

**OFFICIAL LAUNCH OF THE NEW FAMILY OF BOTSWANA COIN  
AT BANK OF BOTSWANA CASH MANAGEMENT CENTRE  
GABORONE BY HIS EXCELLENCY THE PRESIDENT**

**February 27, 2014 – 1000 hours**

Your Honour the Vice President;

Your Lordship the Chief Justice;

Former Presidents, Sir Ketumile Masire and Festus Mogae;

Honourable Minister of Finance and Development Planning Mr  
Kenneth Matambo, and your Cabinet Colleagues;

Your Excellencies Heads of Diplomatic Missions;

Permanent Secretary to the President;

Attorney General and other Senior Government officials;

Governor, Members of the Board of the Bank and all Bank Staff;

Former Governor, Mr. Quill Hermans;

Heads of Financial Institutions and other Captains of Industry;

Distinguished Ladies and Gentlemen;

1. I welcome you to this occasion of national importance as we mark the official launch of the new family of Botswana coins.

2. A strong and stable national currency is a source of great pride and a major symbol of identity. This is certainly the case in Botswana where the name of the currency, the Pula, is also

the national motto and a rallying point of hope. I believe it would not be an exaggeration to suggest that a currency that performs its functions well is a barometer of economic health. For this reason, in speaking at this event, I can't help but recall the significance of the historic decision made approximately 40 years ago to withdraw from the Rand Monetary Area. This decision culminated in the establishment of an independent monetary system with its own national currency, the Pula and the thebe.

3. There was a distinct obligation, to ensure that the value of the Pula was firmly grounded. This needed not just putting in place requisite institutional arrangements; it also required taking into consideration developments in the international financial markets to ensure the robustness of the currency. Initially this was achieved by pegging the Pula to the United States dollar (and indirectly to the South African rand). Confidence in the Pula was quickly established, as it assumed a viable relationship with international currencies, and this has not been lost to this day. The domestic and external value of the Pula grew from strength to strength and, by 1999, the last vestiges of artificial support of the Pula's value was removed when exchange controls on all transactions, current and capital, were abolished.

4. Some countries introduce new currency to address a specific challenge of either hyper-inflation or rampant counterfeiting. This is not the case with us today. In fact, the launch of the new family of coins marks the end of a journey which began several years ago, when the Bank embarked on an extensive review of the country's banknotes and coins, some of which had been in circulation since the introduction of the currency in 1976. It is the country's national policy to examine and review currency in order to ensure that the denominations remain convenient to handle and to serve as a symbol of nationhood and identity. It was in pursuit of this policy that Pula banknotes were renewed in 2009, at which point the highest denomination note of P200 was introduced.
  
5. You will be aware that, in common with what prevails in many other countries, Botswana's currency has always included banknotes and a number of coins. At inception in 1976, the family of coins comprised five denominations: that is, 50 thebe, 25 thebe, 10 thebe, 5 thebe and 1 thebe. Subsequently, as the cost of living increased, it became necessary to change the composition of the coin denominations. The two lowest denominations, 1 thebe and 2 thebe, were demonetised in 1991 and 1998, respectively, and, as these coins became redundant, there was a need to introduce higher

denominations. This led to a coinage of the P1, P2 and P5 notes in the 1990s.

6. As a result, the family of coin now numbers seven: P5, P2, P1, 50 thebe, 25 thebe, 10 thebe and 5 thebe. This structure has been retained, as it was considered that, together with the family of banknotes, the coin denominations still facilitate trade and commerce by meeting the cash transaction needs of the wider economy.
7. The features of what will soon be old coins have also largely been retained, with the major exception of the new P1 coin, which now bears images of trees and birds behind the zebra symbol. These updated symbols showcase the country's natural endowments and wildlife heritage, which are a source of the country's national pride.
8. The size of each of the new coins is slightly larger compared to those currently in use. It has increased progressively from the lowest denomination (5 thebe) to the highest denomination (P5). The shapes of the coins have also been changed somewhat; this is particularly the case for the higher denominations, P1 and P2; they are now noticeably circular.

9. Another feature of the new family of coins is that the metal composition has been changed to improve quality and durability and to enhance security. The metal quality is more resistant to counterfeiting, which (although rare with coins compared to notes) has the potential to undermine a country's financial stability.
10. I can confidently assure Batswana that, with the key features I have just mentioned, the new family of coins depicts the country's national heritage with ease of use, durability and security.
11. As is common practice, the old and new coins will circulate side-by-side for a period of six months from today. In other words, effective August 28, 2014, the old coins will be demonetised, and cease to be accepted in any transaction as they will no longer be legal tender. Furthermore, the soon-to-be old coins will continue to be exchanged for new coins, at the Bank of Botswana, in Gaborone and Francistown, for a period of five years until August 28, 2019.
12. The value of the currency depends on the sound, efficient and effective formulation and implementation of fiscal, monetary and exchange rate policies. It is the tenets of these fundamental macroeconomic policies that help to ensure the

maintenance of the purchasing power of the country's currency, and sustain its value and convertibility in international money markets.

13. Indeed, the Pula has always been stable, and has continued to compare favourably with other international currencies. This has been the case because, among others, the country's foreign exchange reserves have, for many years now, provided sufficient cover for import of goods and services, even at times of economic downturn. The banking sector, through which most payments take place, is also stable and profitable; in fact, more banks have recently established a presence in the country. All these positive developments are testimony to the confidence the public and the international community have in the national currency, and to the widely attested record of prudent economic management, for which the country is rightly recognised.

14. My Government has continued to uphold the principles of prudent economic management because it is vital to do so in the interests of long-term sustainable economic growth. We have continued a programme of fiscal consolidation, despite the challenges arising from upheavals in the global economy. It is of critical importance that we avoid a possible accumulation of unsustainable public debt that could, if left

unchecked, undermine the stability of the currency and the economy generally. As recently announced by the Minister of Finance and Development Planning in his Budget Speech for 2014, it is important that the country returns to budgetary surpluses which stand us in good stead in times of economic downturn.

15. For its part, the Bank of Botswana has supported economic growth principally by ensuring that the rate of price increases is benign, in line with its mandate of fighting inflation. Inflation has, to a large extent, been kept at low and sustainable levels in response to monetary policy, which has been adjusted from time to time, as necessary. Accordingly, the Bank Rate has been reduced by 2 percentage points since April 2013, such that market interest rates are supportive of domestic economic activity, as well as the Government's objectives of economic diversification and job creation.

16. These objectives are further supported by the exchange rate policy, the parameters of which were recently made public by the Minister of Finance and Development Planning, with a view to anchor public expectations of the Pula exchange rate. I would like to point out that, while a stable Pula in relation to other currencies provides effective support for both exporters and importers and those producing for the domestic market,

the exchange rate should not be regarded as a remedy for everything. Ultimately, competitiveness of domestic producers depends on productivity, which is a matter to be addressed at the level of individual businesses.

17. There is another related gratifying development that should be noted, and this is the fact that the infrastructure of the payments system has improved significantly. So, too, has its reliability and efficiency. Of particular importance in this respect is that electronic transactions have grown very sharply in recent years and are now well entrenched. The use of information technology has enhanced the security and timeliness of both government and business transactions. In fact, the Botswana Unified Revenue Service is now on line with the Real Time Gross Settlement System. This permits real time management of all tax transactions.

18. Furthermore, the emergence of electronic money, or e-money for short, has tremendous potential to make financial services more accessible and inclusive, as the internet and mobile telecommunications technologies are being used.

19. As I conclude, I wish to underscore the need for public education across the country so that everyone is familiar with the features of all coins. Public education about the new family



of coins will go a long way in combating counterfeiting. All our fellow citizens need to be vigilant at all times, and we should not allow ourselves to be lulled into a false sense of security. Criminals are actively attacking all levels of the financial system, ranging from counterfeiting notes and coins, to highly sophisticated cyber-crime. More often than not, the intended victims are ordinary members of the general public. I, therefore, call upon all stakeholders, including law enforcement agencies and the judiciary, to familiarise themselves with all features of the country's banknotes and coins, so that the public is well protected.

20. Let me end by commending all who have been engaged in the design and logistical details of minting the coins. I have no doubt that it has been a worthwhile and rewarding undertaking.

21. It is now my pleasure that I declare the new family of coins, legal tender in Botswana with immediate effect, today, February 27, 2014.

**Pula!**

**Pula!**

**Pula!**