

[Unofficial Translation]

Republic of Burundi

**CHARTER OF THE BANK OF THE REPUBLIC OF BURUNDI LAW No.  
1/036 OF JULY 7, 1993 — DECREE-LAW NO. 1/036 OF JULY 7, 1993  
ESTABLISHING THE CHARTER OF THE BANK OF THE REPUBLIC  
OF BURUNDI**

THE PRESIDENT OF THE REPUBLIC

Having regard to the Constitution of the Republic of Burundi, in particular, Article 111(5);  
Having regard to the Law of June 29, 1962 maintaining in force within Burundi the legal and regulatory instruments issued by the supervisory authority;

Having regard to O.L.R.U. no. 11/37 of March 6, 1962 on exchange control and external trade;

Having regard to Decree no. 100/027 of March 28, 1992 establishing a mechanism for setting and managing the exchange rate of the Burundi franc;

Having reviewed Law no. 1/1 of January 3, 1976 amending the Law of January 21, 1965 approving the charter of the Bank of the Republic of Burundi;

On the recommendation of the Minister of Finance, and having obtained the approval of the Council of Ministers;

HEREBY ISSUES THE FOLLOWING DECREE-LAW:

**TITLE 1 GENERAL PROVISIONS**

**Article 1.**

The Bank of the Republic of Burundi (BRB), hereinafter referred to as the “Central Bank,” is an institution endowed with legal status and administrative and financial autonomy.

The Central Bank shall have capacity to contract, institute legal proceedings, acquire property, hold title to property or have possession of it, and dispose of same.

**Article 2.**

The State has entrusted the Central Bank with general responsibility for exercising supervision over money and credit in accordance with national economic and financial policy. The Central Bank shall also regulate and oversee exchange operations as well as ensure the proper functioning of the banking system.

The goals which the Central Bank must pursue in discharging its responsibilities are to maintain monetary stability and to pursue a credit and exchange policy conducive to the orderly development of the domestic economy.

**Article 3.**

The Central Bank shall be regarded as a commercial entity in its dealings with third parties. It shall be governed by the provisions of business law unless pre-empted by the Central Bank's own laws and regulations.

**Article 4.**

The headquarters of the Central Bank shall be located in Bujumbura. They may be transferred to any other location in Burundi.

The Central Bank may establish branches throughout the territory of the Republic.

The Central Bank may have correspondents and representatives in Burundi and abroad.

**Article 5.**

The authorized capital of the Central Bank is set at NUMBERED ITEM 1,000 (Burundi francs one billion), and shall consist of an endowment subscribed in its entirety by the State, as well as capitalized reserves. The authorized capital may be raised pursuant to a decision adopted by the General Council.

## **TITLE II ORGANIZATION AND ADMINISTRATION OF THE CENTRAL BANK**

**Article 6.**

The management, administration, and oversight of the Central Bank's activities are carried out by the following entities:

The General Council [*Conseil General*];

The Management Committee [*Comité de Direction*];

The auditors [*commissaires aux comptes*].

The Central Bank is headed by a Governor, assisted by a General Council and a Management Committee.

### *CHAPTER I GENERAL COUNCIL*

**Article 7.**

The General Council shall set Central Bank policy on money, exchange, and credit; it shall approve the balance sheet, the profit and loss account, as well as allocations for the depreciation and reserve accounts.

**Article 8.**

The General Council comprises:

The Governor;

The two Vice Governors;

Four advisors [*conseillers*] appointed by decree of the President of the Republic on the basis of their monetary, financial, and economic expertise, on the recommendation of the Minister responsible for Finance. The advisors are appointed for four-year terms, with eligibility for reappointment.

The General Council shall be chaired by the Governor of the Central Bank, or in the latter's absences, by the 1st Vice Governor.

No-one may serve as a General Council advisor while simultaneously serving in the legislature or as a member of the government.

#### **Article 9.**

Members of the General Council shall receive remuneration set by the Minister responsible for Finance, on the recommendation of the Governor.

#### **Article 10.**

The General Council shall meet twice a year when called by its Chairman; special meetings may be held by invitation of the Governor, or when requested by at least three members.

At least four of the General Council's members must be physically present in order for General Council meetings to have the quorum required for adoption of decisions.

However, such meetings may not proceed unless attended by the Governor, or by the 1st Vice Governor in the Governor's absences.

Decisions of the General Council shall be adopted by a simple majority. In the event of a tie, the Chairman shall have the casting vote.

### *CHAPTER II MANAGEMENT COMMITTEE*

#### **Article 11.**

The Management Committee is comprised of the Governor and two Vice Governors, one of whom shall serve as 1st Vice Governor.

The Management Committee shall be chaired by the Governor of the Central Bank, or by the 1st Vice Governor in the Governor's absences.

#### **Article 12.**

The Management Committee shall be vested with the broadest powers in the areas of administration, decision-making, and supervision.

The Management Committee may:

Adopt such regulations and provisions as it deems necessary for the proper performance of the responsibilities entrusted to the Central Bank pursuant to this decree-law;

Authorize any expenditure which it deems justified and necessary to ensure the proper administration of the Central Bank;

Adopt staff regulations for the Central Bank;

Appoint and dismiss officers and employees of the Central Bank.

**Article 13.**

Meetings of the Management Committee shall be called by the Governor at least once a month, or at the request of one of the two Vice Governors.

Decisions of the Management Committee shall be adopted preferably by consensus, or otherwise by a majority.

**Article 14.**

The Governor, the 1st Vice Governor, and the 2nd Vice Governor are appointed by the President of the Republic on the recommendation of the Minister of Finance.

The terms of office for the Governor and Vice Governors are 5 years and 4 years respectively, and carry eligibility for reappointment.

**Article 15.**

The members of the Management Committee must work for the Central Bank alone. They may not engage in any other gainful occupation whatsoever, whether in person, or through a third party even in an ancillary manner, with the exception of the activities specified by the law on disqualifications applicable to government personnel and civil servants. Members of the Management Committee may, however, serve on the boards of organizations governed by special provisions or eligible for government guarantee, international financial or economic organizations in which Burundi is a member or organizations in which the Central Bank holds an interest.

**Article 16.**

The remuneration and other benefits earned by the Governor and the Vice Governors shall be set by the General Council, subject to the approval of the Minister of Finance. They shall be paid for by the Central Bank.

Severance payments made to the Governor or Vice Governors upon leaving office are set by General Council regulations.

**Article 17.**

The Governor shall supervise and oversee the administration of the Central Bank in accordance with the provisions of this decree-law.

The Governor is the principal representative of the Central Bank, and in that capacity, shall exercise the following powers:

- (a) Representing the Central Bank in all its dealings and contacts with third parties, including the government;
- (b) Representing the Central Bank, whether in person or by proxy, in any legal action to which the Central Bank may be a party;
- (c) Jointly signing with other persons the contracts entered into by the Central Bank, the annual reports, balance sheets, and profit and loss accounts;
- (d) Signing alone or jointly the correspondence and other documents of the Central Bank;
- (e) Delegating all or part of his or her powers to other members of the Management Committee or to specific officers or employees of the Central Bank.

#### **Article 18.**

The Vice Governors shall assist the Governor in the performance of his responsibilities. The 1st Vice Governor shall assume all of the powers vested in the Governor in the event that the governor is absent or otherwise prevented from working.

### *CHAPTER III AUDITORS*

#### **Article 19.**

The Central Bank's activities shall be monitored by auditors appointed by the Minister responsible for Finance.

The auditors must have accounting, economic, and financial expertise sufficient to enable them to perform their duties.

#### **Article 20.**

The auditors shall examine the books and verify the accounts of the Central Bank, and certify its balance sheets and profit and loss accounts.

The auditors shall provide the Minister responsible for Finance with a report on the results of their investigations as well as with any other observations resulting from their audit activities. They will provide a copy of these materials to the Governor of the Central Bank.

#### **Article 21.**

Without prejudice to the obligations imposed on them by law, and except for those occasions on which they may be called upon to testify in judicial proceedings, auditors shall be bound by professional secrecy.

#### **Article 22.**

Auditors shall serve for three-year terms, with eligibility for reappointment. Their remuneration shall be set by the Minister responsible for Finance.

## **TITLE III FUNCTIONS AND OPERATIONS OF THE CENTRAL BANK**

### *CHAPTER 1 CURRENCY UNIT AND ISSUE PRIVILEGES*

#### **Article 23.**

The currency unit of the Republic of Burundi is the Burundi franc (FBu).

The parity system referred to by the Central Bank shall be established by decree.

The value of the Burundi franc in relation to other currencies shall be determined by the Central Bank.

#### **Article 24.**

Currency in circulation shall be represented by banknotes and coins.

#### **Article 25.**

Under Article III (5) of the Constitution, the Central Bank shall have the exclusive right to issue banknotes and to mint coins over the territory of the Republic of Burundi and on behalf of the State.

#### **Article 26.**

Banknotes issued and coins minted by the Central Bank shall alone be legal tender, to the exclusion of all others. They shall be lawful currency up to an unlimited amount.

#### **Article 27.**

Article 658 of Book IV, Title XII of the Civil Code, the right to assert claims of title shall not apply to banknotes issued by the Central Bank.

#### **Article 28.**

A description of the banknotes issued and coins minted by the Central Bank shall be published in the Official Gazette of Burundi [*Bulletin Officiel du Burundi (B.O.B.)*], and possibly in other publications with large circulation.

#### **Article 29.**

The counterfeiting or forgery of banknotes or coins, as well as the introduction, use, sale, peddling, or distribution of such counterfeit or forged banknotes or coins, whether issued by the Central Bank or any other foreign legal monetary authority, shall be subject to penalties pursuant to Articles 239-244 of the Criminal Code.

#### **Article 30.**

The Central Bank may publish a notice in the *Bulletin Officiel du Burundi* to the effect that certain issues, denominations, or coins shall cease to be legal tender with effect from a

particular date. Such notices shall allow holders of notes and coins scheduled for withdrawal a reasonable period of time in which to exchange them at the Bank against other currency. The Central Bank shall decide on any further requests submitted to it after that allowance of time has elapsed.

The equivalent of the banknotes or coins thus withdrawn from circulation which have not been redeemed or exchanged once the allowance of time has expired shall be credited to the Treasury. The cost of any subsequent redemptions or exchanges shall be borne by the Treasury.

#### **Article 31.**

The Central Bank shall specify the terms and conditions on which mutilated, damaged, or defective banknotes are to be accepted at its windows.

The Central Bank shall not be liable to pay any compensation in respect of banknotes or coins that are destroyed, lost, forged, or counterfeit.

#### **Article 32.**

All monetary transactions taking place in the territory of the Republic of Burundi shall be expressed in Burundi francs, unless this requirement is waived by the Central Bank.

### ***CHAPTER III RELATIONSHIPS BETWEEN THE CENTRAL BANK AND THE GOVERNMENT AUTHORITIES***

#### **Article 33.**

The Central Bank shall serve as banker and cashier for the State; its services in its capacity as cashier for the State shall be rendered free of charge. Accordingly, the Central Bank shall maintain the Treasury's accounts on its books. The nature and modalities of the transactions recorded in such accounts shall be determined by agreement between the Central Bank and the Minister responsible for Finance.

In its capacity as banker for the State, the Central Bank shall participate in the issuance of Treasury securities and attend to the servicing of the public debt, in particular, by the payment of interest on annuities, Treasury bills, and other government securities.

#### **Article 34.**

In accordance with the objectives entrusted to it pursuant to Article 2 of this decree-law, the Central Bank may grant the Treasury direct advances and other loans. The terms on which such advances are granted, in particular, their maximum amounts and interest rates, shall be determined by agreement between the Minister responsible for Finance and the Governor of the Central Bank.

At no time may the combined amount of these regular advances [*avances ordinaires*] exceed 10 percent of the revenue for the preceding fiscal year.

Under exceptional circumstances, upon submission of a substantiated report and making its intervention contingent upon the adoption of measures appropriate to the country's economic and monetary situation, the Central Bank may on a temporary basis grant special advances [*avances extraordinaires*] to the State in excess of the limits specified above, provided:

These special advances do not have the effect of undermining monetary stability;

These advances are authorized in advance by a law.

The Central Bank may purchase freely negotiable Treasury bills issued by the State, provided that their maturity does not fall later than twelve months from the date on which the Bank acquires them. The Central Bank may also accept such Treasury bills in guarantee of loans or advances which it grants.

The Central Bank reserves the right to buy back or resell Treasury securities.

#### **Article 35.**

The Central Bank may maintain current accounts for any legal entity governed by public law, international organizations, or diplomatic missions.

The credit balances on accounts opened with the Central Bank shall be non-interest-bearing.

#### **Article 36.**

At the request of the government, or if the BRB itself deems it desirable or necessary, the Central Bank may submit a report to the government on the domestic financial situation of Burundi and suggest appropriate measures.

The government shall request the opinion of the Central Bank regarding monetary and credit conditions and the state of the economy in general on the occasion of any measure of a monetary or financial nature.

### *CHAPTER IV REGULATORY AND SUPERVISORY POWERS*

#### **Article 37.**

The Central Bank shall provide banks and financial institutions with instructions relating to the manner in which supervision is to be exercised over money, credit operations, and securities issues.

#### **Article 38.**

The Central Bank shall be responsible for monitoring the implementation of the exchange control laws. The Central Bank shall issue regulations to authorize the measures adopted for this purpose.

#### **Article 39.**

The Central Bank shall have authority to make any import or export operation contingent upon its prior permission or upon compliance with such procedures as it may specify. The



Central Bank may delegate all or part of its authority in such matters to such authorized intermediaries as it may appoint for the purpose.

**Article 40.**

All generally applicable measures adopted by the Central Bank in the exercise of the powers vested in it pursuant to Articles 38 and 39 of this decree-law shall be published in the *Bulletin Officiel du Burundi*, and shall be announced with details of their effective dates. Such announcements may if necessary be complemented by communications or circulars.

*CHAPTER V MANAGEMENT OF EXCHANGE RESERVES AND OPERATIONS INVOLVING FOREIGN CURRENCIES OR GOLD*

**Article 41.**

The Central Bank shall hold and manage the foreign exchange reserves of the Republic of Burundi.

**Article 42.**

The Central Bank may:

- Purchase, sell, or hold foreign currencies in any form;
- Acquire, hold, and dispose of special drawing rights (SDRs);
- Maintain foreign exchange accounts on the books of the Central Bank's foreign correspondent banks;
- Invest the balances of accounts denominated in readily negotiable foreign instruments;
- Buy or sell assets abroad, obtain credits, and engage in exchange operations of all kinds;
- Delegate to authorized intermediaries all or part of the authority to manage foreign exchange holdings.

**Article 43.**

The Central Bank may buy or sell gold.

*CHAPTER V RELATIONSHIPS WITH BANKS AND FINANCIAL INSTITUTIONS*

**Article 44.**

The Central Bank may open current accounts or imprest fund accounts for a bank or financial institution upon request.

**Article 45.**

The Central Bank shall determine the general terms and conditions that are to govern its relationships with banks and financial institutions. In particular, the Central Bank shall set the rate applicable to its interventions on the basis of monetary policy objectives.

**Article 46.**

The Central Bank may engage with banks and financial institutions in operations involving the discount, purchase, sale, or security deposit of bills of exchange, promissory notes, or other credit instruments, bearing the signatures of two entities of known financial standing, one of which must be that of a bank. The maturities of such instruments may not exceed 180 days reckoned as from the date they are discounted by or deposited with the Central Bank.

The two signatures referred to above must normally be backed by *in rem* or *in personam* guarantees sufficient to cover the entire amount of the debt in question.

The above-described operations shall relate to the following:

- (a) Imports, exports, or other transactions involving merchandise;
- (b) The warehousing of merchandise or goods appropriately insured and stored in authorized warehouses or other premises approved by the Central Bank, under optimal storage conditions;
- (c) Agricultural, crafts-related, industrial, mining, or services-related production.

**Article 47.**

The Central Bank may grant advances or loans to banks or financial institutions for fixed periods not exceeding 180 days and against the security deposit of the credit instruments pursuant to Article 47 [*sic*] of this decree-law or other readily negotiable instruments, specifically Treasury bills. An instruction from the Central Bank shall specify the appropriate procedures.

**Article 48.**

In the event of the failure of a bank or financial institution, the Central Bank shall acquire all of their rights with respect to any collateral (including mortgages) covering the refinanced credits.

**Article 49.**

The Central Bank may make it mandatory for banks operating in the territory of the Republic to avail themselves of various relevant services, such as interbank clearing and centralized services for the evaluation of credit risks and arrears. For clearing purposes, any member participating in the clearing sessions must maintain a sufficiently large credit balance on current account with the Central Bank.

**Article 50.**

The Central Bank may also facilitate the emergence of trade associations in the banking and financial sector, such as [an] association of banks and financial institutions designed to serve the interests of the banking and financial sector.

#### *CHAPTER VI MISCELLANEOUS FUNCTIONS AND OPERATIONS*

##### **Article 51.**

The Central Bank shall assist the government in its dealings with international financial institutions.

The Central Bank may represent the government vis-à-vis such institutions or at international conferences. The Central Bank shall take part in negotiations regarding international agreements in the areas of payments, exchange, and clearing procedures, and shall be responsible for carrying out such agreements.

The Central Bank shall enter into any technical arrangements relating to the practical modalities for implementing such agreements.

##### **Article 52.**

The Central Bank shall conduct any research or analysis required for its own information or for the information of the government authorities, or in order to enhance the performance of the monetary and financial system. The Central Bank shall publish bulletins containing economic and monetary studies as well as statistical information.

##### **Article 53.**

The Central Bank may:

- (a) Purchase, build, or rent real estate intended directly or indirectly for its own operations or for the well-being of its staff;
- (b) Rent out the buildings referred to above or parts thereof.

#### *TITLE IV ANNUAL ACCOUNTS AND PUBLICATIONS*

##### **Article 54.**

The financial year begins on January 1 and ends on December 31 of each year.

##### **Article 55.**

A provisional statement of assets and liabilities shall be produced at the end of each month and transmitted to the Minister responsible for Finance. This statement shall be published in the monthly bulletins of the Central Bank.

##### **Article 56.**

On December 31 of each year, the Central Bank shall produce a balance sheet, a profit and loss account, and a profit allocation statement. In the three months following the end of each financial year, these documents shall be approved by the Management Committee and verified by the auditors; they shall be published in the *Bulletin Officiel du Burundi* following their approval by the General Council. The Governor of the Central Bank shall present the President of the Republic with an annual report on the economic and monetary situation of Burundi, enclosing the balance sheet and profit and loss account, duly certified and signed.

The Central Bank shall publish it.

#### **Article 57.**

The net profit shall be comprised of the favorable [*sic*] surplus shown in the balance sheet, less overhead, which shall include any employee bonuses, employer's contributions, depreciation, and provisioning.

A minimum of 10 percent of the net profit shall be earmarked for the general reserve fund.

However, as soon as this fund reaches an amount equal to the capital, and as long as it remains at that level, profits shall be distributed as follows:

20 percent to the general reserve fund or to any other special reserve fund which the Central Bank may establish;

80 percent to the Treasury.

Reserves may be earmarked for capital increases under the terms and conditions specified in Article 5 of this charter.

#### **Article 58.**

If the approved accounts for the year yield a loss, the loss will be amortized by charging it against established reserves, and then, if necessary, against the general reserves. If the reserves are not sufficient to allow for full amortization of the loss, the amount outstanding shall be covered by the Treasury.

#### **Article 59.**

The Central Bank shall not be liable for the exchange risk in respect of external borrowing, except for purchases made from the International Monetary Fund.

The profits and losses caused by revaluations of net assets and liabilities—whether in gold, in foreign exchange, or in SDRs following a change in the parity of the Burundi franc, or of any foreign currency—shall not appear in the Central Bank's annual profit and loss account.

These profits and losses shall be recorded in a special account called the "revaluation account," which may be used only on the basis of an express agreement between the Governor of the Central Bank and the Minister responsible for Finance.

### *TITLE V MISCELLANEOUS AND FINAL PROVISIONS*

**Article 60.**

The operations of the Central Bank and the profits resulting therefrom shall be exempted from taxes and duties, whether direct or indirect. The Central Bank shall, however, continue to be subject to taxes and duties assessed by the municipalities.

**Article 61.**

Any contracts, instruments, or documents produced by the Central Bank and any operations processed by the Central Bank in the direct performance of its assigned functions shall be exempt from stamp tax, registration tax, and the tax on services rendered.

**Article 62.**

The Central Bank shall not be subject to the laws and regulations applicable to government accounting.

**Article 63.**

In the course of any judicial proceedings, the Central Bank shall be exempted from any requirement to post bond or make an advance payment in all cases where the parties to such proceedings are required to do so by law.

**Article 64.**

The government shall provide the necessary security and protection, free of charge, for Central Bank offices and furnish such offices with the escorts necessary to ensure the security of transfers of funds or other valuable items.

**Article 65.**

Any previous provisions contrary to the provisions of this charter shall be abolished.

**Article 66.**

The Minister responsible for Finance shall execute this decree-law, which shall come into force on the day on which it is signed.

Done at Bujumbura, July 7, 1993

Pierre Buyoya

(Major)

By the President of the Republic

The Prime Minister

Adrien Sibomana

The Minister of Finance

Gérard Niyibigira

Approved and stamped with the seal of the Republic

Minister of Justice and *garde des sceaux*

Republic of Burundi