

**BANK OF BOTSWANA
PRESS RELEASE**

**MOODY'S AFFIRMS THE "A2" STABLE OUTLOOK SOVEREIGN
CREDIT RATING FOR BOTSWANA**

Moody's Investors Service has released an update of Botswana's 2017 sovereign credit rating, which reaffirms the rating of 'A2' for long and short-term bonds denominated in both domestic and foreign currency, as well as a stable outlook.

The ratings are underpinned by the country's strong fiscal position, with low debt burden, a sizeable sovereign wealth fund, strong institutions and well-designed macroeconomic frameworks, as well as stable political environment. The stable outlook is premised on prospects for continued fiscal prudence and achievement of a balanced budget in the medium term. Expected growth in diamond output, progress in enhancing diamond value addition and development of the services sector also contribute to the rating.

There is a possibility of a medium term upward revision of the ratings if progress is made in diamond beneficiation, economic diversification, and the implementation of efficiency-enhancing public sector reforms as well as private sector development leading to a marked reduction in unemployment. However, in the near term, a substantial depletion of fiscal reserves and/or a rapid increase in public debt could lead to a downgrade. In the medium term, slow progress in the implementation of structural reforms and limited economic diversification would undermine the fiscal position and put downward pressure on the rating.