



Bank of Botswana

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PRESS RELEASE

**S&P AFFIRMS THE SOVEREIGN CREDIT RATING AND MAINTAINED
THE NEGATIVE ECONOMIC OUTLOOK ON BOTSWANA**

S&P Global Ratings (S&P) has released the results of the review of the 2021 sovereign credit rating for Botswana. S&P affirmed the country's sovereign credit rating for long and short term foreign and local currency sovereign credit at "**BBB+/A-2**" but maintained the negative outlook on account of the risks that COVID-19 pandemic continues to pose to the country's economic and fiscal performance over the next 12 months.

The BBB+ and A-2 credit ratings, as affirmed, are underpinned and supported by the country's strong, stable and predictable institutional framework; modest net general government debt levels; relatively strong net external position; and positive impact of monetary policy framework, all of which support enduring macroeconomic stability. S&P notes that ratings for Botswana largely depend on international developments that include, among others, the trajectory of the COVID-19 pandemic, vaccination rates and related extent of future human and goods movement restrictions which could influence the demand for diamonds.

The rating agency indicated that the economic outlook could be revised to stable if Botswana's public budget performance improves, as that would halt further declines in fiscal and external buffers. On the other hand, the ratings could be lowered if sustainable recovery in the demand and prices for diamonds falters, resulting in weaker fiscal and external performance than the credit agency's current forecasts.

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