

PRESS RELEASE

GOVERNOR PARTICIPATED IN THE 2018 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 annual meetings of the International Monetary Fund (IMF) and World Bank Group (WBG) in Bali, Indonesia from October 9 – 14, 2018. In his capacity as the Governor for Botswana at the IMF, the Governor attended the Combined Plenary which was officially opened by His Excellency the President of Indonesia, Mr Joko Widodo and addressed by the IMF Managing Director, Ms Christine Lagarde and the President of the WBG, Dr Jim Yong Kim. The Governor also took part in the meetings of the International Monetary and Financial Committee (IMFC), the IMF's Africa Group 1 Constituency, which comprises 23 Sub-Saharan countries, the Commonwealth Central Bank Governors and the Macroeconomic and Financial Management Institute (MEFMI) of Eastern and Southern Africa Board of Governors, which he chaired (the latter).

The meetings deliberated on, among others, recent economic and financial developments, prospects for global economic growth, challenges and the related policy responses. It was observed that global growth remains strong but has increasingly become less balanced and may have plateaued, earlier than expected, especially in the major economies. It was noted that some of the earlier identified risks to economic growth had materialised, thus the revised growth projections. Even then, downside risks to economic growth remain, in the context of heightened trade and ongoing geopolitical tensions, adverse climate, weak fundamentals and inadequate policy responses in some countries,

widening interest rate spreads, as well as exchange rate volatility and associated depressed capital flows, especially in emerging market and developing economies. It was further observed that past accommodative financial conditions have left a legacy of higher corporate and sovereign debt levels, and that emerging market and developing economies are more vulnerable to the global economic and geopolitical shocks.

Global growth is, therefore, projected at 3.7 percent in both 2018 and 2019; revised downward by 0.2 percentage points for both years. The respective growth rates for Sub-Saharan Africa are 2.7 percent for 2017, 3.1 percent for 2018 and 3.8 percent for 2019. It was, however, noted that escalating trade conflicts, policy uncertainty, historically high debt levels and rising financial vulnerabilities and limited policy space could undermine confidence and growth prospects.

It was observed that the global, as well as specific country, policy responses should focus on rebuilding buffers and tackle medium-term challenges in order to reduce vulnerabilities, boost resilience and raise potential growth, which should also be more inclusive. These include structural and fiscal reforms, as well as sound macroeconomic policy frameworks and financial sector regulation. In addition, there was a need to avoid protectionist reactions and seek globally cooperative multilateral solutions; in essence to preserve and modernise an open rule-based multilateral trading system.

Regarding institutional governance and resources for the IMF, the Managing Director provided an update on the 15th General Review of Quotas. She reiterated that the aim was to increase funds for IMF support programmes and facilitate a more equitable representation of countries at the IMF and indicated

that the review should be completed by the time of the 2019 Annual Meetings of the IMF/WBG.

The Governor also attended several briefings and seminars; among others, a presentation on the African Economic Outlook, African Caucus meetings with the IMF Managing Director and a seminar on “The Future of Finance and Charting the New Waters in the Next Decade”. Issues specific to the Bank and the economic and policy developments in Botswana were discussed bilaterally with relevant departments of the International Monetary Fund.