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MASTER FILES

ROOM C-120

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EBD/85/237

September 10, 1985

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

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

Mr. Quirk (ext. 8520) is available to answer technical or factual questions relating to this paper.

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 A.D. Ouattara and S. Kanesa-Thanan

September 9, 1985

In the following communication dated September 3, 1985, the Botswana authorities have notified the Fund of a revision of the currency basket to which the pula is pegged. The weighting of the rand in the revised basket has been revised to maintain it at approximately 75 percent. The change in the basket did not give rise to a discrete devaluation of the exchange rate of the pula in terms of the basket.

INTERFUND
WASHINGTON, D.C.

SEPTEMBER 3, 1985

WITH EFFECT FROM 9:45 A.M. ON TUESDAY 3RD SEPTEMBER, 1985 THE BASKET TO WHICH THE PULA IS PEGGED HAS BEEN CHANGED.

OLD FORMULA

PULA 1 = .115245 (SDR 1 + RAND 8)

NEW FORMULA

PULA 1 = .127646 (SDR 1 + RAND 7)

THIS CHANGE IS INTENDED TO MAINTAIN THE RAND WEIGHTING IN THE PULA BASKET AT ABOUT 75 PERCENT. THERE WAS NO CHANGE IN THE EXTERNAL VALUE OF THE PULA.

REGARDS.
D.J. HUDSON (DR)
DEPUTY GOVERNOR
BOTBANK GABORONE

Received in Cable Room September 3, 1985