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REPUBLIC OF BOTSWANA

MINISTRY OF FINANCE AND
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PRESS RELEASE

30th December, 2019

PULA EXCHANGE RATE

1. An annual review of the Pula Exchange Rate Policy Framework is undertaken by the Government with a view to maintaining a stable and competitive real effective exchange rate of the Pula. The Country's current exchange rate arrangement is such that the Pula is pegged to a basket of currencies comprising the South African rand and the IMF's Special Drawing Rights (SDR) - consisting of the US dollar, Japanese yen, Chinese renminbi, euro and the British pound.

2. In accordance with Section 21 of the Bank of Botswana Act, the framework for determining the external value of the Pula shall be determined by His Excellency the President on the recommendation by the Honourable Minister of Finance and Economic Development, after consultation with Bank of Botswana.

3. Following the end of year review of the exchange rate parameters in December 2019, and in line with the recommendation by the Honourable Minister of Finance and Economic Development, His Excellency the President determined that: **the Pula basket weights be maintained**

at 45 percent South African rand and 55 percent Special Drawing Rights (SDR) of the International Monetary Fund; and a downward rate of crawl of 1.51 percent per annum be implemented effective 1st January, 2020. The recommended rate of crawl reflects the difference between the Bank's medium-term inflation objective and the forecast inflation for trading partner countries. The overall objective of the Country's exchange rate policy is to achieve and maintain the competitiveness of domestic products and services in the domestic and international markets.

Wilfred J. Mandlebe (Dr.)
PERMANENT SECRETARY