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**IMMEDIATE
ATTENTION**

MASTER FILES

ROOM C-120

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EBD/85/72

March 11, 1985

To: Members of the Executive Board
From: The Secretary
Subject: Botswana - Change in Representative Rate for the Botswana Pula

It is not proposed to bring the attached memorandum on a change in the representative rate for the Botswana pula to the agenda of the Executive Board for discussion unless an Executive Director so requests by noon on Thursday, March 14, 1985. In the absence of such a request, the draft decision will be deemed approved by the Executive Board and it will be so recorded in the minutes of the next meeting thereafter.

Att: (1)

Other Distribution:
Department Heads



INTERNATIONAL MONETARY FUND

Botswana - Change in Representative Rate for the Botswana Pula

Prepared by the Treasurer's Department

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

Approved by David Williams

March 8, 1985

The representative rate for the Botswana pula under Rule 0-2(b)(i) was established as the rate obtained on the basis of the fixed relationship between the pula and a basket containing equal amounts of SDRs and South African rand, in which the SDR/U.S. dollar rate was the rate published by the Fund on the previous business day (Executive Board Decision No. 6553-(80/101) G/S, adopted June 30, 1980).

In view of the recent change in the exchange arrangements (EBD/85/21, 1/16/85) the Fund has again consulted with the Botswana authorities under Rule 0-2(c), regarding a change in the determination of a representative rate for the pula in the domestic exchange market. As a result, it is considered that the representative rate for the Botswana pula under Rule 0-2(b)(i) is the U.S. dollar rate obtained for the pula on the basis of a fixed relationship of the pula to a basket consisting of defined amounts of SDRs and South African rand, in which the SDR/dollar rate is the rate computed by the Bank of Botswana, based on the prevailing market exchange rates of the currencies in the SDR basket. Following the devaluation of the pula on January 9, 1985 the rate for the pula was U.S. dollars 0.5299 per pula.

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

The Fund finds, after consultation with the authorities of Botswana, that the representative rate for the Botswana pula under Rule 0-2(b)(i) is the U.S. dollar rate obtained for the pula on the basis of a fixed relationship of the pula to a basket consisting of defined amounts of SDRs and South African rand, in which the SDR/dollar rate is the rate computed by the Bank of Botswana, based on the prevailing market exchange rates of the currencies in the SDR basket. Botswana will immediately inform the Fund of any change in the representative rate for the pula, including changes in the weightings of SDRs and the South African rand used in the basket.

Attachment

TO: IMF WASHINGTON DC
FROM: BANK OF BOTSWANA - GABORONE
28/2/85
FOR TREASURER'S DEPARTMENT

BOTSWANA PULA

1. REF. YOUR TELEX DATED FEBRUARY 8, 1985 CONCERNING REPRESENTATIVE RATE FOR THE PULA.

2. WE PROPOSE THAT THE REPRESENTATIVE RATE FOR THE PULA BE REDEFINED AS THE US DOLLAR RATE OBTAINED FOR THE PULA ON THE BASIS OF A FIXED RELATIONSHIP OF THE PULA TO A BASKET CONSISTING OF DEFINED AMOUNTS OF SDR AND SOUTH AFRICAN RAND, IN WHICH THE SDR/DOLLAR RATE IS THE RATE COMPUTED BY THE BANK OF BOTSWANA, BASED ON THE PREVAILING MARKET EXCHANGE RATES OF THE CURRENCIES IN THE SDR BASKET. BOTSWANA WILL IMMEDIATELY INFORM THE FUND OF ANY CHANGE IN THE REPRESENTATIVE RATE, INCLUDING CHANGES IN THE WEIGHTINGS OF SDRS AND SOUTH AFRICAN RAND USED IN THE BASKET.

3. THE FOLLOWING IS THE LIST OF CHANGES SO FAR THIS YEAR:

9TH JANUARY
PULA 1 = 0.13518 (RAND 6.25 + SDR 1)

16TH JANUARY
PULA 1 = 0.13132 (RAND 6.5 + SDR 1)

30TH JANUARY
PULA 1 = 0.13958 (RAND 6 + SDR 1)

8TH FEBRUARY
PULA 1 = 0.14916 (RAND 5.5 + SDR 1)

25TH FEBRUARY
PULA 1 = 0.13983 (RAND 6 + SDR 1)

THESE CHANGES HAVE KEPT THE RAND WEIGHTING CLOSE TO 75 PERCENT.

4. THE DEVALUATION ON 9TH JANUARY AND THE SETTING OF THE NEW BASKET TOOK PLACE AT 3 P.M. BOTSWANA TIME. THE SUBSEQUENT CHANGES TO THE BASKET LEFT THE VALUE OF THE PULA UNCHANGED AT THAT INSTANT IN TIME.

D.J. HUDSON
(DEPUTY GOVERNOR)

Received in Cable Room: February 28, 1985.