



# Banknotes

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## The Bank of Botswana Introduces a New Family of Banknotes

by  
Chepete Chepete\*



The Bank of Botswana has, with effect from August 21, 2009 introduced a new family of banknotes. The introduction of a new family of banknotes follows an all encompassing review of the hitherto existing banknotes. International best practice suggests that banknotes should be reviewed every 7 - 10 years.

\* Chepete Chepete is the Special Assistant to the Governor and Public Relations Officer in the Governor's Office

**The objectives of carrying out such reviews are normally to:**

- (a) review the composition and denomination structure of the currency and determine whether there is a need for introduction of higher denomination banknotes and/or replacement of lower banknote denominations by coin;
- (b) introduce new features that would make the currency denomination structure more convenient for public use;
- (c) take advantage of new technologies as well as modern and more cost effective currency production methods;
- (d) enable the Bank to keep a step ahead of counterfeiters and continue to maintain public confidence in the national currency; and;
- (e) review the design themes of the circulating family of banknote series, ensuring their continued relevance and consistency with the current social, economic and political conditions of the country.

The denominational structure of the new family comprises of P10, P20, P50, P100 and P200. The old banknotes shall circulate together with the new banknotes up to December 31, 2009 when the former shall cease to be legal tender. From that period, the old banknotes will only be exchanged for an equivalent value at the Bank of Botswana headquarters in Gaborone and the Francistown branch until December 31, 2014.

## The features of each of the banknotes are detailed below:

### P10 Banknote

Retains the predominantly green colour (toned down)  
Retains the zebra watermark

**Front**

- Portrait: H.E President Lt. General Seretse Khama Ian Khama
- Uses traditional baskets as background artwork
- Blind Recognition Feature (one dot)
- Windowed Security Thread
- Enhanced Intaglio Printing

**Back**

- Retains old Parliament building as its theme
- Micro lettering (letters "BoB" can be read under magnification)



### P20 Banknote

Retains the predominantly red colour albeit toned down  
Retains the zebra watermark

**Front**

- Retains the portrait of Dr K T Motsete, composer of the National Anthem
- Uses the traditional baskets as background artwork
- Star Chrome Thread (TM)
- Windowed Security Thread
- Enhanced Intaglio Printing
- Blind Recognition Feature (two dots)

**Back**

- Retains the mining installation as the theme
- Micro lettering ("BoB")





**P50 banknote**

Retains its predominantly brown colour  
Retains the zebra watermark

**Front**

- Retains the portrait of the founding President of the Republic of Botswana, Sir Seretse Khama
- The silver holographic patch replaced with a holographic stripe
- Uses traditional baskets as background artwork
- Holographic Stripe (Switching images of "50" and Kingfisher three dots)
- Enhanced Intaglio Printing
- Blind Recognition Feature (three dots)

**Back**

- Retains the Okavango swamps, man in a boat and fish eagle
- Star Chrome Thread (TM)
- Micro lettering ("BoB")
- Windowed Security Thread

**P100 banknote**

Retains the predominantly blue colour  
Retains the zebra watermark

**Front**

- Retains the three chiefs as portrait
- The silver holographic patch replaced with a holographic stripe
- Uses the traditional baskets as background artwork
- Holographic Stripe (Switching images of the "100" and diamond)
- Enhanced Intaglio Printing
- Blind Recognition Feature (four dots)

**Back**

- Retains the open pit diamond mine as the theme
- Retains young lady examining a diamond
- Star Chrome Thread (TM)
- Micro lettering

**P200 banknote**

The new highest denomination banknote  
It is predominantly purple in colour  
It has the zebra watermark

**Front**

- Portrait: Lady teacher with pupils to acknowledge the contribution made by woman in education and development
- A holographic stripe (Showing switching images of the "200" and a head of zebra)
- Blind Recognition Feature (five dots)

**Back**

- Herd of zebra
- Star Chrome Thread (TM)





# Official Launch of New Pula Banknotes

by  
Linah K Mohohlo  
Governor, Bank of Botswana

## Welcome Remarks

Thank you Master of Ceremonies. I extend warm greetings to you all. Madume bagaetsho.

Your Excellency, on behalf of the Board and the staff of the Bank, I am honoured and privileged to welcome you to the Bank on this occasion that marks the launch of the new family of banknotes.

I wish to acknowledge the presence of His Honour, the Vice President, and the former Presidents, who have contributed immensely to the development of the Bank in more ways than one, particularly in their past respective responsibilities as Governor and Minister of Finance and Development Planning.

My own Acting Minister, Rre Matambo and your Honourable Cabinet Colleagues, Members of the Diplomatic Corps, Chief Executive Officers of banks and other financial institutions, Distinguished Ladies and Gentlemen – your presence too is distinctly acknowledged.

My humble and pleasant duty this morning is to pave the way for His Excellency The President to officially launch the new Pula banknotes for public use in daily transactions in Botswana, as appropriate. As we know, the Pula and thebe are already a unit

of account and a store of value; what has changed in respect of the new notes are the designs and denominations.

In order to ensure that the public continues to be well served in an evolving socio-economic environment and, in line with international best practice, it was felt necessary to conduct a comprehensive review of the composition of denominations, features and characteristics of our banknotes. We hope Botswana will be as excited as my colleagues and I are about the new banknotes, particularly the new P200, which bears the portrait of a woman and pupils. This note no doubt recognises and celebrates women, children and the noble teaching profession. We are grateful, Your Excellency, for your guidance at the time of designing the banknotes, when you advised that, in determining the design of the new P200, we should consider women and their critical role in our society and the economy. For this, Sir, I wish to thank you most sincerely on behalf of the country's womenfolk, the nation and on my own behalf.

As you will soon be aware, the new notes, particularly the denominations with which we are familiar, bear only minimum changes. Many of the changes are the first of their kind since the Pula was introduced 33 years ago, on August 23, 1976, at which time there were four denominations of P1, P2, P5 and P10. You will recall that, over time, the lower denomination notes were



demonetised and replaced with coin, while the relatively high denominations were introduced subsequently; these are P20 in 1978, P50 in 1990 and P100 in 2000.

The continued introduction of higher value notes, as is the case this time with the new P200, is for good reasons, the main one of which is the need to enhance the efficiency of larger volumes of business transactions, as the economy broadens and deepens.

What is encouraging is the time it has taken the Bank to introduce successive higher denomination notes which, in the case of the new P200, is approximately 16 years. This is no doubt attributable to the relative success of the Bank in reigning in inflation over the years. Indeed the Bank will not relent in discharging this responsibility of maintaining a low, sustainable and predictable level of inflation, lest we find ourselves having to introduce higher and higher value denominations, with a series of zeros, as is the case in a hyperinflation environment. In our case, we are still far from having to add even one more zero; and the Bank is firmly committed to maintaining this stance by containing inflation.

Your Excellency, Honoured Guests, please allow me to take this opportunity to briefly highlight domestic inflation trends and the current international economic environment.

The Bank is cautiously optimistic that, going forward, and taking into account price developments in advanced economies, inflation in Botswana will be benign. As a matter of fact, the Central Statistics Office has recently published the July inflation rate of 6 percent; this means inflation has now reached the upper end of the Bank's medium-term inflation objective range of 3 – 6 percent. Factors such as the recent fuel price increase will add

somewhat to inflation pressures in the short term, but, overall, the general trend is likely to remain downward.

However, the outlook for low international and domestic inflation trends, which has translated into a fall in overall price levels in some countries is unlikely to persist, because recent economic indicators suggest some pick-up in economic activity. For example, the rate of GDP decline in the United States of America has slowed down; the second largest economy in the world, Japan, recorded a positive GDP expansion in the second quarter of this year for the first time since the beginning of 2008; and the economy of the euro zone, where both France and Germany have recorded faster-than-expected growth, is showing a resurgence of economic activity; while China and India have maintained robust economic growth rates.

This is not to suggest that a recovery from the global recession will be rapid, or that there will be no further major challenges to policymakers; far from it. But the combined effect of these encouraging signs of renewed growth in several key economies, including the four largest in the world, should eventually have a positive impact on the otherwise lacklustre economic performance elsewhere, including in our country. For this reason, we, too, can expect to export more of our diamonds and other products as international consumer confidence recovers, especially in major economies.

Distinguished Guests, Ladies and Gentlemen with these few remarks, it is now my humble duty and honour to invite His Excellency The President to address us and then launch the new family of banknotes.

Your Excellency.

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# The President's Speech

by  
His Excellency, the President  
Lt Gen Seretse Khama Ian Khama

Director of Ceremonies  
Your Honour, the Vice President  
Honourable Ministers  
Honourable Members of Parliament  
Members of the Diplomatic Corps and International  
Organisations  
Governor of the Bank of Botswana  
Senior Government Officials  
CEOs of commercial banks and other financial  
institutions  
Distinguished Guests, Ladies and Gentlemen

Good Morning.

I wish to welcome you to this important occasion as we launch the new Pula banknotes.

This occasion is of national importance for a number of reasons. You will agree with me that our country's currency does more than just facilitate trade and commerce; it is also a symbol of nationhood and identity.

It was for this reason that in 1974, the country's first President, Sir Seretse Khama, saw the need for the country to have its own currency. A year later, the decision was implemented and, on July 1, 1975, the Bank of Botswana was established by law to, among other responsibilities, issue and manage the currency following its introduction on Pula Day, August 23, 1976.

Before this courageous decision was made, Botswana was, for all practical purposes, a monetary province of South Africa. South African notes and coins enjoyed legal tender status and were issued locally through the branches of the two South African headquartered commercial banks then operating in Botswana. There were neither official statistics on currency in circulation in Botswana, nor any seignorage paid by the South African Reserve Bank to Botswana and other countries in the Rand Monetary Area (comprising Botswana, Lesotho, Namibia, South Africa and Swaziland). South African exchange control regulations governed all currency movements and payments between Botswana and non-Rand Monetary Area countries.

*"Our country's currency does more than just facilitate trade and commerce; it is also a symbol of nationhood and identity."*

The first challenge for the Monetary Preparatory Commission, which had been established by the Botswana Government in 1974 to prepare the groundwork for a national currency and central bank, was to estimate Botswana's currency requirements, propose a name for the currency and make recommendations concerning the characteristics of the new banknotes and coin. These issues presented no major problems and were quickly resolved.

The designs and denominations of the banknotes and coin, the careful preparations for the nation-wide introduction of the national currency and for the withdrawal of rand notes and coin, and the initial effective pegging of the Pula at par with the rand, all contributed to a highly successful currency exchange. This was critical not only to establish confidence in the new currency but also because the South African rand that was circulating in Botswana on Pula Day (August 23, 1976) constituted an important initial

source of foreign exchange for the Bank of Botswana. The fact that the central bank, with considerable coordinated assistance from the Botswana Government, could organise and implement so efficiently a currency exchange augured well for future institution-building efforts and their continued close cooperative activities.

The subsequent introduction of new higher denomination banknotes, the gradual demonetisation of the lowest coin (one and two thebe) and banknotes (one, two and five Pula), and changes in the design of banknotes and the specification of coin, were all executed uneventfully and accepted by the public. The establishment of a branch of the Bank in Francistown in 1995 helped to ensure that the quality of circulation banknotes remained high.

An interesting recent innovation has been the decision to move away from exclusive use of portraits of reigning Heads of State or Presidents, to a diversified selection from the country's history and endowment. You

know that the P20 banknote features the portrait of the composer of the national anthem, Dr Kgalemgang T. Motsete, who was also Botswana's first opposition party leader; the portrait of the first president of the country, Sir Seretse Khama, is on the P50 banknote, and that of the three chiefs, who sought British protection for the country, is on the P100 banknote.

This typifies Botswana's respect for tradition and adherence to democratic principles.

It is instructive, therefore, that as we witness the launch of the new banknotes today, we should remind ourselves of the significance of the historic decision that was made 35 years ago. This meant that the authorities should not only have the national currency, but more importantly, they should determine its value from time to time, as part of the country's monetary and financial independence.

Back in 1976, there were, as always, those



*His Excellency, the President Lt Gen Seretse Khama Ian Khama exchanging old banknotes for new ones during the launch.*



*Former Presidents of the Republic of Botswana Sir Ketumile Masire and Mr Festus G Mogae also attended the launch.*

who believed that Botswana would not succeed in managing its own national currency for several reasons. Among others, Botswana's pool of expertise was very small, the Bank of Botswana had just been established, and the foreign exchange reserves were very low. But here we are today; history has taught us, as it has with many nations, that a people's courage and determination is the key to success.

We can, on this occasion, look back with a sense of justified pride that the integrity and value of the Pula have been well maintained over the years. Inflation has generally been stable, the foreign exchange reserves have been above the country's immediate needs, the banking system is able and there has neither been a bank failure nor financial crisis. Even after the removal of exchange controls in 1999, the Pula has continued to command public confidence here at home and abroad. As a matter of fact, the Pula compares favourably with other currencies in its league so far as international convertibility is concerned; and this has contributed in no small measure to the high regard that Botswana enjoys with respect to economic management.

However, we cannot afford to be complacent, particularly as we are part of the global economy that is currently afflicted by the economic recession of unprecedented dimensions. As a result, our economic activity has fallen by 20 percent in the first quarter of this year, compared to the same period last year, mainly due to the shutdown of diamond production. The result is that unemployment has risen,

government finances are under severe strain due to a significant reduction in revenue derived from diamond exports, and thus necessitating borrowing to finance the government budget deficit. Be that as it may, I wish to underscore the importance of the Government efforts to maintain a reasonable spending programme, which should go a long way towards supporting the non-mining economy, and cushion the country and fellow citizens against economic hardship. I hasten to add that in the face of these economic challenges, it is still Government policy to maintain long-term budget and debt sustainability.

There is a reason to be cautiously optimistic and encouraged, however, given some recent signs of economic turnaround here at home as well as in other parts of the world. Diamond production has resumed, and we should reasonably expect some rebound in economic activity in the course of 2009 and beyond. It is also encouraging that with inflationary pressures moderating mainly as a result of benign international price developments, and the recent easing of monetary policy by the Bank of Botswana economic activity should be reignited.

Against this background, I welcome the Bank's putting into circulation of the new banknotes, which bear the latest security features. In addition to the four banknote to which we are accustomed, there is the new P200 banknote, which should expedite large volumes of cash transactions. As you may already know, the new banknote bears the portrait of the unknown woman and pupils.

This is meant to highlight the importance attached to children (banana), and the role played by women in contributing to Botswana's economic development. It is equally appropriate that we should cherish and treasure the country's wildlife heritage as represented by a herd of zebras on the obverse side of the new P200 banknote.

I wish to conclude by urging the Bank of Botswana, commercial banks and the wider financial sector, as well as relevant government agencies, to solidify efforts in disseminating pertinent information about the new banknotes. I have confidence that, by now, most Batswana and Botswana residents, as well as those of neighbouring and offshore countries, are adequately familiar with the new banknotes and their distinguishable security features. This is one way to combat counterfeiting, which is an undesirable development that has potential to undermine the country's hard-earned economic stability.

I hasten to add that, in as much as we are able to look back with a justifiable sense of accomplishment as far as our currency is concerned, we as Batswana have to continue to maintain respect for it as a national symbol, so that others too can accord it the respect it deserves.

Distinguished Guests, Ladies and Gentlemen, it is with pleasure that I declare the new banknotes: P10, P20, P50, P100 and P200, legal tender in Botswana with effect from today, Friday August 21, 2009.

I thank you.



# Cancer Awareness Campaign

Summary by  
Margretmary Mushango\*

October 28, 2009 was a day to remember as the Internal Audit Division staff led the bank in the commemoration of the Breast Cancer Awareness Month. On that morning, Bank staff was greeted at the Bank entrances by the sight of Internal Auditors dressed in pink, distributing pink ribbons and message cards. The entrances were also adorned with pink and white flowers, candles and other decorations. The commemoration was an effort by the Division to raise Bank staff awareness on cancer which is fast becoming the leading cause of death, after heart failure, worldwide. An information pamphlet on the cancer types most prevalent in the country was also sent to staff through email.

Overall, staff members' reaction was positive, encouraging and appreciative of the Division's efforts. Some of the comments made were as below:

1. "I normally do not like you (Internal Auditors) but today, I do."
2. "We thought you (Internal Auditors) only know about money matters".



*One of the staff members, Ms Mmapula Motswagae being pinned the pink ribbon.*



*Members of the Internal Audit Division posing for a photo*

3. "If only you had told us, we could have also worn pink to commemorate the day with you"
4. "But I do not have breasts" This was said by a few male staff members, but remember breast cancer affects both male and female.
5. "You guys look so lovely"
6. "The reception looks great; can you please leave the decorations here for a while longer?"
7. "Thank you, but remember you are commemorating, not celebrating". This was said to correct the Internal Auditors at some point when they got it wrong!
8. "Wow, this is very lovely. Hey today's auditors..."
9. "Can I have a piece of the chiffon (organza - pink material) when you are done?"

Remember, together we can defeat cancer.

\* Margretmary Mushango is a Senior Internal Auditor in the Internal Audit Division





# Bank of Botswana Senior Management Retreats to Kasane

by  
Chepete Chepete

The Eighth Biennial Senior Management Retreat was held on June 18 - 21, 2009 at Mowana Lodge, Kasane under the theme *Business Continuity and Risk Management*.

The facilitators were three experts, namely; Ms Sue Milton, Ms Kathy McCarthy and Mr Kenneth Sullivan. Ms Milton, an expert on central bank governance issues and who is currently an Advisor at the Centre for Central Banking Studies, Bank of England, was familiar to most participants as she had facilitated at the 2004 Senior Management Retreat in Maun on central bank governance. Ms McCarthy is a business continuity expert and is currently a Senior Manager in the Business Continuity Division, Bank of England. Mr Sullivan is an accounting and risk management expert at the IMF (Washington). His first mission to Botswana was in 2009 to advise on a suitable Risk Management framework for the Bank.

Opening the Retreat, the Governor encouraged participants to take advantage of the beautiful and tranquil environment, outside the Bank headquarters and closer to the Chobe River and adjacent to the Chobe Game Reserve to give the discussions undivided attention. She indicated that the theme of the Retreat was two-fold but observed that the two topics, while separate, were closely related and addressed the risks inherent in the operations of any business, including those of a central bank.

Unpacking the two aspects and concepts of the theme, she explained that under Business Continuity Management (BCM), the objective was to identify the core functions that the Bank must discharge regardless of circumstances and determine the different tasks or providers that would be needed in times of crisis. She said, in essence, BCM was about working out how the Bank could stay in business in the event of a disaster, such as a major fire or a terrorist attack at the main place of work, or a health pandemic among staff. She noted that the Bank, by virtue of its statutory obligations and prominence in the national economy, must have a robust plan in place to cater for all exigencies to ensure that it would be "business as usual", notwithstanding any calamity.

On Risk Management (RM), the Governor informed participants that the Bank put together a Task Force which completed and submitted a report on the feasibility of introducing a RM function in the Bank. That this was part of the ongoing process of modernising the Bank's governance and accountability framework in light of the numerous technological and other changes that had taken place in the financial sector in the past. In particular, she noted that it had become increasingly necessary that the Bank should adopt an integrated framework for managing risk across the entire operations.



Staff members found time in the evening to go for a boat cruise.



A crocodile lying on the river banks of the Chobe River for prey.



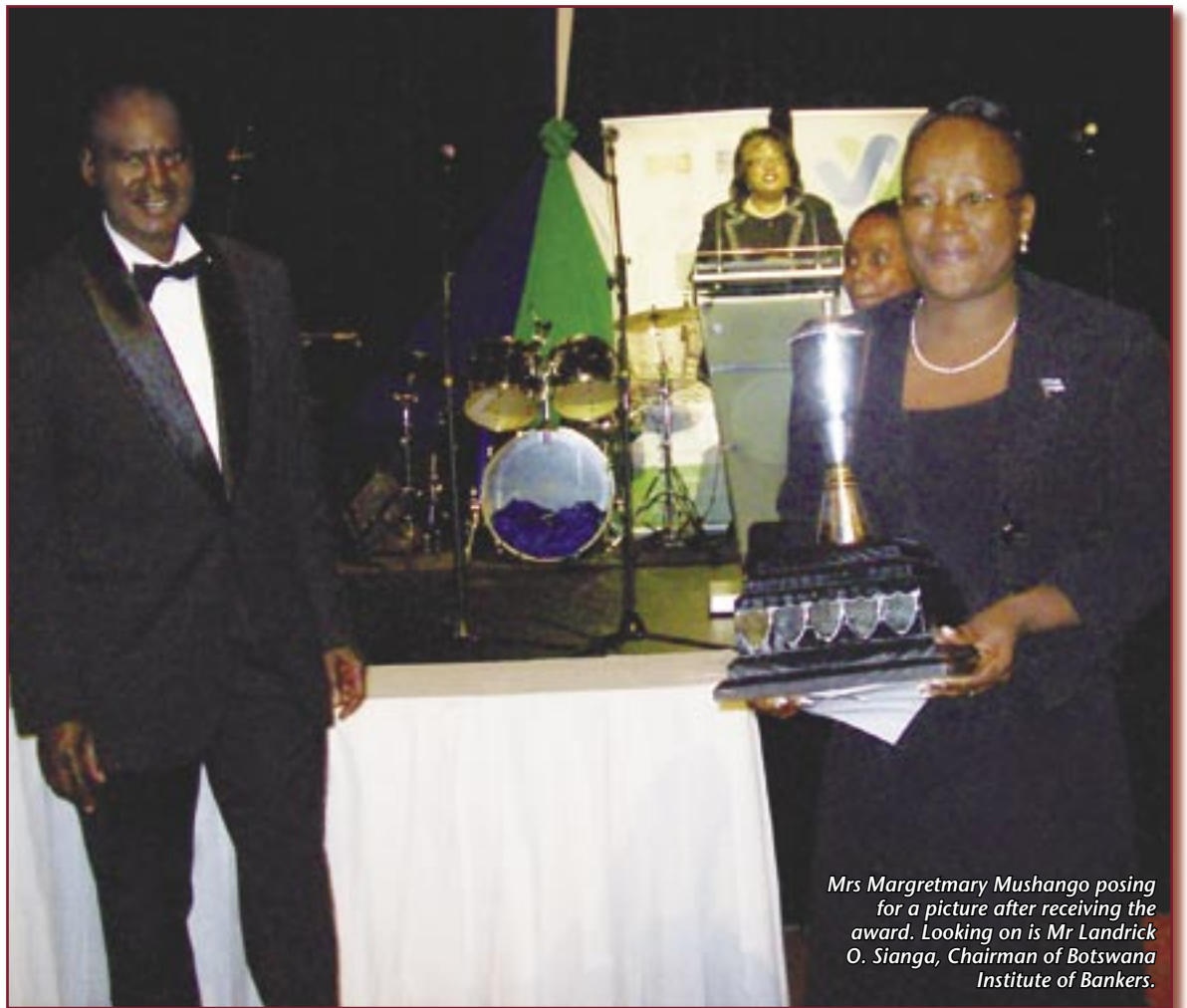
Elephants pictured approaching the Chobe River to drink.

In conclusion, the Governor commented on the global financial crisis and the main factors that had led the debacle, especially the US sub-prime mortgage problem. She was of the view that the crisis could have been avoided or at least mitigated if many of the financial institutions that became victims to the crisis had adequate or effective risk management frameworks in place. On that note, she commended the Bank's Task Force for its October 2008 report that endorsed the principle of establishing a fully fledged RM function to cover all areas of the Bank's activities, with initial focus on the operational areas of the Bank.

Following discussions and presentations, the Retreat set out to chart the way forward. To achieve this, participants identified and prioritised key activities of the Bank in terms of their impact on the Bank's ability to continue to effectively discharge its functions if such activities were to be disrupted. It was established that both risk management and business continuity management structures already exist in the Bank, albeit limited in scope. It was agreed that both would have to be integrated into the Bank-wide management structure.

The Retreat also resolved that the Bank should establish a Business Continuity and Risk Management function which would report to a Deputy Governor. The mandate of such unit would be to coordinate and drive the process for the identification, measurement, control and mitigation of risk. The Retreat agreed that it would be beneficial to the Bank for the Risk Management Task Force to be transformed into a Business Continuity and Risk Management Committee for a more coherent and consistent Bank-wide risk management model. The Business Continuity and Risk Management strategy formulation and the establishment of up-and-running structures would run parallel and should be completed in 12 and 18 months, respectively.

# The 2009 Most Prestigious **Banker of the Year Award**



*Mrs Margretmary Mushango posing for a picture after receiving the award. Looking on is Mr Landrick O. Sianga, Chairman of Botswana Institute of Bankers.*

**T**he 2009 Banker of the Year Award was won by Ms Margretmary Mushango, Senior Internal Auditor in the Internal Audit Division of the Bank of Botswana. This is the second time in a row that the Bank has won the award as she takes over from Mr Geoffrey Ncube, Senior Economist, who won it in 2008.

Ms Mushango was born in Tonota on January 30, 1969 and started her audit career with the Ministry of Finance and Development Planning where she served as Internal Auditor in 1991 after completing

her Bachelor of Commerce Degree in Accounting. She holds an MSc Degree in Internal Auditing and Management from the City University Business School, UK (1994). She joined the Bank in November 1995, as an Internal Audit Supervisor and was promoted to Senior Internal Auditor Position in 2001, a position she currently holds. Ms Mushango is currently studying for a professional accounting qualification and has sat for her last subject of the final stage in 2010 and has also attended several short courses. She is married with two children.

# Bank of Botswana Sporting Club

Summary by  
Geoffrey Ncube\*

The Bank of Botswana Sporting Club participated in a three institution tournament in Johannesburg, South Africa during the weekend of August 29 – 30, 2009, honoring an invitation from Industrial Development Corporation (IDC) of South Africa. The other institution represented was the Swazi Bank from Swaziland, which is a commercial bank. The relationship with IDC started in September 2008, when IDC accepted an invitation extended by the BoB Sporting Club for participation in social sports activities in Gaborone.

In total, 76 sporting club members participated in the tournament in Johannesburg. Teams left Botswana after work on August 29 by bus and arrived very late at night at Town Lodge in Sandton, Johannesburg. The games were played the following day (Saturday) at the grounds in Sandton. The sporting codes which took part included football, netball, volleyball, darts, pool and table tennis.

Despite the half night sleep, our teams showed a lot of character and seriousness in the approach to the games. All games were played at almost the same time and within reach of each other in terms of proximity, which allowed people to move between the grounds. The organisation of the games was of a high standard, with professional referees handling all outdoor games. IDC also made it a point that they provided free snacks throughout the games, such as hotdogs, biltong, etc. There were also free vuvuzelas for everyone to pick.

In the evening after the games, IDC hosted a prize giving event at their headquarters. This event was well organised, and there was enough food and drinks for everyone. The Sporting Club teams were presented with the following trophies and medals:

Sports Code	Position	Medals	Trophies
Football	3	Bronze	
Netball	2	Silver	
Volleyball	1	Gold	✓
Darts	1	Gold	✓
Pool	3	Bronze	
Table tennis	1	Gold	✓

Apart from medals and trophies that the teams won, IDC provided the participating institutions with various presents for their management. Overall, the games achieved their intended purpose of social interaction and networking, as well as the much needed practice for our teams in preparation for the 2010 Central Bank games.

Table Tennis Team



The Bank of Botswana Sporting Club members posing for a picture in Mbabane, Swaziland



\* Geoffrey Ncube is a Senior Economist in the Research Department of the Bank of Botswana but writes here in his capacity as Chairman of the BoB Sporting Club

The Director of the Human Resource Department, Miss Ewetse Rakhudu (in yellow hat), accompanied the Sporting Club to Mbabane, Swaziland. She is seen here posing for a photo with the Volleyball Team



Some members of the Sporting Club



#### Upcoming events:

The Sporting Club will continue with its mandate of providing social games for members and staff in general. The Club will, as usual, arrange tournaments with other institutions, to be played at the sports facility. However, individual teams have been encouraged to arrange games bilaterally, for practice and fitness purpose. Staff is also reminded that they should take advantage of the sporting club functions to enjoy the use of the new grounds.