

BANK OF BOTSWANA

Press Release

SUNDAY STANDARD COMMENTARY ON PENSION FUND ISSUES

In its July 15 - 21, 2007 issue, the *Sunday Standard* commentary suggested that the Government should take an active interest in the Botswana Public Officers Pension Fund (BPOPF). The Bank of Botswana fully supports this view, since the operations of BPOPF is a matter of national importance.

However, in covering the BPOPF issue, the commentary made a number of unfounded and unsubstantiated claims as well as misleading statements about the Bank's position in relation to the BPOPF. In particular, the paper alleged that first, there is "an open tug of war" and that the Bank has joined a "fray" with a "clearly vested interest" with regard to the management of the BPOPF; second, it claimed that the Bank recommended itself to manage these funds; and third, the commentary offered a misplaced "advice" to the Bank to confine itself to an advisory role to the Government in respect of the management of the BPOPF since "as we all know", the Bank "has not been without blemishes" in managing the country's foreign exchange reserves.

The Bank does not ordinarily respond to media commentaries. However, in view of the seriousness of these allegations, the Bank is compelled to correct the misleading claims and unsubstantiated statements made by the *Sunday Standard*, in the public interest.

The fact is that, contrary to the alleged “open tug of war” and entry into the “fray” on the management of the BPOPF, the Bank has in fact all along only provided technical advice to the Government on matters affecting pension funds. This general role is covered in Section 43 of the Bank of Botswana Act, 1996 which mandates the Bank to, among others, provide economic and financial advice to the Government on a continuous basis. In providing such advice, the Bank draws on its accumulated experience over the years in managing the country’s national foreign exchange reserves.

It is also important to put in perspective the Bank’s “vested interest” in the proper management of the BPOPF. It should be pointed out that the BPOPF and other pension funds are financial institutions that mobilise and invest large amounts of financial resources which affect the savers (pensioners) and the financed projects. Therefore, the proper management and governance of these funds has a bearing on the stability of the financial system as a whole, the maintenance of which is one of the Bank’s

mandates. It is from this perspective that the Bank has a “vested interest” in the proper running of the BOPF, and not because the Bank is interested in managing these funds, as alleged by the *Sunday Standard*.

In its misplaced and misguided effort to dissuade the Bank from allegedly offering to manage the BOPF the *Sunday Standard* claimed that the Bank has “blemishes” in its management of the country’s foreign exchange reserves. In response to this serious and unfortunate statement the Bank would like to point out that the management of the national foreign exchange reserves has always been openly discussed, as part of the agenda of the regular economic briefings conducted by the Bank to a wide cross-section of stakeholders, including the media. To the best of the Bank’s knowledge, no stakeholder has, at any time, suggested or pointed to the Bank’s “blemishes” in its discharge of this responsibility. Nevertheless, the Bank would like to take this opportunity to request the *Sunday Standard* to substantiate the alleged Bank’s “blemishes” in this regard.

Finally, the Bank would like to reiterate that it takes feed back on any of its functions from its stakeholders, including the media, seriously. The Bank would also like to take this opportunity to assure the media in general, and the *Sunday Standard* in particular, that a valuable contribution to the Bank’s activities is very much appreciated. It is for this reason, that the Bank has

always been accessible to the media through a variety of channels including regular press briefings and responses to questions on its activities. It is regrettable, therefore, that the *Sunday Standard* opted not to utilise the well established channels of communication to obtain the Bank's perspective on the BPOPF management prior to its publication of the Commentary, in order to disseminate accurate and balanced information to the general public regarding the Bank's role on this important issue.

August 6, 2007

For further information please contact:
Mr Chepete Chepete
Public Relations Officer
Tel. 360 6580