

BANK OF BOTSWANA

PRESS RELEASE

THE GOVERNOR TAKES PART IN THE 2016 ANNUAL MEETINGS OF THE INTERNATIONAL MONETARY FUND AND WORLD BANK GROUP

The Governor of the Bank of Botswana, Linah Mohohlo, has just returned from Washington DC where she participated in the annual meetings of the International Monetary Fund (IMF) and World Bank, in her capacity as Botswana's representative on the non-executive Board of the IMF. Among others, the Governor attended the combined plenary of the IMF and World Bank Group and meetings of the International Monetary and Financial Committee and Africa Group 1 Constituency of the IMF (comprising 23 Sub Saharan African countries).

The Governors discussed recent global economic and financial developments, growth prospects and challenges and related policy responses, as well as the role and operations of the IMF and World Bank in providing resources, policy advice and other facilities for the membership. In addition, there were deliberations on governance and equitable representation of members in the two institutions.

It was observed that economic recovery continues to be slow and uneven, constrained by underlying structural weaknesses, modest global demand, slowing international trade, lower investment and productivity, rising geopolitical uncertainty, effects of low commodity prices and medium-term financial risks. The Governors highlighted concerns relating to the consequences of low and inequitable growth, among which are continuing conflict, disruptive migration and protectionism. Looking ahead, there were threats that inward looking policies,

protectionism and stalled reforms could undermine the benefits to global growth associated with openness, global trade and economic cooperation. Moreover, there continues to be uncertainty regarding the impact of Brexit, transition to lower economic growth rates in China and policy developments in the USA.

Global economic growth is projected to be 3.1 percent in 2016 and 3.4 percent in 2017. The respective growth rates for Sub-Saharan Africa of 1.5 percent and 3 percent are lower than the annual increase in population; they are also constrained by subdued growth of commodity exporting African countries. With regard to policy responses, Governors observed the need to anchor economic transition from low growth on innovation and new technology, stronger global cooperation and promotion of inclusive growth. Thus, it was important to prioritise structural reforms and institute growth friendly fiscal policy, as well as effective financial sector policies to complement accommodative monetary policy. It was equally necessary for the IMF and World Bank to strengthen their functions and support by way of, among others, availing resources, capacity building and providing effective policy advice and surveillance.

On related matters, the Governor was a participant at a seminar on Evolving Monetary Policy Frameworks in Sub-Saharan African countries and a presentation of the Regional Economic Outlook for Africa.

The Governor also participated in the concurrent Executive Committee (which she chaired) and Board meetings of the Macroeconomic and Financial Management Institute (MEFMI) of Eastern and Southern Africa. The main matters addressed included Accelerating Economic Growth in the MEFMI Region - the Drivers, Prospects and Policy Implications.

The Governor had consultative bilateral meetings with relevant IMF Departments, fund managers and other financial institutions on matters of mutual interest.