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July 16, 1984

To: Members of the Executive Board
From: The Acting Secretary
Subject: Botswana - Exchange Arrangements

There is attached for the information of the Executive Directors a paper on a recent change in the exchange rate of the Botswana pula.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

Botswana--Exchange Arrangements

Prepared by the African Department and the Exchange
and Trade Relations Department

(In consultation with the Legal Department)

Approved by Oumar B. Makalou and Eduard Brau

July 13, 1984

In the attached communication dated July 10, 1984 the Central Bank of Botswana has notified the Fund of a devaluation of the pula by 5.07 percent effective from July 7, 1984.

Since June 2, 1980 the pula has been pegged to a basket of currencies consisting of equal weights for the SDR and the South African rand. The authorities of Botswana had previously devalued the pula by 10.0 percent against the basket in May 1982.

The latest devaluation was undertaken in the wake of the recent appreciation of the pula against the South African rand. In view of Botswana's need to maintain the external competitiveness of its economy, the staff considers that the above-mentioned exchange rate action is a step in the right direction. The last Article IV consultation with Botswana was completed by the Executive Board on February 10, 1984.

INTERFUND
WASHINGTON, DC

JULY 10, 1984

THE BANK OF BOTSWANA, IN CONSULTATION WITH THE MINISTRY OF FINANCE
AND DEVELOPMENT PLANNING, HAS DEVALUED THE BOTSWANA PULA BY 5.07 PERCENT
WITH EFFECT FROM JULY 7, 1984.

C.N. KIKONYOGO
GOVERNOR
BOTBANK, GABORONE

Received in Cable Room: July 10, 1984