

## **PRESS RELEASE**

### **GOVERNOR PARTICIPATED IN 2017 ANNUAL MEETINGS OF INTERNATIONAL MONETARY FUND AND WORLD BANK**

***"Global economic recovery continues, albeit incomplete"***

The Governor of the Bank of Botswana, Mr Moses D Pelaelo, accompanied by a delegation of Bank senior staff, participated in the annual meetings of the International Monetary Fund (IMF) and World Bank Group (WBG) in Washington DC (USA) from October 9 – 16, 2017. In his capacity as Governor for Botswana at the IMF, the Governor attended the Combined Plenary addressed by the Managing Director of the IMF, Ms Christine Lagarde and President of the WBG, Dr Jim Yong Kim. He also took part in the meetings of the International Monetary and Financial Committee, the IMF's Africa Group 1 Constituency, which comprises 23 Sub-Saharan countries, the Commonwealth Central Bank Governors and the Macroeconomic and Financial Management Institute (MEFMI) of Eastern and Southern Africa Board of Governors.

The meetings deliberated on, among others, recent economic and financial developments, prospects for global economic growth, challenges and the related policy responses. It was observed that, after disappointing growth over the past few years and market turbulence, global economic activity was strengthening. However, it was noted that the recovery is not yet complete, with below-target inflation and weak wage growth in most advanced economies, while output was below potential in many countries. Global growth is projected to increase from 3.2 percent in 2016 to 3.6 percent in 2017 and 3.7 percent in 2018. The respective growth rates for Sub-Saharan Africa are 1.4 percent for 2016, 2.6 percent for 2017 and 3.4

percent for 2018. It is projected that a supportive global financial environment, rapid technological progress, as well as stronger consumer and business confidence would add impetus to international trade and broad-based, stronger global economic activity. However, there are downside risks to stronger economic recovery in the medium term, including the impact of natural disasters, climate change, geopolitical tensions, political and economic policy uncertainty, rising protectionist sentiment in some high-income countries, weak governance, corruption and persistence of macroeconomic imbalances.

Governors, therefore, emphasised that a cooperative multilateral framework for trade and financial integration has served countries well and should be sustained in order to produce shared economic benefits. In addition, prospects for inclusive growth and resilience against downside risks continue to be dependent on implementation of key structural reforms and harnessing the benefits of technological progress to raise productivity, as well as maintenance of prudent macroeconomic and financial policies. Furthermore, there was need for policymakers to tackle excessive income inequality, address impediments to economic opportunities for the youth and women as well as engage on multilateral frameworks to respond to the challenges of natural disasters, trade restrictions and cybercrime. Overall, it was emphasised that the current favourable global economic environment provided a window of opportunity for countries to implement the structural and fiscal reforms required for greater resilience, enhancing productivity and investment, with particular emphasis on education, health and social safety nets for a more inclusive and sustainable growth.

The Governor also attended several briefings and seminars, among others, presentation on the African Economic Outlook; African Caucus meetings with IMF Managing Director and the President of the World Bank Group, which were chaired by Honourable Minister of Finance and Economic Development, Mr Kenneth Matambo; and deliberations on Sovereign Debt in Developing Countries and the Prospective Impact of Financial Technology on Financial Inclusion and Gender Equality. A significant number of seminars focused on the potential benefits and opportunities, as well as regulatory and other challenges associated with blockchain technologies and digital currencies. Issues specific to the Bank and the economic and policy developments in Botswana were discussed bilaterally with relevant departments of the International Monetary Fund.

Prior to the IMF/WB meetings, the Governor attended (as an observer) the Financial Stability Board Plenary meeting on October 6, 2017 in Berlin, Germany, in his capacity as the Co-Chairman of the Financial Stability Board Regional Consultative Group for Sub-Saharan Africa. The meeting noted that the international post-2007-08 crisis policy reform agenda was nearly complete. However, in many cases, important policies have yet to be fully implemented. Therefore, the Financial Stability Board will, henceforth, focus on monitoring and reporting on implementation of agreed reforms, including continuous evaluation of the impact of the financial reforms, as well as addressing any new and emerging risks to the global financial system. The plenary also discussed vulnerabilities affecting the global financial system, cyber security, misconduct risks, market-based finance as well as the potential themes for the finance aspects of Argentina's G20 Presidency in 2018.