

## BANK OF BOTSWANA

### PRESS RELEASE

#### MOODY'S INVESTORS SERVICE RELEASES BOTSWANA'S

#### 2006 CREDIT RATING REPORT

Moody's Investors Service have released their 2006 credit rating report on Botswana. The sovereign credit ratings that Moody's assigned to Botswana since 2001 for government debt (A2 for long term foreign currency debt, Prime-1 (P-1) for short term foreign currency debt, and A1 for domestic currency debt) remain unchanged, as does the "stable" outlook. In addition, the highest possible rating for long-term debt issued in Botswana by non-government entities, such as parastatals, has been adjusted upwards from A2 to Aa3 following a change in methodology. Moody's have emphasised that the ratings are underpinned by a strong culture of fiscal prudence and low domestic and external debt, as a result of which the financial position of the country is significantly stronger than many other countries on similar or even higher ratings.

The report indicates that economic conditions have improved since the last assessment of 2005 and expresses hope that, among other initiatives, the proposed establishment of a wider range of diamond-related industries in the country and the implementation of the Government's privatisation programme will take root. However, the credit ratings remain constrained mainly by the narrow economic base (the report stresses that the main source of economic growth continues to come from the mining sector) as well as fiscal pressures associated with the costs of tackling the HIV/AIDS pandemic.

In Moody's opinion, while the Government can make further improvements on the results of public spending, the principal objective should be to enable the private sector to assume a leading role in economic development. The next four-year period is seen as providing a tough test for economic policymakers.

The report is the fifth in a series of assessments for Botswana since the initial credit rating was obtained in 2001. (See the [report](#) for more details).

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