



**BANQUE DE LA REPUBLIQUE  
DU BURUNDI**

**MONETARY POLICY  
REPORT  
THIRD QUARTER 2021**

**April-2022**

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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 basis, economic growth decelerated in the third quarter 2021 in the main advanced OECD countries (+1.1 against +1.7% in the previous quarter), following the resurgence of new Covid-19 infections which led to new lock down of population and supply difficulties for corporations. Inflation increased in major advanced and some emerging countries, following supply chain disruptions, high-energy prices and other commodity prices.

According to IMF forecasts of January 2021, the world economy growth is expected to decelerate from 5.9% in 2021 to 4.4% in 2022, half a percentage point lower than the forecast made in the October 2021. Following supply difficulties, mainly in the United States and in China, the volume of world trade could decelerate in 2022 (6.0 against 9.3%).

In the East African Community countries, economic growth is expected to accelerate in 2022 (5.6 against 4.9% in 2021), and would be higher than that of all of sub-Saharan Africa (4.0%), driven by significant investments in infrastructures and good agriculture production in the most EAC countries. However, the resurgence of new Covid-19 infections risks could change these projections.

The domestic economy is expected to accelerate in 2022 (4.7 against 3.3%), following the improvement in all sectors, primary (4.3 against 3.6%), secondary (4.5 against 2.5%) and tertiary (5.0 against 3.4%).

The current account deficit worsened in the third quarter 2021 compared to the same quarter of the previous year, following the increase deficit of goods reflecting decreases in FOB exports (-66.0%) and increases in FOB imports (+19.6%).

The fiscal deficit (including grants) slowed down in the third quarter 2021 compared to the same quarter a year before (-51,230.7 against -344,897.5 MBIF), driven by the decrease of expenditure combined with the increase of public revenue.

Year-on-year basis, the reserve money increased by 9.9%, mainly drive by the rise of net domestic assets (+7.6%). Likewise, the money supply rose by 28.5%, mainly due to the increase of claims on the economy (+54.7%).

Official foreign exchange reserves significantly increased at the end of September 2021, amounting to 282.0 against 66.7 MUS\$ at the end of June 2021 and 72.7 MUS\$ at the end of September 2020 following the increase of commitments under the new allocation of SDRs granted by the IMF to its member countries; Burundi benefited SDRs 147.6 million.

These reserves covered 3.3 months of imports of goods and services against 0.9 months recorded in the same period in 2020, while the minimum threshold is set at 4.5 months in the EAC convergence criteria.

The main indicators of activity and soundness indicators of the banking sector improved in the third 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, economic growth decelerated in all advanced OECD countries in the third quarter 2021 compared to the previous quarter (1.1 against 1.7 percent), driven by the resurgence of new Covid-19 infections which has led to the movements restrictions and supply difficulties for corporations.

In the main emerging countries, economic growth decreased in Russia (-0.8 against 3.2 percent) and in South Africa (-1.5 against 1.1 percent). It slowed down in China (0.2 against 1.2 percent) while it recovered in India (12.7 against -11.6 percent), following the increase of vaccination of the population which allow the control of the spread of Covid-19.

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

	Quarter to quarter			Year on year		
	Q3-2020	Q4-2021	Q3-2021	Q3-2020	Q4-2021	Q3-2021
<b>USA</b>	7,5	1,6	0,6	-2,8	12,2	4,9
<b>Japan</b>	5,3	0,5	-0,9	-5,8	7,3	1,1
<b>Germany</b>	8,5	2,0	1,7	-4,0	10,0	2,6
<b>France</b>	18,5	1,3	3,0	-3,7	18,8	3,3
<b>United Kingdom</b>	16,1	5,4	1,1	-8,7	24,2	6,8
<b>Euro Zone</b>	12,4	2,2	2,2	-4,3	14,4	3,9
<b>OECD - Total</b>	<b>9,2</b>	<b>1,7</b>	<b>1,1</b>	<b>-3,9</b>	<b>13,2</b>	<b>4,6</b>
<b>China</b>	3,0	1,2	0,2	4,9	7,9	4,9
<b>India</b>	23,7	-11,6	12,7	-7,0	19,5	8,5
<b>Turkey</b>	2,8	3,2	-0,8	-2,5	7,6	3,8
<b>South Africa</b>	13,7	1,1	-1,5	-6,1	19,1	3,0

*Source: OECD, main economic indicators, January 2022*

Year-on-year basis, GDP increased in the third quarter 2021 compared to the same quarter in 2020 in the main advanced OECD countries (4.6 against -3.9 percent). Economic growth stood at 4.9 against -2.8 percent in the United States, standing at 3.9 against -4.3 percent in the Euro Zone and 1.1 against -5.8 percent in Japan.

Likewise, economic growth sharply rose in the main emerging countries, especially India (8.5 against -7.0 percent), Russia (3.8 against -2.5 percent) and South Africa (3.0 versus -6.1 percent). In China, it stabilized at 4.9 percent.

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

	2 019	2020	2021	2022(P)
<b>World GDP</b>	<b>2,5</b>	<b>-3,1</b>	<b>5,9</b>	<b>4,4</b>
<b>Advanced economies</b>	<b>1,6</b>	<b>-4,5</b>	<b>5,0</b>	<b>3,9</b>
<b>USA</b>	2,6	-3,4	5,6	4,0
<b>Euro zone</b>	1,3	-6,4	5,2	3,9
<b>Japan</b>	0,0	-4,5	1,6	3,3
<b>Emerging and Developing Economies</b>	<b>3,8</b>	<b>-2,1</b>	<b>6,5</b>	<b>4,8</b>
<b>China</b>	6,0	2,3	8,1	4,8
<b>India</b>	4,0	-7,3	9,0	9,0
<b>Subsaharan Africa</b>	3,2	-1,7	4,0	3,7
<b>Nigeria</b>	2,2	-1,8	3,0	2,7
<b>South Africa</b>	0,2	-6,4	4,6	1,9
<b>World Trade Volume (G&amp;S)</b>	<b>1,2</b>	<b>-8,2</b>	<b>9,3</b>	<b>6,0</b>
<b>(p): projections</b>				

*Source: IMF, World economic outlook, January 2022*

The world economic growth outlook for 2022 has been revised downwards by the IMF, following the discovery of the new variant of Covid-19, Omicron, which constrained some countries to restrict population movements again. Economic growth is expected to decline from 5.9 percent in 2021 to 4.4 percent in 2022, half a percentage point lower than forecast made in October 2021.

The world trade volume could decelerated in 2022 (6.0 against 9.3 percent in 2021), due to supply difficulties, mainly in the United States and China.

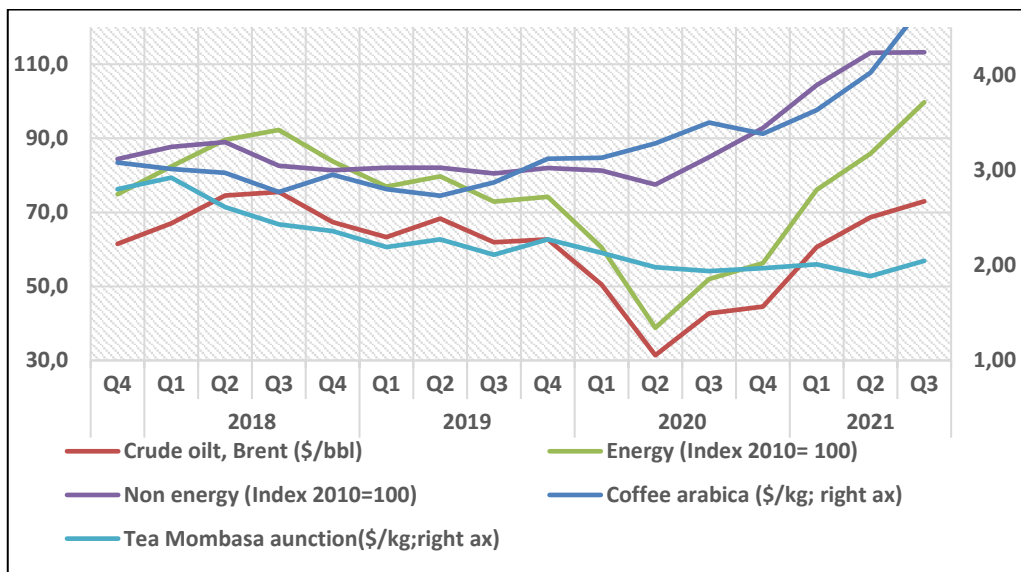
### **1.2. Commodity prices and inflation**

In the third quarter 2021, commodity prices generally continued the recovery, after the decline recorded in the first half in 2020 due to the adverse effects of COVID-19.

Compared to the previous quarter, the price of crude oil (Brent) stood at 74.60 against 73.07 USD per barrel. The energy index (105.85 against 93.15) increased quarter-on-quarter basis while non-energy products (111.36 against 114.03) decreased.

Mombasa auctions tea prices and Arabica coffee prices increased in third quarter 2021 compared to the previous quarter, standing respectively at 2.22 and 4.97 USD against 1.82 and 4.24 USD per kilogram.

**Chart 1: Commodity prices**



*Source: World Bank, Commodity prices, January 2022*

Year-on-year basis, inflation continued to rise in the third quarter 2021 in the main advanced countries and in some emerging countries, driven by the disruptions of supply chains and high prices of energy and other commodities.

In the United States, inflation stood at 5.4 against 1.2 percent in the previous quarter. In the euro Zone, inflation rose to 3.6 from -0.1 percent recorded in the same quarter in 2020.

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

Year over year			
	T3-2020	T2-2021	T3-2021
USA	1,2	5,4	5,4
Japan	0,2	-0,5	0,2
Germany	-0,1	2,3	4,1
France	0,3	1,5	2,7
United Kingdom	0,8	2,4	3,0
Euro zone	-0,1	2,2	3,6
<b>OCDE - Total</b>	<b>1,3</b>	<b>4,0</b>	<b>4,6</b>
China	2,3	1,1	0,7
India	5,5	5,6	4,4
Russia	3,5	6,5	7,4
Turkey	11,7	17,5	19,6
Brasil	2,7	8,3	10,2
South Africa	3,0	5,1	5,1

*Source: OECD, Main economic indicators, January 2022*

In emerging countries, inflation decelerated in China (0.7 against 2.3 percent) and India (4.4 against 5.5 percent) while it increased in Russia (7.4 against 3.5 percent) and in South Africa (5.1 against 3.0 percent).



### 1.3. Monetary policy in developed countries

The central banks of the main advanced countries continued their accommodative monetary policies in the third quarter 2021, in the support economies to face the adverse effects of Covid-19 pandemic.

In the United States, the Federal Reserve set the target range rates between 0 and 0.25 percent. Furthermore, it continued to buy back Treasury securities and mortgage-backed securities to encourage the flow of credit to the economy.

In the euro Zone, the European Central Bank (ECB) kept the interest rates for the main refinancing operations unchanged (0.00 percent) as well as the marginal lending facility (0.25 percent) and the deposit facility rates (-0.50 percent) until inflation is still anchored around 2 percent. It continued its purchasing assets program and reinvesting repayments to maintain favorable financing conditions for corporations and households.

The Central Bank of Japan maintained its policy rate at -0.10 percent and its assets purchase program, including traded funds in the stock exchange, real estate investments and corporate bonds, in the objective to reach inflation target level close to 2.0 percent and to keep it stable.

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

Following the recovery of the world economy, the EAC economic growth should accelerate in 2022 (5.6 against 4.9 percent in 2021), higher than that of all sub-Saharan Africa (4.0 percent), driven by significant investment in infrastructures and agricultural production in most EAC countries. However, the resurgence of new Covid-19 infections could change these forecasts.

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

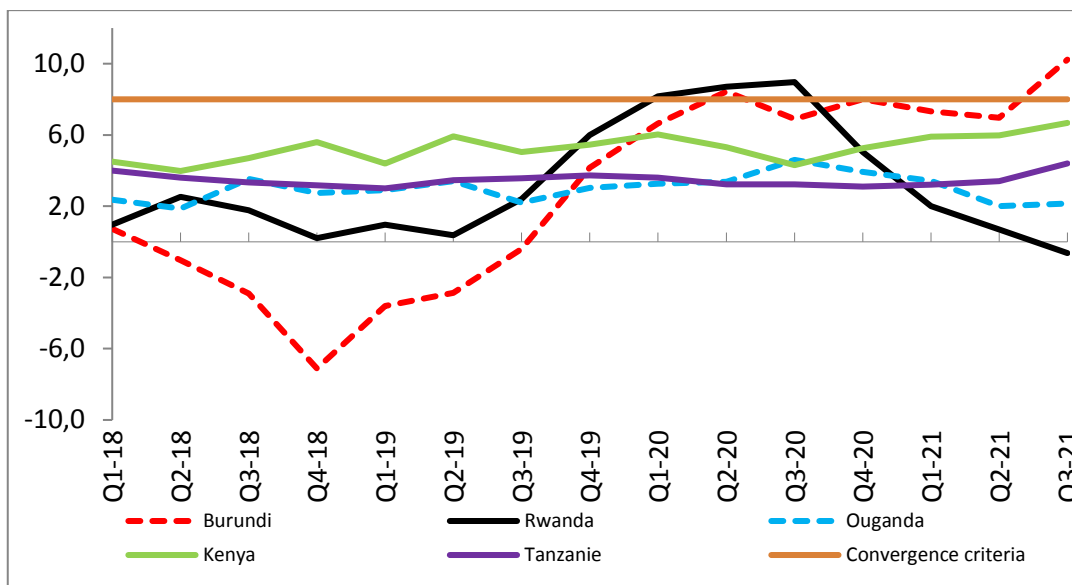
	2019	2020	2021	2022(p)
<b>Burundi*</b>	4,5	-0,5	3,3	4,7
<b>Kenya</b>	5,4	-0,3	5,6	6,0
<b>Uganda</b>	6,4	3,0	4,7	5,1
<b>Rwanda</b>	9,4	-3,3	5,1	7,0
<b>Tanzania</b>	5,8	2,0	4,0	5,1
<b>EAC</b>	6,5	-0,2	4,9	5,6
<b>AfSS</b>	2,5	-1,7	4,0	4,0

Source: IMF, WB, Regional economic outlook, October 2021

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

Inflation remained moderate in most EAC countries, due to low food prices and stable exchange rates. Compared to the same quarter in 2020, inflation rose in the third quarter 2021 in most EAC countries. Inflation rate increased in Burundi (10.2 against 6.9 percent), Kenya (6.7 against 4.3 percent) and Tanzania (3.9 against 3.2 percent). However, it decelerated in Uganda (2.0 against 4.6 percent) while Rwanda experienced a deflation of 0.6 percent against an inflation of 9.0 percent recorded in the third quarter of 2020.

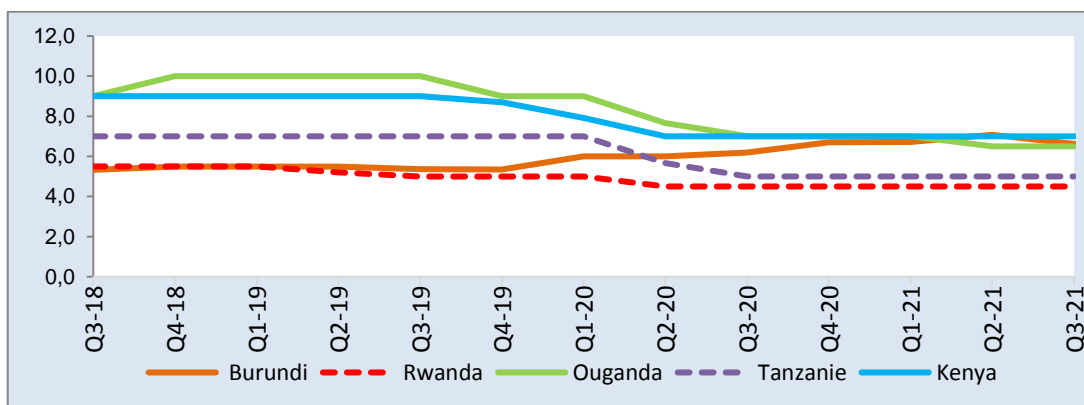
**Chart 2: Inflation in EAC countries (in percent)**



Source: EAC Central Banks web sites

During the third quarter 2021, the central banks of the EAC countries maintained their accommodative monetary policy, by creating more flexible conditions for financing their economies and stimulating growth that has been disrupted by the effects of the Covid-19 pandemic.

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



Source: EAC Central Banks web sites

Compared to the previous quarter, almost central banks kept the policy rates unchanged. Rwanda (4.5 percent), Kenya (7.0 percent), Tanzania (5.0 percent) and Uganda (6.5 percent). In Burundi, the marginal lending facility rate stood at 6.5 percent, which is below 7.1 percent recorded in the previous quarter.

Year-on-year basis, all currencies of EAC countries fluctuated within the macroeconomic convergence criteria limits agreed to insure exchange rate stability (+/-5 percent).

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

Table 5: USD exchange rate EAC currencies					
	End of Period				
	USD/TZS	USD/RWF	USD/UGX	USD/KSH	USD/BIF
déc-20	2 298,45	972,48	3 650,07	109,07	1 946,40
juin-21	2 298,90	987,14	3 556,71	107,75	1 976,04
sept-21	2 297,30	997,81	3 542,67	110,49	1 991,16
Annual change, sept-21/Sept-20 (%)	-0,01	4,29	-4,66	1,93	3,08
Quarterly change, sept-21/june-21 (%)	-0,07	1,08	-0,39	2,54	0,77

*Source: EAC Countries Central Banks websites*

## II. LOCAL ECONOMIC AND FINANCIAL DEVELOPMENT

### 2.1. Production and Prices

In the third quarter 2021, the production of dry tea increased by 9.3 percent compared to the same period of the previous year, standing at 1,445 against 1,322 tonnes, following the good rainfall. On the other hand, the production of green coffee decreased by 80.1percent, standing at 1,503 tonnes against 7,567 tonnes in the same period of 2020, due to the cyclicity of the coffee tree.

The industrial production index fell by 13.7% in average compared to the corresponding quarter in 2020, following the decrease production of food industries (-14.8%), mainly the BRARUDI beverages (-3.4%), sugar (-28.1%), cigarettes (-32.2%) as well as the building materials industries (-21.5%), especially the production of PVC tubes (-47.8%). On the other hand, compared to the previous quarter, this index picked up by 30.5%, rising from 139.6 to 182.2, essentially driven by the increase production of BRARUDI beverages, and sugar.

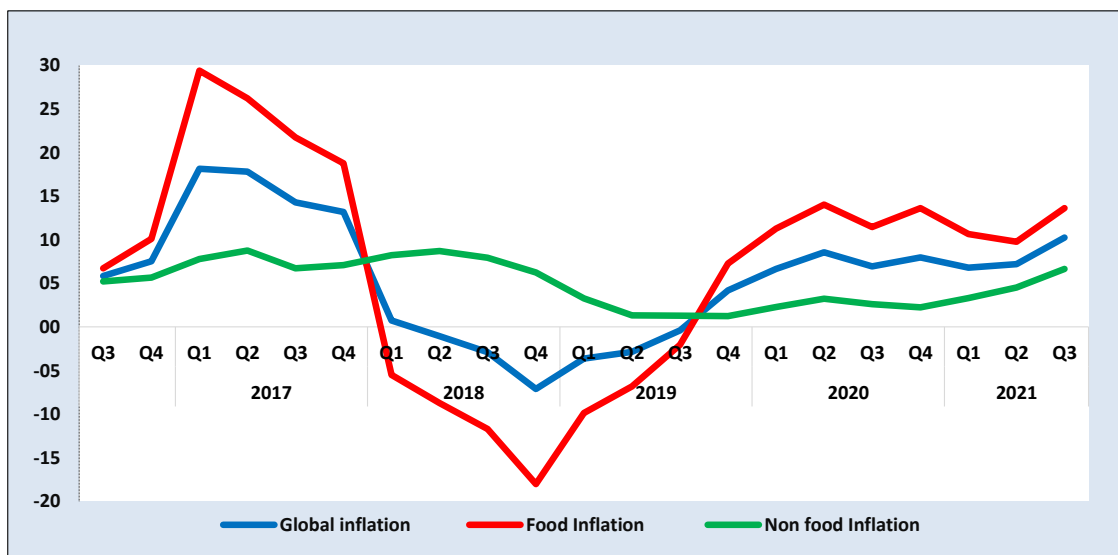
REGIDESO's electricity production rose by 2.9% year-on-year basis, from 65,064 to 66,974 megawatts, mainly due to the increase production of thermal power stations. Likewise, it increased by 10.0% compared to the previous quarter.

The volume of goods transiting through the Port of Bujumbura rose by 1.7% year-on-year, while it fell by 7.5% quarter-on-quarter mainly due to the drop of imports of cement and clinker.

At Melchior NDADAYE International Airport, the number of passengers sharply picked up year-on-year basis, from 2,296 to 49,680 passengers, due to the reopened of flights. Compared to the previous quarter, the number of passengers increased by 71.8%. Likewise, aircraft traffic increased both quarter-on-quarter and year-on-year, standing at 1,144 compared to 1,046 flights recorded in the previous quarter and 376 flights in the same period in 2020.

The inflation increased in the third quarter 2021, standing at 10.2 against 6.9% recorded in the corresponding quarter in 2020. This increase concerned both food inflation (13.6 against 11.4%) and non-food inflation (6.6 against 2.6%).

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



*Source: BRB based on data provided by ISTEERU*

Compared to the previous quarter, the inflation accelerated (10.2 against 6.9%), following the increase of food inflation (13.6 against 9.8%) and non-food inflation (6.6 against 4.5%).

For the all year 2022, forecasts show that economic growth could accelerate (4.7 against 3.3%), following the improvement activity in all sectors; primary (4.3 against 3.6%), secondary (4.5 against 2.5%) and tertiary (5.0 against 3.4%).

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

	2018	2019	2020	2021	2022(p)
<b>GDP Growth</b>	<b>5,3</b>	<b>4,5</b>	<b>-0,5</b>	<b>3,3</b>	<b>4,7</b>
Primary Sector	7,4	2,8	3,0	3,6	4,3
Secondary Sector	2,5	1,1	0,4	2,5	4,5
Tertiary Sector	3,2	7,2	-2,7	3,4	5,0
<b>2. Inflation</b>	<b>-2,6</b>	<b>-0,7</b>	<b>7,5</b>	<b>4,1</b>	<b>4,6</b>

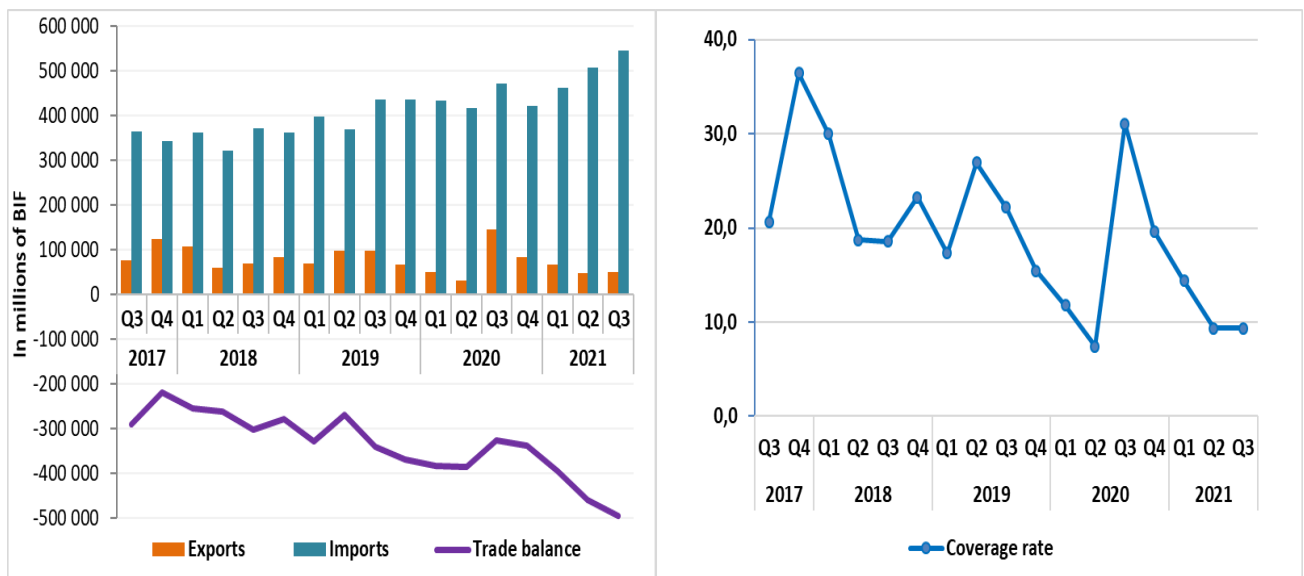
*Source: BRB based on data provided by ISTEERU*

## 2.2. External sector

### 2.2.1. External trade

The trade balance for the third quarter 2021 recorded a wide deficit (BIF 493,230.0 million against BIF 325,099.6 million in the same quarter in 2020). This deterioration is due, simultaneously, to the increase in CIF imports (BIF 544,217.0 million against 471,657.5 million) and the decrease of exports (BIF 50,987.2 million against 146,557.9 million).

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



*Source: BRB, based on data from the Tripartite Committee for Foreign Trade Statistics*

The decrease of exports (-65.2%) is driven by exports of primary products, following the decline of coffee exports (-59.7%) and the non-export of non-monetary gold during this period. Manufactured products slightly fell by 5.5%, mainly exports of cigarettes and wheat flour.

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

	Q3-2020	Q2-2021	Q3-2021
<b>1. Primary products</b>	<b>118 125,5</b>	<b>14 986,4</b>	<b>24 121,4</b>
<b>of which</b> : Coffee	13 497,0	3 747,5	5 444,6
Tea	9 846,7	8 627,2	12 065,7
Gold	88 036,5	0,0	0,0
<b>2. Manufactured products</b>	<b>28 432,4</b>	<b>32 329,2</b>	<b>26 865,8</b>
<b>of which</b> : wheat flour	4 538,3	2 331,0	3 159,2
Beers	2 210,9	3 128,8	4 269,8
Cigarettes	5 121,4	3 035,4	3 145,6
<b>Total exports</b>	<b>146 557,9</b>	<b>47 315,6</b>	<b>50 987,2</b>

Source: based on data from the Tripartite Committee for Foreign Trade Statistics

Imports picked up by 15.4% in the third quarter 2021, and it is attributable to imports of intermediate goods (+38.7%) and capital goods (+5.6%). In contrast, imports of consumer goods decreased by 3.3%.

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

	Q3-2020	Q2-2021	Q3-2021
<b>1. Intermediate goods</b>	<b>190 952,9</b>	<b>223 107,4</b>	<b>264 907,4</b>
<b>of which:</b> Mineral oils	66 571,4	63 044,9	103 845,1
Metallurgy	20 775,5	47 482,2	37 644,2
Foods	23 873,7	38 153,5	41 839,5
Construction	26 570,9	26 121,1	31 509,4
Agriculture and Livestock	27 470,4	17 908,7	20 984,9
<b>2. Capital goods</b>	<b>89 576,2</b>	<b>101 637,2</b>	<b>94 551,2</b>
<b>of which:</b> Boilers and mechanical equipment	26 012,5	30 107,1	31 104,7
Tractors, vehicles and transport equipment	22 845,9	26 291,5	26 932,6
Electrical materials	26 773,5	23 381,9	21 037,6
<b>3. Consumer goods</b>	<b>191 128,4</b>	<b>181 737,7</b>	<b>184 758,6</b>
<b>of which:</b> Foods	49 957,9	43 720,1	58 136,4
Pharmaceuticals	47 998,5	42 738,0	23 009,1
Textiles	18 216,9	24 526,3	20 475,3
Vehicles	19 939,7	19 287,1	20 614,5
<b>TOTAL</b>	<b>471 657,5</b>	<b>506 482,2</b>	<b>544 217,2</b>

The growth of intermediate goods is largely attributable to mineral oils (+56.0%), goods intended for food (+75.3%) and metallurgical goods (+81.2%). The largest increase of capital goods was observed in boilers and mechanical equipments (+19.6%) and tractors, vehicles and transport machinery (+17.9%). On the other hand, imports of electric materials fell by 21.3%.

The decline of consumer goods mainly concerned pharmaceutical products (-52.1%). However, imports of consumer goods increased by 16.4%.

## 2.2.2. Balance of payments

The balance of the payments of the third quarter 2021 ended with an important current account deficit compared to the same quarter in 2020, amounted BIF 247,234.7 million against BIF 83,572.3 million. This worsening is explained by the deterioration of the balance of goods (-BIF 423,392.1 million from -246,815.2 million) and by the decrease surplus of primary income (BIF 3,316.2 million from 10,362.4 million) and secondary income (BIF 250,448.9 million from 251,534.3 million). However, the services deficit reduced to BIF -77,607.7 from -98,653.7 million.

**Table 9: Balance of payments (in BIF million)**

	Q3-2020	Q2-2021	Q3-2021
<b>CURRENT ACCOUNT</b>	<b>-83 572,3</b>	<b>-279 069,3</b>	<b>-247 234,7</b>
Credit	452 091,6	319 667,0	391 180,5
Debit	535 663,9	598 736,3	638 415,2
<b>Goods</b>	<b>-246 815,2</b>	<b>-390 754,4</b>	<b>-423 392,1</b>
Exports FOB	149 924,6	47 315,7	50 987,1
Imports FOB	396 739,9	438 070,1	474 379,2
<b>Services</b>	<b>-98 653,7</b>	<b>-113 604,4</b>	<b>-77 607,7</b>
Credit	20 179,6	23 390,7	68 995,5
Debit	118 833,3	136 995,2	146 603,2
<b>Primary income</b>	<b>10 362,4</b>	<b>1 890,6</b>	<b>3 316,2</b>
Credit	13 357,6	12 487,5	11 918,3
Debit	2 995,2	10 596,9	8 602,1
<b>Secondary income</b>	<b>251 534,3</b>	<b>223 398,9</b>	<b>250 448,9</b>
Credit	268 629,9	236 473,1	259 279,6
Debit	17 095,5	13 074,2	8 830,7
<b>CAPITAL ACCOUNT</b>	<b>66 341,9</b>	<b>80 988,7</b>	<b>49 239,5</b>
Credit	66 375,2	81 107,3	49 612,1
Debit	33,3	118,6	372,6
<b>Net lending (+)/ Net borrowing (-) from current and capital accounts</b>	<b>-17 230,4</b>	<b>-198 080,6</b>	<b>-197 995,2</b>
<b>FINANCIAL ACCOUNT</b>			
<b>Net lending (+)/ Net borrowing (-) from financial account</b>	<b>-58 956,4</b>	<b>-178 681,2</b>	<b>-238 221,9</b>
<b>Direct investments</b>	<b>-1 482,6</b>	<b>-7 939,3</b>	<b>-7 338,3</b>
Net acquisition of financial assets	1 053,5	104,0	258,6
Net incurrence of liabilities	2 536,1	8 043,3	7 596,9
<b>Portfolio investments</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
Net acquisition of financial assets	0,0	0,0	0,0
Net incurrence of liabilities	0,0	0,0	0,0
<b>Financial derivatives</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
Net acquisition of financial assets	0,0	0,0	0,0
Net incurrence of liabilities	0,0	0,0	0,0
<b>Other investments</b>	<b>-85 136,0</b>	<b>-152 044,0</b>	<b>-661 864,1</b>
Net acquisition of financial assets	66 705,9	-8 756,0	19 434,9
Net incurrence of liabilities	151 841,9	143 288,0	681 299,1
<b>Reserve assets</b>	<b>27 662,2</b>	<b>-18 697,9</b>	<b>430 980,6</b>
<b>NET ERRORS AND OMISSIONS</b>	<b>-41 726,0</b>	<b>19 399,5</b>	<b>-40 226,7</b>

Source: BRB

The capital account recorded a surplus of BIF 49,239.5 million, down by BIF 17,102.3 million compared to the same quarter in 2020, mainly due to the drop of capital transfers to public administration, from BIF 65,593.9 million to 43,998.7 million.

In the third quarter 2021, the financial account worsened. The deficit of other investments deteriorated compared to the same period of the previous year (-661,864.1 against BIF -85,136.0 million), mainly on account of the increase commitments under the new allocation of SDRs from (147.6 million SDRs equivalent to BIF 415,983.3 million) granted by the IMF, as well as other loans (BIF 117,324.69 against -10,197.81 million). Consequently, reserve assets increased by BIF 430,980.6 million compared to an increase of BIF 27,662.2 million recorded in the same quarter in 2020.

### 2.3. Public finance

In the third quarter 2021, the fiscal deficit (including grants) improved, in the third quarter of 2021 compared to the same quarter in 2020, standing at BIF 51,230.7 million against BIF 344,897.5 million, on account of the decrease of expenditure combined with the increase of revenue. This deficit was financed by a net domestic debt (BIF 19,850.2 million) and net external debt (BIF 33,038.7 million).

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

	Q3-2020	Q2-2021	Q3-2021
<b>A. REVENUE AND GRANTS</b>	<b>348,181.4</b>	<b>387,234.4</b>	<b>375,746.7</b>
a. Revenue	282,560.1	308,753.1	331,431.7
Current	282,560.1	308,753.1	331,431.7
Exceptional	-	-	-
b. Grants	65,621.3	78,481.3	44,315.0
Current	-	-	-
Capital	65,621.3	78,481.3	44,315.0
<b>B. EXPENDITURE</b>	<b>693,078.9</b>	<b>519,109.7</b>	<b>426,977.4</b>
a. Current expenditure	569,355.9	324,122.3	330,593.6
Salaries	177,388.9	120,230.9	122,819.4
b. Investment Expenditure	123,723.0	194,987.4	96,383.8
On national expenditure	51,096.7	107,432.7	12,416.4
On foreign borrowing and Grants	6,294,522,966.3	87,554.7	83,967.4
<b>OVERALL BALANCE including grants(basis commitm</b>	<b>-344,897.5</b>	<b>-131,875.3</b>	<b>-51,230.7</b>
<b>C. NET FINANCING</b>	<b>224,004.1</b>	<b>85,366.7</b>	<b>52,888.9</b>
a. External	1,081.7	6,667.3	33,038.7
b. Domestic	222,922.4	78,699.4	19,850.2
<b>D. ERRORS AND OMISSIONS</b>	<b>120,893.4</b>	<b>46,508.6</b>	<b>-1,658.2</b>

Source: MFBPE

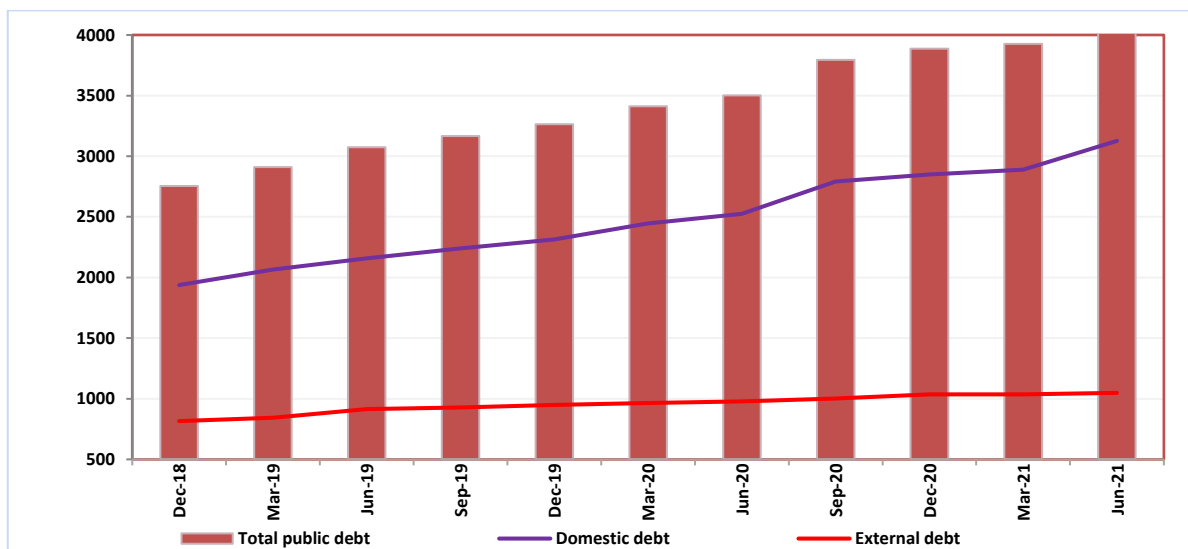


In the third quarter 2021, current revenue grew by 17.3 percent year-on-year basis, standing at BIF 331,431.7 million against BIF 282,560.1 million. On a quarterly basis, current revenue grew by 7.3 percent compared to the previous quarter. Capital grants declined by 32.5 percent year-on-year basis, standing at BIF 44,315.0 million against BIF 65,621.3 million, compared to the previous quarter, capital grants decreased by 43.5 percent.

Total expenditure decreased by 38.4 percent in the third quarter 2021, reaching BIF 426,977.4 million compared to BIF 693,078.9 million spent in the same period of the previous year, following the decline of current expenditure (-41.9 percent ) and capital expenditure (-22.1 percent). Compared to the previous quarter, total expenditure fell by 17.7 percent, driven by the decline of capital expenditure (-50.6 percent), current expenditure slightly increased (+2.0 percent).

Yea- on-year basis, public debt picked up by 10.6%, amounting to 4,196.6 against BIF 3,794.1 billion. Compared to the previous quarter, public debt slightly rose by 0.3%. The public debt to GDP ratio accounted to 57.5 against 57.0% recorded in the same period in 2020. This increase of public debt is mainly related to domestic debt.

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



**Source: BRB based on data provided by MFBPE**

Domestic debt increased by 11.2% year-on-year basis, from BIF 2,791.0 to 3,102.3 billion and by 0.3% 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. The external debt rose by 0.9% year –on- year, from 1,003.1 to BIF 1,094.3 billion. This increase is driven by drawings (71,824.8 MBIF) and revaluation gains (38,695.5 MBIF) which exceeded debt amortization (19,315.4 MBIF).

## 2.4. Monetary sector

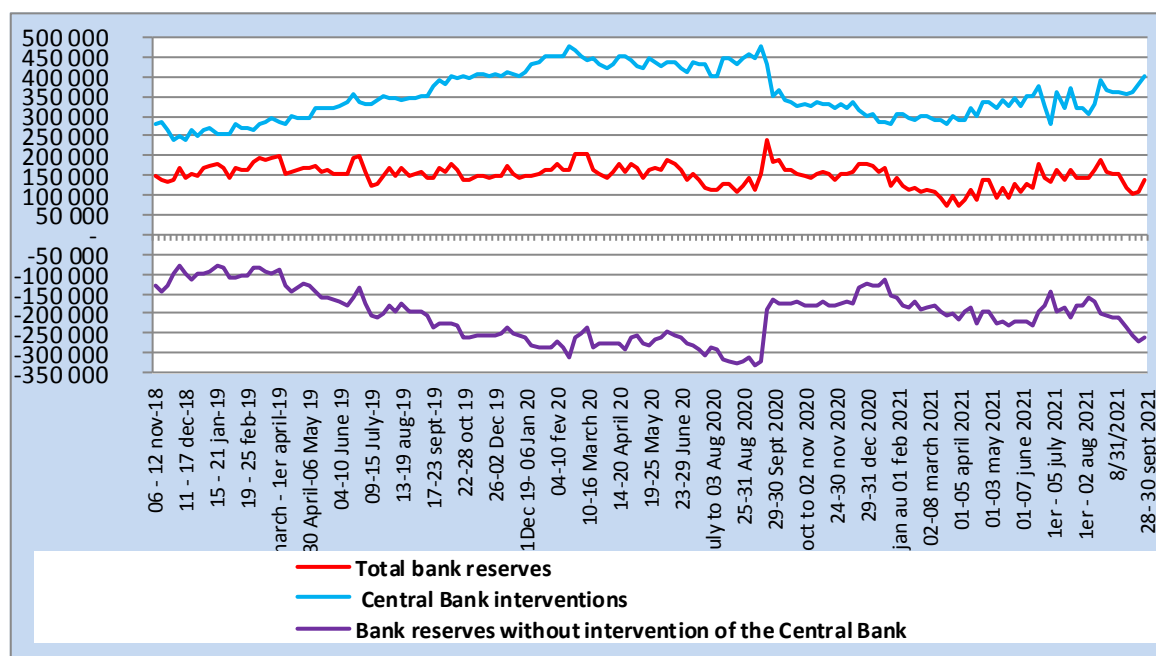
Year-on-year basis, the reserve money rose by 4.2 percent and the broad money by 7.0 percent, following the increase of net domestic assets.

### 2.4.1. Bank reserves and interest rates

Bank reserves improved in the third quarter 2021 compared to the previous quarter and the same period in 2020. Without Central Bank interventions, in weekly average, commercial bank reserves amounted to - 205,837 against BIF -210,957 million in the previous quarter and BIF -292,114 million in the same quarter in 2020.

Unless the improvement of bank reserves, the Central Bank increased the volume of its interventions in the money market. In fact, the outstanding of refinancing operations stood at BIF 349,629 million, on weekly average, against BIF 329,214 million in the second quarter in 2021 and BIF 428,138 million in the same period in 2020. Among this total interventions, this amount included BIF 210,227 million, on weekly average, of refinancing dedicated to growth sectors, compared to BIF 98,161 million recorded in the previous quarter, and BIF 8,066 million on the previous year.

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

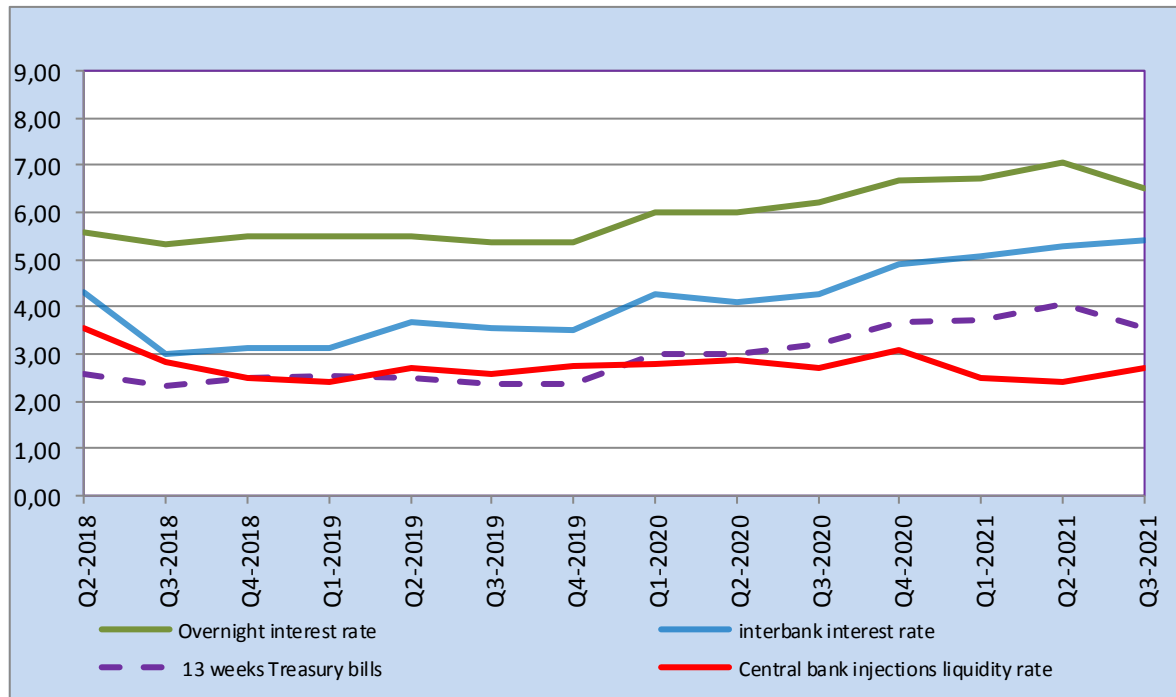


Source: BRB

The interest rates on the money market increased except the overnight lending facility which stood at 6.53 against 7.07 percent in the previous quarter following the decrease of the 91-days Treasury bills rate to which it is indexed (3.53 against 4.07 percent). The interbank rate increased from 5.26

to 5.05 percent and the rate on the liquidity injection rose from 2.41 to 2.7 percent.

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

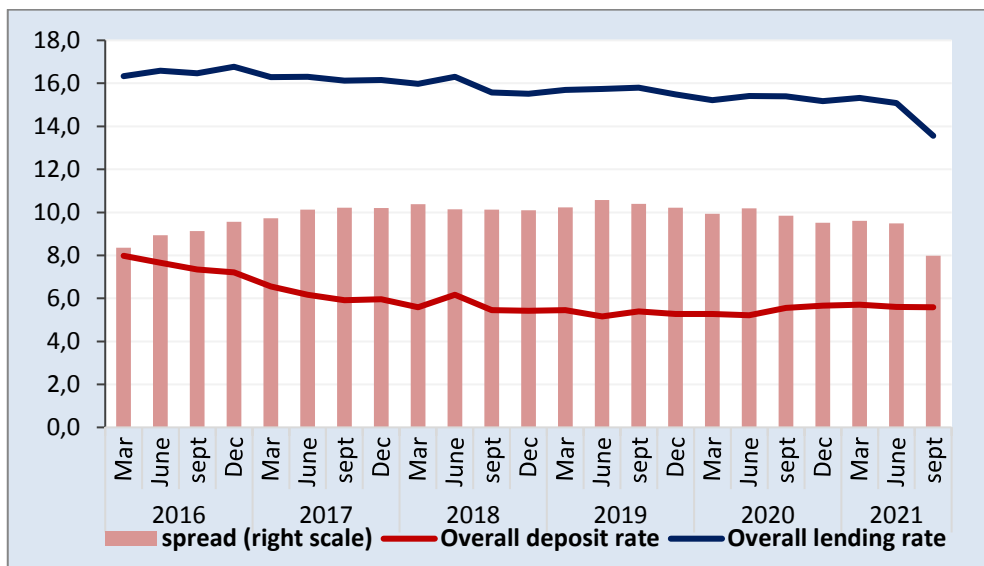


**Source: BRB**

The average interest rate on outstanding loans declined to 13.56% at the end of September 2021 from 15.08% at the end June 2021 and 15.39% in the same period in 2020. Year-on-year basis, this decrease mainly concerned interest rate on short-term loans (15.07 against 15.84%), that on the medium loans (12.43 against 15.91%) and interest rate on long-term loans (10.04 against 12.18%).

Likewise, the interest rate on loans authorized in the third quarter of 2021 declined to an average of 12.06% from 12.58% in the previous quarter and 15.57% 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 September 2021, compared to the end of June 2021, standing at 5.58 from 5.60%, while it increased compared to the end of September 2020 (5.55%).

Year-on-year basis, this increase affected rates on interest on demand deposits (3.12 against 2.86%) and passbook saving accounts (4.87 against 4.70%) and that on term deposits and savings (6.19 against 5.98%).

#### 2.4.2. Reserve money

The reserve money grew by 4,2% in the quarter ending to September 2021, standing at BIF 840,987.5 million against BIF 807,326.5 million recorded at the end of June 2021. This growth concerned currency in circulation (+2.8%) and deposits of other depository institutions (+8.7%) and those classified in other deposits (+3.8%), while deposits of other financial corporations decreased (-55.8%).

The growth of reserve money resulted from the contrasting development of its counterparts. Indeed, the net claims of the Central Bank on the Government decreased (-19.9%) while the other net items increased (+29.0%). Net domestic assets contributed to the quarterly growth of reserve money by 8.6 percentage points.

On the other hand, net foreign assets fell by 31.4% and had a negative impact on the reserve money growth of 4.4 percentage points.

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

	Sept.2020	June.2021	Sept.2021	change (in %)	
				Quarterly	Annual
Currency in circulation	454 635,1	536 813,3	551 949,2	2,8	21,4
Other depository institutions deposits	243 785,0	214 189,4	232 814,0	8,7	-4,5
Other financial corporation deposits	5 187,4	3 747,8	1 656,8	-55,8	-68,1
Other deposits	61 923,1	52 576,0	54 567,5	3,8	-11,9
<b>Base money = Counterparts</b>	<b>765 530,6</b>	<b>807 326,5</b>	<b>840 987,5</b>	<b>4,2</b>	<b>9,9</b>
<b>Net foreign assets</b>	-151 024,2	-114 588,4	-150 538,6	<b>-31,4</b>	<b>0,3</b>
<b>Net domestic assets</b>	916 554,8	921 914,9	991 526,1	<b>7,6</b>	<b>8,2</b>
Net claims on the Government	453 949,3	404 650,2	324 019,4	-19,9	-28,6
Other items , net	462 605,5	517 264,7	667 506,7	29,0	44,3

Source: BRB

Year-on-year basis, the reserve money picked up by 9.9%, resulting from the increase of the currency in circulation (+21.4%), while the deposits of other depository institutions fell by 4.5%, those of other financial corporations by 68.1% and other deposits by 11.9%.

Concerning counterparties, net domestic assets increased by 8.2% and contributed to the annual growth of the reserve money by 9.8 percentage points. Net foreign assets slightly increased by 0.3% and contributed to the increase of the reserve money by 0.1 percentage point.

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

	Change from Sept 2020	Change from June 2021
<b>Net foreign assets (NFA)</b>	<b>-4,4</b>	<b>0,1</b>
<b>Net domestic assets (NDA)</b>	<b>8,6</b>	<b>9,8</b>
Net claims on the Government	-10,0	-16,9
Other items , net	18,6	26,7
<b>Base money</b>	<b>4,2</b>	<b>9,9</b>

Source: BRB

Net domestic assets and net foreign assets increased by 8.2 and 0.3 percent, and contributed to the annual growth of the reserve money by 9.8 and 0.1 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 counterparties, 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 September 2021 (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

On a quarterly basis, the money supply (M3) increased by 7,0% in the quarter ending September 2021, standing at BIF 3.312,9 billion from BIF 3,096.1 billion. This increase concerned currency in circulation outside depository institutions (+4.2%), demand deposits (+ 0.3%), time and savings deposits (+16.9%) and resident foreign currency deposits (+4.0%).

Concerning the counterparts of M3, net domestic assets increased by 9.3% and had an expansive impact on money supply growth by 10.2 percentage points. On the other hand, net foreign assets, which fell by 32.6%, had a restrictive impact on M3 growth by 3.2 percentage points.

This increase of net domestic assets mainly concerned claims on the economy (+ 21.6%) and, to a lesser extent, net claims on the Government (+1.2%). On the other hand, the other net items decreased (-18.6%).

**Table 13: Source of the change in broad money at the end of September 2021**

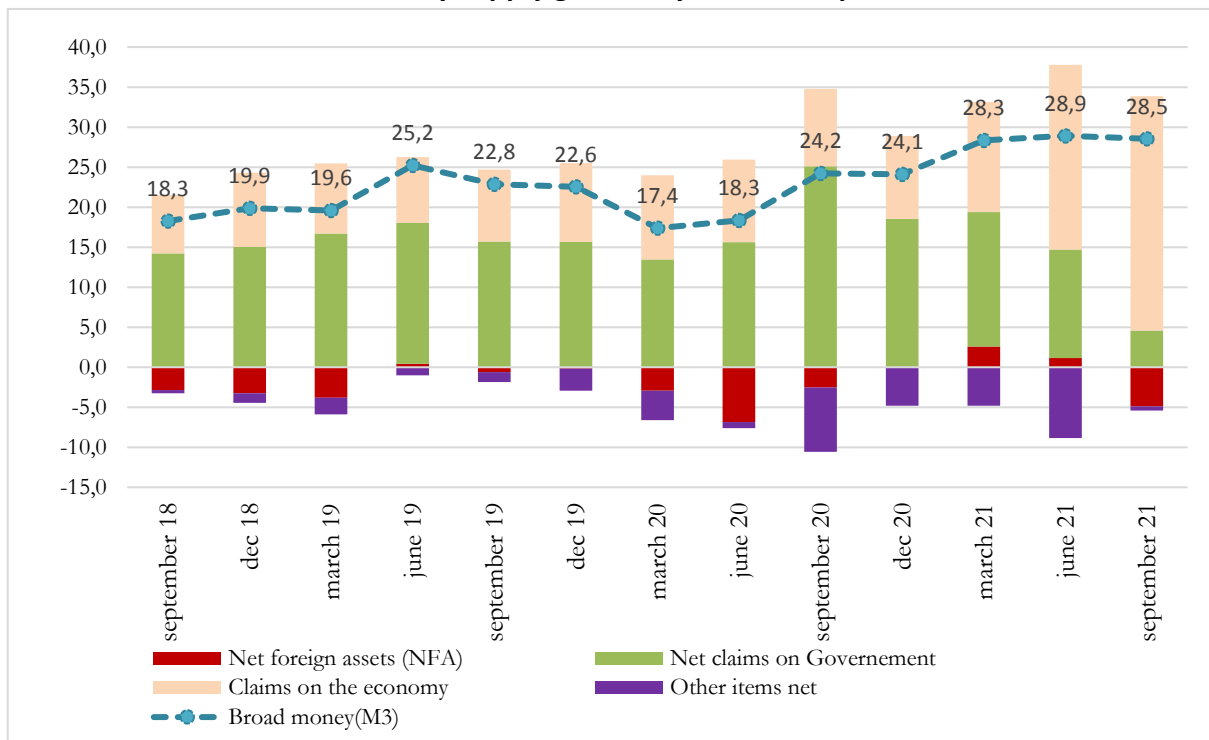
	sept-20	June 2021	sept-21	change (in %)	
				Quarterly	Annual
Currency outside depository institutions	1 295 715,9	1 590 986,6	1 658 444,8	4,2	28,0
Demand deposits	389 406,7	458 296,4	459 502,9	0,3	18,0
Time and savings deposits	678 223,4	821 663,4	960 748,0	16,9	41,7
Foreign currencies deposits of residents	214 148,4	225 156,7	234 167,7	4,0	9,3
<b>M3= counterparts</b>	<b>2 577 494,4</b>	<b>3 096 103,1</b>	<b>3 312 863,4</b>	<b>7,0</b>	<b>28,5</b>
<b>NFA</b>	<b>-279 912,6</b>	<b>-305 508,8</b>	<b>-405 071,9</b>	<b>-32,6</b>	<b>-44,7</b>
<b>NDA</b>	<b>2 857 407,0</b>	<b>3 401 611,9</b>	<b>3 717 935,3</b>	<b>9,3</b>	<b>30,1</b>
Domestic credit	3 404 019,3	3 873 224,4	4 277 265,4	10,4	25,7
Net claims on the Government	2 023 332,5	2 117 260,7	2 141 995,7	1,2	5,9
Claims on the economy	1 380 686,8	1 755 963,7	2 135 269,7	21,6	54,7
Net other items	-546 612,3	-471 612,5	-559 330,1	-18,6	-2,3

Source: BRB

Year-on-year basis, the money supply (M3) increased by 28.5%. This increase concerned all its components: demand deposits (+18.0%), term and savings deposits (+41.7%), resident's foreign currency deposits (+ 9.3%) and currency outside depository institutions (+ 28.0%).

Concerning counterparts of M3, net domestic assets (+30.1%) which contributed by 33.4 percentage points to money supply growth. In contrast, net foreign assets fell by 44.7% and had a negative impact on M3 growth by 4.9 percentage points.

**Chart 11: Contribution to money supply growth by its counterparts**



The rise of net domestic assets was driven by the increase of claims on the economy (+ 54.7%), net claims on the Government (+ 5.9%), while other net items decreased (-2.3%).

#### 2.4.4. Gross foreign assets

At the end of September 2021, foreign assets increased by 114.9%, quarter –on- quarter, and by 112.4%, year –on- year basis.

**Table 14: External assets (in millions USD)**

	End of period, in USD million			Change in %	
	sept-20	June-2021	sept-21	Quarterly	Annual
Foreign assets held by BRB	104,2	97,0	310,9	220,5	198,4
O/w: official Reserves	72,7	66,7	282,0	322,8	287,9
Foreign assets held by commercial banks	83,5	88,5	87,8	-0,8	5,1
<b>Total foreign assets</b>	<b>187,7</b>	<b>185,5</b>	<b>398,7</b>	<b>114,9</b>	<b>112,4</b>

Source: BRB

The Central Bank foreign assets significantly rose at the end of September 2021, both year-on-year and quarter-on-quarter basis, standing at 310.9 compared to 97.0 MUS\$ recorded at the end of June 2021 and 104.1 at the end of September 2020. Likewise, official reserves significantly picked up at the end of September 2021, standing at 282.0 against 66.7 MUS\$ at the end of June 2021 and 72.7 MUS\$ at the end of September 2020.

This rise is attributable to by the new allocation of SDRs from IMF to its member countries and Burundi received 147.6 million SDRs. These official reserves covered 3.3 months of imports of goods and services against 0.9 months recorded in the same period in 2020, while the threshold is fixed to 4.5 months in the EAC convergence criteria.

The external assets of commercial banks decreased quarter -on- quarter (-0.8%) while they increased year -on- year (+5.1%), amounting to 87.8 MUS\$ at the end of September 2021 against 88.5 MUS\$ at the end of June 2021 and 83.5 MUS\$ at the end of September 2020.

## **2.5. Banking sector developments and financial stability**

At the end of September 2021, the banking sector's aggregate balance sheet rose by 31.8% year-on-year and by 9.0% quarter-on-quarter. On the assets side, this improvement was driven by a rise in loans to the private sector and Treasury securities. On the liabilities side, this rise was driven by the increase of customer deposits. The capital adequacy ratios declined, but remained above regulatory standards.

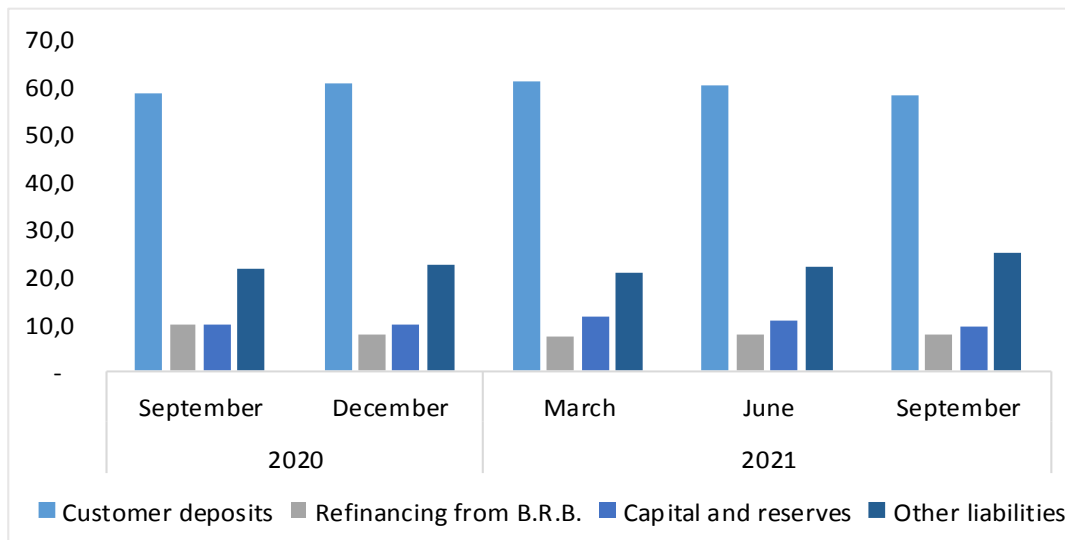
### **2.5.1. Banking activities**

#### **2.5.1.1. Main Resources**

The customer deposits grew by 30.8% year-on-year basis, amounting to BIF 2,813.7 billion in September 2021 from BIF 2,150.6 billion, and by 5.6% from the previous quarter. The Central Bank refinancing to credit institutions rose by 4.1% year-on-year and by 10.6% quarter-on-quarter basis. They amounted to BIF 375.1 billion from BIF 360.5 billion recorded at the end of September 2020 and from BIF 339.1 billion at the end of June 2021.



**Chart 10: Liabilities structure (in percent of the total)**

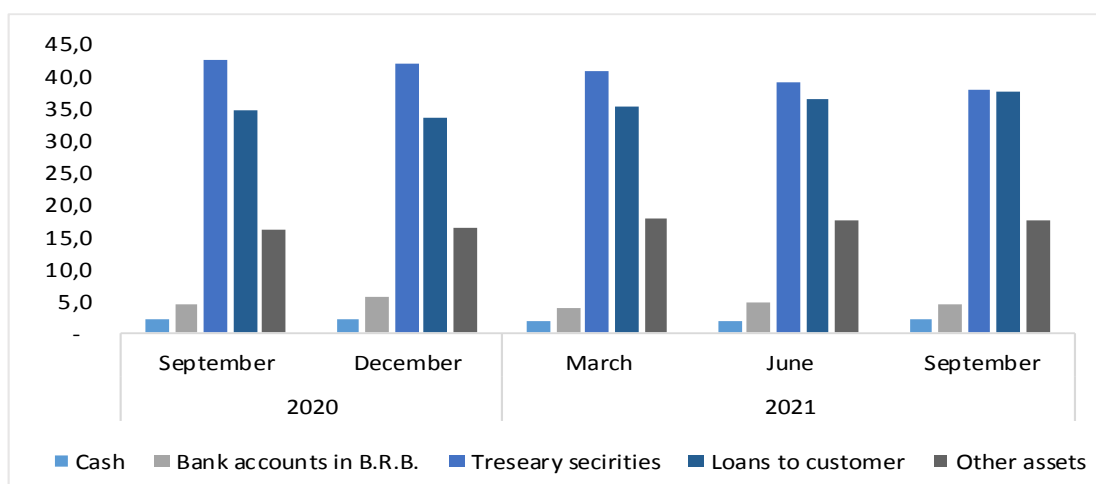


Source: BRB

### 2.5.1.2. Main Assets

Year-on-year basis, the customer loans rose by 43.8%, amounting to BIF 1,827.6 billion in September 2021 from BIF 1,270.5 billion in September 2020, and by 12.5% on a quarterly basis. The Government liabilities in terms of Treasury securities grew by 17.9% year-on-year, from BIF 1,557.3 million in September 2020 to BIF 1,836.7 billion in September 2021. Compared to the previous quarter, they grew by 5.8%.

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



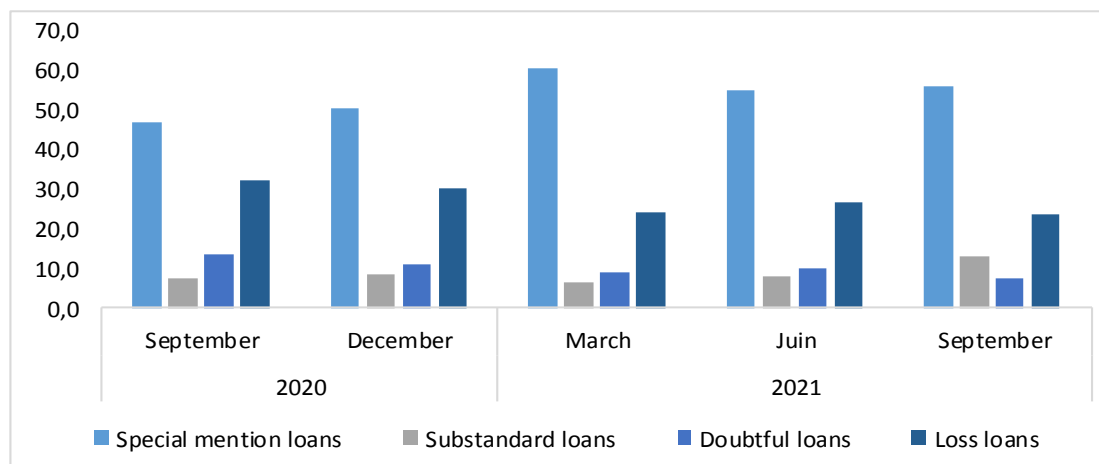
Source: BRB

### 2.5.2. Loans portfolio quality

The past-due loans increased by 4.9% year-on-year, from BIF 156,750.4 million at the end of September 2020 to BIF 164,442.0 million at the end of September 2021, and by 11.2% quarterly. The non-performing loans fell by 12.6% year-on-year basis, standing to BIF 72,710.2 million from BIF 83,184.4 million whilst growing by 9.3% from the previous quarter.

The share of non-performing loans in the outstanding past-due loans fell by 8.9 percentage points yearly, reaching to 44.2% from 53.1%. As a result, the share of special mention loans rose in the same proportions (8.9 percentage points), settling to 55.8% from 46.9%.

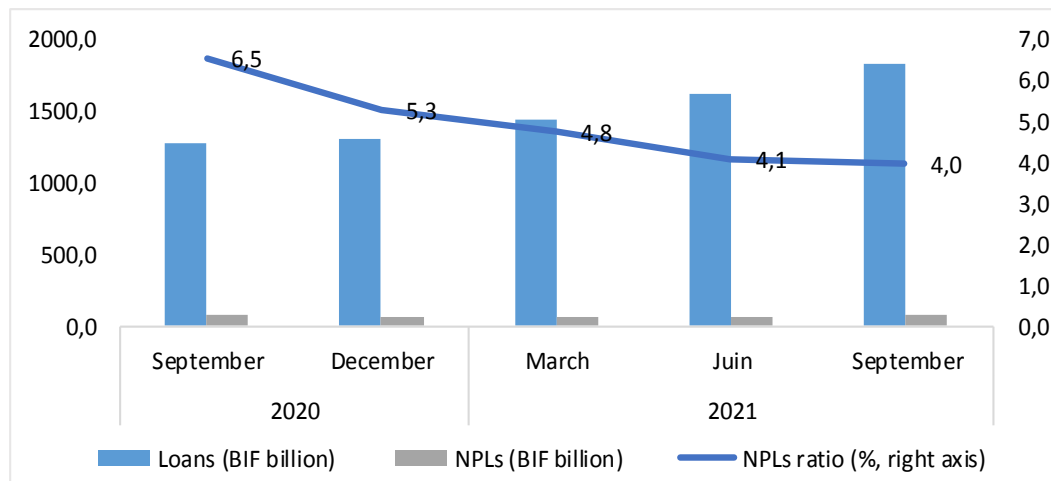
**Chart 12: Overdue loans per class (in percent)**



**Source: BRB**

The quality of credit portfolio slightly improved at the end of September 2021. The credit portfolio default rate stood at 4.0% from 6.5% in the corresponding period in 2020. The default rate remained almost stable on a quarterly basis (4.0% from 4.1%).

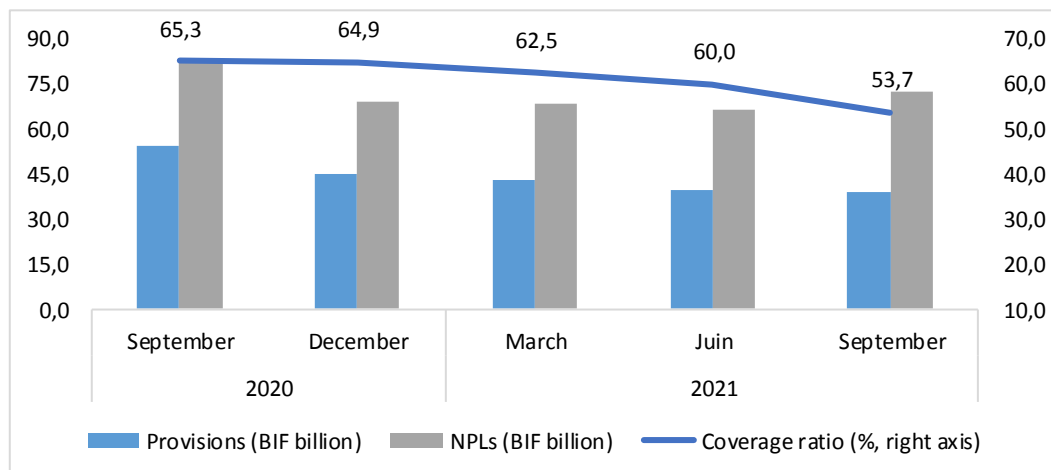
**Chart 13: Non-performing loans ratio (in percent)**



Source: BRB

Year-on-year basis, the non-performing loans coverage ratio by provisions decreased and stood at 53.7% from 65.3% in the corresponding period of 2020 and from 60.0% in the previous quarter.

**Chart 14: Provisions and coverage rate**

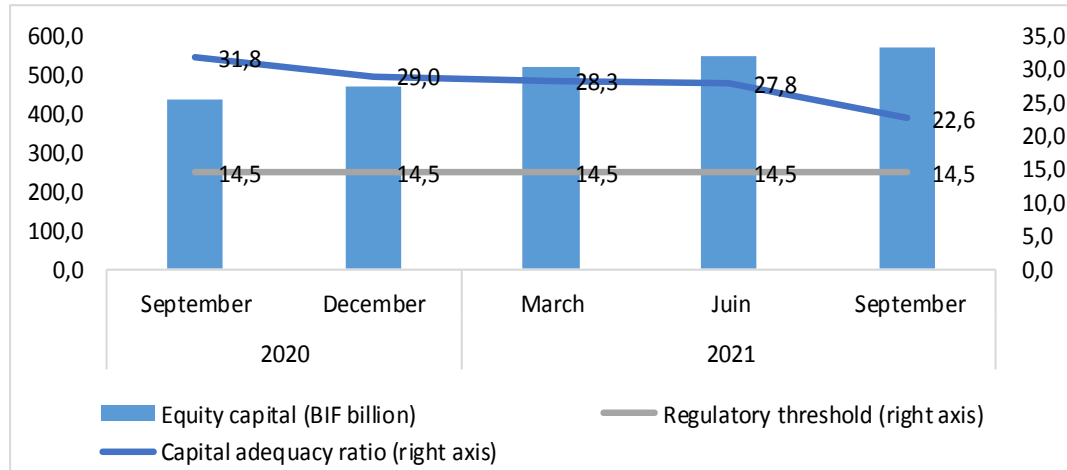


Source: BRB

### 2.5.3. Capital adequacy

The total equity increase by 30.2% year-on-year basis, amounting to BIF 570.5 billion in September 2021 from BIF 438.1 billion in September 2020 and growing by 4.5% quarter -on-quarter basis. However, the overall capital adequacy ratio decreased from 31.8% to 22.6%; but, it remained above the threshold of 14.5%.

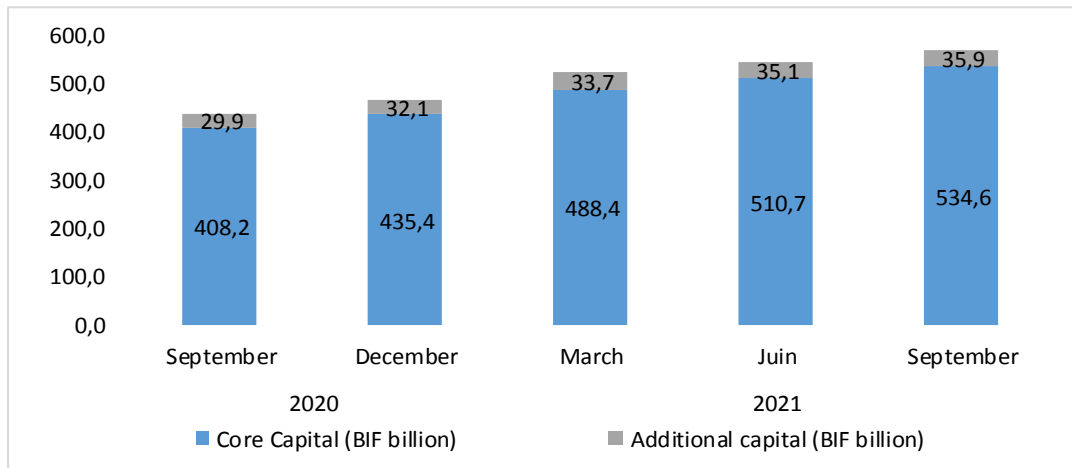
**Chart 15: The Banking sector's Equity**



**Source: BRB**

The tier 1 capital ratio increased by 31.0% on an annual basis, amounting to BIF 534.6 billion from BIF 408.2 billion at end-September 2020, driven by the incorporation of banking profits reserves of the fiscal year 2020. On a quarterly basis, they increased by 4.7%.

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



*Source: BRB*

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

The banking sector's gross income rose by 13.2% at the end of September 2021, amounting to BIF 246,032.4 million from BIF 217,362.1 million recorded at the end of September 2020. Likewise, the net profit increased by 13.5%, from BIF 113,420.7 million to BIF 128,706.4 million. Nonetheless, the average returns on assets (ROA) and equity (ROE) decreased, standing respectively at 2.7% and 22.6% at the end of September 2021 from 3.1 and 25.9% at the end of September 2020.

## **CONCLUSION AND MONETARY POLICY MEASURES**

In the third quarter 2021, economic growth decelerated in advanced OECD countries (+1.1 against + 1.7% in the previous quarter), due to the resurgence of new Covid-19 infections which led to some countries to lock down population and supply chain constrains. Inflation generally increased in major advanced countries and some emerging countries, following supply chain disruptions and high energy and other commodity prices.

According to IMF forecasts made in January 2022, the world economy growth is expected to moderate from 5.9 in 2021 to 4.4 percent in 2022, half a percentage point lower than forecast of October 2021; following the new Omicron COVID-19 variant spreads which obliged some countries to lock down population. World trade volume could decelerate in 2022 (6.0 against 9.3% in 2021), following supply chain constrains, mainly in the United States and China.

In the East African Community, economic growth should accelerate in 2022 (5.6 against 4.9% in 2021), and higher than for all of sub-Saharan Africa (4.0%), driven by significant investments in infrastructures and good agricultural production in most EAC countries.

According to macroeconomic framework model made in July 2021, it is expected that local economic growth could accelerate in 2022 (4.7 against 3.3%), following the improvement of activity in primary sector (4.3 against 3.6%), secondary (4.5 against 2.5%) and tertiary (5.0 against 3.4%).

To support this economic recovery, the Bank of the Republic of Burundi will pursue an accommodative monetary policy through the refinancing of credit institutions at favorable and easing conditions in the perspective of increasing credit to the private sector.

## ANNEXES

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

	2018	2019	2020	2021	2022( proj.)
<b>Primary Sector</b>	<b>7,4%</b>	<b>2,8%</b>	<b>3,0%</b>	<b>3,6%</b>	<b>4,3%</b>
- Subsistence agriculture	7,3%	5,0%	2,5%	3,5%	3,8%
- Export Agriculture	7,4%	-18,4%	11,0%	1,6%	8,3%
- Coffee	9,0%	-60,0%	78,0%	-2,0%	15,0%
- The	3,0%	9,0%	0,5%	2,7%	6,0%
-Other export agriculture	30,6%	-37,8%	-20,0%	5,0%	7,0%
- Forest	4,3%	-2,5%	5,0%	6,0%	8,0%
- Livestock	12,1%	-11,9%	5,0%	6,0%	8,0%
- Fishing	3,5%	-2,5%	4,0%	5,0%	9,0%
Secondary sector	<b>2,5%</b>	<b>1,1%</b>	<b>0,4%</b>	<b>2,5%</b>	<b>4,5%</b>
-Mining	3,7%	2,1%	-7,2%	5,0%	10,0%
- Industries	1,6%	0,5%	0,4%	1,7%	4,0%
- Food Industries	2,5%	0,6%	0,5%	1,5%	4,0%
- Manufacturing	-1,6%	0,4%	0,2%	2,4%	3,9%
- Textile Industries	-4,2%	-8,4%	-4,2%	2,0%	3,0%
- Other monifaturing industries	-1,0%	2,2%	1,0%	2,5%	4,0%
- Water, gas and electricity	3,9%	-2,5%	3,5%	5,0%	10,0%
- Construction	4,7%	3,0%	0,8%	4,0%	4,8%
Tertiary sector	<b>3,2%</b>	<b>7,2%</b>	<b>-2,7%</b>	<b>3,4%</b>	<b>5,0%</b>
- Trade	9,0%	3,9%	-6,0%	2,0%	4,0%
- Transport and communication	4,5%	10,2%	-1,1%	2,8%	6,6%
- Transport	4,0%	9,5%	-7,0%	2,0%	4,0%
- Postes, Telecommunication and internet	4,7%	10,4%	1,0%	3,0%	7,5%
- Banks and insurance	9,9%	27,7%	9,0%	12,0%	15,0%
- Accommodation, Food and other Merchant S	1,9%	4,6%	-40,0%	4,0%	6,0%
- Public Administration	3,0%	2,8%	4,0%	4,3%	5,0%
- Education	3,0%	3,3%	3,5%	3,8%	5,5%
- Health and social services	3,0%	3,4%	12,0%	4,0%	5,0%
- Activities of a collective or personal nature	29,2%	3,8%	-7,5%	5,0%	6,0%
- Domestic services	-0,8%	3,8%	0,0%	3,0%	6,5%
- SIFIM	20,2%	3,8%	3,9%	15,0%	17,0%
GDP at cost of factors(1+2+3)	<b>4,3%</b>	<b>4,7%</b>	<b>-0,4%</b>	<b>3,3%</b>	<b>4,7%</b>
Indirect taxes minus subsidies	12,9%	3,0%	-1,5%	3,3%	4,7%
<b>GDP at market price</b>	<b>5,3%</b>	<b>4,5%</b>	<b>-0,5%</b>	<b>3,3%</b>	<b>4,7%</b>

Source: MBGP

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

<b>Period</b>	<b>Headline Inflation</b>	<b>Food inflation</b>	<b>Non-food inflation</b>
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	7,7	13,0	2,6
mar-20	7,1	12,0	2,4
apr-20	7,6	12,5	2,8
may-20	9,2	15,3	3,3
june-20	8,5	13,3	3,2
july-20	7,7	12,2	3,0
aug-20	6,7	11,0	2,6
sept-20	6,3	9,9	2,0
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-21	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
july-21	9,7	13,0	6,2
aug-21	10,5	14,2	6,6
sept-21	10,5	13,7	7,1

*Source: ISTEERU*



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

Period	Revenue			Expenditures	Overall Balance
	Fiscal Revenue	Grant	Total		
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
july-21	98 153,03	4 341,58	102 494,61	146 984,29	-44 489,68
aug-21	117 462,41	26 049,21	143 511,61	156 449,76	-12 938,14
sept-21	115 432,75	19 221,32	134 654,07	128 840,42	5 813,65

Source: MFBP

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

Period	BRB	Tresury securities	others	Total domestic debt	External debt	Total Government debt
sept-18	723 876,1	1 057 501,6	65 477,4	1 846 855,1	804 250,5	2 651 105,6
oct-18	750 952,9	1 074 283,1	63 695,0	1 888 931,0	804 808,3	2 693 739,3
nov-18	749 761,5	1 099 486,2	63 621,6	1 912 869,3	810 165,1	2 723 034,4
dec-18	772 108,5	1 106 829,2	58 884,2	1 937 821,9	815 659,1	2 753 481,0
jan-19	735 898,0	1 170 456,8	57 507,8	1 965 632,6	839 143,1	2 804 775,7
feb-19	754 785,4	1 203 007,7	55 457,5	2 017 332,5	838 878,1	2 856 210,6
mar-19	776 260,3	1 230 561,3	66 134,8	2 066 815,1	842 605,3	2 909 420,4
apr-19	749 554,5	1 264 065,9	66 482,8	2 073 957,4	867 778,9	2 941 736,3
may-19	741 946,8	1 309 285,8	59 356,4	2 110 469,8	908 183,5	3 018 653,3
june-19	762 094,0	1 339 778,2	59 215,0	2 158 605,5	916 027,0	3 074 632,5
july-19	702 399,9	1 357 433,8	55 134,4	2 114 968,1	929 050,5	3 044 018,6
aug-19	759 491,5	1 393 116,1	59 369,6	2 211 977,2	932 695,8	3 144 673,0
sept-19	756 889,1	1 417 542,6	65 322,7	2 239 754,4	927 716,5	3 167 470,9
oct-19	751 684,2	1 450 627,6	76 553,5	2 278 865,3	937 501,2	3 216 366,5
nov-19	749 081,8	1 485 104,1	74 319,9	2 308 505,8	940 872,9	3 249 378,7
dec-19	746 479,4	1 497 527,9	70 919,8	2 314 927,1	948 429,4	3 263 356,5
jan-20	746 479,3	1 570 840,3	120 847,6	2 438 167,2	958 542,6	3 396 709,8
feb-20	743 876,9	1 549 397,3	121 652,4	2 414 926,6	959 597,4	3 374 524,0
mar-20	738 672,0	1 583 158,2	123 953,4	2 445 783,6	965 054,0	3 410 837,6
apr-20	736 069,6	1 569 310,4	120 741,5	2 426 121,5	963 078,7	3 389 200,2
may-20	737 921,8	1 621 691,9	113 556,4	2 473 170,1	966 901,1	3 440 071,2
june-20	736 222,2	1 673 338,5	114 730,7	2 524 291,4	977 731,5	3 502 022,9
july-20	737 624,5	1 709 342,7	119 194,8	2 566 162,0	988 004,0	3 554 166,0
aug-20	751 455,5	1 727 229,2	112 094,3	2 590 779,0	1 000 919,8	3 591 698,8
sept-20	901 482,7	1 744 967,4	144 592,9	2 791 043,0	1 003 104,0	3 794 147,0
oct-20	901 974,9	1 763 000,2	141 644,5	2 806 619,6	1 013 063,4	3 819 683,0
nov-20	899 449,4	1 779 700,1	144 982,9	2 824 132,4	1 023 272,7	3 847 405,1
dec-20	894 667,8	1 816 692,6	138 993,1	2 850 353,5	1 035 965,0	3 886 318,5
jan-21	894 667,8	1 832 306,3	143 346,2	2 870 320,3	1 041 679,1	3 911 999,4
feb-21	894 117,9	1 864 441,1	169 560,6	2 928 119,6	1 039 174,9	3 967 294,5
mar-21	864 066,4	1 853 171,3	172 078,8	2 889 316,5	1 039 986,8	3 929 303,3
apr-21	893 573,6	1 866 450,8	163 441,3	2 923 465,7	1 044 034,5	3 967 500,2
may-21	893 272,0	1 899 966,9	151 390,7	2 944 629,6	1 052 796,5	3 997 426,1
june-21	957 639,8	2 020 127,6	148 801,3	3 126 568,7	1 058 922,9	4 185 491,6
july-21	964 779,1	1 988 324,3	131 651,2	3 084 754,6	1 053 558,8	4 138 313,4
aug-21	937 750,1	2 023 132,4	143 664,1	3 104 546,6	1 084 169,8	4 188 716,4
sept-21	903 396,7	2 059 924,1	139 006,3	3 102 327,1	1 094 309,0	4 196 636,1

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>
sept-18	166 234	298 588
oct-18	158 420	286 969
nov-18	146 546	268 534
dec-18	150 237	248 370
jan-19	163 427	258 199
feb-19	165 114	267 534
mar-19	192 194	281 986
apr-19	167 995	292 282
may-19	163 240	315 130
june-19	170 302	334 215
july-19	153 993	339 205
aug-19	157 630	345 488
sept-19	152 207	363 439
oct-19	156 012	394 511
nov-19	146 124	403 814
dec-19	155 224	406 075
janv-20	154 268	436 181
feb-20	174 541	459 837
mar-20	182 136	442 928
apr-20	161 386	439 302
may-20	162 923	434 219
june-20	171 658	429 154
july-20	134 709	424 606
aug-20	120 569	440 119
sept-20	164 248	446 366
oct-20	164 054	339 258
nov-20	151 140	330 083
dec-20	162 574	322 720
jan-21	151 967	289 339
feb-21	114 955	295 983
mar-21	98 996	291 565
apr-21	100 840	309 092
may-21	114 239	333 837
june-21	134 515	344 713
july-21	148 433	331 211
aug-21	158 500	345 544
sept-21	124 443	372 132

**Source: BRB**

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

	<b>Interbank market</b>	<b>Overnight interest rate</b>	<b>liquidity providing</b>	<b>Tresury Bill at 13 weeks</b>
<b>sept-18</b>	-	5,57	2,65	2,57
<b>oct-18</b>	3,00	5,50	2,76	2,50
<b>nov-18</b>	3,00	5,48	2,29	2,48
<b>dec-18</b>	3,34	5,48	2,42	2,48
<b>jan-19</b>	3,11	5,53	2,48	2,53
<b>feb-19</b>	-	5,50	2,48	2,50
<b>mar-19</b>	-	5,50	2,41	2,50
<b>apr-19</b>	3,66	5,48	2,63	2,48
<b>may-19</b>	3,67	5,50	2,69	2,50
<b>june-19</b>	3,69	5,50	2,82	2,50
<b>july-19</b>	3,68	5,45	2,55	2,45
<b>aug-19</b>	3,58	5,35	2,55	2,35
<b>sept-19</b>	3,40	5,29	2,59	2,29
<b>oct-19</b>	3,34	5,22	2,65	2,22
<b>nov-19</b>	3,62	5,20	2,63	2,20
<b>dec-19</b>	3,56	5,63	2,99	2,63
<b>janv-20</b>	3,99	5,68	3,21	2,68
<b>feb-20</b>	4,78	5,88	2,54	2,88
<b>mar-20</b>	3,97	6,00	2,58	3,00
<b>apr-20</b>	4,07	6,00	2,87	3,00
<b>may-20</b>	4,16	6,00	2,85	3,00
<b>june-20</b>	4,11	6,00	2,96	3,00
<b>july-20</b>	4,07	6,00	2,74	3,00
<b>aug-20</b>	4,27	6,00	2,77	3,00
<b>sept-20</b>	4,42	6,60	2,58	3,60
<b>oct-20</b>	4,73	6,60	2,36	3,44
<b>nov-20</b>	4,93	6,60	2,91	3,74
<b>dec-20</b>	5,06	6,87	3,93	3,86
<b>jan-21</b>	5,13	6,77	2,87	3,81
<b>feb-21</b>	5,17	6,59	2,40	3,78
<b>mar-21</b>	4,85	6,79	2,23	3,78
<b>apr-21</b>	5,16	7,12	2,24	4,12
<b>may-21</b>	5,32	7,04	2,46	4,04
<b>june-21</b>	5,31	7,06	2,53	4,06
<b>july-21</b>	5,16	6,96	2,50	3,96
<b>aug-21</b>	5,48	6,30	2,60	3,30
<b>sept-21</b>	5,56	6,33	2,99	3,33

**Source: BRB**

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

	30/09/2020	30/06/2021	30/09/2021	Quarterly change in %	Annual change in %
<b>I. ASSETS</b>	<b>3 665 907,0</b>	<b>4 432 399,6</b>	<b>4 832 572,9</b>	<b>9,0</b>	<b>31,8</b>
<b>I.1. Main assets</b>	<b>3 164 690,9</b>	<b>3 811 222,0</b>	<b>4 165 690,9</b>	<b>9,3</b>	<b>31,6</b>
<b>A. Liquid assets</b>	<b>1 894 203,2</b>	<b>2 187 310,5</b>	<b>2 338 139,8</b>	<b>6,9</b>	<b>23,4</b>
. Cash	83 906,8	77 694,6	110 126,1	41,7	31,2
. Balance in B.R.B.	166 285,1	213 493,4	212 582,3	- 0,4	27,8
. Interbank claims	86 708,2	159 567,0	178 713,7	12,0	106,1
. Loan to government	595 683,1	702 088,3	813 453,9	15,9	36,6
Treasury securities	351 517,2	479 412,91	503 810,7	5,1	43,3
Other securities	323 287,5	442 410,22	510 286,4	15,3	57,8
<b>B. Loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
. Short term	168 770,3	200 098,4	202 840,8	10,2	20,2
. Medium term	332 445,8	421 079,3	464 041,3	9,0	39,6
. Long term	3 665 907,0	4 432 399,6	4 832 572,9	6,2	31,8
. Leasing	3 082 135,2	3 889 306,4	4 128 803,4	-	34,0
<b>I.2. Fixed assets</b>	<b>2 150 578,7</b>	<b>2 664 072,0</b>	<b>2 813 705,5</b>	<b>5,6</b>	<b>30,8</b>
<b>I.3. Others assets</b>	<b>965 009,2</b>	<b>1 239 602,7</b>	<b>1 266 288,5</b>	<b>2,2</b>	<b>31,2</b>
<b>II. LIABILITIES</b>	<b>360 531,7</b>	<b>339 078,5</b>	<b>375 144,6</b>	<b>10,6</b>	<b>4,1</b>
<b>II.1. Main liabilities</b>	<b>210 118,1</b>	<b>421 721,3</b>	<b>493 947,6</b>	<b>17,1</b>	<b>135,1</b>
. Customer deposits	360 906,7	464 434,6	446 005,7	- 4,0	23,6
amongst: Ten large deposits	583 771,8	543 093,2	703 769,6	29,6	20,6
. Borrowing from B.R.B. (Refinancing)					
. Interbank liabilities					
<b>II.2. Capital and reserves</b>	<b>31,8</b>	<b>27,8</b>	<b>22,6</b>	<b>-</b>	<b>-</b>
<b>II.3. Other liabilities</b>	<b>11,1</b>	<b>11,5</b>	<b>11,1</b>	<b>-</b>	<b>-</b>
<b>MAIN INDICATORS OF THE BANKING SECTOR</b>					
<b>Capital adequacy</b>	211 022,3	560 288,8	316 802,3	- 43,5	50,1
. Tier 1 capital (in BIF billion)	16,6	34,5	17,3	-	-
. Total regulatory capital (in BIF billion)	34,7	36,6	37,8	-	-
. Risk weighted assets	42,5	39,2	38,0	-	-
. Tier 1 capital adequacy ratio (threshold 12,5%)	381,5	340,0	343,6	-	-
. Total regulatory capital adequacy ratio (threshold 14,5%)					
. Leverage Ratio (threshold 7%)	156 750,4	147 939,2	164 442,0	11,2	4,9
<b>Loan concentration</b>	73 566,0	81 435,6	91 731,8	12,6	24,7
. Large exposures	83 184,4	66 503,6	72 710,2	9,3	12,6
. Large exposures to Loans ratio (%)	11 662,6	12 159,6	21 149,6	73,9	81,3
. Loans to Assets ratio (%)	20 978,6	14 741,7	12 442,2	- 15,6	40,7
. Government claims to assets ratio (%)	50 543,2	39 602,3	39 118,4	- 1,2	22,6
. Government Loans/Tier 1 capital ratio (%)	54 308,9	39 916,8	39 072,0	- 2,1	28,1
<b>Quality of loan portfolio</b>	6,5	4,1	4,0	0	0
. Past due loans	12,3	9,1	9,0	-	-
Special mention loans	65,3	60,0	53,7	-	-
Non performing loans					
Substandard loans	229,0	195,6	200,1	2,3	12,6
Doubtful loans	186,2	177,4	159,7	- 10,0	14,2
Loss loans	59,1	61,0	65,0	-	-
. Loan loss provisions	105,1	111,4	104,6	-	-
. Non performing loan rate	44,9	46,5	45,0	-	-
. Impairment rate					
. Provisioning rate	119 370,3	82 154,4	137 906,2	67,9	15,5
<b>Liquidity</b>	113 420,7	77 920,2	128 706,4	65,2	13,5
. LCR* in BIF (threshold 100%)	217 362,1	157 203,0	246 032,4	56,5	13,2
. LCR in f.c.** (threshold 100%)	3,1	1,8	2,7	-	-
. Loans/Customer deposits	25,9	14,3	22,6	-	-
. Stable funds /Fixed Assets (threshold 60%)	118,6	106,7	111,4	-	-
. Ten large deposits/Customer deposits	44,3	116,9	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	0,81	1,76	-	-
. ROE	16,23	9,934,25	14,28	-	-

\* Liquidity Coverage ratio

\*\* Foreign currencies

**Source: BRB**