



## **BANK OF BOTSWANA**

1 November 2024

### **PRESS RELEASE**

#### **GOVERNOR DEKOP PARTICIPATED IN THE 2024 ANNUAL MEETINGS OF THE INTERNATIONAL MONETARY FUND AND WORLD BANK GROUP**

The Governor of the Bank of Botswana, Mr Cornelius Dekop, accompanied by a delegation of senior Bank staff, participated in the annual meetings of the International Monetary Fund (IMF) and World Bank Group (WBG) in Washington DC, United States of America, from 21 – 26, October 2024. These meetings kicked off with the Combined Annual Plenary of the IMF and WBG to address global economic and policy developments, and were officially opened by Joseph Biden, Jr, President of the United States America. The Plenary was addressed by the IMF Managing Director, Ms Kristalina Georgieva and the President of the WBG, Mr Ajay Banga. In his capacity as the Governor for Botswana at the IMF, the Governor took part in the meetings of the IMF's Africa Group 1 Constituency, which comprises 14 Sub-Saharan Africa (SSA) countries, and the African Caucus Meeting with the Managing Director of the IMF.

The meetings covered various topics, including recent economic and financial developments, global growth prospects, challenges, and policy responses. It was recognised that global economic recovery is progressing slowly, with differing regional performances complicating the return to pre-pandemic growth levels. Therefore, the recommendations include carefully balancing monetary and fiscal policies, implementing structural reforms, and addressing geopolitical risks to ensure a sustainable and inclusive global economic recovery.

According to the October 2024 World Economic Outlook, released during the meetings, global output growth is forecast at 3.2 percent for 2024 and 2025, slightly

lower than the 3.3 percent in 2023. For SSA, the 2023 growth rate is estimated at 3.6 percent, while projections for 2024 and 2025 are 3.6 percent and 4.2 percent, respectively. It was observed that growth remained below the historical average of 3.8 percent, on account of higher borrowing costs resulting from monetary policy tightening in 2023, withdrawal of COVID-19 related fiscal support amid high debt levels, geopolitical tensions (and resultant geoeconomic fragmentation), extreme weather conditions and low underlying productivity growth.

It was noted that global inflation is gradually decreasing in response to tighter monetary policy, improved supply chains and lower commodity prices. However, inflation remained above target in several countries and with some still facing elevated price increases.

Global inflation is estimated at 6.7 percent for 2023 and projected at 5.8 percent in 2024, with countries experiencing similar economic trends, but advanced economies are seeing a quicker reduction in inflation compared to emerging markets and developing economies. This difference is partly due to advanced economies having less exposure to commodity price and exchange rate shocks. It was observed that persistent high inflation is often driven by entrenched expectations, leading to a bias towards large price increases and this aspect disproportionately affects the world's poorest nations. Overall, it was noted that emerging markets and developing economies are more susceptible to global economic and geopolitical shocks because of their weaker economic structures and policy frameworks, resulting in lower overall resilience.

It was indicated that policy actions have been effective, with global inflation steadily decreasing due to coordinated monetary tightening measures implemented by central banks. However, it was also acknowledged that these tight monetary policies, while essential for combating inflation, along with the reduction of fiscal support to address rising global debt, pose risks to short-term economic growth and recovery. Additionally, there was need to consider the impact of these measures on financial stability.

Beyond managing debt, discussions on fiscal policy emphasised the importance of enhancing domestic revenue through improved tax systems and efficient public

spending. It was also highlighted that it is crucial to maintain targeted social safety nets to protect the most vulnerable populations.

It was acknowledged that the green transition poses significant challenges, especially for emerging market developing economies burdened with high debt and substantial investment needs. However, it was agreed that integrating climate change considerations into development plans and policy frameworks could help mitigate the costs of future corrective actions. Similarly, the potential positive impact of technological innovations (digitalisation and artificial intelligence) underscores the need to integrate these advancements into development and inclusivity frameworks, while addressing the associated risks.

Regarding the IMF governance structure, the Board of Governors approved the creation of a third seat on the Executive Board for the 45 SSA member countries, increasing the total number of Directors to 25, with three now representing SSA. This milestone was celebrated in conjunction with the 80th anniversary of the Bretton Woods Institutions (the IMF and the World Bank). Additionally, the IMF welcomed Liechtenstein (a small country nestled between Switzerland and Austria) as its 191st member state.

Governor Dekop assumed the role of chairperson for the newly established Africa Group 1 (Africa South) Constituency (with 14 countries), which he will hold for two years.

Besides the IMF/World Bank meetings, the Governor also participated in sessions of the Macroeconomic and Financial Management Institute of Eastern and Southern Africa Combined Forum, the 27th Board of Governors meeting, the Association of African Central Bank Governors' meeting and had bilateral meetings with other relevant institutions to discuss matters of mutual interest and benefit for the Bank and Botswana.

For specific issues related to the Bank and Botswana's economic and policy developments, the Bank engaged relevant departments of the IMF. These include, cooperation and capacity building initiatives, as well as the provision of technical assistance in macroeconomic modelling and forecasting, macro stress testing frameworks, balance of payments, monetary statistics, banking supervision and payment systems.

Overall, the meetings were highly productive, effectively leveraging international expertise to advance the Bank's goals in promoting domestic economic development and adapting policy frameworks.

**For further information, please contact, Dr. Seamogano Mosanako, Head of Communications and Information Services, at [mosanakos@bob.bw](mailto:mosanakos@bob.bw), +267 360 6083, 360 6382 and 360 6315 or visit the Bank website at [www.bankofbotswana.bw](http://www.bankofbotswana.bw)**