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ATTENTION**

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EBD/90/394

November 26, 1990

To: Members of the Executive Board

From: The Secretary

Subject: Namibia - Representative Rate for the South African Rand

It is not proposed to bring the attached memorandum to the agenda of the Executive Board for discussion unless an Executive Director so requests by noon on Thursday, November 29, 1990. In the absence of such a request, the draft decision that appears on page 2 will be deemed approved by the Executive Board and it will be so recorded in the minutes of the next meeting thereafter.

Mr. Decarli (ext. 7627) or Ms. Voulgaris (ext. 7629) is available to answer technical or factual questions relating to this paper.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

Representative Rate for the Currency of Namibia

Prepared by the Treasurer's Department

(In consultation with Legal, African and
Exchange and Trade Relations Departments)

Approved by Gerhard Laske

November 20, 1990

The Republic of Namibia became a member of the Fund on September 25, 1990 with a quota equivalent to SDR 70,000,000.

The currency of Namibia is currently the South African rand. On March 21, 1990, the date of Namibia's independence, Namibia entered into a bilateral monetary agreement with South Africa which established a joint monetary area between the two countries. The bilateral monetary agreement provides for the circulation of the South African rand as legal tender in Namibia and also stipulates that the two countries constitute a single exchange control territory.

At present, there is no interbank foreign exchange market in Namibia. Authorized dealers, which are branches or subsidiaries of banks in South Africa, conduct foreign exchange transactions through their head offices in South Africa.

The Fund staff have consulted with the authorities of Namibia as regards the determination of a representative exchange rate of the currency of Namibia for use in Fund transactions and operations and for the valuation of Fund holdings of Namibia's currency. In light of these consultations, it is proposed that the representative exchange rate for the currency of Namibia under Rule 0-2(b)(i) against the U.S. dollar be the middle rate between the buying and the selling rates for the U.S. dollar as reported by the Bank of Namibia. It is understood that the Bank of Namibia will promptly inform the Fund of any changes in exchange arrangements affecting the determination of the representative exchange rate. The Bank of Namibia has agreed to advise the exchange rate prevailing at each month-end. The rate of the currency of Namibia against the U.S. dollar was R 2.5304 per U.S. dollar on November 5, 1990.

The following draft decision is proposed for adoption by the Executive Board:

The Fund finds, after consultation with the authorities of Namibia, that the representative exchange rate for the currency of Namibia under Rule 0-2(b)(i) against the U.S. dollar is the middle rate between the buying and the selling rates for the U.S. dollar, as reported by the Bank of Namibia.

Attachment

ATTACHMENT

FROM: BANK OF NAMIBIA, WINDHOEK

DATE: 5TH NOVEMBER 1990

SUBJECT: NAMIBIA'S REPRESENTATIVE EXCHANGE RATE

IT HAS BEEN DECIDED TO ADOPT THE DEFINITION PROPOSED BY THE FUND FOR NAMIBIA'S REPRESENTATIVE EXCHANGE RATE NAMELY:

QUOTE, THE REPRESENTATIVE EXCHANGE RATE FOR THE CURRENCY OF NAMIBIA UNDER RULE 0-2 PARAGRAPH B(1), AGAINST THE U.S. DOLLAR IS THE MIDDLE RATE BETWEEN THE BUYING AND SELLING RATES FOR THE U.S. DOLLAR AS REPORTED BY THE BANK OF NAMIBIA.

UNQUOTE

E. LULE
GENERAL MANAGER

Received in Cable Room: November 5, 1990.

