



The Pula Fund



Full Member

The Pula Fund was established in 1993, and the legal framework was subsequently formalised in 1996 under the revised Bank of Botswana Act (CAP 55:01). While the Bank of Botswana Act does not explicitly specify the purpose of the Pula Fund directly, the main objective of the Fund is to invest proceeds from non-renewable resources (minerals) for the benefit of future generations. The Government of Botswana also invests some of its assets through the Government Investment Account in the Pula Fund to meet its policy objectives.

Source of funds

The Pula Fund is a long-term fund and forms part of the overall foreign exchange reserves. The accumulation of foreign exchange reserves has stemmed from the general trend of surpluses in the balance of payments, which were generated from the export of rough diamonds. However, in recent years, more subdued global demand for diamonds has limited further inflows into the Fund. The amount of assets under management in the Pula Fund is available on the Bank of Botswana website (www.bankofbotswana.bw).

Ownership and Governance of the Pula Fund

The Botswana Government has representation on the Board of the Bank of Botswana, which provides for periodic interactions between the Bank of Botswana and the Ministry of Finance. There is also annual reporting to Parliament and Cabinet. The Minister appoints the Board, while the President appoints the Governor and Deputy Governors. Through the government-appointed Board, which has direct representation for the Ministry, the Bank of Botswana performs its fiduciary role in full compliance with the Bank of Botswana Act. Accordingly, the management of the Pula Fund is subject to a regular review of the entire

investment strategy, overseen by the Board. The detailed implementation of the strategy is then delegated to the management of the Bank of Botswana, led by the Investment Committee, which is chaired by the Governor.

Reporting of the Pula Fund Activities

The Pula Fund activities are subjected to daily, monthly and quarterly risk management monitoring, which is reported to the Bank of Botswana senior management and the Board. In addition, the financial and investment activities of the Pula Fund are reported in the financial statements of the Bank; these are audited by external auditors on an annual basis and submitted to the Minister of Finance for presentation to Parliament.

Investment policy and asset allocation

The investment policy and guidelines for the management of the Pula Fund are underpinned by the key objectives of preserving the purchasing power of the reserves, maximising return within acceptable risk parameters, and maintaining adequate liquidity. The Pula Fund invests in developed and emerging markets, fixed income and equities. Every five years, the entire investment strategy and strategic asset allocation is subjected to a review to ensure that they are in line with the owner's risk tolerance and current market environment, including the change in the range of investment opportunities. Proposed changes are then submitted to the Board for review and approval, after which the related investment guidelines are drawn up and approved by the Investment Committee.

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[Member website](#)