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PRESS RELEASE

PULA EXCHANGE RATE IN 2026

1. In accordance with Section 21 of the Bank of Botswana Act, the framework for determining the external value of the Pula is determined by the President on the recommendation of the Minister of Finance, after consultation with the Bank of Botswana.

2. The Ministry of Finance, in consultation with the Bank of Botswana, regularly reviews the Pula exchange rate framework. The review covers the currency basket, which comprises the South African rand and the IMF Special Drawing Rights; the rate of crawl; the trading margins for the Bank's foreign exchange transactions with commercial banks; and the overall suitability of the framework. The objective is to maintain a stable real effective exchange rate that supports the competitiveness of Botswana's exports and import-competing industries while preserving macroeconomic stability.

3. Following the latest review of the Pula exchange rate framework, the President has approved maintaining the currency basket weights at 50 percent South African rand and 50 percent IMF Special Drawing Rights (SDR) to moderate exchange rate volatility. The President has also approved retaining the 2.76 percent annual downward rate of crawl to support the competitiveness of domestic industries, while remaining consistent with the commitment to maintain inflation within the 3 – 6 percent objective range. The asymmetric trading margins have also been maintained, with the Bank of Botswana continuing to buy foreign currency from commercial banks at 3 percent above the central parity and sell foreign currency at 7.5 percent below the central parity.

4. Collectively, these measures are expected to continue to strengthen the competitiveness of local industry, enhance external sustainability and safeguard official foreign reserves, thereby reinforcing the resilience of the exchange rate regime and preserving policy discretion. The measures also continue to influence enhanced market trading of foreign currency and price discovery (competitive exchange rate determination).

5. It continues to be important to emphasise that the greater imperative is to address structural constraints that hinder productivity, economic diversification and inclusive growth, which ultimately determine the long-term value of the Pula. Achieving this requires coordinated efforts by the Government and its agencies, the private sector and households to implement policies and undertake actions that support overall economic resilience. Moreover, while the focus is primarily on supporting price competitiveness of domestic firms that compete in export markets and against imports, consumption and supply choices relating to imports vis-à-vis locally produced goods and services are also critical to the viability of domestic producers and service providers.

6. The Ministry of Finance and the Bank of Botswana will continue to monitor developments closely and take timely and appropriate measures to ensure a sustainable framework that underpins long-term economic performance.

7. The next review of the exchange rate policy is scheduled for December 2026.

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PERMANENT SECRETARY