



Bank of Botswana

September 17, 2021

PRESS RELEASE

**S&P AFFIRMS THE SOVEREIGN CREDIT RATING AND UPGRADED
THE ECONOMIC OUTLOOK ON BOTSWANA FROM NEGATIVE TO
STABLE**

On September 17, 2021, S&P Global Ratings (S&P) released an update of the sovereign credit rating for Botswana. The rating agency maintained the country's sovereign credit rating for long and short term foreign and local currency sovereign credit at "BBB+/A-2". However, S&P revised the economic outlook from negative to stable on account of anticipated rebound in Botswana's economic growth, partially led by the diamond mining recovery.

According to S&P, the investment grade BBB+ and A-2 credit ratings are underpinned and supported by the country's robust and predictable institutional and monetary policy frameworks; modest net general government debt levels and relatively strong net external position; all of which support durable macroeconomic stability. S&P expects economic recovery to be driven by the anticipated strong recovery in the diamond market which, in turn, should result in a substantial improvement in the domestic fiscal and external sectors' performance over the next two years.

The rating agency indicated that a change to the current rating, going forward, will depend on a variety of factors. On the one hand, an upgrade could arise if Botswana manages to rebuild the fiscal and external buffers, along with sustainable diversification of the export base, with a view to cushioning the economy from future shocks. On the other hand, a rating downgrade, if warranted, would reflect the delay in the recovery of upstream and downstream diamond segments, because of the pandemic, as that translates into a weaker than expected fiscal or external performance.

For further information, please contact, Dr. Seamogano Mosanako. Head of Communications and Information Services, at mosanakos@bob.bw or telephone at +267 360 6083 or 360 6382 or +267 360 6315 or www.bankofbotswana.bw