



Bank of Botswana

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PRESS RELEASE

THE GOVERNOR PARTICIPATED IN THE 2021 ANNUAL MEETINGS OF INTERNATIONAL MONETARY FUND AND WORLD BANK

The Governor of the Bank of Botswana, Mr Moses D Pelaelo, accompanied by a delegation of Bank senior staff, participated in the virtual annual meetings of the International Monetary Fund (IMF) and World Bank Group (WBG) from October 11 – 17, 2021. In his capacity as the Governor for Botswana in the Non-Executive Board of the IMF, the Governor attended meetings of the International Monetary and Financial Committee (IMFC), Africa Group 1 Constituency of the IMF, which comprises 23 Sub-Saharan countries, and the African Caucus Meeting with the IMF Managing Director (MD), Ms Kristalina Georgieva and World Bank President, Mr David Malpas.

The IMF/WBG meetings deliberated on, among others, recent economic and financial developments, prospects for, and challenges on, global and regional economic growth and related policy responses. It was noted that unprecedented policy (fiscal, monetary, and financial measures) responses and rapid progress in vaccine development helped pull the global economy from a deep recession

in 2020, marked by heavy human loss of life and economic hardships. The global economic recovery was reported to be continuing, but with divergent trajectories among countries amid emergence of new COVID-19 variants.

The October 2021 IMF World Economic Outlook (WEO) projects the global economy to grow by 5.9 percent in 2021 and 4.9 percent in 2022. The immediate challenges to growth prospects include supply disruptions and worsening pandemic dynamics for low-income developing countries. Notably, the rapid spread of the delta virus and the threat of new variants of COVID-19 have increased uncertainty about how quickly the pandemic can be overcome. However, there is stronger near-term prospects among some commodity-exporting emerging markets and developing economies. Furthermore, successful vaccination of a significant large population in developed economies allowed for gradual re-opening of these economies, underscoring the need for equitable access to vaccines, by all countries, as a prerequisite for durable economic recovery and global trade.

On policy priorities, the meetings emphasised the need for countries to calibrate their policy responses consistent with the evolution of the pandemic, strength of the recovery, and structural characteristics of the economies. It was emphasised that, while the pandemic continues, policies should focus on prioritising health care spending, providing well-targeted fiscal support, and maintaining accommodative monetary policy while monitoring financial stability risks. At the global level, it was observed that lifting disease containment restrictions would be dependent on the widespread and equitable vaccination programmes. In the circumstances, strong policy effort at the multilateral level was needed on vaccine deployment, while continuing to pay attention to

climate change, and provision of international liquidity to strengthen global economic prospects and resilience. Thus, the three pronged Global Policy Agenda of:

- (a) vaccinate to stem the spread of the pandemic, secure global recovery and limit health and economic divergences among countries;
- (b) calibrate policies to limit scarring, support the recovery and counter growing divergences within and between countries; and
- (c) accelerate transformation of the global economy to allow achievement of a more inclusive, greener and digital recovery.

The meetings emphasised the importance of continued support from the IMF and the World Bank to assist countries exit the crisis and rebuild their economies. In the face of looming high debt challenges, additional concessional external financing was needed to retain financial sustainability in hard hit economies. Furthermore, advanced and other economies with strong external balances were encouraged to channel some of their recent SDR allocations (out of the USD650 million allocation) towards Poverty Reduction and Growth Trust (PRGT), Resilience and Sustainability Trust (RST) initiatives that support developing economies.

The African Caucus (comprising Ministers of Finance and Central Bank Governors of all African Countries) meeting was held under the theme, "Digitalisation for Inclusive Recovery and Sustainable Growth". The meeting culminated with the handing over of the 2021 African Caucus Memorandum to the heads of the Bretton Woods Institutions (Ms Georgieva and Mr Malpas). The Memorandum sets the vision and ambition for digital transformation of African economies;

thus, to leverage on the wider benefits conferred by digitalisation to harness a wider range of economic opportunities and the potential for faster economic growth. The Caucus also reinforced the need to intensify efforts to bring the COVID-19 pandemic firmly under control, foster sustainable recovery and resilience, and to build back better; underpinned by digitalisation and deployment of finance towards productive infrastructure in order to achieve inclusive growth.

The Governor also attended several briefings and seminars; among others, a presentation on the Regional Economic Outlook for Sub-Saharan Africa, Southern Africa Workshop entitled “The Distributional Impact of the COVID Crisis and Policy Responses”, and a policy seminar dialogue paper on “A Proposal for an Africa Investment Information Platform (AIIP): Innovative Approaches to Supporting Investment into Sub-Saharan Africa.” Issues specific to the Bank, and economic and policy developments in Botswana were discussed bilaterally with relevant departments of the International Monetary Fund.

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