 million.

The growth of intermediate goods is largely attributable to chemical goods (BIF 17,807.1 against 5,054.9 million), metallurgical goods (BIF 47,482.2 against 33,507.1 million), goods intended for food (BIF 38,153.5 against 25,123.2 million) and those intended for construction (BIF 26,121.1 against 19,175.2 million).

Concerning consumer goods, this increase is driven by the imports of pharmaceutical products (BIF 42,738.0 against 23,169.8 million), imports of textiles (BIF 24,526.3 against 12,297.5 million) and imports of vehicles (19,287.1 against 14,330.4 million) mainly decreased.

The decline of capital goods concerned mainly electrical equipment (BIF 23,381.9 against 45,081.5 million). However, the increase of boilers and mechanical equipment (BIF 30,107.1 against 24,972.9 million) and tractors, vehicles and transport equipment (BIF 26,291.5 against 22,973.4 million) attenuated decline of capital goods.

### **2.2.2. Balance of payments**

The balance of payments for the second quarter of 2021 worsened, amounted to BIF 281,063.3 million, such an increase of BIF 56,904.6 million compared to the same quarter in 2020. This wider deficit is explained by the increase deficit of goods (-BIF 390,754.4 against -322,247.1 million) and services (-BIF 112,065.0 against -87,015.4 million). However, the secondary income surplus improved to BIF 220,892.9 from 178,665.4 million.

The capital account recorded a higher surplus, reaching BIF 80,988.7 from 59,132.6 million recorded in the corresponding period in 2020, mainly due the project grants.

**Table 8: Balance of payments (in BIF million)**

	<b>Q2-2020</b>	<b>Q2-2021</b>
<b>CURRENT ACCOUNT</b>	<b>-224 158,7</b>	<b>-281 063,3</b>
Credit	265 829,7	317 073,8
Debit	489 988,5	598 137,1
<b>Goods</b>	<b>-322 247,1</b>	<b>-390 754,4</b>
Exports FOB	51 509,0	47 315,7
Imports FOB	373 756,1	438 070,1
<b>Services</b>	<b>-87 015,4</b>	<b>-112 065,0</b>
Credit	15 778,5	23 303,6
Debit	102 793,9	135 368,5
<b>Primary income</b>	<b>6 438,4</b>	<b>863,2</b>
Credit	13 857,9	12 487,5
Debit	7 419,6	11 624,2
<b>Secondary income</b>	<b>178 665,4</b>	<b>220 892,9</b>
Credit	184 684,3	233 967,1
Debit	6 019,0	13 074,2
<b>CAPITAL ACCOUNT</b>	<b>59 132,6</b>	<b>80 988,7</b>
Credit	59 263,6	81 107,3
Debit	131,0	118,6
<b>Net lending (+)/ Net borrowing (-) from current and capital accounts</b>	<b>-165 026,1</b>	<b>-200 074,6</b>
<b>FINANCIAL ACCOUNT</b>		
<b>Net lending (+)/ Net borrowing (-) from financial account</b>	<b>-133 712,7</b>	<b>-170 127,0</b>
<b>Direct investments</b>	<b>-3 152,7</b>	<b>-7 939,3</b>
Net acquisition of financial assets	447,7	104,0
Net incurrence of liabilities	3 600,4	8 043,3
<b>Portfolio investments</b>	<b>0,0</b>	<b>0,0</b>
Net acquisition of financial assets	0,0	0,0
Net incurrence of liabilities	0,0	0,0
<b>Financial derivatives</b>	<b>0,0</b>	<b>0,0</b>
Net acquisition of financial assets	0,0	0,0
Net incurrence of liabilities	0,0	0,0
<b>Other investments</b>	<b>-99 797,2</b>	<b>-143 489,8</b>
Net acquisition of financial assets	2 197,5	-8 751,1
Net incurrence of liabilities	101 994,7	134 738,7
<b>Reserve assets</b>	<b>-30 762,8</b>	<b>-18 697,9</b>
<b>NET ERRORS AND OMISSIONS</b>	<b>31 313,5</b>	<b>29 947,6</b>

**Source: BRB**

The worsening of the goods deficit is due to the rise of imports goods (FOB), amounted to BIF 438,070.1 million, from 373,756.1 in the same quarter in 2020. Concerning the wider deficit of services, it was driven by transport services (- BIF 88,877.0 against -70,097.3 million) and deficit of construction services (-BIF 11,825.1 against -5,222.9 million).

Current transfers driven the increase of secondary income surplus to private sector (BIF 209,132.8 against 152,277.7 million). However, transfers to general Government decreased to BIF 11,760.1 against 26,387.7 million in the second quarter in 2020.

Likewise, the financial account deficit worsened (- BIF 170,127.0 against -133,712.7 million in the second quarter of 2020). This decline is mainly attributable to the widening deficit of other investments (- BIF 143,489.8 against -99,797.2 million). Reserve assets decreased, by BIF

18,697.9 million compared to a decrease of BIF 30,762.8 million in the same quarter in 2020.

### 2.2.3. Gross foreign assets

Foreign assets decreased by 14.0% at the end of June 2021, while they increased by 17.9% yearly.

**Table 14: Gross foreign assets (in millions USD)**

	End of period, in USD million			Change in %	
	June-2020	March 2021	June-2021	Quarterely	Annual
Foreign assets held by BRB	90,2	108,5	97	-10,6	7,5
O/w: official Reserves	57,3	75,9	66,7	-12,1	16,4
Foreign assets held by commercial banks	67,1	107,2	88,5	-17,4	31,9
<b>Total foreign assets</b>	<b>157,3</b>	<b>215,7</b>	<b>185,5</b>	<b>-14,0</b>	<b>17,9</b>

Source: BRB

The BRB's foreign assets declined by 10.6% at the end of June 2021 compared to the end of March 2021, while they increased by 7.5% year-on-year basis.

Official reserves decreased by 12.1% at the end of June 2021 compared to the end of March 2021, standing at 66.7 against 75.9 MUSD. On the other hand, they rose by 16.4% year –on-year, and could cover 0.8 month of imports of goods and services compared to 0.7 month recorded in the same period in 2020, while the minimum threshold is set at 4.5 months in the EAC convergence criteria. Likewise, the foreign assets of commercial banks decreased quarter-on-quarter by 17.4%, while they increased by 17.9%, year-on-year basis.

### 2.3. Public finance

In the second quarter of 2021, the fiscal deficit (including grants) worsened compared to the same quarter of 2020, standing at BIF 124,527.9 million against 19,959.5 million, on account of the great increase of expenditure than in public revenue. This deficit was mainly financed by a net domestic debt of 166,118.4 MBIF.



**Table 9: Government Financial Operations (in BIF Million)**

	Q2-2020	Q1-2021	Q2-2021
<b>A. REVENUE AND GRANTS</b>	<b>309,088.6</b>	<b>357,702.00</b>	<b>377,862.9</b>
a. Revenue	250,434.8	284,274.9	308,753.1
Current revenue	250,434.8	284,274.9	308,753.1
Exceptional Revenue	-	-	-
b. Grants	58,653.8	73,427.1	69,109.8
current	-	-	-
Capital	58,653.8	73,427.1	69,109.8
<b>B. EXPENDITURE</b>	<b>329,048.1</b>	<b>364,813.9</b>	<b>502,390.8</b>
a. Current Expenditure	244,154.9	234,603.6	324,122.3
including salaries	118,451.9	120,355.6	120,230.9
b. Investment Expenditure	84,893.2	130,210.3	178,268.5
On domestic resources	18,140.9	52,265.6	107,432.7
On forein borrowing and grants	66,752.2	77,944.7	70,835.8
<b>OVERALL BALANCE including grants (cor</b>	<b>-19,959.5</b>	<b>-7,111.9</b>	<b>-124,527.9</b>
<b>C. NET FINANCING</b>	<b>144,443.6</b>	<b>3,626.7</b>	<b>166,118.4</b>
a. External	2,712.7	-3,507.3	-680.1
b. Domestic	141,730.9	7,133.9	166,798.5
<b>D. ERRORS AND OMISSIONS</b>	<b>-124,484.2</b>	<b>3,485.2</b>	<b>-41,5905</b>

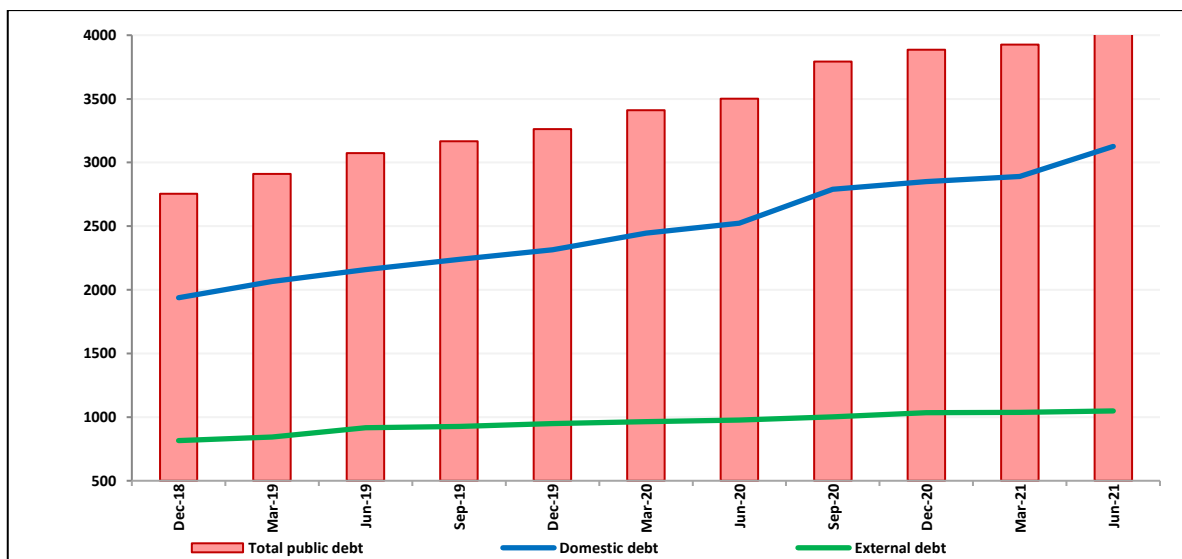
*Source: MFBPE*

Current revenue rose by 23.3 percent year-on-year basis, standing at BIF 308,753.1 million against BIF 250,434.8 million. Compared to the previous quarter, they increased by 8.6 percent. Grants increased by 17.8 percent year-on-year, amounting to BIF 69,109.8 million against BIF 58,653.8 million. Compared to the previous quarter, they decreased by 5.9%.

Total expenditure increased by 52.7 percent in the second quarter of 2021, amounting to BIF 502,390.8 million against BIF 329,048.1 million recorded in the same period of the previous year, following the rise of capital expenditure (+110, 0 percent) and current expenditure (+ 32.8 percent). Compared to the previous quarter, they also rose (+ 37.7 percent), driven by the increase of current expenditure (+ 38.2 percent) and capital expenditure (+ 36.9 percent).

Year-on-year basis, public debt picked up by 19.2%, amounting to 4,175.7 against BIF 3.502.0 billion. Compared to the previous quarter, it increased by 6.3%. As a ratio to GDP, the ratio of public debt to GDP rose to 57.2% from 52.6% in the same period in 2020.

**Chart 6: Public debt (in BIF million)**



*Source: BRB based on data provided by MFBPE*

Domestic debt grew by 23.9% year-on-year basis, from 2,524.3 to BIF 3,126.6 billion and 8.2% quarter-to-quarter. Domestic debt is mainly composed of Treasury securities and overdraft from the Central Bank and represents 74.9% of the total public debt.

External debt rose by 7.3% yearly, from 977.7 to BIF 1,048.7 billion. This increase is driven by drawings (BIF 28,956.9 million) and revaluation gains (BIF 61,354.0 million) which exceeded the amortization of the debt (BIF 19,375.8 million).

## **2.4. Monetary sector**

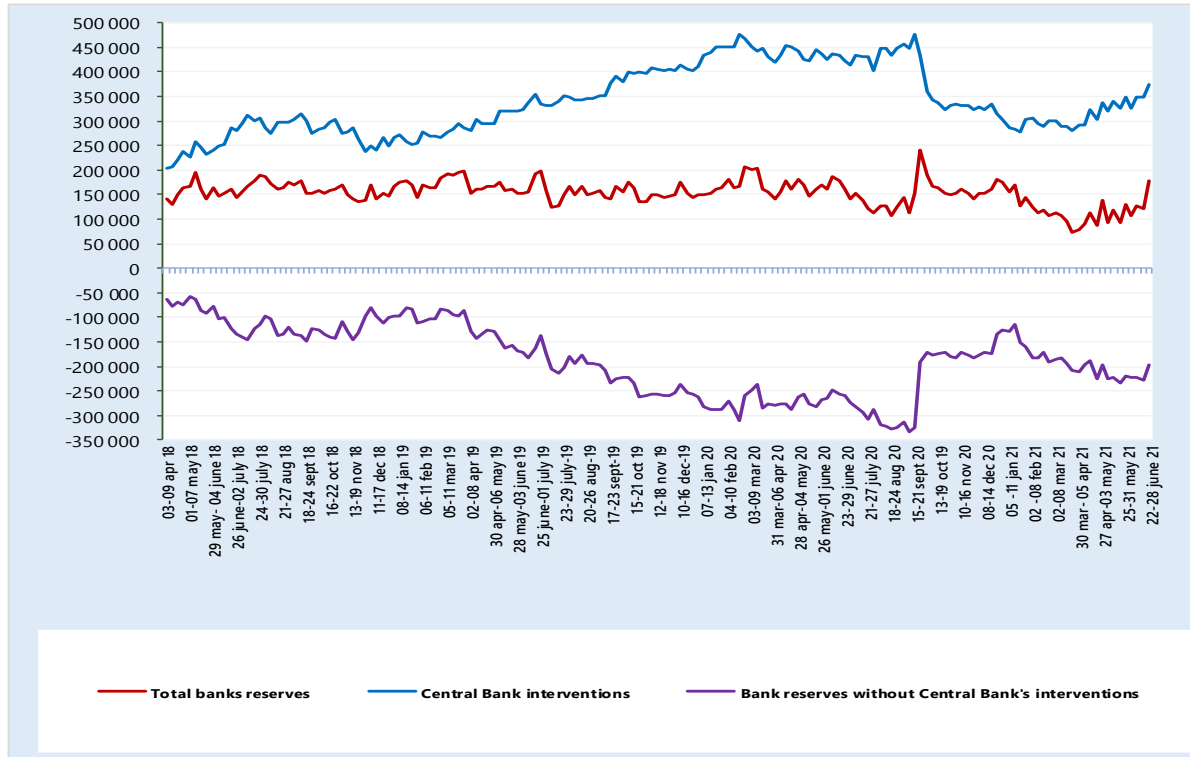
Year-on-year basis, the reserve money picked up by 11.6 percent and the broad money by 23.7 percent, following the rise of net domestic assets.

### **2.4.1. Bank reserves and interest rates**

In the second quarter 2021, commercial bank reserves decreased compared with the previous quarter while they improved year-on-year basis. Without Central Bank interventions, in weekly average, commercial bank reserves amounted to - BIF 210,957 against - BIF 169,739 million in the previous quarter and - BIF 268,506 MBIF in the same period of 2020.

Following the overall decreasing of commercial banks reserves, the Central Bank increased the volume of its interventions in money market. In fact, the outstanding of refinancing picked up to BIF 329,214, on a weekly average, against BIF 293,753 million in the first quarter 2021 and BIF 434,219 million in the same period in 2020.

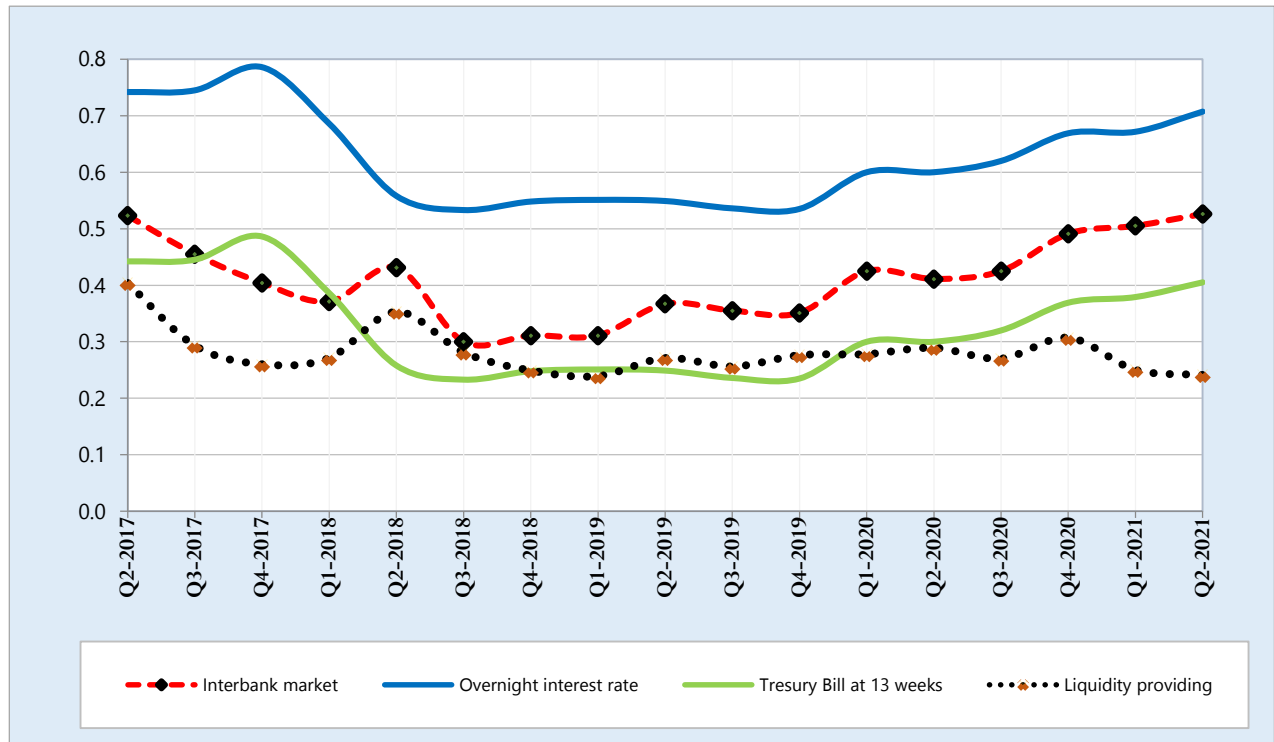
**Chart 7: Commercial bank's reserves and BRB's interventions**



**Source: BRB**

Quarter -on- quarter basis, money market interest rates picked up, except the interest rate on liquidity injection. The interbank money market interest rate slightly increased to 5.26% from 5.05% recorded in the previous quarter 2021. The rate on the overnight lending facility rose from 6.72 to 7.07%, following the increase of 13-week Treasury bills rate to which it is indexed (from 3.72 to 4.07%). On the other hand, interest rate on refinancing operations of the Central Bank fell to 2.41 from 2.50%.

**Chart 8: Money market interest rates (percent)**

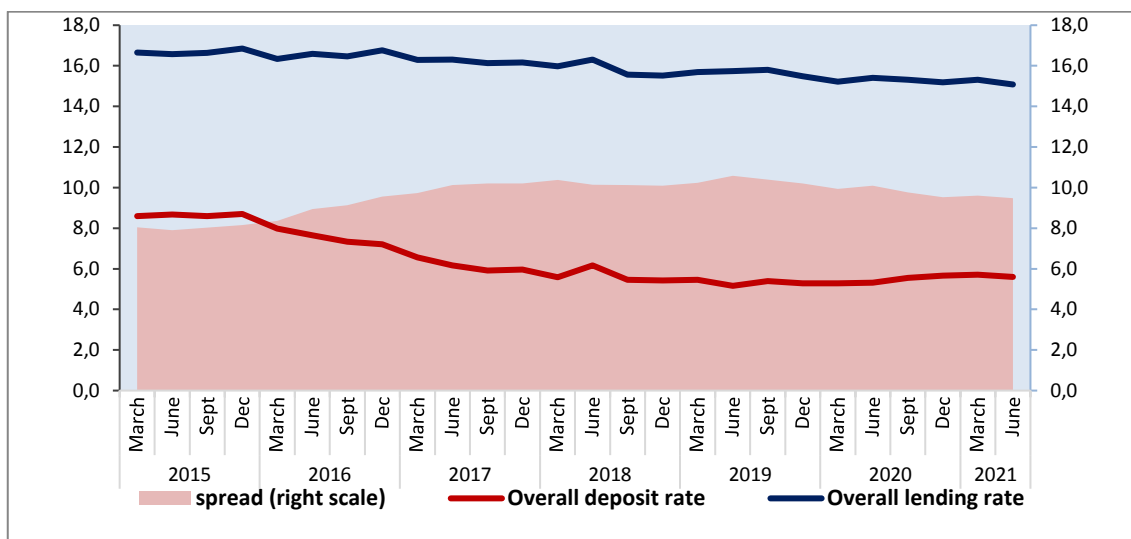


**Source: BRB**

The average interest rate on outstanding loans slightly declined to 15.08% at the end of June 2021 from 15.32% at the end March 2021 and 15.41% in the same period in 2020. Year-on-year basis, this decrease mainly concerned interest rate on short-term loans (15.80 against 15.86%) and medium loans (14.41 against 16.0%), while the average interest rate on long-term loans increased (13.38 against 11.88%).

Likewise, the average interest rate on loans authorized in the second quarter of 2021 declined to an average of 12.58% from 14.46% recorded in the previous quarter and 15.41% in the same period in 2020.

**Chart 9: Average deposit, lending interest rates and spread (in percent)**



Source: BRB

The deposit interest rate slightly decreased in the quarter ending June 2021, compared to the end of March 2021, standing at 5.60 from 5.71%, while it increased compared to the end of June 2020 (5.32%).

Year-on-year basis, this increase affected interest rates on demand deposits and passbook saving accounts while that on term deposits and savings declined.

#### 2.4.2. Reserve money

The reserve money picked up by 16.1% in the quarter to the end in June 2021, amounting to BIF 807,326.5 million against BIF 695,388.5 million recorded at ending of March 2021. This increase concerned currency in circulation (+ 13.0%) and deposits of other depository institutions (+ 33.2%), while those of other financial corporations (-36.0%) and those classified in other deposits (-2.2%) decreased.

Concerning counterparts of reserve money, net domestic assets increased by 13.2% from March to June 2021. They contributed to the quarterly growth of reserve money by 14.4 percentage points. Net foreign assets slightly improved by 3.8% and were the source of the growth of reserve money by 0.7 percentage point.

**Table 10: Reserve money and its counterparts at the end of June 2021 (in BIF million)**

	June.2020	Mar.2021	June.2021	change (in %)	
				Quarterly	Annual
Currency in circulation	434 272,9	474 986,0	536 813,3	13,0	23,6
Other depository institutions deposits	213 802,7	160 803,5	214 189,4	33,2	0,2
Other financial corporation deposits	3 411,8	5 859,7	3 747,8	-36,0	9,8
Other deposits	52 443,7	53 739,3	52 576,0	-2,2	0,3
<b>Base money = Counterparts</b>	<b>703 931,1</b>	<b>695 388,5</b>	<b>807 326,5</b>	<b>16,1</b>	<b>14,7</b>
<b>Net foreign assets</b>	<b>-184 618,6</b>	<b>-119 123,9</b>	<b>-114 588,4</b>	<b>3,8</b>	<b>37,9</b>
<b>Net domestic assets</b>	<b>888 549,7</b>	<b>814 512,4</b>	<b>921 914,9</b>	<b>13,2</b>	<b>3,8</b>
Net claims on the Government	303 340,5	372 644,3	404 650,2	8,6	33,4
Other items , net	585 209,2	441 868,1	517 264,7	17,1	-11,6

Source: BRB

Year-on-year basis, the reserve money increased by 14.7%, mainly driven by the increase of currency in circulation and deposits of other financial corporations which rise by 23.6 and 9.8%, respectively. In contrast, deposits of other depository institutions fell by 0.2%.

Concerning counterparts, net foreign and domestic assets increased by 37.9 and 3.8%, and contributed to the annual growth by 10.0 and 4.7 percentage points, respectively.

**Table 11: Source of the change in base money at the end of June 2021**

	Change from March 2021	Change from June 2020
<b>Net foreign assets (NFA)</b>	<b>0,7</b>	<b>10,0</b>
<b>Net domestic assets (NDA)</b>	<b>14,4</b>	<b>4,7</b>
Net claims on the Government	4,6	14,4
Other items , net	10,8	-9,7
<b>Base money</b>	<b>16,1</b>	<b>14,7</b>

Source: BRB

Net foreign and domestic assets increased by 37.9 and 3.8 percent, and contributed to the annual growth of the reserve money by 10.0 and 4.7 percentage points, respectively.

### 2.4.3. Broad money and counterparts

The money supply (M3) picked up by 6.3% in the quarter ending June 2021, standing at BIF 3,017.9 billion from BIF 2,839.7 billion. This increase concerned currency in circulation outside depository institutions (+16.1%), demand deposits (+ 5.2%), time and savings deposits (+4.9%) and resident foreign currency deposits (+ 0.5%).

Concerning counterparts, net domestic assets rose by 8.3 percent and contributed by 9.0 percentage points to the quarterly growth of money supply. In contrast, net foreign assets, which fell by 34.1%, contributed by 2.7 percentage points to the growth of M3.

The increase of net domestic assets concerned claims on the economy (+ 14.0%) and net claims on the Government (+4.0%), while other net items decreased (-8.7%).

**Table 12: Broad money and counterparts at the end of June 2020 (in BIF million)**

	June 2020	Mar.2021	June 2021	change (in %)	
				Quarterly	Annual
Currency outside depository institutions	378 103,8	396 465,3	460 210,4	16,1	21,7
Demand deposits	1 180 168,3	1 445 542,9	1 520 875,7	5,2	28,9
Time and savings deposits	642 361,4	773 663,3	811 677,3	4,9	26,4
Foreign currencies deposits of residents	200 919,0	224 018,7	225 156,7	0,5	12,1
<b>M3= counterparts</b>	<b>2 401 552,5</b>	<b>2 839 690,2</b>	<b>3 017 920,1</b>	<b>6,3</b>	<b>25,7</b>
<b>NFA</b>	<b>-333 131,6</b>	<b>-227 799,0</b>	<b>-305 472,5</b>	<b>-34,1</b>	<b>8,3</b>
<b>NDA</b>	<b>2 734 684,1</b>	<b>3 067 489,2</b>	<b>3 323 392,6</b>	<b>8,3</b>	<b>21,5</b>
Domestic credit	3 105 155,0	3 654 330,5	3 961 517,5	8,4	27,6
Net claims on the Government	1 791 939,1	2 034 905,8	2 115 800,7	4,0	18,1
Claims on the economy	1 313 215,9	1 619 424,7	1 845 716,8	14,0	40,5
Net other items	-370 470,9	-586 841,3	-638 124,9	-8,7	-72,2

Source: BRB

Year-on-year basis, the money supply (M3) increased by 25.7%. This increase concerned all its components: demand deposits (+ 28.9%), term and savings deposits (+ 26.4%), resident foreign currency deposits (+ 12.1%) and currency outside depository institutions (+ 21.7%).

The annual growth of M3 counterparts concerned both net domestic assets (+ 21.5%) and net foreign assets (+8.3%), which contributed to the growth of the money supply by 24.6% and 1.1 percentage points, respectively.

**Table 13: Source of the change in broad money at the end of June 2020**

	Change from June 2020	Change from March 2021
<b>Net foreign assets (NFA)</b>	<b>-2,7</b>	<b>1,1</b>
Domestic credit	10,8	35,7
Net claims on Government	2,8	13,5
claims on the economy	8,0	22,2
Other Items net	-1,8	-11,1
<b>Broad money (M3)</b>	<b>6,3</b>	<b>25,7</b>

Source: BRB

The rise of net domestic assets was driven by the increase of net claims on the Government (+ 18.1%) and claims on the economy (+ 40.5%), while other net items decreased (-72.2%).

## 2.5. Banking sector development and financial stability

In the second quarter 2021, the balance sheet picked up by 26.3% year-on-year and by 9.1% quarter-on-quarter, from BIF 3,509.4 billion at the end of June 2020 to BIF 4432.4 billion at end of June 2021. On the assets side, this improvement was driven by the increase in the Government commitments in terms of Treasury securities and loans on private sector. On the liability side, it was explained by the increase of customer deposits. However, the solvency and profitability ratios declined.

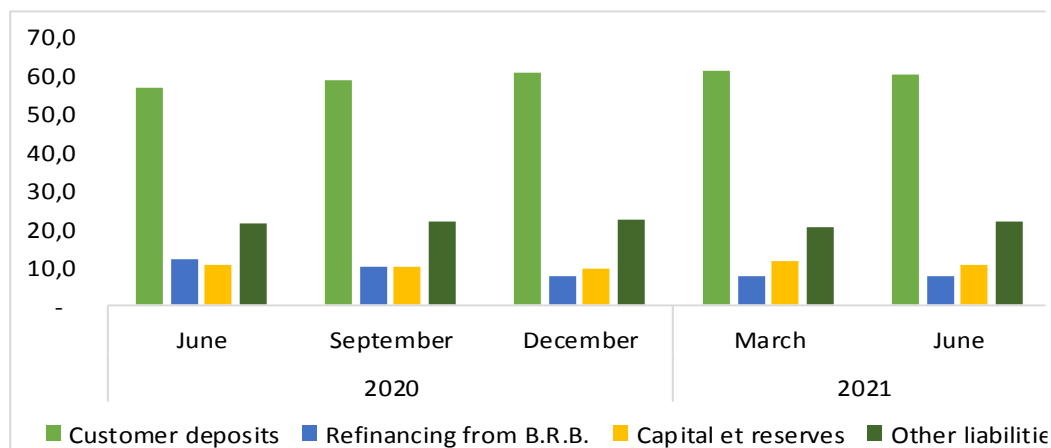
### 2.5.1. Banking activities

#### 2.5.1.1. Main Resources

The customer deposits rose by 33.7% year-on-year basis, amounting to BIF 2,664.1 billion at the end of June 2021 from BIF 1,992.8 billion at the end of June 2020. They increased by 7.6% on a quarterly basis. The Central bank refinancing to credit institutions fell by 17.6% year-on-year, standing to BIF 339.1 billion at the end of June 2021 from BIF 411.3 billion at the end of June 2020. They increased by 15.4% quarter-on-quarter.



**Chart 10: Liabilities structure (in percent)**

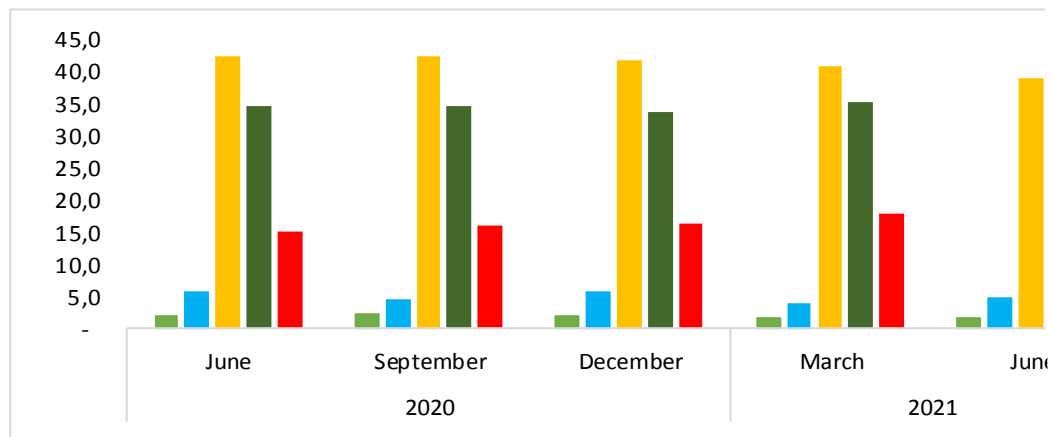


Source: BRB

### 2.5.1.2. Main Assets

On an annual basis, the outstanding loans to the private sector grew by 33.6%, from BIF 1,215.2 million at the end of June 2020 to BIF 1,623.9 million at the end of June 2021. On a quarterly basis, it increased by 13.2%. The loans to the Government rose by 16.8% yearly, from BIF 1,486.7 billion at the end of June 2020 to BIF 1,736.6 billion at the end-June 2021. They increased by 4.3% quarter-on-quarter.

**Chart 11: Banking sector assets (in percent of the total)**



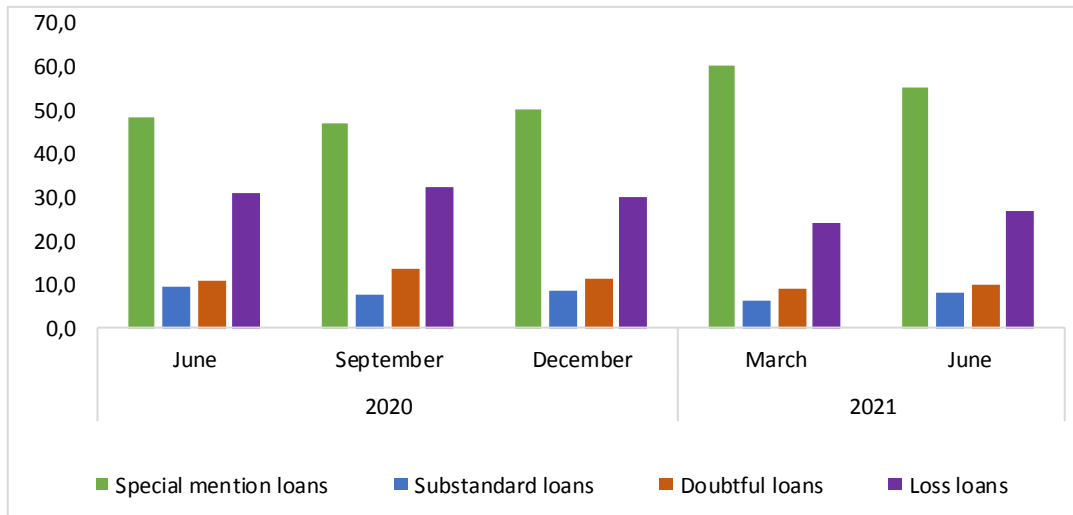
Source: BRB

### 2.5.2. Loans portfolio quality

The past due loans outstanding increased by 1.4% year-on-year, from BIF 145,846.5 million at the end of June 2020 to BIF 147,939.2 million at the end of June 2021. It decreased by 14.3% quarter-on-quarter basis.

Year-on-year basis, the share of non-performing loans over the overall outstanding loans decreased by 6.7 percent point, standing at 45.0% at end-June 2021 from 51.7% in the corresponding month in 2020. On the other hand, the share of watch loans increased by 6.8%, reaching 55.0% of the outstanding loans in June 2021 from 48.3% in the same period of the previous year.

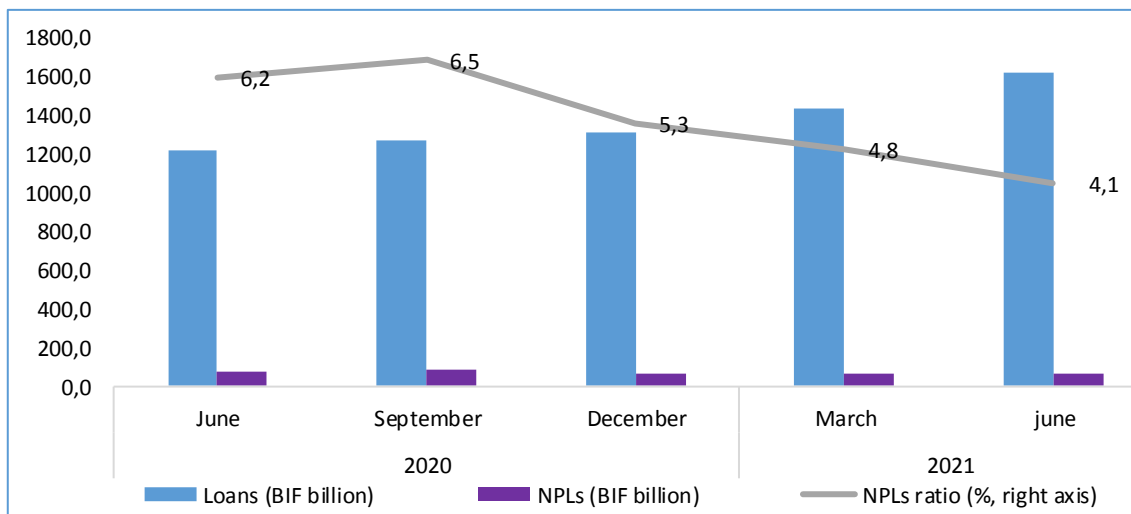
**Chart 12: Overdue loans per class (in percent)**



Source: BRB

The quality of the credit portfolio slightly improved. The loans portfolio default's rate stood at 4.1% in June 2021 from 6.2% and 4.8%, respectively in June 2020 and March 2021.

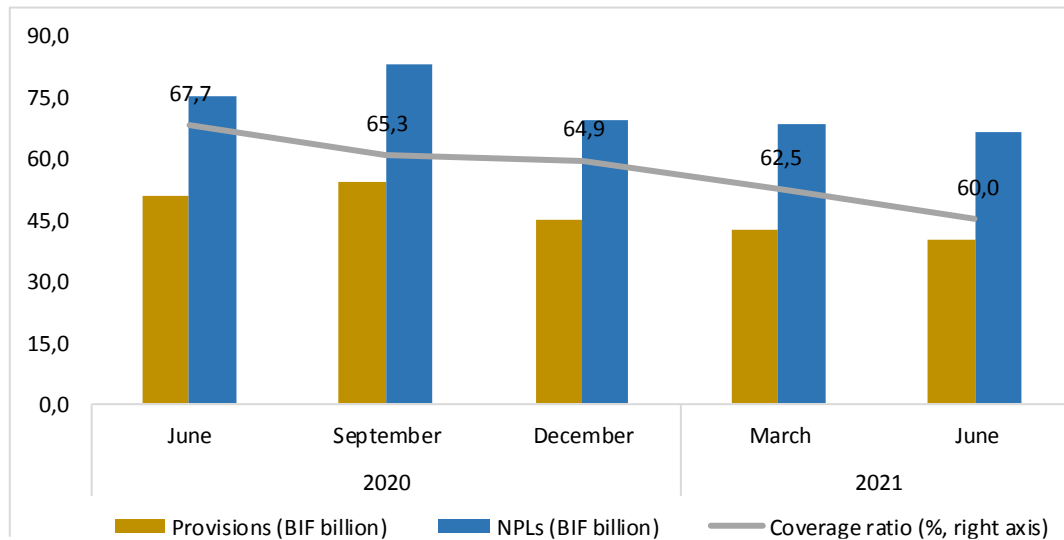
**Chart 13: Non-performing loans ratio (in percent)**



Source: BRB

The proportion of provisions to non-performing loans declined year-on-year, standing to 60.0% in June 2021 from 67.7% in June 2020 and 62.5% in the previous quarter.

**Chart 14: Provisions and coverage rate**

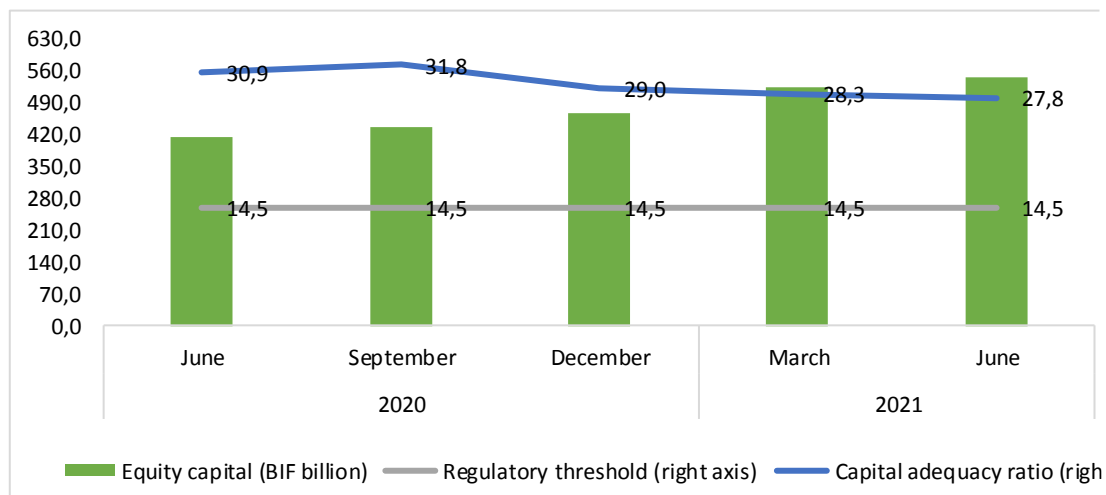


Source: BRB

### 2.5.3. Capital adequacy

The total equity picked up by 31.6% year-on-year, amounting to BIF 545.8 billion at the end of June 2021 from BIF 414.8 billion at the end of June 2020. They grew by 4.5% on a quarterly basis. However, the overall capital adequacy ratio declined (27.8% from 30.9% in June 2020), whilst remaining above the 14.5% regulatory threshold.

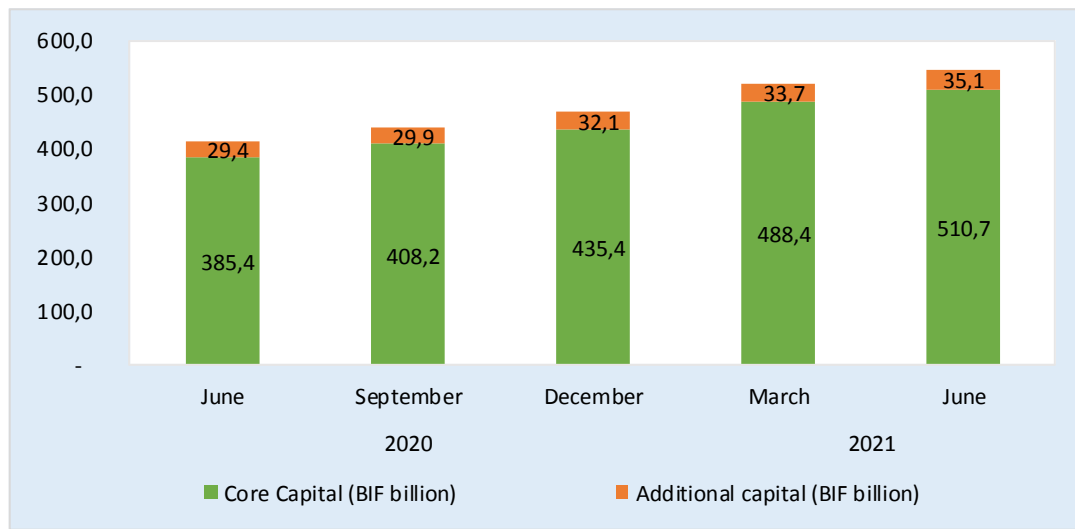
**Chart 15: The Banking sector's Equity**



Source: BRB

The tier 1 capital ratio increased by 32.5% on an annual basis, amounting to BIF 510.7 billion at the end-June 2021 from BIF 385.4 billion at end-June 2020, driven by the incorporation of a share of the 2020 banking profits in the reserves. They increased by 4.6% quarterly.

**Chart 16: Composition of equity (in BIF billion)**



*Source: BRB*

#### **2.5.4. Banking sector's profitability**

The banking sector gross income rose by 12.5% at the end of June 2021, amounting to BIF 157,203.0 million compared to BIF 139,776.9 million in June 2020. Likewise, the net income increased by 15.7%, from BIF 67,340.60 million at the end of June 2020 to BIF 77,920.2 million at the end of June 2021. Nevertheless, the Returns on Assets (ROA) and Equity (ROE) stood at 1.76% and 14.28% respectively in June 2021 from 1.92% and 16.23% in June 2020.

## **CONCLUSION AND MONETARY POLICY MEASURES**

In the second quarter 2021, economic growth improved in advanced OECD countries (+1.7 against + 0.6% in the previous quarter), driven by the recovery of world economic growth due to the spread of vaccination program and easing of restrictions movements of the population. However, despite this economic recovery, large disparities persist across countries. Inflation picked up overall in most of these advanced countries, following the rise of raw material and commodity prices, driven by improving aggregate demand.

According to IMF forecasts made in October 2021, the world economy could improve by 5.9% in 2021 against a contraction of 3.1% in 2020. This development was driven by the recovery of aggregate demand and the measures taken by the public authorities in the main OECD countries to support households and corporations, particular to support increasing potential production and consumption. Following this economic recovery, the volume of world trade is also expected to increase during the year 2021.

In the East African Community, economic growth is expected to accelerate in 2021, due to the recovery of global economic activity and the measures taken to support economies to counteract the Covid-19 pandemic.

Regarding the domestic economy, the main productions of the primary sector, particular, the production of tea increased during the second quarter of 2021. Likewise, productions of the secondary and tertiary sector increased.

According to the forecasts made macroeconomic framework model in July 2021, it is expected that local economic activity will pick up in 2021 (3.3 against -0.5%), following the good performance in the primary sectors (3.6 against 3.0%), secondary (2.5 against 0.4%) and tertiary (3.4 against -2.7%).

To support this economic recovery, the Bank of the Republic of Burundi will pursue an accommodative monetary policy through the refinancing of key economic sectors which driven our economic growth at favorable and easing conditions.

## ANNEXES

## ANNEX 1: GDP BY BRANCH (At price of 2005) in BIF billion

	2016	2017	2018	2019	2020 (prév.)	2021 (prév.)
<b>Primary Sector</b>	<b>497,1</b>	<b>498,2</b>	<b>535,2</b>	<b>550,3</b>	<b>566,7</b>	<b>587,3</b>
- Subsistence agriculture	431,8	431,5	462,8	486,2	498,3	515,8
- Export Agriculture	17,6	20,4	21,9	17,9	19,9	20,2
- Coffee	4,2	6,5	7,1	2,8	5,0	4,9
- The	12,3	12,1	12,5	13,6	13,7	14,0
-Other export agriculture	1,1	1,8	2,4	1,5	1,2	1,3
- Forest	12,2	13,7	14,3	14,0	14,7	15,5
- Livestock	31,6	28,5	31,9	28,1	29,5	31,3
- Fishing	3,8	4,1	4,2	4,1	4,3	4,5
<b>Secondary sector</b>	<b>322,6</b>	<b>347,2</b>	<b>355,9</b>	<b>360,0</b>	<b>361,3</b>	<b>370,3</b>
-Mining	7,7	10,7	11,0	11,3	10,5	11,0
- Industries	220,8	238,6	242,4	243,7	244,8	248,9
- Food Industries	168,4	186,7	191,4	192,5	193,4	196,3
- Manufacturing	52,4	51,9	51,1	51,3	51,3	52,6
- Textile Industries	9,5	9,2	8,8	8,0	7,7	7,9
- Other manufacturing industries	42,9	42,7	42,3	43,2	43,7	44,7
- Water, gas and electricity	7,7	9,1	9,5	9,2	9,5	10,0
- Construction	86,3	88,8	93,0	95,8	96,6	100,4
<b>Tertiary sector</b>	<b>821,4</b>	<b>853,9</b>	<b>881,4</b>	<b>945,1</b>	<b>919,7</b>	<b>951,1</b>
- Trade	62,0	65,5	71,3	74,2	69,7	71,1
- Transport and communication	66,7	70,2	73,4	80,8	80,0	82,2
- Transport	17,6	18,5	19,2	21,0	19,6	20,0
- Postes, Telecommunication and internet	49,2	51,7	54,2	59,8	60,4	62,2
- Banks and insurance	102,8	111,6	122,7	156,6	170,7	191,2
- Accommodation, Food and other Merchant Service	108,7	111,9	114,1	119,3	71,6	74,4
- Public Administration	316,7	334,0	344,0	353,7	367,8	383,7
- Education	211,7	219,7	226,3	233,7	241,9	251,1
- Health and social services	14,4	15,1	15,5	16,0	18,0	18,7
- Activities of a collective or personal nature	45,6	45,9	59,4	61,6	57,0	59,9
- Domestic services	4,6	4,6	4,6	4,8	4,8	4,9
- SIFIM	111,8	124,7	149,9	155,6	161,7	185,9
<b>GDP at cost of factors(1+2+3)</b>	<b>1 641,1</b>	<b>1 699,3</b>	<b>1 772,5</b>	<b>1 855,4</b>	<b>1 847,7</b>	<b>1 908,8</b>
Indirect taxes minus subsidies	200,6	213,1	240,6	247,9	244,2	252,3
<b>GDP at market price</b>	<b>1 841,7</b>	<b>1 912,4</b>	<b>2 013,1</b>	<b>2 103,3</b>	<b>2 091,9</b>	<b>2 161,0</b>

Source: MBGP

**ANNEX 2: INFLATION BY MAIN COMPONENTS (in percent)**

Period	Headline Inflation	Food inflation	Non-food inflation
june-18	-0,4	-7,9	8,8
july-18	-0,8	-8,5	8,8
aug-18	-2,3	-10,9	8,2
sept-18	-5,6	-15,8	6,8
oct-18	-8,4	-20,2	6,2
nov-18	-7,3	-18,7	6,6
dec-18	-5,6	-15,2	5,9
jan-19	-3,8	-10,9	4,4
feb-19	-4,1	-10,9	3,1
mar-19	-2,9	-7,8	2,3
apr-19	-2,2	-6,1	1,9
may-19	-2,4	-5,7	1,2
june-19	-4,0	-8,6	0,9
july-19	-2,6	-6,2	1,1
aug-19	-0,6	-2,9	1,6
sept-19	2,0	2,9	1,1
oct-19	4,0	6,4	1,8
nov-19	3,6	6,5	0,8
dec-19	4,9	8,9	1,1
jan-20	5,1	8,6	1,8
feb-20	7,6	13,0	2,6
mar-20	7,1	12,0	2,4
apr-20	7,6	12,5	2,8
may-20	9,0	14,7	3,3
june-20	8,5	13,9	3,4
july-20	7,7	12,7	3,0
aug-20	6,7	11,0	2,6
sept-20	6,4	10,6	2,2
oct-20	7,0	12,1	1,9
nov-20	8,9	15,6	2,3
dec-20	8,0	13,2	2,5
jan-21	6,5	10,4	2,4
feb-21	6,1	9,0	3,0
mar-2021	7,8	10,9	4,5
apr-21	7,4	11,9	2,8
may-21	5,1	5,2	5,0
june-21	9,1	12,2	5,7

**Source: ISTEERU**

**Annex 3: Government Financial Operations (in BIF million)**

	Revenue			Expenditures	Overall Balance
	Fiscal Revenue	Grant	Total		
june-18	75 254,20	31 153,20	106 407,40	162 729,20	-56 321,80
july-18	60 554,70	11 601,30	72 156,00	79 153,40	-6 997,30
aug-18	75 622,20	12 063,40	87 685,60	102 781,40	-15 095,90
sept-18	73 977,30	17 554,90	91 532,20	97 407,00	-5 874,80
oct-18	70 957,30	13 169,40	84 126,70	121 865,50	-37 738,80
nov-18	61 412,20	8 713,80	70 126,00	85 930,70	-15 804,70
dec-18	78 361,60	28 541,40	106 903,00	126 953,20	-20 050,20
jan-19	66 765,74	14 412,40	81 178,14	137 426,66	-56 248,52
feb-19	67 427,71	24 367,44	91 795,16	116 918,33	-25 123,17
mar-19	97 566,21	19 018,00	116 584,21	95 854,20	20 730,01
apr-19	76 198,11	19 259,45	95 457,56	152 308,27	-56 850,71
may-19	69 221,83	20 060,20	89 282,03	129 765,02	-40 483,00
june-19	99 216,12	32 212,40	131 428,52	116 694,18	14 734,34
july-19	70 893,23	18 882,46	89 775,68	130 004,84	-40 229,15
aug-19	91 851,64	11 589,11	103 440,75	105 699,38	-2 258,63
sept-19	89 691,65	23 581,07	113 272,72	144 925,37	-31 652,65
oct-19	96 140,47	23 253,33	119 393,80	151 672,93	-32 279,13
nov-19	78 123,50	26 000,51	104 124,00	133 114,44	-28 990,44
dec-19	86 974,57	21 300,56	108 275,13	100 145,51	8 129,61
jan-20	84 602,42	17 625,88	102 228,30	114 865,89	-12 637,59
feb-20	70 437,11	24 819,09	95 256,20	109 187,15	-13 930,94
mar-20	104 361,79	21 160,91	125 522,70	120 427,22	5 095,49
apr-20	81 088,28	14 356,77	95 445,05	105 770,61	-10 325,56
may-20	64 196,98	21 014,92	85 211,91	92 722,58	-7 510,68
june-20	105 149,52	22 667,69	127 817,21	129 940,45	-2 123,23
july-20	80 468,49	16 635,14	97 103,63	117 128,93	-20 025,30
aug-20	98 712,28	13 544,26	112 256,54	151 466,22	-39 209,69
sept-20	103 379,33	20 839,74	124 219,07	409 881,61	-285 662,54
oct-20	92 487,26	8 295,69	100 782,95	108 727,01	-7 944,05
nov-20	84 106,39	21 295,88	105 402,28	133 059,26	-27 656,98
dec-20	104 277,50	24 492,11	128 769,61	111 108,51	17 661,10
jan-21	91 493,07	22 202,30	113 695,37	110 267,83	3 427,54
feb-21	77 932,34	22 328,60	100 260,94	117 507,57	-17 246,64
mar-2021	114 849,48	28 896,20	143 745,68	137 038,51	6 707,18
apr-21	100 678,98	15 841,63	116 520,60	131 189,03	-14 668,42
may-21	86 584,95	23 790,77	110 375,72	141 569,65	-31 193,93
june-21	121 489,14	29 477,42	150 966,56	229 632,11	-78 665,55

Source: MFBP



#### ANNEX 4: Government debt (in BIF million)

Period	BRB	Tresury securities	Total domestic debt	External debt	Total Government debt
juin-18	780 458,1	986 452,3	1 798 139,9	801 839,6	2 599 979,6
june-18	780 458,1	993 081,2	61 935,9	1 835 475,2	801 839,6
july-18	739 553,0	1 003 048,5	59 864,5	1 802 466,0	803 941,0
aug-18	722 760,6	1 034 907,2	61 327,5	1 818 995,3	802 130,7
sept-18	723 876,1	1 057 501,6	65 477,4	1 846 855,1	804 250,5
oct-18	750 952,9	1 074 283,1	63 695,0	1 888 931,0	804 808,3
nov-18	749 761,5	1 099 486,2	63 621,6	1 912 869,3	810 165,1
dec-18	772 108,5	1 106 829,2	58 884,2	1 937 821,9	815 659,1
jan-19	735 898,0	1 170 456,8	57 507,8	1 965 632,6	839 143,1
feb-19	754 785,4	1 203 007,7	55 457,5	2 017 332,5	838 878,1
mar-19	776 260,3	1 230 561,3	66 134,8	2 066 815,1	842 605,3
apr-19	749 554,5	1 264 065,9	66 482,8	2 073 957,4	867 778,9
may-19	741 946,8	1 309 285,8	59 356,4	2 110 469,8	908 183,5
june-19	762 094,0	1 339 778,2	59 215,0	2 158 605,5	916 027,0
july-19	702 399,9	1 357 433,8	55 134,4	2 114 968,1	929 050,5
aug-19	759 491,5	1 393 116,1	59 369,6	2 211 977,2	932 695,8
sept-19	756 889,1	1 417 542,6	65 322,7	2 239 754,4	927 716,5
oct-19	751 684,2	1 450 627,6	76 553,5	2 278 865,3	937 501,2
nov-19	749 081,8	1 485 104,1	74 319,9	2 308 505,8	940 872,9
dec-19	746 479,4	1 497 527,9	70 919,8	2 314 927,1	948 429,4
jan-20	746 479,3	1 570 840,3	120 847,6	2 438 167,2	958 542,6
feb-20	743 876,9	1 549 397,3	121 652,4	2 414 926,6	959 597,4
mar-20	738 672,0	1 583 158,2	123 953,4	2 445 783,6	965 054,0
apr-20	736 069,6	1 569 310,4	120 741,5	2 426 121,5	963 078,7
may-20	737 921,8	1 621 691,9	113 556,4	2 473 170,1	966 901,1
june-20	736 222,2	1 673 338,5	114 730,7	2 524 291,4	977 731,5
july-20	737 624,5	1 709 342,7	119 194,8	2 566 162,0	988 004,0
aug-20	751 455,5	1 727 229,2	112 094,3	2 590 779,0	1 000 919,8
sept-20	901 482,7	1 744 967,4	144 592,9	2 791 043,0	1 003 104,0
oct-20	901 974,9	1 763 000,2	141 644,5	2 806 619,6	1 013 063,4
nov-20	899 449,4	1 779 700,1	144 982,9	2 824 132,4	1 023 272,7
dec-20	894 667,8	1 816 692,6	138 993,1	2 850 353,5	1 035 965,0
jan-21	894 667,8	1 832 306,3	143 346,2	2 870 320,3	1 041 202,8
feb-21	894 117,9	1 864 441,1	169 560,6	2 928 119,6	1 038 627,0
mar-21	864 066,4	1 853 171,3	172 078,8	2 889 316,5	1 037 111,1
apr-21	893 573,6	1 866 450,8	163 441,3	2 923 465,7	1 040 152,6
may-21	893 272,0	1 899 966,9	151 390,7	2 944 629,6	1 046 727,8
june-21	957639,8	2020127,6	148801,3	3126568,7	1048666,558

Source: BRB and MFBP

**ANNEX 5: Bank reserves (in BIF million)**

<b>Period</b>	<b>Total banking sector reserves</b>	<b>Central Bank Interventions</b>
june-18	153 401,0	261 700,0
july-18	170 178,0	296 208,0
aug-18	171 713,0	290 076,0
sept-18	166 234,0	298 588,0
oct-18	158 419,7	286 968,9
nov-18	146 545,8	268 534,4
dec-18	150 236,7	248 369,8
jan-19	163 427,1	258 199,2
feb-19	165 113,6	267 533,8
mar-19	192 194,0	281 986,0
apr-19	167 995,0	292 282,0
may-19	163 240,0	315 130,0
june-19	170 302,0	334 215,0
july-19	153 993,0	339 205,0
aug-19	157 630,0	345 488,0
sept-19	152 207,0	363 439,0
oct-19	156 012,0	394 511,0
nov-19	146 124,0	403 814,0
dec-19	155 224,0	406 075,0
jan-20	154 268,0	436 181,0
feb-20	174 541,0	459 837,0
mar-20	182 136,0	442 928,0
apr-20	161 386,0	439 302,0
may-20	162 923,0	434 219,0
june-20	171 658,0	429 154,0
july-20	134 709,0	424 606,0
aug-20	120 569,0	440 119,0
sept-20	164 248,0	446 366,0
oct-20	156 187,0	394 511,0
nov-20	146 124,0	403 814,0
dec-20	162 574,3	322 720,1
jan-21	151 966,7	289 339,4
feb-21	114 954,5	295 982,5

**Source: BRB**

**ANNEX 6: Money market interest rate (in percent)**

Quarter	Interbank market	Overnight interest rate	Liquidity providing	Tresury Bill at 13 weeks
june-18	4,17	5,07	3,82	2,07
july-18	-	5,13	3,17	2,13
aug-18	3,00	5,29	2,60	2,29
sept-18	-	5,57	2,65	2,57
oct-18	3,00	5,50	2,76	2,50
nov-18	3,00	5,48	2,29	2,48
dec-18	3,34	5,48	2,42	2,48
jan-19	3,11	5,53	2,48	2,53
feb-19	-	5,50	2,48	2,50
mar-19	-	5,50	2,41	2,50
apr-19	3,66	5,48	2,63	2,48
may-19	3,67	5,50	2,69	2,50
june-19	3,69	5,50	2,82	2,50
july-19	3,68	5,45	2,55	2,45
aug-19	3,58	5,35	2,55	2,35
sept-19	3,40	5,29	2,59	2,29
oct-19	3,34	5,22	2,65	2,22
nov-19	3,62	5,20	2,63	2,20
feb-20	4,78	5,88	2,54	2,88
may-20	4,16	6,00	2,85	3,00
aug-20	4,27	6,00	2,77	3,00
sept-20	4,42	6,60	2,58	3,60
oct-20	4,73	6,60	2,36	3,44
nov-20	4,93	6,60	2,91	3,74
dec-20	5,06	6,87	3,93	3,86
jan-21	5,13	6,77	2,87	3,81
feb-21	5,17	6,59	2,40	3,78
mar-2021	4,85	6,79	2,23	3,78
apr-21	5,16	7,12	2,24	4,12
may-21	5,32	7,04	2,46	4,04
june-21	5,31	7,06	2,53	4,06

**Source: BRB**

## ANNEX 7: Main activity indicators of the banking sector in December 2020 (in BIF Million)

	30/06/2020	31/03/2021	30/06/2021	Quarterly change in %	Annual change in %
<b>I. ASSETS</b>	<b>3 509 440,9</b>	<b>4 061 010,4</b>	<b>4 432 399,6</b>	<b>9,1</b>	<b>26,3</b>
<b>I.1. Main assets</b>	<b>3 046 886,5</b>	<b>3 479 207,3</b>	<b>3 811 222,0</b>	<b>9,5</b>	<b>25,1</b>
<b>A. Liquid assets</b>	<b>1 831 660,5</b>	<b>2 044 027,8</b>	<b>2 187 310,5</b>	<b>7,0</b>	<b>19,4</b>
. Cash	69 154,8	76 152,7	77 694,6	2,0	12,3
. Balance in B.R.B.	209 160,6	156 656,8	213 493,4	36,3	2,1
. Interbank claims	66 625,3	146 074,8	159 567,0	9,2	139,5
. Loan to government	1 486 719,7	1 665 143,5	1 736 555,6	4,3	16,8
Treasury securities	1 427 515,1	1 586 306,90	1 642 865,7	3,6	15,1
Other securities	59 204,6	78 836,60	93 689,9	18,8	58,2
<b>B. Loans</b>	<b>1 215 226,1</b>	<b>1 435 179,5</b>	<b>1 623 911,5</b>	<b>13,2</b>	<b>33,6</b>
. Short term	587 902,9	660 629,2	702 088,3	6,3	19,4
. Medium term	332 893,3	436 372,1	479 412,9	9,9	44,0
. Long term	294 429,9	338 178,2	442 410,2	30,8	50,3
. Leasing	-	-	-	-	-
<b>I.2. Fixed assets</b>	<b>166 601,2</b>	<b>196 237,0</b>	<b>200 098,4</b>	<b>2,0</b>	<b>20,1</b>
<b>I.3. Others assets</b>	<b>295 953,2</b>	<b>385 566,1</b>	<b>421 079,3</b>	<b>9,2</b>	<b>42,3</b>
<b>II. LIABILITIES</b>	<b>3 509 440,9</b>	<b>4 061 010,4</b>	<b>4 896 834,2</b>	<b>20,6</b>	<b>39,5</b>
<b>II.1. Main liabilities</b>	<b>2 644 418,7</b>	<b>3 054 847,9</b>	<b>3 889 306,4</b>	<b>27,3</b>	<b>47,1</b>
. Customer deposits	1 992 806,3	2 476 433,8	2 664 072,0	7,6	33,7
amongst: Ten large deposits	882 033,1	1 119 101,2	1 239 602,7	10,8	40,5
. Borrowing from B.R.B. (Refinancing)	411 332,1	293 790,7	339 078,5	15,4	17,6
. Interbank liabilities	240 280,4	284 623,4	421 721,3	48,2	75,5
<b>II.2. Capital and reserves</b>	<b>360 093,8</b>	<b>458 419,7</b>	<b>464 434,6</b>	<b>1,3</b>	<b>29,0</b>
<b>II.3. Other liabilities</b>	<b>504 928,4</b>	<b>547 742,8</b>	<b>543 093,2</b>	<b>- 0,8</b>	<b>7,6</b>
<b>MAIN INDICATORS OF THE BANKING SECTOR</b>					
<b>Capital adequacy</b>					
. Tier 1 capital (in BIF billion)	385 414,5	488 441,8	510 732,9	4,6	32,5
. Total regulatory capital (in BIF billion)	414 848,7	522 106,0	545 801,0	4,5	31,6
. Risk weighted assets	1 341 637,0	1 841 886,9	1 960 898,1	6,5	46,2
. Tier 1 capital adequacy ratio (threshold 12,5%)	28,7	26,5	26,0	-	-
. Total regulatory capital adequacy ratio (threshold 14,5%)	30,9	28,3	27,8	-	-
. Leverage Ratio (threshold 7%)	11,0	12,0	11,5	-	-
<b>Loan concentration</b>					
. Large exposures	403 183,0	270 470,5	560 288,8	107,2	39,0
. Large exposures to Loans ratio (%)	33,2	18,8	34,5	-	-
. Loans to Assets ratio (%)	34,6	35,3	36,6	-	-
. Government claims to assets ratio (%)	42,4	41,0	39,2	-	-
. Government Loans/Tier 1 capital ratio (%)	385,7	340,9	340,0	-	-
<b>Quality of loan portfolio</b>					
. Past due loans	145 846,5	172 589,8	147 939,2	- 14,3	1,4
Special mention loans	70 444,6	104 237,3	81 435,6	- 21,9	15,6
Non performing loans	75 401,9	68 352,4	66 503,6	- 2,7	11,8
Substandard loans	13 849,5	11 096,2	12 159,6	9,6	12,2
Doubtful loans	16 099,4	15 329,7	14 741,7	- 3,8	8,4
Loss loans	45 452,9	41 926,5	39 602,3	- 5,5	12,9
. Loan loss provisions	51 040,6	42 726,4	39 916,8	- 6,6	21,8
. Non performing loan rate	6,2	4,8	4,1	-	-
. Impairment rate	12,0	12,0	9,1	-	-
. Provisioning rate	67,7	62,5	60,0	-	-
<b>Liquidity</b>					
. LCR* in BIF (threshold 100%)	242,8	200,9	195,6	-	-
. LCR in f.c.** (threshold 100%)	192,5	127,3	177,4	-	-
. Loans/Customer deposits	61,0	58,0	61,0	-	-
. Stable funds /Fixed Assets (threshold 60%)	118,6	106,7	111,4	-	-
. Ten large deposits/Customer deposits	44,3	45,2	46,5	-	-
<b>Profitability and performance</b>					
. Income before tax	71 052,7	37 491,3	82 154,4	119,1	15,6
. Net income	67 340,6	35 880,5	77 920,2	117,2	15,7
. Gross Income	139 776,9	73 362,5	157 203,0	114,3	12,5
. ROA	1,92	0,88	1,76	-	-
. Liquidity Coverage ratio					

\*\* Foreign currencies

Source: BRB