

**FOR
INFORMATION**

SM/20/52
Supplement 2

March 17, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **Botswana—Staff Report for the 2019 Article IV Consultation—
Supplementary Information**

Board Action: Executive Directors' **records**

Publication: Yes*

Questions: Mr. N'Diaye, AFR (ext. 39751)
Mr. Jardak, AFR (ext. 38304)
Mr. Peralta Alva, AFR (ext. 34452)

Additional Information: The attached supplement reflects staff's oral statement which includes staff's recommendations in response to the COVID-19 global outbreak, as provided at Executive Board Meeting 20/24.



BOTSWANA

STAFF REPORT FOR THE ARTICLE IV CONSULTATION — SUPPLEMENTARY INFORMATION

March 17, 2019

Approved By
Johannes Wiegand (SPR)

Prepared by African Department

1. This supplement provides the oral statement of Botswana's mission chief to the IMF Executive Board on March 9, 2020, reflecting staff recommendations in the face of the Covid-19 global outbreak.
2. "On the **outlook**, as you know the Covid19 outbreak has generated lots of uncertainty around the world, and the situation is changing continuously. We have flagged the downside risks related to the Covid-19 in the staff report and have made some policy recommendation in the event these risks materialize. Given that so far there are no cases of Covid-19 in Botswana, the focus should be on prevention measures, increasing preparedness in the event of an outbreak, and possibly targeted measures to support the sectors that are being hit by the global slowdown.
3. On the **fiscal policy and the fiscal framework**, we welcome the authorities' focus on increasing spending efficiency. And we believe this would get greater buy-in for future tax measures. However, we believe that additional revenue and expenditure measures would be required to achieve the authorities' objective of a small surplus over the medium-term. We also had constructive discussions on how to revamp the fiscal framework to increase Botswana's resilience to shocks and achieve intergenerational equity. The design of the fiscal framework ultimately depends on social preferences and we will provide further capacity development support in this area.
4. On **climate change**, Botswana is one of the most exposed to rising temperatures, which threaten Botswana's traditional sectors including agriculture, tourism, and mining. The authorities are conscious of the challenges that climate change could pose. They are implementing various initiatives as part of their Climate Change policy, including Climate-smart agriculture (breeding efficient livestock) and promoting solar energy technology. Building resilience and adapting to climate change will require accelerating reforms to advance diversification and structural transformation."