



## **BANK OF BOTSWANA**

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### **PRESS RELEASE**

## **THE GOVERNOR PARTICIPATES IN THE 2021 INTERNATIONAL MONETARY FUND AND WORLD BANK GROUP SPRING MEETINGS**

The Governor of the Bank of Botswana, Mr Moses D Pelaelo, along with Senior Bank staff, participated in the virtual Spring Meetings of the International Monetary Fund (IMF) and World Bank Group (WBG) from April 5 - 11, 2021. The meetings encompassed the International Monetary and Financial Committee (IMFC), IMF's Africa Group 1 Constituency, which comprises 23 Sub-Saharan African (SSA) countries, including Botswana; and the Africa Consultative forum with the IMF Managing Director, Ms Kristalina Georgieva.

The discussions centred on, among others, recent global economic and financial developments, prospects for global economic growth and challenges mainly associated with the COVID-19 pandemic, as well as related policy responses and the Managing Director's Global Agenda. It was observed that global economic activity was recovering faster than had been projected at the October 2020 Annual Meetings. However, the prospects for durable recovery were assessed to be highly uncertain and divergent across countries due to, as the IMFC observed, "varying policy space, different economic structures and rigidities, pre-existing vulnerabilities and uneven access to vaccines".

Global growth is projected at 6 percent in 2021, following a contraction of 3.3 percent in 2020, integral to which were declines in tourism and commodity exports. However, global output expansion is expected to moderate to 4.4 percent in 2022.

For Sub-Saharan Africa region (SSA), following the largest output contraction of 1.9 percent in 2020, growth is expected to rebound to 3.4 percent in 2021 and further to 4 percent in 2022. The upward revisions in global and SSA economic prospects reflect additional fiscal support in a few countries, the anticipated vaccine-powered recovery in the second half of 2021, and continued adaptation of economic activity to subdued mobility. The growth outlook is however uncertain because of the unclear trajectory of the pandemic, the yet to be determined effectiveness of policy support, and the possible negative impact of the pandemic on financial systems and conditions.

It was observed that the COVID-19 pandemic and the effectiveness of vaccines will continue to shape future economic developments and the adjustment capacity of economies. In this regard, policy priorities and reforms will need to focus on sustaining the current upturn in economic activity, enhance resilience and engender rapid convergence towards a greener, digital and inclusive future, while ensuring debt sustainability, transparency and good governance. It was also noted that the accelerated use of digitalisation could help transform economies, in turn, boosting productivity and living standards. Furthermore, and in line with developments in the digital space, central bank digital currencies are also gaining momentum, with some central banks exploring their use and a few issuing them. Crucially, the policy focus should be on exiting the crisis including, in particular, prioritising health care spending and strengthening health systems; providing well-targeted fiscal support; mobilising domestic revenue; strengthening social protection systems; and promoting digitalisation. In addition where appropriate, accommodative monetary policy should be maintained in line with member countries' central bank mandates, while continuing to monitor and tackle financial vulnerabilities and risks to financial stability. The IMFC committed to strengthening multilateral cooperation to ensure inclusive and resilient global economy.

Focusing on region specific developments the Governor was a discussant at the Africa Group 1 Constituency Policy Dialogue on Fiscal Consolidation in Sub-Saharan Africa: Per-Capita Effects, where he contributed Botswana's experience in the use of fiscal rules

and prospects for domestic resource mobilisation, as well as benefits of fiscal consolidation in the context of the Economic Recovery and Transformation Plan.

The Governor also held bilateral briefings with relevant departments of the IMF aimed at discussing issues relating to economic and policy developments in Botswana, including those specific to the Bank. Among others, the discussions covered maintenance of programmes for the Bank, and the country broadly, to benefit from IMF resources and technical assistance in the areas of policy development and analysis, central bank operations and capacity building initiatives.

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