



July 20, 2020

Hon. Adelaide Retselisitsoe MATLANYANE
Governor
Central Bank of Lesotho
P.O. Box 1184 Corner Airport and Moshoeshoe Roads
Maseru 100
Lesotho

Dear Ms. Governor:

I am writing with reference to the 71st issue of the *Annual Report on Exchange Arrangements and Exchange Restrictions* (AREAER), published in accordance with the requirement in Article XIV, Section 3, of the IMF's Articles of Agreement and the recently started macroprudential survey.

We greatly appreciate the attention your institutions give annually to updating the AREAER. Your contribution allows us to provide accurate and up-to-date descriptions of the regulatory framework for current and capital account transactions, for the benefit of all Fund members.

As is the practice, we are attaching a draft table for **Lesotho** based on the 2019 AREAER for your review and updating. The information you provide will play a central role in compiling the 2020 AREAER. In case specific areas covered in the table are regulated by other national agencies, please contact those agencies as needed to provide the requested information. In updating the table, we would highly appreciate it if the specific questions and requests for clarifications shown in the last column were also addressed. The attached compilation guide includes detailed information on the methodology and provides specific instructions for the update.

The draft country table indicates the de jure and the de facto classification of the exchange rate arrangement. Article IV, Section 2(a) of the Fund's Articles of Agreement and Paragraph 16 of the 2007 Surveillance Decision No. 13919-(07/51) require each member to notify the Fund of the exchange arrangement it intends to apply and of any changes in its exchange arrangement. The classification of the de facto arrangement reflects exchange rate developments since end-April 2019. We welcome your comments on the current de jure exchange rate arrangement and the de facto classification included in the table.

The AREAER database is published as an online database, which includes data for the years 1999-2018 and is searchable by year, country, category of measure and specific content. The database can be accessed at the following URL: www.imfareaer.org. As part of the IMF's endeavors to share essential economic information with the general public, starting January 1, 2020, access to AREAER online has been made freely available to all, whereas previously a subscription was required.

Since 2017, the IMF has also been conducting an annual survey of macroprudential policy measures taken across the membership as part of the AREAER cycle. The macroprudential policy survey database is publicly available at: www.elibrary-areaer.imf.org/Macroprudential/Pages/Home.aspx. The survey database is searchable by year, country, category of measure and specific content. The IMF has also compiled a comprehensive historical database of macroprudential measures (*iMaPP*) that integrates the latest survey information and allows for an assessment of the quantitative effects of macroprudential

instruments. The iMaPP database and an accompanying paper are available on the macroprudential policy survey website at: <https://www.elibrary-areaer.imf.org/Macroprudential/Pages/iMaPPDatabase.aspx>.

As in the past three years, we also attach a Macroprudential Policy Survey country table for your review and update. We would kindly ask you to involve the macroprudential authorities in your jurisdiction to respond to this survey. In updating the table, we would highly appreciate it if the specific questions and requests for clarifications shown in the last column were also addressed. The attached compilation guide includes detailed information on the methodology and provides specific instructions for the update.

The Covid-19 crisis has delayed sending the request for updates this year. Given this delay and in order to provide as current information for the users as possible, for both the AREAER and the Macroprudential Policy Survey, we would appreciate if you could please provide information available at least **up to June 30, 2020**.

Given the publication deadlines, we would greatly appreciate receiving your input (or a statement that you have no comments) on the draft country tables for both the 2020 AREAER and the 2020 Macroprudential Survey by **August 10, 2020**. These can be sent electronically to arexchange@imf.org,

If you have any questions, please do not hesitate to contact us at arexchange@imf.org.

Thank you for your continued cooperation in this matter.

Sincerely,



Gaston Gelos
Assistant Director
Monetary and Capital Markets Department

Attachments

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