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REPUBLIC OF BOTSWANA

PRESS RELEASE

PULA EXCHANGE RATE

1. The Ministry of Finance and Economic Development, in conjunction with the Bank of Botswana, regularly reviews the Pula Exchange Rate Policy Framework parameters with the objective of maintaining a stable and competitive real effective exchange rate of the Pula. The parameters consist of a basket of currencies, comprising the South African rand and the International Monetary Fund's (IMF) Special Drawing Rights (SDR), in a forward-looking crawling band framework.
2. Following the review of the exchange rate parameters in December 2020, and in accordance with Section 21 of the Bank of Botswana Act, His Excellency the President approved the recommendation by the Honourable Minister of Finance and Economic Development to: **maintain the Pula basket weights at 45 percent South African rand and 55 percent SDR and continue to implement a downward rate of crawl of 2.87 percent in 2021.** The rate of crawl reflects the inflation differential between Botswana and its trading partner countries. Furthermore, the rate of crawl reflects the need to contribute to the easing of real monetary conditions, while supporting domestic industry competitiveness, in the absence of significant inflationary pressures in the economy. This is in line with the overall objective of the country's exchange rate policy of achieving competitiveness of domestic goods and services.

Wilfred J. Mandlebe (Dr.)

PERMANENT SECRETARY