



## **BANK OF BOTSWANA**

### **PRESS RELEASE**

**May 4, 2022**

### **THE GOVERNOR PARTICIPATED IN THE 2022 INTERNATIONAL MONETARY FUND AND WORLD BANK GROUP SPRING MEETINGS**

The Governor of the Bank of Botswana, Mr Moses D Pelaelo, accompanied by a delegation of senior Bank staff, participated in the hybrid Spring Meetings of the International Monetary Fund (IMF) and World Bank Group (WBG) from April 18 - 24, 2022. The Governor, who is also the Governor for Botswana in the Non-Executive Board of the IMF, participated in, among others, meetings of 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 Meeting with the IMF Managing Director, Ms Kristalina Georgieva. Furthermore, the Governor held bilateral meetings with relevant Departments of the IMF and some private organisations to discuss issues of mutual interest.

The meetings deliberated on recent economic and financial developments, prospects for global economic growth, challenges, mainly associated with the COVID-19 pandemic and the war in Ukraine, and related policy responses. It was observed that global economic activity was compromised by the twin-crisis of the pandemic and the Ukraine war. Global growth is projected to decline to 3.6 percent in both 2022 and 2023 (from 6.1 percent estimated for 2021), a downgrade from the January 2022 projection of 4.4 percent for 2022 and 3.8 for 2023.

In the main, it was observed that the war-induced commodity price increases and broadening price pressures have exacerbated the COVID-19-induced general price rises. The expectation is that inflation will rise in the short-term leading to tightening of monetary policy in many countries, and, hence, stifling global economic recovery. With China experiencing the COVID-19 resurgence and the associated lockdowns in Shanghai, and the uncertain duration of the war in Ukraine, global output growth prospects will remain subdued for some time. Moreover, unfavourable climate change effects are harming growth prospects, in some countries. It was recognised that strong policy support is needed from both monetary and fiscal authorities to ensure good global growth outcomes.

During the IMF's Africa Group 1 Constituency meeting, the IMF indicated that it was working on a COVID-19 toolkit that should assist economic growth prospects of SSA countries affected by the pandemic, with USD15 billion needed for 2022 and USD10 billion every year thereafter. Policy priorities were suggested as ranging from promotion of economic diversification; sustainable economic growth in an environment of macroeconomic stability; debt reduction and climate adaptation. The meeting also addressed the need to make the financial architecture work better and to restrain capital flight from emerging to developed economies.

The meetings underlined the vital importance of digital solutions in fostering broader financial inclusion. The discussions acknowledged that COVID-19 pandemic induced acceleration of digital solutions, largely driven by the private sector. Digitally enabled firms were found to have experienced lower decline in sales during the pandemic, compared to digitally constrained firms, suggesting that digitalisation acted as a hedge against losses during the pandemic. It was emphasised that there was need to maintain the momentum, going forward. Governments were encouraged to put in place fiscal policy measures aimed at addressing the digital divide among communities to reduce divergence of opportunities and incomes. Impediments to digital inclusion in Africa were largely highlighted as low digital literacy; lack of related infrastructure and devices, especially in rural areas; and high cost of broadband. Overall, the IMF indicated its

readiness to offer capacity development in the digitisation area to help emerging and developing economies leverage opportunities from digitalisation.

The Governor and the delegation also attended and participated in several seminars and briefings, including Policy Dialogue on Maximising Growth Amidst Debt Vulnerabilities in Sub-Saharan Africa; Inflation Dynamics in a Fragile Global Economy; Digitalisation and Resilience: Firm Level During the COVID-19; Debate on the Global Economy; as well as a bilateral engagement with Afreximbank on prospects for developmental support.

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