



COMMEMORATION OF 40TH ANNIVERSARY OF THE
BANK OF BOTSWANA

March 31, 2016

BROCHURE

A History of Growth and Adaptation



TABLE OF CONTENTS

	Page
Foreword	2
Commemoration Programme	3
Symposium Programme	4
Cultural Night Programme	5
Welcome Remarks by the Governor	6
Commemoration Addressed by His Excellency The President	7
Vote of Thanks by Hon Minister of Finance and Dev. Planning	10
Symposium Keynote Speaker's (Dr Kaberuka) Biography	12
Evolution of Organisation Structure: 1976 - 2016	13
Governors and Board Members: 1975 - 2016	16
Senior Management	20
Former Deputy Governors	21
Mission, Objectives, Strategies and Supportive Structures	22
Major Policies and Operational Developments	23
Evolution of Currency	30
Domestic and External Relations	32
Emerging New Roles of the Bank	35
Staff Matters - Selected Features and Welfare	38
Bank Facilities: Physical Infrastructure	40
Bank Publications	43
Commemoration pictures	45

FOREWORD

The Bank of Botswana was legally established by an Act of Parliament on July 1, 1975 and began operation six months later in January 1976. It is against this background that 2016 has been designated to mark the Bank's 40th anniversary of its operational existence.

This brochure commemorates the "History of Growth and Adaptation" of the Bank over the past four decades. Although the Bank's mission, objectives and functions have not changed much, the brochure highlights adaptations to the strategies, institutional structure and instruments for delivering its responsibilities as the domestic and international environment evolved.

From a challenging and humble beginning, the Bank has grown in many respects. The formulation and implementation of monetary and other policies are more solidly based and effective; operations are diverse and robust; domestic and external relations are cordial; and governance conforms to international best practice.

On behalf of the Board and all Bank staff, I would like to thank the Government of Botswana for providing the Bank the opportunity to serve the nation. My tribute also goes to my predecessor Governors, past and present Board members, senior management and all Bank staff for their dedicated service, which has cumulatively made what the Bank is today. The Bank is further indebted to many central banks, multilateral institutions and other organisations for the support extended over the years.

It is hoped that the brochure is sufficiently informative in presenting a snapshot of the Bank's history, functions and achievements as it served the country in the past 40 years.



Linah K Mohohlo
GOVERNOR

COMMEMORATION OF BANK OF BOTSWANA'S 40TH ANNIVERSARY

officiated by

***His Excellency The President
Lieutenant General Dr Seretse Khama Ian Khama
at
Bank of Botswana***

*on
March 31, 2016*

Director of Proceedings: Director of Banking, Payments & Settlement, Ms E Rakhudu

<i>1000 hours</i>	<i>Staff are seated</i>
<i>1010 hours</i>	<i>Guests are seated</i>
<i>1020 hours</i>	<i>Arrival of His Honour The Vice President</i>
<i>1030 hours</i>	<i>Arrival of His Excellency The President</i>
<i>N a t i o n a l A n t h e m</i>	
<i>1035 hours</i>	<i>Welcome Remarks - Governor</i>
<i>1040 hours</i>	<i>Address - His Excellency The President</i>
<i>1050 hours</i>	<i>Poem - Ms L Nchunga</i>
<i>1100 hours</i>	<i>Presentations</i>
<i>1120 hours</i>	<i>Bank of Botswana Choir</i>
<i>1135 hours</i>	<i>Vote of Thanks – Hon Minister of Finance & Dev Planning</i>
<i>1145 hours</i>	<i>Bank of Botswana Choir</i>
<i>1200 hours</i>	<i>Lunch</i>

40TH ANNIVERSARY COMMEMORATION SYMPOSIUM

Bank of Botswana Auditorium

March 31, 2016

Emerging Central Bank Roles – Policies and Strategies

***Moderator: Director of Research & Financial Stability,
Dr K S Masalila***

<i>1520 hours</i>	<i>Welcome Remarks – Governor Mohohlo</i>
<i>1530 hours</i>	<i>Keynote Address, Dr D Kaberuka, Hauser Leader-in-Residence, Center for Public Leadership, Harvard Kennedy School</i>
<i>1550 hours</i>	<i>Discussant 1 – Prof H Siphambe, Economics Department, University of Botswana</i>
<i>1600 hours</i>	<i>Discussant 2 – Dr D H Kalyalya, Governor, Bank of Zambia</i>
<i>1610 hours</i>	<i>Discussion</i>
<i>1700 hours</i>	<i>Closing Remarks – Deputy Governor Motsomi</i>

40TH ANNIVERSARY COMMEMORATION CULTURAL NIGHT

Grand Palm Hotel Grounds

March 31, 2016

Director of Proceedings: Head of Communications, Mr A Sesinyi

1845 hours

Arrival of Guests

1845 hours

Traditional Music (Mogwana)

1900 hours

Guests are seated

1930 hours

Welcome Remarks – Governor

1940 hours

Poem - Moroka Moreri

1950 hours

Dinner (Background music by Kearoma Rantao)

2100 hours

Entertainment (Kearoma Rantao)

2400 hours

Closure

WELCOME REMARKS



Linah K Mohohlo
Governor (1999 to date)

On behalf of the Board of the Bank of Botswana and all Bank staff, I would like to welcome you, Your Excellency, and all our esteemed guests, to this occasion as we commemorate the Bank of Botswana's 40th Anniversary, and to thank you most sincerely for gracing the occasion.

It was a little over 40 years ago, on July 1, 1975, that the Bank was established by an Act of Parliament inspired by the astute stewardship of the first President of Botswana, Sir Seretse Khama. This farsighted decision was made in the face of uncertainty and doubt about the country's ability to establish an independent and ultimately viable central bank, able to formulate and implement its own monetary and exchange rate policies. In line with best international practice, the Bank's other functions included the development of a sound and secure banking and financial system, promotion and maintenance of monetary and price stability and an efficient payment system.

It was no doubt an exciting challenge and a tall order to those who were entrusted with the responsibility of running the Bank, not only at the beginning, but for many years down the road. They gave it their all and rose to the challenge.

Building on their work, we can now reflect on their achievements, learn from their and our own experience, and chart the way forward as the Bank's mandate evolves. Indeed we look back with a sense of pride and nostalgia to all that has been accomplished since the Bank was established in the mid-1970s. I would like to take this opportunity to pay tribute to the country's forefathers and foremothers for their visionary leadership and foresight – now we have a central bank that has come of age at 40 years.

We at the Bank have no choice but to aim at discharging our responsibilities with the best of our abilities at all times, in order to effectively contribute to the country's economic and financial development and to the wellbeing of our fellow citizens.

As a related matter, and as outlined in the relevant programme, today's activities include a symposium that will take place in the Bank's auditorium this afternoon to address the topic, "Emerging Central Bank Roles - Policies and Strategies". You will be aware that in the aftermath of the 2007/08 financial crisis, central banks, multilateral and other international organisations have been undertaking reforms that are aimed at strengthening the resilience of the global financial system, as they embrace new functions and policy tools. It will be interesting to hear the former President and Chairman of the Board of the African Development Bank, Donald Kaberuka, who is in our midst, as he unpacks this important subject matter later today.

It is now my singular honour to invite His Excellency the President, to the podium to deliver his commemoration address and launch the 40th Anniversary activities.

Your Excellency, Sir.

COMMEMORATION ADDRESS



**His Excellency
President Lt. Gen. Dr Seretse Khama Ian Khama**

Distinguished Guests,

It is indeed a pleasure for me to be here today to mark the 40th anniversary commemoration of the Bank of Botswana's existence in the service of our nation.

I welcome each and every one of you to this gathering as we celebrate this milestone. I am informed that the Bank of Botswana will host the 42nd meeting of SADC Central Bank Governors tomorrow. Let me also take this opportunity to extend a distinct welcome to you Governors and your respective delegations. I commend you for, among others, continuing to exert efforts in promoting a healthy and stable macroeconomic, financial and investment climate in which sub-regional integration can be implemented.

The 40th Anniversary celebration of the Bank of Botswana assumes special significance as it precedes Botswana's 50th Anniversary of Independence celebrations that will take place later this year, culminating on 30th September.

We are all familiar with the critical role a central bank plays in any nation's economic development and transformation and, by extension, the well-being of its citizens. It is, therefore, a fact that the history of Botswana's economic development and transformation into an upper middle-income developing country cannot be told without recognising the role played by the Bank of Botswana.

Botswana shares a common experience with many African countries in that nation-building was started virtually from scratch upon attaining independence. Like Botswana, many countries went through the painstaking process of establishing and nurturing key national institutions, such as central banks, to carry out specific functions that are indispensable to the development agenda. It is also the case that new central banks in Africa faced similar daunting tasks of fulfilling key mandates, due to the challenging environment in which they were to operate.

I presume that Botswana's story is well known; it is a story of one of the poorest countries in the world when it obtained independence in 1966. Ten years later in 1976, when the Bank of Botswana began its operations, the country had only two commercial banks; the financial sector infrastructure was very

COMMEMORATION ADDRESS (Cont'd)

small and undeveloped; money market products needed for the conduct of monetary policy were non-existent. That was part of the reason it was commonly felt at the time that a central bank in such an environment would not do much beyond the issuance of a national currency. In fact, the conventional wisdom did not justify the establishment of a central bank in Botswana. Given such an inauspicious environment, the Government's decision to establish a central bank was bold. It was considered even more bold when Botswana decided not only to issue its own national currency but also to exit the Rand Monetary Area. The shoes which the new central bank was expected to fill immediately after its establishment were indeed large. It is fitting, therefore, that we should acknowledge and celebrate the Bank's achievements.

The process that led to the Bank's establishment exemplified all that is good about careful planning. The origins of the Bank can be traced to August 1973 when the founding President of this Republic, appointed a Commission led by Mr Quill Hermans, to examine options, given the dissatisfaction at the time with arrangements of being a member of the Rand Monetary Area. The Commission concluded that the country should seize the opportunity to leave the Rand Monetary Area and establish a full-fledged central bank and national currency. Such a recommendation was both well-informed but also brave and far-sighted, going against the advice of many.

Following this momentous decision, preparations proceeded rapidly, but with painstaking care. Thus, almost exactly two years after the founding President announced the intention to leave the Rand Monetary Area, the Bank of Botswana was up and running with Quill Hermans as the founding Governor. The new national currency (Pula and thebe) was launched to replace the South African Rand and cent, to national acclaim, on Pula Day, August 23, 1976. As they say, the rest is history.

It should be noted though that at the time, the country's newly issued legal tender had no sustainable pool of foreign exchange reserves to support its external value. Fortunately, it was not long before the Government's decision to establish a central bank and withdraw from the Rand Monetary Area was vindicated. As luck would have it, diamond mining commenced in the late 1970s and with it, external account surpluses were building up, foreign exchange reserves increased, government revenue also went up; budgetary savings accumulated and the banking system became flush with excess funds. The Bank responded by opening a call account, which was later replaced by issuance of the Bank's own paper (called Bank of Botswana Certificate) in 1991, with a view to absorbing excess liquidity and anchoring short-term interest rates.

It was under these favourable changed circumstances that the country embarked on a process of economic development and transformation. The proceeds from diamonds, which are a finite resource, were carefully invested to create other forms of wealth that would sustain socio-economic progress for the country. As a result, within three decades of gaining independence, Botswana attained middle income developing country status. Real GDP grew attractively at an average annual growth rate of 7.7 percent for nearly five decades to 2014, before the country had to contend with the current challenging times of much slower economic growth rates of below 5 percent.

You will appreciate that, as with other central banks, other responsibilities of the Bank included the formulation and conduct of monetary policy, in order to rein-in inflation and promote economic growth by directly controlling the allocation of credit and related interest rates. The Bank also had to implement the exchange rate policy, administer exchange controls and regulate as well as supervise the relatively small banking sector in those days.

The central bank's enduring success in fulfilling these functions was not assured due to the challenges of capacity constraints and unfavourable economic conditions of the time. Furthermore, and as you are aware, Botswana's openness and susceptibility to frequent droughts render it highly vulnerable to the challenges of weather and external economic and financial shocks. That is why among other functions, the Bank has, over the years, prudently invested budgetary savings. These funds are reflected in the build-up of foreign exchange reserves which are held as a precaution against natural disasters, a cushion against

COMMEMORATION ADDRESS (Cont'd)

external economic shocks, such as the 2007/08 global financial crisis and economic recession, as well as the current commodity price downturn. The savings are also held in trust for future generations. They can also be used to stimulate economic activity as and when necessary.

As would be expected, there was considerable reliance on technical assistance in many specialised areas. Many thanks to those who extended a helping hand by way of technical assistance, among them, the Bank of England, International Monetary Fund, Deutsche Bundesbank, Danish Central Bank, Czech National Bank, European Central Bank, Bank for International Settlements and some African central banks.

In the four decades of its existence, the Bank has also ably lived up to expectations in delivering on other broad national socio-economic mandates, despite the many challenges experienced by developed and developing countries alike. We are aware that the last four decades have witnessed a rapid pace of global economic and financial interconnectedness, with a relative shift in international economic power centres. These developments have created stresses and strains that have often severely affected developing countries. Botswana has not been spared the impact of the global economic and financial ups and downs. Although globalization rightly calls for shared responsibility in international economic and financial governance, so far, a suitable architecture for making inclusive and binding global economic and financial policy decisions has not yet emerged.

In good and bad times, the Bank has provided the Government with sound economic and financial advice. Its effective monetary policy has, in recent years, contributed to containing inflation within the medium-term desired range. The generally low and benign inflation, together with its favourable medium-term outlook, have led the Bank to reduce interest rates and, in the process striking an appropriate balance between boosting economic growth and promoting a culture of saving. The exchange rate has been stable and supportive of export competitiveness; foreign exchange reserves continue to be prudently managed; currency continues to be replaced by new families of banknotes and coin, as launched in 2009 and 2014, respectively; and the country now has 10 banks that offer a variety of products; furthermore, the payments system is efficient and reliable.

In all this, I believe it is heartening that the Bank's professional competence has been above board, while its accountability and transparency have never been in doubt. It is these indispensable attributes that have ensured the Bank's effectiveness which has earned it respect in the domestic and international financial community.

In this regard, I would like to pay tribute to all those who made a contribution to the enviable welfare of the Bank in its formative years and over time. I wish to single out past and present Board members, Governors (as represented by His Excellency former President Mogae and Mr Quill Hermans) and all staff of the Bank, and thank them most sincerely for serving the Bank and the country in this exemplary way.

The presence of many Governors, senior officials and distinguished guests from the Sub-region and abroad gives us confidence that the mutually beneficial collaboration, cooperation and bonds of friendship that have been built over the past 40 years with the Bank will continue to grow in strength in the period ahead.

Let me conclude by inviting those of you from outside our borders to feel at home here in Gaborone during and after the Anniversary's activities. I encourage you to visit other parts of Botswana so that you familiarise yourself a bit more with some places of tourist attraction and interact with more of our people. I wish you a safe return back to your homes. Once again, thank you for your company on this auspicious occasion.

It is now my pleasure to declare the commemoration of the 40th Anniversary of the Bank of Botswana officially launched.

I thank you for your attention.

VOTE OF THANKS



Hon O K Matambo
Minister of Finance and Development Planning

I would like to thank you, Your Excellency, for officiating this important occasion, and for highlighting the Bank's achievements since its establishment 40 years ago. Given my professional association with the Bank over the years, I can relate to its contribution to Botswana's economic development and transformation that you have so eloquently enunciated.

Let me echo your sentiments, Sir, in expressing sincere gratitude to the many dignitaries from the Sub-region and beyond, for the overwhelming gesture of goodwill and friendship shown by their presence as we commemorate the Bank's 40th anniversary.

Those of us in Government always observe, with admiration, how central bank Governors support each other in their work. The presence of SADC Central Bank Governors and other central bankers at this ceremony is a case in point; it is commendable.

I would also like to thank His Excellencies, former Presidents of the Republic of Botswana, RraGaone and RraNametso (Sir Ketumile Masire and Mr Festus Mogae), for being a part of this important event in the life of the Bank of Botswana. I extend the same gratitude to my Cabinet colleagues, Honourable Members of Parliament, Members of the Diplomatic Corps and other dignitaries for having seen it fit to attend this important event.

I acknowledge the presence of Chief Executive Officers of banks and other captains of industry too. It can safely be said that this occasion is as much about the Bank of Botswana as it is about your collective contribution to Botswana's economic development.

Like institutions of its nature, the Bank keeps its ears to the ground as they follow domestic and global economic and financial trends, listening for concerns of the banking and business sectors, and interacting with ordinary citizens. From this uniquely placed position, the Bank has continued to provide professional advice on domestic, regional as well as global economic and financial issues, through, among others, its membership of joint committees with the Ministry of Finance and Development Planning.

VOTE OF THANKS (Cont'd)

In this connection, the symposium which will take place later today, as part of the anniversary events, could not have chosen a better topic (The Emerging Roles of Central Banks - Policies and Strategies), given the expanding and evolving responsibilities of central banks, particularly since the financial crisis of 2007/08. In this respect, I wish to take this opportunity to acknowledge the presence of the former President of the African Development Bank and now Hauser Leader-in-Residence at the Harvard Kennedy School's Centre for Public Leadership, who will deliver a keynote address at the symposium this afternoon. I thank you, Dr Kaberuka, for being a part of the Bank's anniversary commemoration.

It would be remiss of me, not to pay tribute to the Board, Governor, Management and all Bank of Botswana staff for putting together this anniversary celebration, and for providing all protocols and other courtesies at the disposal of our guests. We are indebted to those who were instrumental in making all arrangements for entertainment, hospitality and catering. I can assure you that your sterling service is most appreciated; after all it has contributed to the success of the festivities.

I join you, Your Excellency, in wishing all our guests a pleasant stay in our midst, and a safe journey back home.

Your Excellency; cabinet colleagues; Honourable Members of Parliament; Your Excellencies Members of the Diplomatic Corps; distinguished Guests, Ladies and Gentlemen:

I thank you for your attention.

SYMPOSIUM KEYNOTE SPEAKER



Donald Kaberuka

**Former President and Board Chairman of African Development Bank
Currently Hauser Leader-in-Residence, at Harvard Kennedy School's Centre for Public Leadership**

Profile

Donald Kaberuka is the former President and Chairman of the Board of the African Development Bank Group, where he was considered one of the most transformational leaders. He stepped down in September 2015 after a period of ten years, and is now Hauser Leader-in-Residence at the Harvard Kennedy School's Centre for Public Leadership in Boston (USA).

During his tenure as President of the African Development Bank, Donald bolstered its franchise value, tripled its capital from USD30 billion to USD100 billion, and doubled the bank's portfolio. His leadership was particularly characterised by a "big push" on the private sector and leading from the front on infrastructure development. He also championed an inclusive growth agenda; promoted a strong link between security, development and the environment; established a ring-fenced facility for conflict-affected countries; and appointed an International High Level Panel on fragile states, led by President Ellen Johnson Sirleaf of Liberia. Donald put in place an Africa Natural Resource Center and the African Legal Support Facility to provide support to African countries managing natural resource wealth.

Prior to becoming Finance Minister for Rwanda, Donald worked in the private sector in the commodities business, and as Chief Economist of the Inter-African Coffee Organisation. As Finance Minister, he also served as Governor for Rwanda for the International Monetary Fund and the World Bank Group from 1997 to 2005.

Donald is currently on the Boards of Trustees of the World Economic Forum, Mandela Institute for Development Studies (Minds) and Mo Ibrahim Foundation. He is also a member of several international panels on finance and development.

An alumnus of the University of Glasgow in Scotland, Donald has been a Visiting Fellow at the Institute of Development Studies of Sussex University in England.

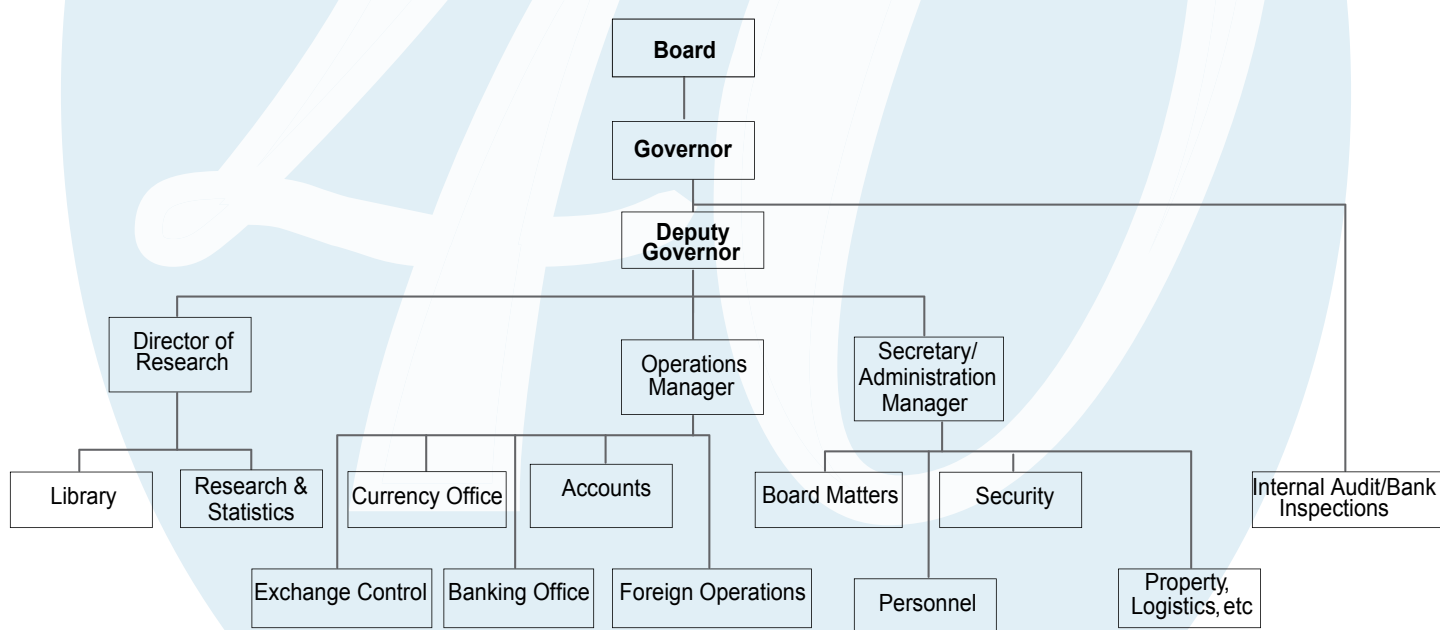
His private interests include classical music and wildlife conservation.

EVOLUTION OF ORGANISATION STRUCTURE: 1976 - 2016

Over the four decades of the Bank's existence, the delineation of responsibilities has evolved from only three Departments (Administration, Operations, Research) and one Division, to nine Departments (Banking, Payments and Settlement, Banking Supervision, Currency and Protective Services, Finance, Financial Markets, Human Resources, Information Technology, Research and Financial Stability and Secretariat) and three Divisions (Communications and Public Education, Internal Audit, and Property Management). Five of these Departments fulfil the Bank's core mandates while the other four provide auxiliary support and corporate services. The other support services are undertaken through the specialised activities of the three Divisions.

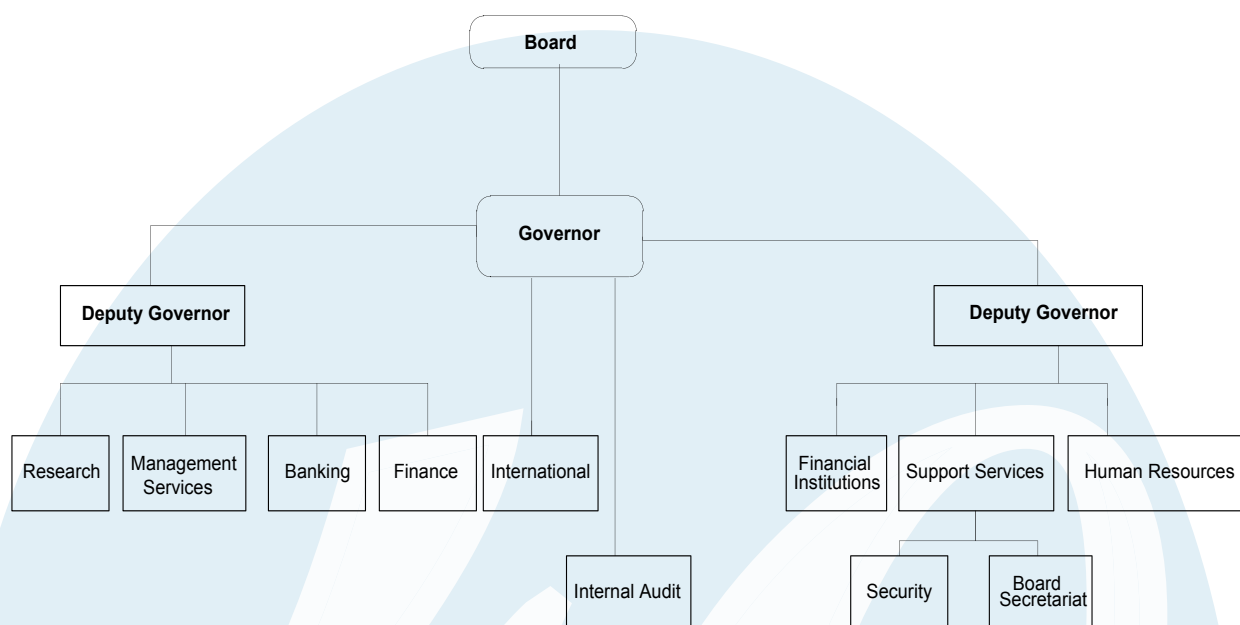
In order to carry out various functions of the Bank, some Departments had to be realigned and/or created to strengthen the execution of key mandates, afford effective integration of technology in operations and enhance benefits from support structures and services. Only three organisational charts (for 1976, 2000 and 2016) are shown below.

Organisation Chart - 1976



EVOLUTION OF ORGANISATION STRUCTURE: 1976 - 2016 (Cont'd)

Organisation Chart - 2000



The Bank at Inception

At inception, the Bank had only three Departments (Administration, Operations and Research). The Administration Department was responsible for personnel, procurement, security and matters related to the Bank's Board.

The Operations Department was responsible for a broad range of operational functions relating to, inter alia, accounting, currency and foreign exchange operations (including Exchange Control). As the Bank acquired more responsibilities, these distinct areas of focus gradually became the core functions of newly-established separate departments. The primary function of the Research Department was to monitor developments in the domestic economy and internationally, with a view to provide informed economic advice.

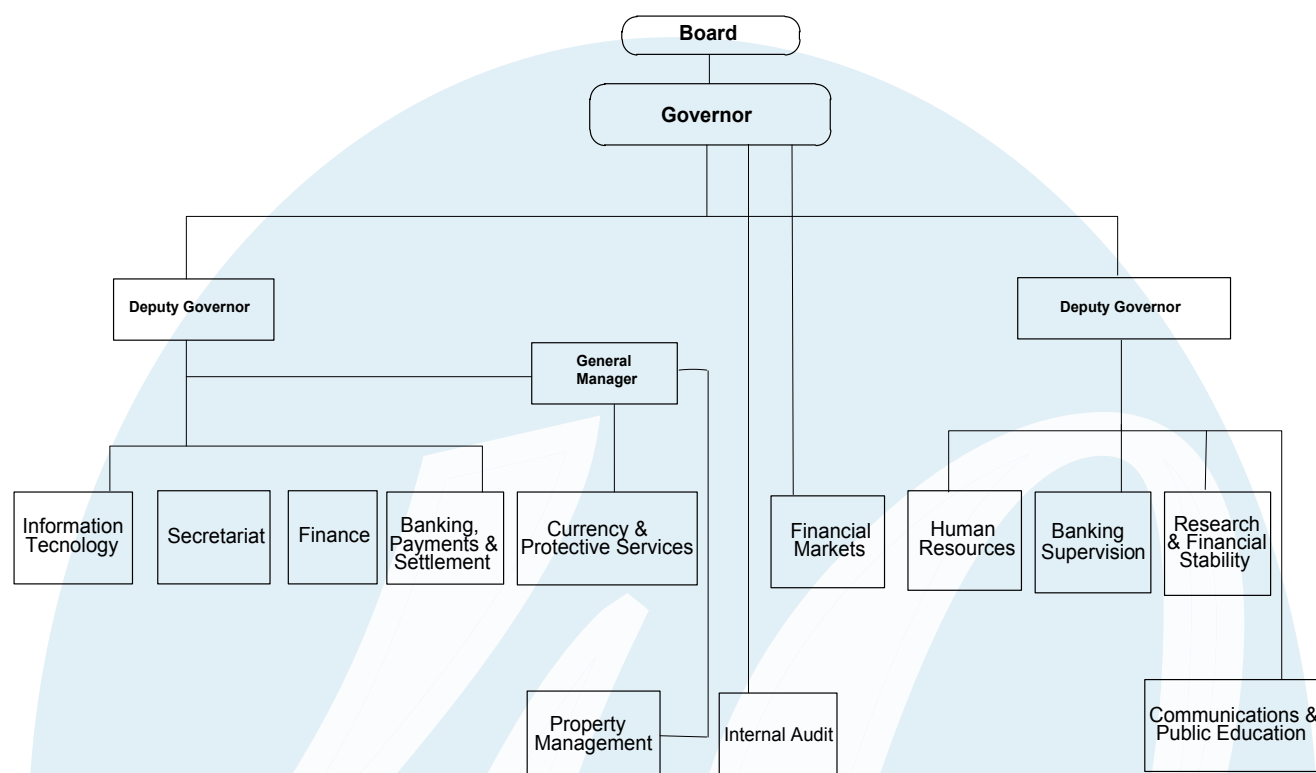
The Bank in 2000

By the end of 2000, the Bank had eight Departments, in large part reflecting the break-up of the former Operations Department. The Banking Department carried out the statutory obligation as issuer of currency and banker to the Government. It ensured efficient cheque clearance and banks' compliance with reserve requirements. The Human Resources Department (previously Administration) was responsible for recruitment, training, industrial relations and staff welfare, while the Finance Department was entrusted with accounting functions for the Bank, processing payments and payroll as well as preparing/monitoring implementation of the Bank's annual budget. Investment of the country's foreign exchange reserves and implementation of the exchange rate policy were carried out by the International Department (previously Treasury Department and now Financial Markets).

The Financial Institutions Department regulated the banking system through the administration of the Banking Act, 1995, with a view to ensuring that the banking sector was safe, sound and stable. The Department also administered the Collective Investment Undertakings Act, 1999, and supervised entities under the International Financial Services Centre and bureaux de change. Information technology and related functions were the responsibility of the Management Services Department, while the Support Services Department looked after the Board Secretariat, property management and security. The Research Department continued to conduct research, with an increased focus on monetary policy and related matters.

EVOLUTION OF ORGANISATION STRUCTURE: 1976 - 2016 (Cont'd)

Organisation Chart - 2016



The Bank Now

By early 2016, the Bank had grown to nine Departments and three Divisions.

Governor's Office

The Governor's Office ensures that the Bank operates in an efficient and effective manner, within the broad parameters of three statutes which govern the functions of the Bank, namely, the Bank of Botswana Act (CAP 55:01), Banking Act (CAP 46:04), and National Clearance and Settlement Systems Act (CAP 46:06), 2003. The Governor provides overall leadership to the Bank and coordinates the execution of the various functions of the Bank; assisted by two Deputy Governors, one General Manager and nine Heads of Department (Directors).

The Banking, Payments and Settlement Department combines the banking functions with responsibility for the national payments system; and *the Currency and Protective Services Department* deals with delivery of currency and security services. *The Banking Supervision Department* regulates and supervises banks and other financial institutions that fall under the Bank's purview, and responsibility for financial management reporting as well as risk management and planning is vested in the *Finance Department*. *Financial Markets Department* invests the foreign exchange reserves and is in charge of foreign exchange dealing and market operations in the domestic money and capital markets. *Human Resources Department* delivers on staff recruitment, training, remuneration and welfare, while the *Information Technology Department* ensures that the Bank's information technology systems and infrastructure are robust and effective in meeting the needs of the Bank. Economic research, formulation and implementation of monetary policy as well as implementation of the exchange rate policy are undertaken by the *Research and Financial Stability Department*. The *Board Secretariat* looks after records, protocol and provides logistical support for the Board. Other support services are provided by the specialised activities of three Divisions, viz; *Internal Audit*, *Communications and Public Education*, and *Property Management*.

GOVERNORS AND BOARD MEMBERS: 1975 - 2016

Board

The Board oversees and guides the Bank's general strategic direction and operations in accordance with the Bank of Botswana Act and Bye-Laws. It comprises two ex-officio members (Governor and Permanent Secretary of the Ministry of Finance and Development Planning) and up to seven other members appointed by the Minister of Finance and Development Planning, in their individual capacity (two of whom may be public officers). The Audit and Remuneration Committees are constituted and chaired by non-executive Board members; they consider issues pertaining to their respective mandates and make recommendations to the Board. The Bank is privileged to have had a wealth of talented Board members over the past forty years.

FORMER GOVERNORS & BOARD CHAIRMEN



H C L Hermans
1975-77 & 1987-97



B C Leavitt
1978-80



F G Mogae
1980-81



C N Kikonyogo
1982-86



B Gaolathe
1997-99

GOVERNORS AND BOARD MEMBERS: 1975 - 2016 (Cont'd)

FORMER BOARD MEMBERS



AJL Clark
1975-96



TS Madisa
1975-77



AG Woodcock
1975-79



PHK Kedikilwe
1976-84



JM Nganunu
1979-83;1985-87



DJ Hudson
1987



EWMJ Legwaila
1987-90



MJ Mbaakanyi
1987-89



L Maika
1988-90



PM Matsetse
1989-95



BB Selabe
1990-95



ML Mokone
1990-92

GOVERNORS AND BOARD MEMBERS: 1975 - 2016 (Cont'd)

FORMER BOARD MEMBERS (Cont'd)



GJ Stoneham
1992-94



DN Moroka
1994-2003



OK Matambo
1995-98



NH Fidzani
1995-2001



TC Moremi
1995-2003



T Seretse
1996-98; 2010



SSG Tumelo
1999-2008



RGM Mmutle
2002-04



B Moeletsi
2003-08



DKU Corea
2003-04; 2006-08



BB Bolele
2005-08



BK Molosiwa
2005-08



H Siphambe
2006-13

GOVERNORS AND BOARD MEMBERS: 1975 - 2016 (Cont'd)

BOARD MEMBERS As at March 31, 2016



Linah K Mohohlo
(Chairman)
Since 1999



Gordon K Cunliffe
Since 1996



Solomon M Sekwakwa
Since 2009



Caroline S Bothole-Mmopi
Since 1999 and 2005



Dr Joel Sentsho
Since 2002 and 2009



Sir Paul Collier
Since 2009



Robert N Matthews
Since 2012



Dr Malebogo Bakwena
since 2015

SENIOR MANAGEMENT

As at March 31, 2016



Governor
Linah K Mohohlo
Since 1999



Deputy Governor
Moses D Pelaelo
Since February 2006



Deputy Governor
Andrew M Motsomi
Since February 2016



General Manager
Richard H Nlebesi
Currency & Protective Services



Julius Ghanie
Information Technology



Daniel N Loeto
Finance



Ewetse T Rakhudu
Banking, Payments & Settlement



Ralesedi E Somolekae
Human Resources



Dr Kealeboga S Masalila
Research & Financial
Stability



Pelani D Siwawa-Ndai
Secretariat



Dr Lesedi S Senatla
Banking Supervision

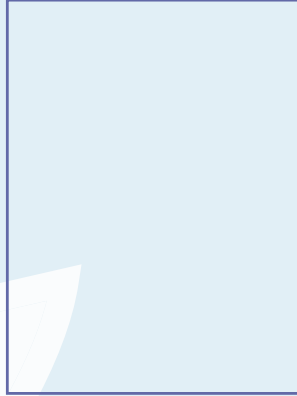


Sheila M Sealetsa
Financial Markets (Acting)

FORMER DEPUTY GOVERNORS



GP Lambie
1975-76



GH McKnight
1982



D J Hudson
1983-90



L C Clarke
1991-94



J Majaha-Jartby
1995 - 2001



K R Jefferis
1999 - 2004

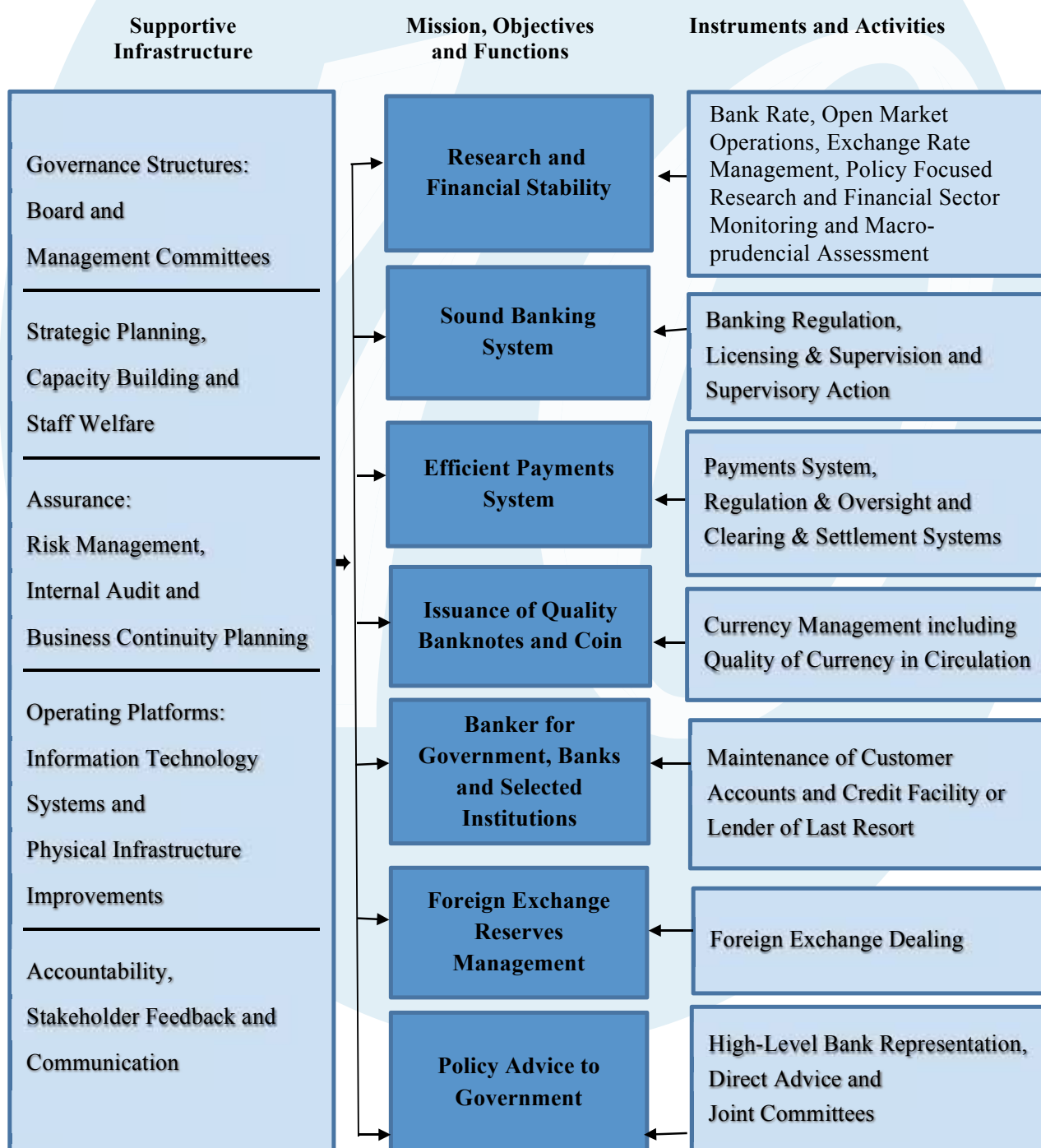


O A Motshidisi
2001-16

MISSION, OBJECTIVES, STRATEGIES AND SUPPORTIVE STRUCTURES

As provided under Section 4 (1) of the Bank of Botswana Act (CAP 55:01), the Bank's mission and primary objectives are to:

- promote and maintain monetary stability; this primarily requires the maintenance of a low, predictable and sustainable level of inflation;
- ensure that the overall financial system is safe and sound;
- regulate and oversee the payments system and ensure that it is secure and efficient; and
- in so far as it would not be inconsistent with monetary stability, promote the orderly, balanced and sustainable economic development of the country.



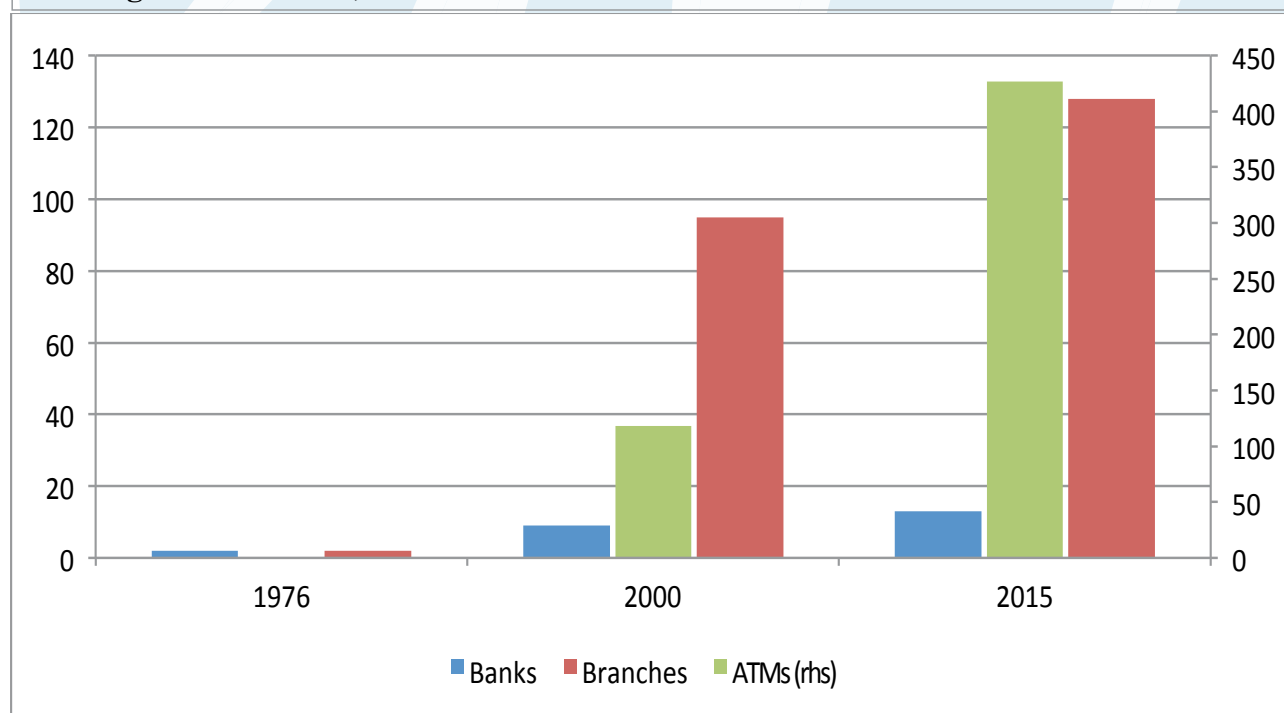
MAJOR POLICIES AND OPERATIONAL DEVELOPMENTS

(a) Financial, Banking and Supervisory Developments	
Period	Development
1975-81	<ul style="list-style-type: none"> • Bank of Botswana established under the Bank Botswana Act of 1975. • Barclays Bank and Standard Bank licensed as full fledged subsidiary banks in Botswana. • The Financial Institutions Act approved by Parliament to regulate and supervise the functions of commercial banks and other financial institutions. • In addition to regulating and supervising banks, the Bank supervises Botswana Savings Bank, Botswana Building Society and National Development Bank, in line with a special agreement with the Government. • Government banking accounts transferred from Standard Bank of Botswana (now Standard Chartered Bank Botswana) to Bank of Botswana.
1982-99	<ul style="list-style-type: none"> • Bank of Credit and Commerce Botswana Limited (BCCB) licensed as the third commercial bank in Botswana. • Financial Services Company and ULC (Pty) Ltd were granted licences for providing asset financing and financial leasing businesses. • Completion of a major review of financial development policies, resulting in the report “Financial Policies for Diversified Growth”. This report provided the basis for extensive policy reforms from 1989 onwards, and was done with the assistance of the World Bank. • In 1991, Zimbank Botswana Limited (Zimbank) commenced operations as the fourth commercial bank. In the same year, First National Bank of Botswana Limited (FNBB) commenced operations and took over BCCB, and ANZ Grindlays Botswana Limited was also licensed, bringing to five the number of commercial banks. • Central bank paper (Bank of Botswana Certificate) established May 1, 1991 to serve as a monetary instrument and used in mopping excess liquidity in the banking system and in establishing short term interest rates. The Call Account abolished. • Union Bank Botswana Limited was licensed in 1992, and subsequently merged with ANZ Grindlays, changing name to Stanbic Bank Botswana Limited. • To prevent its collapse, Zimbank taken over by FNBB in 1993 since it was unprofitable and was experiencing capital erosion. • Botswana Cooperative Bank liquidated in 1995; it had been established in 1974 to serve mainly cooperative societies. • Banking Supervision Annual Report (1999) was published for the first time. • The Bank formally assumed the supervisory role for unit trusts, mutual funds and similar operations, following the revised Collective Investment Undertakings (CIU) Act of 1999.
2000-04	<ul style="list-style-type: none"> • Bank of Baroda Botswana Limited licensed and commenced operations in 2000. • The Bank arranged for and secured an investment sovereign credit rating (A) for the country from Standard and Poor's and Moody's Investors Service. • The Bank in 2001, successfully handled arrangements for the implementation of the Government Bond Issuance Programme announced in the 2002 Budget Speech and managed the initial Government bond issue. • Botswana International Financial Services Centre (IFSC) established in 2003 to develop Botswana into a world class hub for cross-border financial and business services in Africa and the sub-region. • An offshore investment bank, Kingdom Bank Africa Limited (KBAL) licensed as an IFSC bank in 2003. • New Bureaux de change regulations became effective in 2004.

MAJOR POLICIES AND OPERATIONAL DEVELOPMENTS (Cont'd)

2005-11	<ul style="list-style-type: none"> • The Bank took temporary management of Kingdom Bank Africa Limited in March 2005; this was lifted in September 2005. • Bank Gaborone Limited and Capital Bank Botswana Limited licensed in 2006 and 2007, respectively. • The Bank issued government bonds in March and September 2008 under the P15 billion Government Note Issuance Programme that was launched in March 2008. • ABN AMRO licensed in 2009, while African Banking Corporation of Botswana Limited rebranded and converted to a commercial bank, BancABC. • A directive on monthly and quarterly returns was issued and adopted by banks in 2010 to prepare for the implementation of Basel II and compliance with the benchmark standards of the IMF's Special Data Dissemination Standards for the collection and dissemination of financial data.
2012-15	<ul style="list-style-type: none"> • The Bank began offering three-month Treasury Bills on behalf of the Government. • The Bank concluded the consultative process with the market and issued a draft directive on Capital Adequacy Measurement and Standards to guide the parallel run of Basel I and Basel II/III. • Two banks licensed in 2013, namely, Bank of India and State Bank of India. • KBAL placed under temporary management as it had failed to undertake the business for which it was licensed in a safe, sound and sustainable manner, and was subsequently closed down in 2015. • The Directive on the Revised International Convergence of Capital Measurement and Capital Standards in Botswana (Basel II) approved by the Board in June 2015 and, effected on January 1, 2016.

Banking Sector: Banks, Branches & ATMs



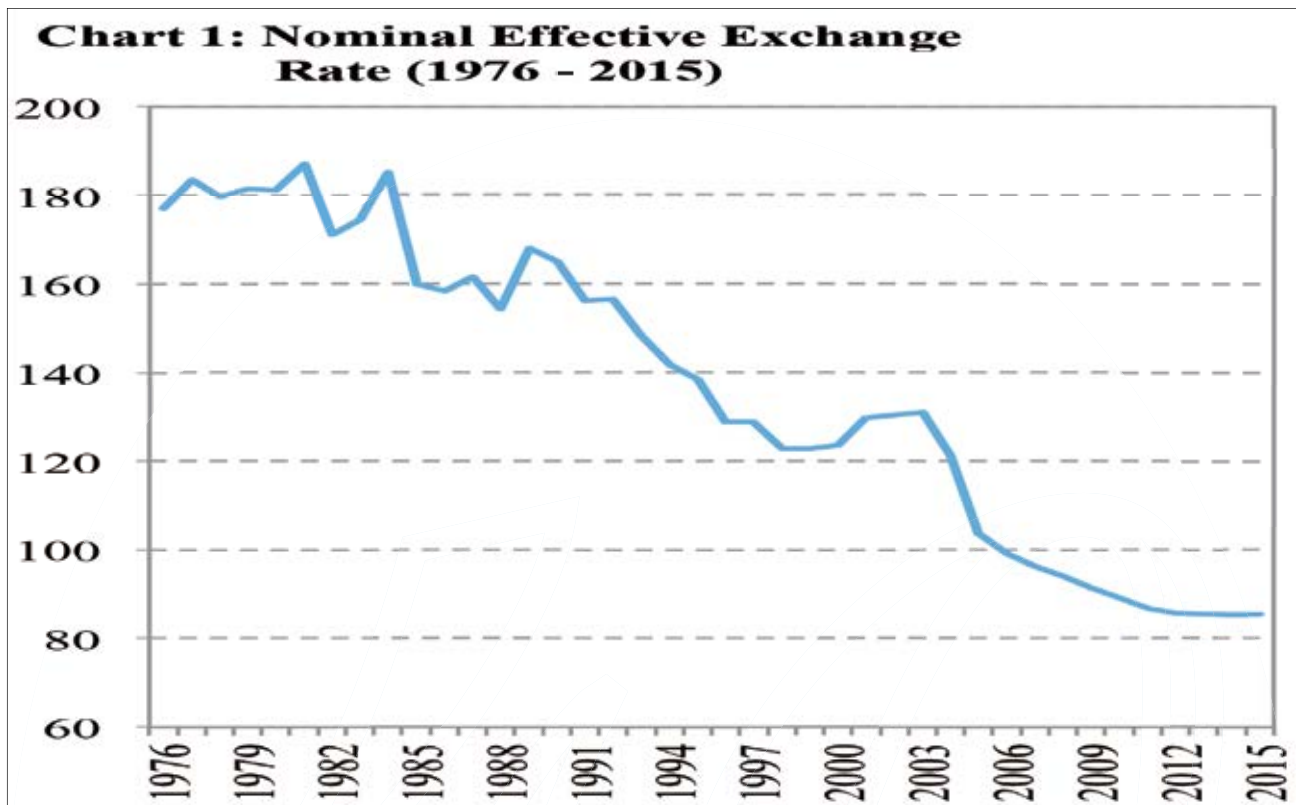
Banks in 2000 & 2015 include statutory banks, an investment bank and a merchant bank. Branches include sub-branches, agencies and encashment points.

Source: Bank of Botswana

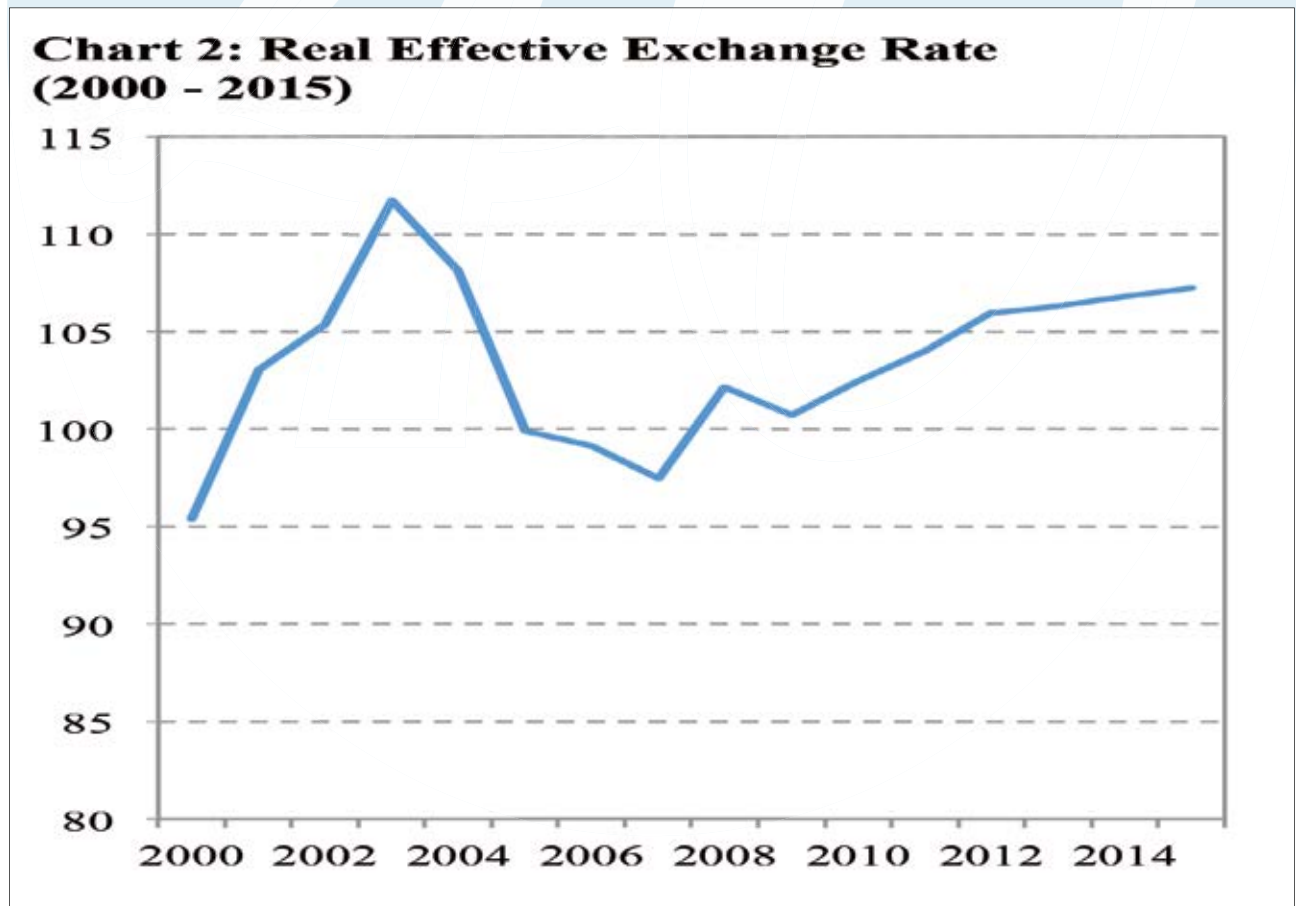
MAJOR POLICIES AND OPERATIONAL DEVELOPMENTS (Cont'd)

(b) Exchange Rate Policy	
Period	Development
Pre-1976	<ul style="list-style-type: none"> • Botswana was part of the Rand Monetary Area (RMA). • Exchange rate and monetary policies not independent – Botswana was dependent on South Africa's policy frameworks.
1976-80	<ul style="list-style-type: none"> • Introduction of the Pula, pegged to US dollar at P1 = USD1.15, and at par with the South African rand. • Five percent Pula revaluation in 1977 and again in 1980 as an anti-inflationary measure. • Pula taken off US dollar peg and Pula basket consisting of the SDR and rand introduced to reduce volatility of rand/Pula exchange rate.
1981	<ul style="list-style-type: none"> • Steep drop in world gold price (from USD 850 in January 1980 to USD 494 per ounce in January 1981) resulting in a sharp decline in South African export earnings and the rand depreciating rapidly against major currencies. Therefore, Pula depreciates against major currencies and appreciates against the rand.
1982-88	<ul style="list-style-type: none"> • Ten percent Pula devaluation as part of stabilisation measures in response to the 1981/82 balance of payments crisis. • Subsequent devaluations (1984 and 1985) of 5 percent and 15 percent, respectively, meant to improve competitiveness following Pula appreciation against rand after rand collapse. • Rand weight in Pula basket adjusted to reduce drift of Pula from rand as rand depreciated against US dollar (and SDR). The rand was given the dominant weight in the Pula basket. • The rand weight in the Pula basket was increased in 1986 in response to the rapid rand appreciation against the US dollar following the re-introduction of the financial rand.
1989-93	<ul style="list-style-type: none"> • 5 percent Pula revaluation as an anti-inflation measure to curb imported inflation. • However, the Pula was devalued in 1990 and 1991 (by 5 percent each time) as a competitiveness measure. • Zimbabwean dollar introduced to the Pula basket to capture the increase of trade with Zimbabwe (both imports and exports).
1994-04	<ul style="list-style-type: none"> • Technical adjustment and the removal of the Zimbabwean dollar from the basket. These changes were made to the Pula basket to reflect changes in trade patterns and were aimed at maintaining competitiveness and real exchange rate stability. • 7.5 percent devaluation of the Pula in 2004 as a competitiveness measure.
2005-14	<ul style="list-style-type: none"> • 12 percent devaluation of the Pula as a competitiveness measure in 2005. • Adoption of the crawling band mechanism done at the same time to avoid the need for large discrete adjustments to the exchange rate; initially with a modest annual downward rate of crawl. • Announcement of Pula basket weights (55 percent rand and 45 percent SDR) and rate of crawl (-0.16 percent per annum) in 2013 to foster transparency in the operation of the exchange rate mechanism.
2014 to date	<ul style="list-style-type: none"> • Change in Pula basket weights (50 percent rand and 50 percent SDR) and rate of crawl set at zero per annum. • Upward rate of crawl set at 0.38 percent per annum in January 2016 reflecting gains in controlling inflation.

MAJOR POLICIES AND OPERATIONAL DEVELOPMENTS (Cont'd)



Source: Bank of Botswana



Source: Bank of Botswana

MAJOR POLICIES AND OPERATIONAL DEVELOPMENTS (Cont'd)

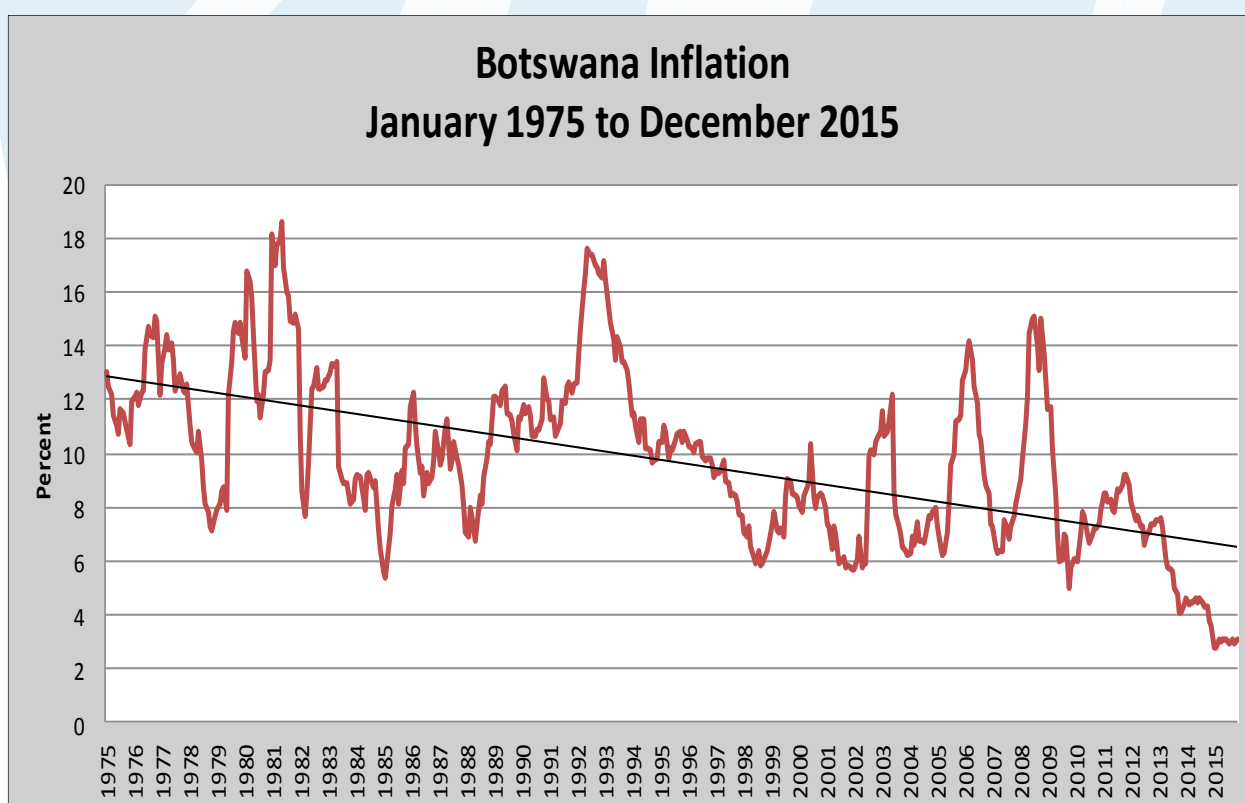
(c) Developments in Banking and Payments Systems	
Period	Development
1977	<ul style="list-style-type: none"> • Clearing House set up within Bank of Botswana for clearing and settlement of bank cheques.
2000-05	<ul style="list-style-type: none"> • A draft National Payment Strategic Framework was produced. The framework was meant to bring Botswana's payment modernisation programme closer to developments in other Southern African Development Community (SADC) member countries. • Establishment of the Electronic Clearing House (ECH) which made it possible to reduce the clearing of cheques to four days and incorporated the processing of electronic transfers through an Electronic Funds Transfer (EFT) system. • National Clearance and Settlement System (NCSS) Act, 2003 enacted, establishing a clear legal framework for the operation of payments systems as well as criminalise the bouncing of cheques. • ECH was transferred to the Bankers Association of Botswana (BAB). • Administration of the National Savings Certificates (NSCs) was successfully transferred to the Botswana Savings Bank in 2005. The NSCs were introduced in 1999 and were designed to provide small savers with an alternative medium-term savings instrument offering an attractive rate of interest.
2006-11	<ul style="list-style-type: none"> • The Bank rationalised the currency denominations by phasing out the P1, P2 and P5 banknotes with a view to their eventual demonetisation in 2011. • The Real Time Gross Settlement (RTGS) system was launched to enhance the efficiency and security of banking and settlement transactions by enabling secure high value on-line and real time payments, reducing systemic transactions risk as well as improving treasury management. Subsequently, the intra-day lending facility was introduced. • A new family of banknotes comprising P10, P20, P50, P100 and P200 was introduced. • The Central Securities Depository Botswana (CSDB), operated by the Botswana Stock Exchange, was introduced, leading to an increase in participation in the payment system. • The old family of banknotes demonetised as at December 31, 2009. • In October 2009, cheque payments were capped at P500 000 per transaction in order to encourage use of electronic payment system and to mitigate fraud and systemic risk in the financial system.
2012-15	<ul style="list-style-type: none"> • Currency operations were moved to a purpose-built and modern Cash Management Centre (CMC). The CMC has improved security and efficiency of cash processing and contributes to enhanced quality of currency in circulation. • The Botswana Unified Revenue Service and the Office of the Accountant General were linked to the Botswana Inter-Bank Settlement System in December 2013 enabling the two entities to transact directly on a real-time basis and facilitate timely reconciliation of accounts. • The Botswana Automated Clearing House (BACH) project commissioned in February 2015 and encompasses a cheque imaging and truncation process that enables a reduction in the cheque clearing cycle to two days. BACH affords inter-connectivity and transmission of data to enable clearing and settlement among the various payments platforms and institutions. • Approval for Botswana to join the SADC Integrated Regional Settlement System (SIRESS) granted. SIRESS enables commercial banks and central banks to discharge cross-border payments obligations within SADC with certainty and speed, at low risk and relative low cost.

MAJOR POLICIES AND OPERATIONAL DEVELOPMENTS (Cont'd)

(d) Monetary Policy Framework	
Period	Development
Pre-1991	<ul style="list-style-type: none"> • The main objective was to resolve anomalies in the banking system caused by rising excess liquidity, including commercial bank's unwillingness to take deposits from certain large depositors and a shift out of longer-term interest bearing deposits into shorter-term deposits. • Direct tools of monetary control. • Major policy instrument: regulated interest rates for deposits and lending. • Other policy instruments (primary reserve requirements and Bank Rate) also existed, but were not effective due to excess liquidity. • Bank of Botswana Call Account was used to absorb excess liquidity from commercial banks and certain large depositors.
1991-97	<ul style="list-style-type: none"> • The principal objective was to maintain real interest rates in line with those prevailing in major international markets in order to stabilise capital flows, while price stability was increasingly emphasised. • Financial liberalisation initiated in the late 1980s. • Indirect monetary policy tools: Bank of Botswana Certificates (BoBCs) introduced in 1991 to absorb excess liquidity. • The Call Account facility at the Bank of Botswana was discontinued. • Major policy instrument: Bank Rate became relevant as a signalling device. • Determination of auction amounts and pricing of BoBCs as well as the Bank Rate through monthly meetings of the Open Market Coordination Committee (OMCC).
1998-01	<ul style="list-style-type: none"> • The annual Monetary Policy Statement (MPS) was introduced in 1998, and became an important pillar of monetary policy. However, the MPS did not initially specify price stability in terms of a numerical objective; monetary stability encompassed low, stable and predictable inflation as an objective. • Repos and reverse repos were introduced in 1998 to supplement use of BoBCs in money market operations. • The delineation of responsibilities was clarified with the Monetary Policy Committee (MPC) setting the Bank Rate and giving guidance on the pricing of BoBCs to the Open Market Auction Committee (OMAC), which was also to determine auction amounts.

MAJOR POLICIES AND OPERATIONAL DEVELOPMENTS (Cont'd)

2002-07	<ul style="list-style-type: none">• The primary objective was to achieve a sustainable, low and predictable level of inflation.• An annual objective for inflation was introduced in 2002, initially at 4 – 6 percent.• A rolling medium-term (3-year) inflation objective of 3 – 6 percent was introduced in 2006, initially running concurrently with the annual objective.• Growth in commercial bank credit used as an intermediate target, consistent with economic growth, the inflation objective and also taking into account financial deepening.• The increase in government spending was also monitored for consistency with expected output growth and the inflation objective.
2008 to date	<ul style="list-style-type: none">• The primary objective of a sustainable, low and predictable level of inflation was maintained.• The annual inflation objective and credit growth target were dropped.• The medium-term inflation objective maintained, with an enhanced role for the medium-term inflation forecast in guiding policy decisions. The inflation forecast effectively becomes the intermediate target, although other factors are also considered.• The importance of financial system stability emphasised and a framework for ensuring the soundness of the financial system established.



Source: Bank of Botswana

EVOLUTION OF CURRENCY



EVOLUTION OF CURRENCY (Cont'd)

1999



- New P10 banknote, bearing the portrait of a sitting President, then His Excellency Festus G Mogae, was introduced on June 24, 1999. Other bank notes bore portraits of figure of national significance.

2000

- New P50 banknote, bearing the portrait of the founding President His Excellency Sir Seretse Khama was introduced on June 5, 2000.

- P5 coin introduced on November 1, 2000



- On October 27, 1997, new P20 banknote with portrait of national anthem composer, Dr K T Motsetse, was introduced

- New P100 banknote, bearing the portrait of the three chiefs (Bathoeng I, Khama III and Sebele I) who obtained British protection over Bechuanaland was introduced on June 5, 2000



2014

- On February 27, 2014, new family of coin was introduced
- The old circulating coin were subsequently withdrawn and demonetised



2009

- On August 23, 2009, a new family of banknotes was introduced, including a new P200 note and P10 note bearing the portrait of current (sitting) President, His Excellency, Lieutenant General Dr Seretse Khama Ian Khama



DOMESTIC AND EXTERNAL RELATIONS

Domestic Relations

Beyond being the Government's banker, the Bank works very closely with the Government in many areas of policy formulation and implementation, and participates in various standing committees and ad hoc working groups. The Bank is mandated to implement the exchange rate policy on behalf of the Government, and is consulted in its formulation. The Bank is also both a major user and producer of financial and economic statistics, and works closely with other producers of official statistics in Botswana, especially Statistics Botswana and the Ministry of Finance and Development Planning which, together with the Bank, constitute the membership of the Statistics Producer Committee.

International Relations

The Bank participates in various regional and international meetings, and hosts consultation, surveillance and technical assistance missions. Internationally, the Bank participates in meetings and conferences of the World Economic Forum, Bank for International Settlements (BIS), World Bank and International Monetary Fund (IMF), while at a regional level, it has representation in meetings of the Southern African Customs Union (SACU), SADC Committee of Central Bank Governors (CCBG) and the Association of African Central Banks (AACB). In addition, the Bank hosts the international sovereign credit rating agencies, Moody's Investors Service and Standard and Poor's, as they conduct the annual credit rating review.

International Monetary Fund/World Bank

Botswana is a member/shareholder of the IMF/World Bank Group and works closely with these institutions in a number of areas. The Governor of the Bank of Botswana is a member of the IMF's Board of Governors. The IMF and the World Bank also pool together data from various member countries and provide advice on common definitions of data, for purposes of cross-country comparisons,



Governor Mohohlo with Deputy Managing Director of IMF Mr Min Zhu (left) and Board Member Mr G Cunliffe at the Small Middle-Income Countries high level Conference held in Gaborone in January 2016

DOMESTIC AND EXTERNAL RELATIONS (Cont'd)

analyses and research. The Bank, therefore, regularly supplies data to the IMF. Furthermore, Article IV of the IMF Articles of Agreement provides for regular country consultations. The IMF and World Bank also conduct/support specialist training for staff of central banks, from which a number of Bank staff have benefited. In addition, the Bank has received IMF and World Bank Group technical assistance, in the form of reviews, such as the financial sector review of 1988-89, 2007 Financial Sector Assessment Programme and reports on specific issues. The services of IMF experts and advisors have been provided to the Bank from time to time.

Regional Consultative Group for Sub-Saharan Africa

The Regional Consultative Group for Sub-Saharan Africa is one of the six regional consultative groups of the Financial Stability Board (FSB). It was established in 2011 pursuant to the FSB's objective of expanding and formalising outreach beyond its G20 membership and its first inaugural meeting was held in February 3, 2012. The Group brings together financial authorities from FSB member and non-member countries to exchange views on vulnerabilities affecting financial systems and on initiatives to promote financial stability. Membership includes financial authorities from Angola, Botswana, Ghana, Kenya, Mauritius, Namibia, Nigeria, South Africa and Tanzania. To date, The Group has held eight bi-annual consultative meetings.

SADC Committee of Central Bank Governors

The Governor represents the Bank at the SADC Committee of Central Bank Governors (CCBG), which is the economic arm of SADC charged with responsibility for, among others, fostering cooperation in the areas of finance, investment promotion, macroeconomic stability and economic integration.



SADC Committee of Central Bank Heads of Delegation

Row 1: seated from left: • Mr Charles Chuka, Governor, Reserve Bank of Malawi • Ms Cristina Dias Van-Dúnem, Deputy Governor, Banco Nacional de Angola • Ms Caroline Abel, Governor, Central Bank of Seychelles • Ms Linah Mohohlo, Governor, Bank of Botswana • Mr Lesetja Kganyago, Governor, South African Reserve Bank • Dr Stergomena Tax, Executive Secretary, SADC • Dr Retselisitsoe Matlanyane, Governor, Central Bank of Lesotho • Dr John Mangudya, Governor, Reserve Bank of Zimbabwe • Mr Alain Rasolofondraibe, Governor, Banque Centrale de Madagascar

Row 2: standing from left: • Mr Jean-Louis Kayembe wa Kayembe, General Director: Monetary Policy and Banking, Banque Centrale du Congo • Mr Ipumbu Shiimi, Governor, Bank of Namibia • Dr Denny Kalyalya, Governor, Bank of Zambia • Mr Rameswurlall Basant Roi, Governor, Bank of Mauritius • Mr Ernesto Gove, Governor, Banco de Moçambique • Prof Benno Ndulu, Governor, Bank of Tanzania • Mr Sikhumbuzo Dlamini, General Manager: Economic Policy Research and Statistics, Central Bank of Swaziland

DOMESTIC AND EXTERNAL RELATIONS (Cont'd)

Although chaired by the South African Reserve Bank, meetings of the CCBG are held in member states on a rotational basis and the 2016 annual meeting was held in Botswana. Recent achievements of the CCBG include introduction of the SADC Integrated Regional Electronic Settlement System (SIRESS) which commenced operations in 2013; as at the end of February 2016, six central banks and 67 commercial banks (from nine countries) were participating as settlement banks.

Association of African Central Banks (AACB)

The Bank is an active member of the Association of African Central Banks, which was formed in 1968 as the economic arm of the African Union Commission. The AACB is charged with, among others, fostering economic integration between member states. The Association monitors progress of economic integration through the African Monetary Cooperation Programme, which has set milestones to be achieved in the integration process over time. The meetings of the Association are held annually, hosted by the five sub-regions of the Association on a rotational basis. The Governor has chaired the Southern sub-region of the AACB for nine years, (2002 - 09).

Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI)

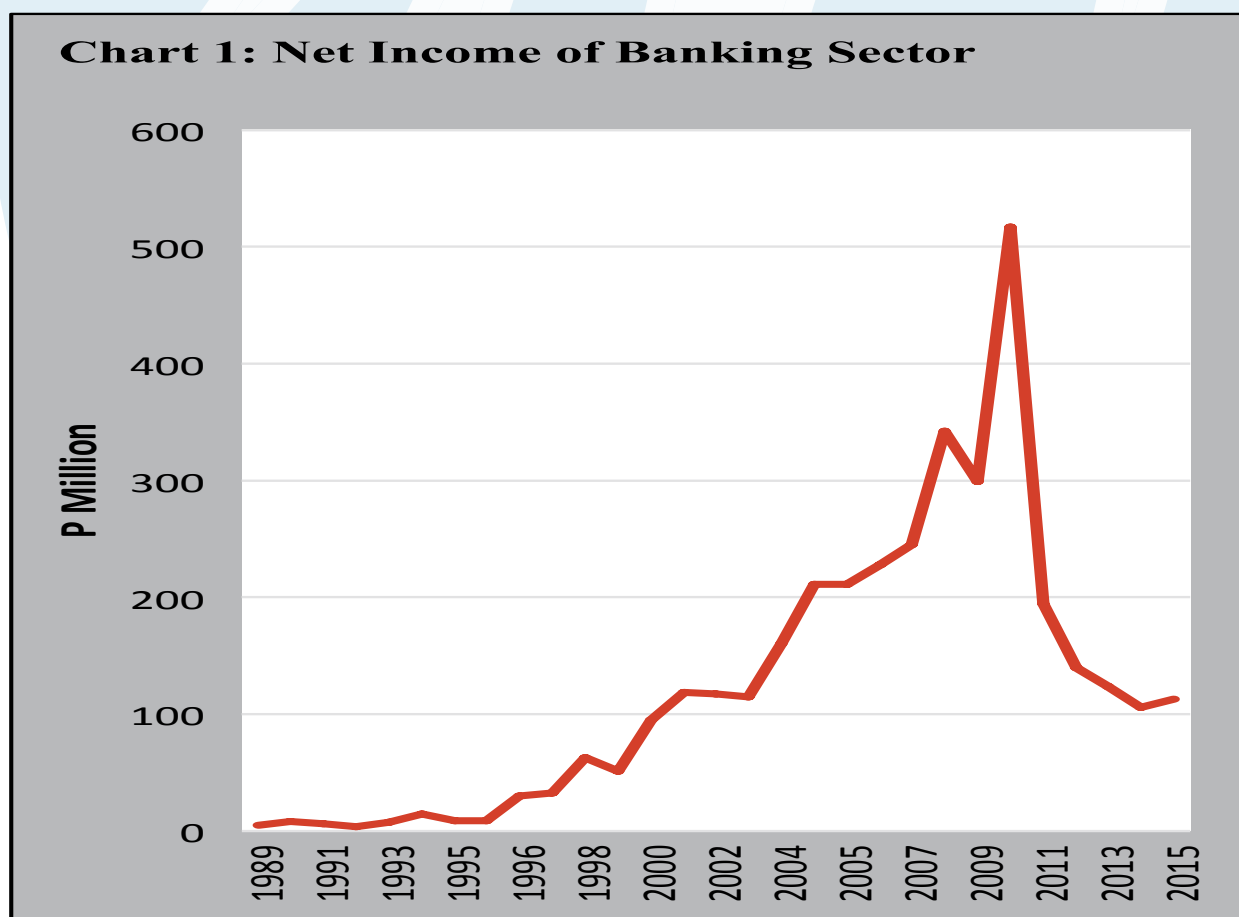
The Bank of Botswana is a member of MEFMI, which is a regionally owned institute currently with 14 member countries, namely, Angola, Botswana, Burundi, Kenya, Lesotho, Malawi, Mozambique, Namibia, Rwanda, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe. It focuses on building capacity in identified key areas in ministries of finance and/or planning and central banks, or equivalent institutions, with the goal of improving sustainable human and institutional capacity in critical areas of macroeconomic and financial management. MEFMI also fosters best practice in related institutions. The Governor currently chairs the Executive Committee of MEFMI.

EMERGING NEW ROLES OF THE BANK

The principal objectives and responsibilities of the Bank of Botswana are stipulated in the Bank of Botswana Act. These relate to monetary stability, as manifested by price and financial stability, as well as sound and properly functioning banking and payments systems. The Bank is also advisor to Government, and coordinates with other sectoral regulators, users and producers of statistics, while its economic and financial analysis and publications are considered authoritative. It is, therefore, important that such outreach is underpinned by well-earned credibility that also helps to engender positive public and market expectations. Looking ahead, the Bank will continue to adapt to market trends, innovation and developmental needs. Among others, the following are evident:

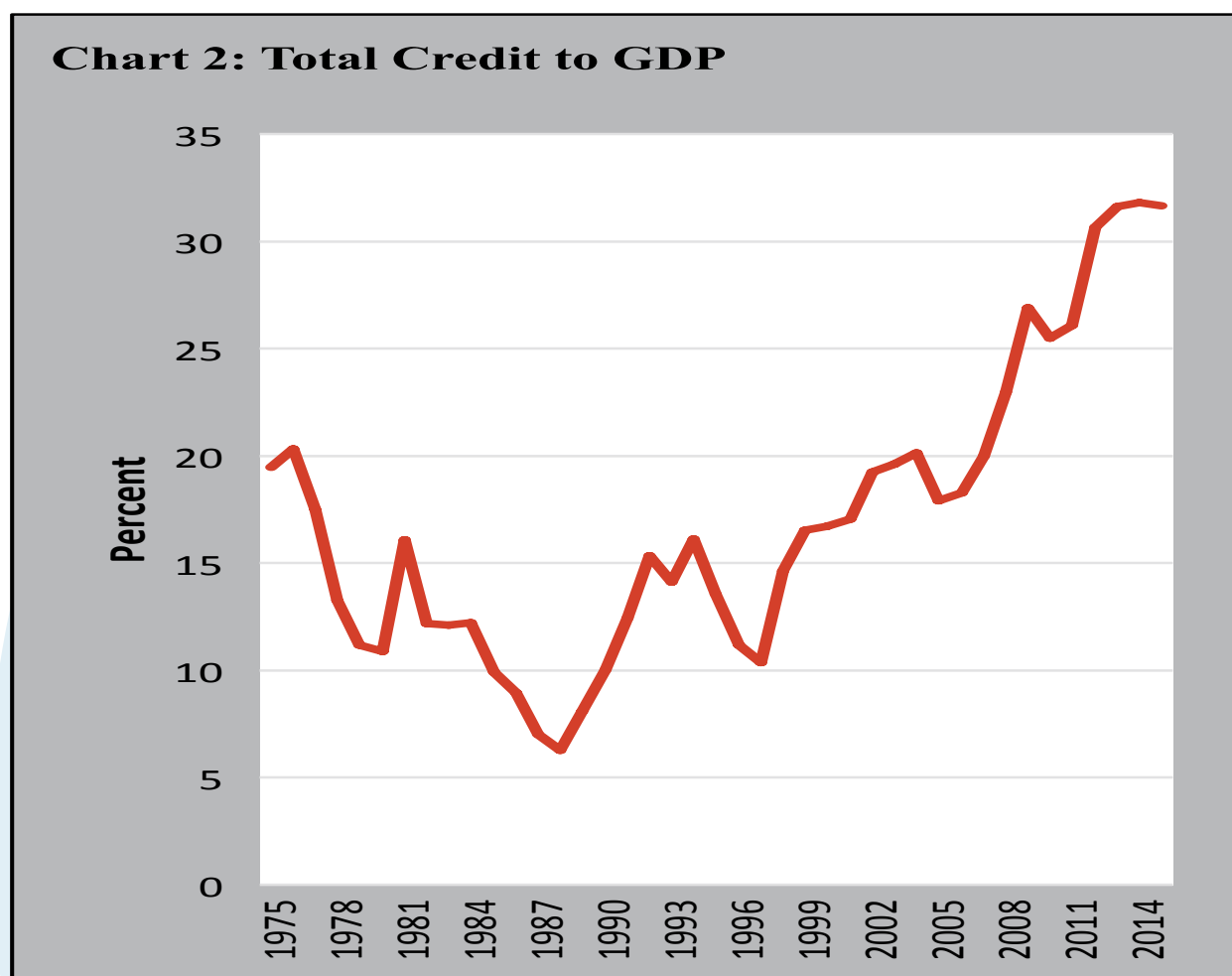
Responding to financial sector developments and related changes in regulatory framework. The country's developmental needs (relating to the role of the financial sector), business imperatives for financial institutions, innovation and technology, as well as regulatory adjustments, imply that the banking supervision and financial sector surveillance roles of the Bank will continue to evolve to accommodate progressive trends, while maintaining effective oversight. This includes forstoring and promotion of a more inclusive financial system.

Adapting to evolving payment processes and platforms. With growth in electronic payments and an increase in advantages relating to convenience, speed and security, it is possible that there could be a considerable reduction in cash and cheques as means of payment. Such a development would have an impact on key operations of the Bank relating to banking and currency management, while the interface with regulation of the information and communication technology (ICT) aspects of banking will become increasingly important. This is also expected to support the financial inclusion drive.



Source: Bank of Botswana

EMERGING NEW ROLES OF THE BANK (Cont'd)

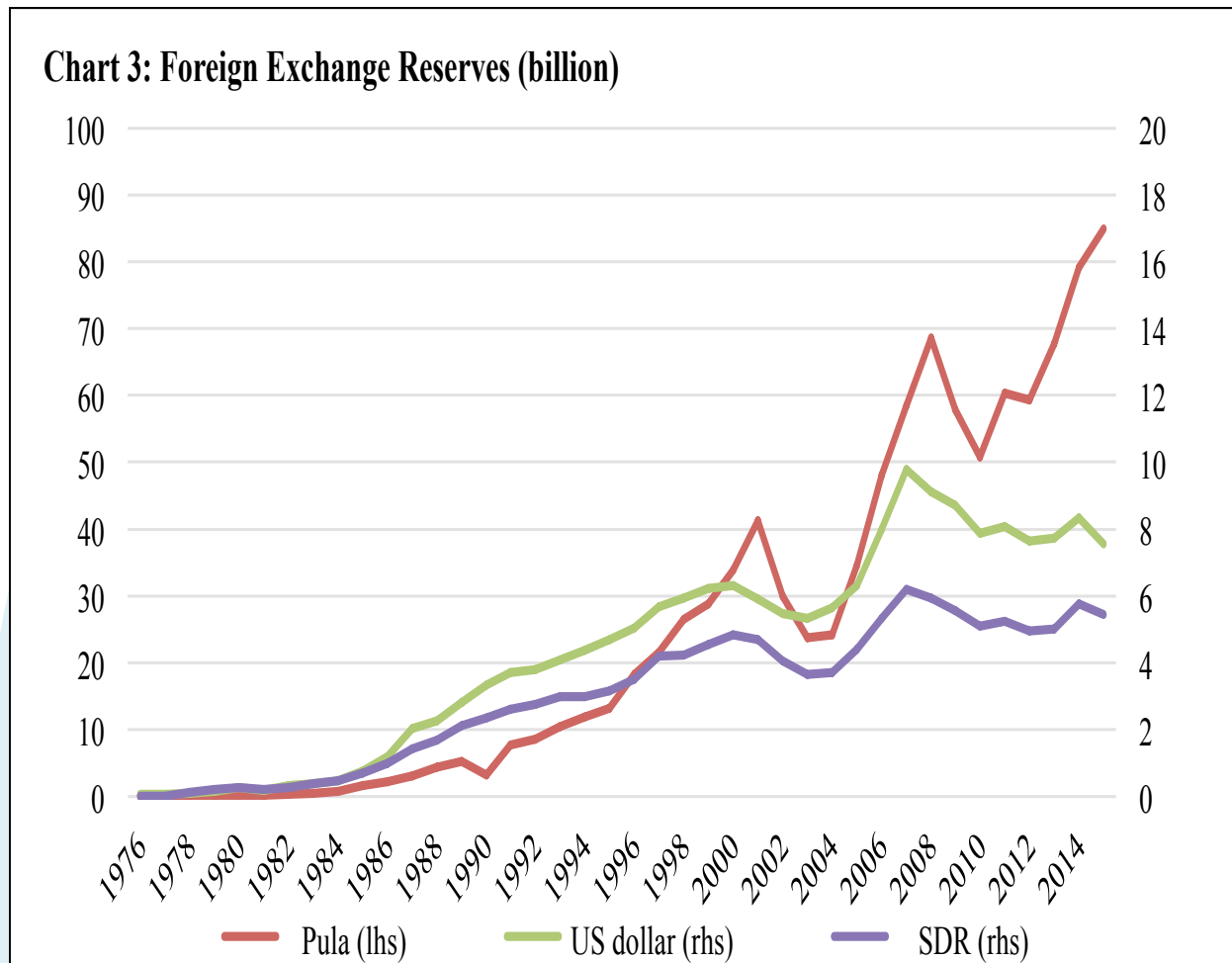


Source: Bank of Botswana

Managing foreign exchange reserves. Botswana's accumulation of foreign exchange reserves is linked to performance of the mining sector and related fiscal rules that focus on preservation of value of a depleting resource by accumulating financial saving and investment in productive infrastructure as well as human capital. However, with prospects for slower growth and ultimately a decrease in revenue from diamonds, a continuing increase in the foreign exchange reserves is not guaranteed. There is, therefore, a need for sustained adaptation of the reserves management policy with a view to continue the preservation value of principle; build balances, and minimise drawdown.

Research, communication and management of expectations. The Bank's research function will continue to be critical as background to credible policy formulation and advice in relation to various mandates of the Bank, capacity building and skills development. The related dissemination of research output and data, publications and communication of the policy framework and decisions should continue to be pursued towards engendering public understanding; and aligning expectations with the objectives for price and financial stability, sound banking system and efficient payments.

EMERGING NEW ROLES OF THE BANK (Cont'd)



Source: Bank of Botswana

STAFF MATTERS - SELECTED FEATURES AND WELFARE

Human Resources

When it first commenced work in 1976, the Bank had seven members of staff. By the end of 1977, staff members numbered just over 100 in various capacities. As at January 1, 2016, the Bank's staff establishment was 590. The Bank has shown commitment to staff development in the interest of capacity building and effective discharge of its mandate. In this regard, many staff have benefited from both short- and long-term training.

Health, Wellness and Recreation Facilities

The Bank is committed to supporting the health and welfare of employees, with a view to promoting productivity. To this end, the Bank supports medical aid subscriptions for staff and facilitates regular medical examinations coordinated by the full-time Occupational Health Officer, who runs the staff clinic. These facilities enable early diagnosis of conditions and their prompt management.

Regular exercise contributes to a healthy lifestyle; hence the Bank fully supports the activities of the Bank of Botswana Sporting Club. The Bank also has a gymnasium and operates an integrated sporting facility in Gaborone.



BoB football team

Staff Cafeteria

The staff cafeteria was opened in July 1995. It is operated by contracted caterers who provide breakfast, lunch and snacks on a cost-recovery basis. Apart from just being an eatery, it is also a place where staff interact. The cafeteria's operations are under the purview of the Cafeteria Liaison Committee (comprising staff from across the Bank), which reports directly to the Director of Human Resources Department.

Central Bank Union

The Central Bank Union (CBU) was formed in 1980 and is affiliated to the Botswana Federation of Trade Unions (BFTU). Its membership is open to all non-managerial staff of the Bank and is officially

STAFF MATTERS - SELECTED FEATURES AND WELFARE (Cont'd)



BoB netball team in action

recognised as their representative by the Bank's management. There is a minimal joining fee and monthly subscription, which currently stands at one percent of a member's gross salary. The CBU's objectives include regulating relations among Bank staff, both between employees and employer or employer organisations as well as among employees themselves, using mediation in order to settle differences by amicable means. The CBU also organises all eligible members employed by the Bank to bargain collectively on their behalf for better pay and working conditions, including security of employment. Furthermore, it promotes and develops the interests of members in industrial, cultural and educational spheres, and other related activities undertaken by the Bank.

Staff Pension Fund

The Bank of Botswana Staff Pension Fund (BoBSPF) started as member of the Defined Benefit Scheme under the Botswana Statutory Corporations (1977) Pension Fund (Statcorp Pension Fund). In 1988, BoBSPF withdrew from the umbrella scheme and formed its own fund, Bank of Botswana Staff Pension Fund, which also became a Defined Benefit Scheme. On October 1, 1998, the Bank of Botswana Defined Contribution Staff Pension Fund was established.

The primary objective of the Fund is to provide retirement and other benefits for employees and former employees of the Bank and benefits in the event of death. The Fund is managed by a Board of Trustees consisting of three employer-appointed trustees and three member-elected trustees and their alternates.

As a contributory pension scheme, members contribute four percent of their monthly salary, while the employer (the Bank) contributes a further 16 percent together and an additional 1.5 percent of the member's monthly salary in order to meet, among others, the expenses of the Fund. The Fund has experienced phenomenal growth since inception with total assets and membership as at December 2015 amounting to P772 million and 697 staff members, compared to P46 million and 537 staff members respectively at commencement in 1998. Overall, the Fund is governed by the Pension and Provident Fund Act (1988), the Income Tax Act (1995), Rules of the Fund (1998) and the Non-Bank Financial Institution Regulatory Authority Act (2006).

BANK FACILITIES: PHYSICAL INFRASTRUCTURE

Headquarters

The first buildings, which were constructed and occupied in 1976, comprised what is now the High Security Area and Banking Hall (including the Vault). The adjacent three-floor office block, now known as Block C, was completed in 1978.

More office accommodation was needed as the Bank's responsibilities expanded and consequently, the four-floor building now known as Block B was completed in 1984. Further growth in staff numbers led to the addition of the five-floor Block A (also known as the Governor's Block) which was completed in 1992.

Although additional office space has to be created within the four blocks, ancillary requirements led to the construction of the bulk store and underground car park in 1994, and the auditorium in 1998.



Bank Headquarters

BANK FACILITIES: PHYSICAL INFRASTRUCTURE (Cont'd)

Francistown Branch

In order to establish a presence in the north-east of Botswana and address commercial banks' growing regional needs, the Francistown Branch was established and occupied in 1995. It is primarily a cash processing and distribution centre.



Francistown Branch

BANK FACILITIES: PHYSICAL INFRASTRUCTURE (Cont'd)

Cash Management Centre (CMC)

Spatial and access constraints, and the need to improve security of cash management operations, led to the development of a purpose-built facility with state of the art processing equipment and security measures. This led to the construction of the CMC which was opened in 2013.

The Bank also has staff housing estates to accommodate security staff and provide short-term accommodation for other Bank staff.



Cash Management Centre

Disaster Recovery Site

In line with an increased focus on risk management and business continuity planning, the Bank determined a need for a secure Disaster Recovery Site, to serve as a back-up data storage facility and to enable continuity of mission-critical operations. The site was duly completed in 2007.

BANK PUBLICATIONS

Annual Report

Under the Bank of Botswana Act, 1996, the Bank is required to produce the annual report on its operations, accompanied with audited financial statements. The report must be presented to the Minister of Finance and Development Planning by the end of March each year, and laid before the National Assembly within thirty days. Beyond fulfilling a statutory requirement, the Annual Report is the principal means through which the Bank communicates its assessment of the latest performance of the Botswana economy, in the context of global economic developments. Since 1993, the report has included a theme section on a chosen topic. The report also contains a statistical section. Following its publication, the Report forms the basis of a series of economic briefings for stakeholders, such as the Cabinet, senior government officials, parliamentarians, business leaders, members of the diplomatic corps and the media.

Banking Supervision Annual Report

The purpose of this report is to disseminate information on banking supervision activities and serves as a source of information to the public about the structure and conduct of banking supervision in Botswana. In terms of Section 28 of the Banking Act, 1995, the Bank is required to produce by June 30 of each year, a report to the Minister of Finance and Development Planning, on developments in the banking sector. The Bank has consistently complied with this statutory requirement.

The report contains technical appendices pertaining to the framework for supervision as applied by the Bank of Botswana, institutions addressed in the report, definitions of technical banking supervision terms, and tables and graphs presenting various statistical information on the banking industry.

Monetary Policy Statement

Since 1998, the Bank of Botswana has published the annual Monetary Policy Statement (MPS) as the centrepiece of the Bank's monetary policy framework. The Statement, which is launched in February each year, reviews developments on the domestic and international inflation in the previous twelve months, and sets out the Bank's inflation objective for the medium term. It also announces any changes that have been made to the policy framework. The MPS is supplemented by its Mid-Term Review.

Botswana Financial Statistics

The Botswana Financial Statistics (BFS) is the Bank's monthly statistical publication. As the name implies, the main focus is on financial information, with a range of tables covering the banking sector (including the 'depository corporations survey', from which measures of money supply are derived) as well as other financial institutions. The BFS also contains a wide variety of other information covering output, prices, government budget and debt, exchange rates, balance of payments and international investment position as well as foreign exchange reserves. The published data are always the most recently available and, in most cases, the tables include ten years of historical data. They are accompanied by explanatory notes published in spreadsheet format, to assist data analysis.

BANK PUBLICATIONS (Cont'd)

Research Bulletin

The Research Bulletin is a publication containing selected economic research work for public information.

Banknotes Newsletter

Banknotes is the in-house newsletter of the Bank, and is typically published twice yearly. The content ranges from articles covering the Bank's core operations, such as banking supervision and monetary policy to sporting and related activities that involve Bank staff. While primarily aimed at informing Bank staff, it is also made available more widely.

Tsa Tuelano Newsletter

Tsa Tuelano (literally translated, "payment matters") is a newsletter which disseminates National Payments System (NPS) information to the public, financial institutions and other sister central banks regionally and internationally. The need to have a publication of this nature was motivated by the importance that the Bank attaches to the dissemination of information about the payments system reform initiative. The newsletter is also intended to enhance public education on payments issues.

Selected Papers on the Botswana Economy

Published in 1987, the book is a collection of papers intended to provide some idea about the structure of the economy as it evolved in the ten years since the Bank was established. The papers were prepared as part of a comprehensive work programme initiated towards the end of 1985, with some initially prepared for the Board discussion and decision-making on various policy issues. This book is available at the Bank's Library.

Aspects of The Botswana Economy: Selected Papers

The book was published in 1997 and, presents a selection of papers on various aspects of the Botswana economy. The topics included relate in some way to the operations, functions and roles of the Bank in the economy. The book is intended to fill gaps on research and analyses of the Botswana economy, and what had happened ten years earlier. The book is available for sale (domestic P82.50; SADC countries USD29.00 and other countries USD42.00) at the Bank's library. With the exception of the above two books, the Bank's publications can be accessed through the Bank of Botswana website; hard copies are available at the Bank's library.

COMMEMORATION PICTURES



His Excellency the President delivering his commemoration speech



The Guest of Honour, His Excellency the President, Lieutenant General Dr Seretse Khama Ian Khama, Governor Mohohlo and Director of Ceremonies who is also Director, Banking, Payments and Settlement Department, Ms Ewetse Rakhudu (far left) join in the singing of the National Anthem prior to the commencement of the commemoration launch.

COMMEMORATION PICTURES (Cont'd)



Honourable Matambo, Minister of Finance and Development Planning delivering the vote of thanks



His Honour the Vice President, Mr Mokgweetsi Masisi (third from left), flanked on the right of the picture by the Honourable Minister of Transport and Communications Mr Tshenolo Mabeo, and on the left is the Honourable Minister of Lands and Housing Mr Prince Maele and the Honourable Minister of Local Government and Rural Development, Mr Slumber Tsogwane.

COMMEMORATION PICTURES (Cont'd)



Listening to the speech deliveries from left to right are Cabinet Ministers, Honourable Dr Unity Dow, Honourable Moiserale Goya, Honourable Ms Bothogile Tshireletso, Honourable Mr France van der Westhuizen, Honourable Mr Slumber Tsogwane, Honourable Mr Prince Maele, Honourable Tshenolo Mabeo, Honourable Mr Nonofu Molefhi and Honourable Mr Patrick Ralotsia.



Exchanging greetings with the founding Governor of the Bank of Botswana Mr Quill Hermans (right) and (left to right) Honourable Minister of Transport and Communications Mr Tshenolo Mabeo, Honourable Minister of Infrastructure, Science and Technology Mr Nonofu Molefhi and Honourable Minister of Agriculture Mr Patrick Ralotsia, at the Commemoration of the 40th Anniversary of the Bank. Looking on behind former Governor Hermans is Bank of Botswana staff member Ms Opelo Modirelabangwe.

COMMEMORATION PICTURES (Cont'd)



Staff Members at the Commemoration



A glamorous but unpretentious occasion for the Bank and staff



Staff Choir delivering melodies at the Commemoration

