

## **BANK OF BOTSWANA**

### **PRESS RELEASE**

#### **MOODY'S UPGRADES OUTLOOK ON BOTSWANA'S 2011 SOVEREIGN CREDIT RATING TO STABLE**

Moody's Investors Service (Moody's) has released Botswana's 2011 sovereign credit rating, retaining the A2 rating for both foreign and domestic bonds and revising the outlook upwards from "negative" to "stable".

The upgrade of the outlook reverses the decision in February 2010 to assign a negative outlook following the deterioration of the Government's net asset position as a result of the global economic slowdown. The factors supporting the revised rating outlook include the continuing improvement in the budget position, as a result of the Government's commitment to fiscal consolidation. This is underpinned by prospects for surpluses in both the fiscal balance and balance of payments, as well as concrete plans to realign government expenditure with revenue.

The A2 rating is supported by Botswana's sound policy framework, strong government effectiveness, and the long-term approach to prudent management of national finances, with a view to long-term economic and social development, which Moody's compares favourably to other resource-rich developing economies.

Nonetheless, the ratings could come under pressure again if a renewed period of further fiscal weakening undermines the net asset position in the medium term. Conversely, Moody's notes that a combination of improved public finances and successful implementation of economic diversification strategies could lead to a ratings upgrade.

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