

INTERNATIONAL MONETARY FUND DEPUTY MANAGING DIRECTOR, MR TAO ZHANG, VISIT TO BOTSWANA

Welcome Remarks

by

Moses D Pelaelo
Governor, Bank of Botswana

July 25, 2018

Distinguished Guests, I am privileged to welcome you to this special dinner, hosted by the Bank of Botswana, in honour of our esteemed guest, the Deputy Managing Director of the International Monetary Fund, Mr Tao Zhang. On behalf of the Board, Management and Staff of the Bank, we very much appreciate your honouring the invitation and your presence tonight. Thanks to you all.

In welcoming the Deputy Managing Director, I wish to observe that, coincidentally, his visit to Botswana comes shortly after the conclusion of the annual Article IV Consultation that took place just over a month ago. It is also two weeks after the Workshop on Fintech, Payments and Financial Inclusion, jointly organised by the Bank of Botswana, the International Monetary Fund and the Bank of Canada. Thus, the visit reinforces the beneficial relationship between Botswana and the International Monetary Fund.

Mr Zhang is accompanied by his Advisor, Mr Steven Allen Barnett, Mr Enrique Gelbard, the Mission Chief for Botswana's IMF Article IV consultations, who is quite familiar to several of us; and Mr Abdulqafar Abdullahi, Advisor to the Executive Director for the Africa Group 1 Constituency at the IMF, to which Botswana belongs.

Tonight Mr Zhang will address the global, regional and Botswana connections with respect to economic and policy developments. Previously, in 2007, the then Deputy Managing Director, Mr Takatoshi Kato, while visiting Botswana dealt with challenges and opportunities for growth in Sub-Saharan Africa, with special focus on Botswana. In 2011, Mr Naoyuki Shinohara discussed challenges relating to the management of natural resources and developmental opportunities in Botswana. In 2016, Mr Zhang's immediate predecessor, Mr Min Zhu, eloquently articulated technological progress and evolving industry arrangements that nations, such as Botswana, can harness to take development to the next level.

Honourable Minister, Distinguished Guests, given the high level attention given to Botswana by the IMF, it is fitting to briefly highlight the benefits of being a member and working with the IMF since 1968. **First**, the capacity of the IMF to analyse global developments and potential transmission channels and spillover to various regions and countries is key to timely responses to harness opportunities and/or mitigate risks. **Second**, the regular consultations, on the main through the Article IV Missions, enables dialogue with local stakeholders in the policy arena, industry, as well as economic analysts and civil society. This enables an understanding of the unique situation of Botswana and the interaction with global and regional developments; thus, structural evolution and trends, developmental aspirations and needs that inform policy priorities and key data trends. In turn, such exchange of information enables evaluation of prospects and policy options, going forward.

Third, the Bank, as well as institutions such as the Non-Bank Financial Institutions Regulatory Authority and Statistics Botswana, benefit from targeted technical assistance and skills development provided by the

IMF from the headquarters in Washington DC or through the Regional Technical Assistance Centres, such as AFRITAC South based in Mauritius, to which Botswana is affiliated. This technical assistance enables improvements in areas such as legislation, macroeconomic policy frameworks and formulation, regulatory approaches, as well as structuring and governance of institutions as necessary. In addition to improving operational competencies, access to training and skills development also encompasses interaction with other practitioners globally to share experiences.

Distinguished Guests, it is clear, therefore, that the IMF facilitates access to resources that members can opt to tap into subject to evaluation and assessment of their needs. In this regard, sustained judicious and prudent management of resources and the economy, as is the case in Botswana, enables a wider range of choices and options with respect to policies, prioritisation of resource allocation, as well as the timing of implementation to achieve the desired objectives.

Distinguished Ladies and Gentlemen, you will be aware that Botswana desires to transit from upper middle income status to high income status, and globally this transition is judged to be challenging, as it requires substantial structural transformation and shifts in growth strategies and policies. For Botswana, it is estimated that this requires annual GDP growth rates of 8 percent over a six year period to leap from the current per capita income of just under USD8 000 per annum to above USD12 000.

As a country, in the recent years, we noted challenges of slower growth rates compared to when we graduated from low-income status, slower than desired rate of economic diversification, as well as relatively high

level of unemployment. In this respect, it is expected that, going forward, our relationship with the IMF will focus on drawing on their expertise and sharing of experience of other countries to support transformation policies and strategies to enable Botswana to fulfil its aspirations for a high-income status on a sustainable basis.

Distinguished Guests, Ladies and Gentlemen, I thank you for your kind attention.