



# BOTSWANA

May 13, 2021

## STAFF REPORT FOR THE 2021 ARTICLE IV CONSULTATION— INFORMATIONAL ANNEX

Prepared by

African Department in Consultation with the Statistics  
Department

### CONTENTS

RELATIONS WITH THE FUND \_\_\_\_\_ [2](#)

STATISTICAL ISSUES \_\_\_\_\_ [3](#)

## RELATIONS WITH THE FUND

As of March 31, 2021

### Membership Status:

Joined July 24, 1968; Article VIII

### General Resources Account

	<u>SDR</u> <u>(million)</u>	<u>Percent of</u> <u>Quota</u>
Quota	197.20	100.0
Fund holdings of currency	149.44	75.78
Reserve position in Fund	47.77	24.22

### SDR Department

	<u>SDR</u> <u>(million)</u>	<u>Percent of</u> <u>Quota</u>
Net cumulative allocation	57.43	100.0
Holdings	59.35	103.33

### Outstanding Purchases and Loans

None

### Financial Arrangements

None

### Project Obligations to Fund

None

### Implementation of HIPC Initiative

Not Applicable

### Implementation of Multilateral Debt Relief Initiative

Not Applicable

### Implementation of Catastrophe Containment and Relief

Not Applicable

### Exchange Rate Arrangement

The exchange rate of the Botswana Pula is a crawling peg arrangement against a weighted basket of currencies comprising the SDR and the South African Rand. As of April 19, 2021, the exchange rate of the U.S. dollar to the Pula was US\$1 = P10.79, and that of the South African rand to the Pula was R1 = P0.76.

As of November 17, 1995, Botswana accepted the obligations of Article VIII, Sections 2, 3, and 4 of the Fund's Articles of Agreement. The exchange rate regime is free of restrictions and multiple currency practices.

### Article IV Consultation

Botswana is on a standard 12-month consultation cycle. The last Article IV consultation was concluded by the Executive Board on March 09, 2020.

## STATISTICAL ISSUES

### I. Assessment of Data Adequacy for Surveillance

**General.** Data provision has some shortcomings in national accounts, fiscal, monetary, and external sector statistics, but is broadly adequate for surveillance.

**National Accounts.** Statistics Botswana (SB), with the assistance of AFRITAC South, is in the process of rebasing the national accounts. The base year will be updated from 2006 to 2016, and the new series should be published during June–September 2021. Areas for further improvement include the coverage of national accounts surveys, quarterly GDP estimates, and the estimation of GDP deflators.

**Price Statistics.** The monthly consumer price index (CPI) is available on a timely manner on the SB's website. The index is comprehensive and provides breakdowns between urban and rural price data and between prices of tradable and non-tradable goods and services. An updated CPI was disseminated in March 2019, with weights derived from expenditure data reported in the 2015/16 Multi-Topic Household Survey. There is need to include owner-occupied housing costs in the CPI. The producer price index (PPI) was disseminated in December 2019; however, dissemination was suspended in mid-2020 due to volatility in the diamond index. AFRITAC South will provide assistance to expand CPI coverage to include owner-occupied housing, resume PPI dissemination, and expand PPI coverage to include agriculture and manufacturing.

**Government Finance Statistics (GFS).** The Ministry of Finance and Economic Development compiles cash-based quarterly and annual budgetary central government data following the *Government Finance Statistics Manual 2014*. Since 2018, data are available on expenditure by classification of functions of government (COFOG), but there is still no balance sheet data compiled, and no data is compiled for extrabudgetary institutions, consolidated central government, or consolidated general government. There have been data quality improvements for the budgetary central government allowing the breakdown of transfers expense to distinguish grants, subsidies, social benefits, and other expense, but challenges remain with proper distinction between current and capital outlays in the development budget. Ongoing work for the development of a revised chart of accounts would help further improve data quality, and efforts undertaken recently to collect data for government entities other than the budgetary central government would help broaden the scope of GFS to include local governments and extrabudgetary units.

**Monetary and Financial Statistics (MFS).** The Bank of Botswana (BoB) compiles MFS data using standardized report forms consistent with the *Monetary and Financial Statistics Manual and Compilation Guide 2016*. The data covers the accounts of the central bank, other depository corporations, and other financial corporations. The data for other financial corporations is currently limited to pension funds only, but BoB seeks to expand the coverage of MFS to include other sub-sectors, such as insurance companies and non-money market funds.

The BoB reports data on several series and indicators to the Financial Access Survey (FAS), including the two indicators adopted by the UN (commercial bank branches per 100,00 adults and ATMs per 100,000 adults) to monitor Target 8.10 of the Sustainable Development Goals

**Financial Sector Surveillance.** The BoB compiles and reports to STA quarterly data on financial soundness indicators, which include 12 core and 11 encouraged indicators for deposit-takers.

**External Sector Statistics.** Annual balance of payments (BOP) data with a quarterly breakdown is published in the Botswana Financial Statistics and the BoB's Annual Report in an aggregated format. Preliminary BOP data is disseminated within two months after the end of the reporting period, while revised (final) data becomes available after nine months. The BoB also compiles and disseminates the annual international investment position (IIP), with quarterly IIP data produced for internal use only. The concepts, structure, and definitions of the BOP and IIP statistics follow the fifth *Balance of Payments Statistics Manual* (BPM5). Source data are broadly adequate, but the International Transaction Reporting System (ITRS) data—as opposed to alternative annual BOP survey on financial account items—is unreliable. Data compilation, estimation, and adjustments mostly employ sound techniques; improvements have been made in techniques applied for estimating flows from stock and in improving the coverage of cross-border transactions associated to diamond industry. However, the methods used for estimating missing data, such as unrecorded trade and free-on-board (f.o.b.) / cost, insurance, and freight (c.i.f.) adjustment factors to import values need revision. Good progress has been made in recent years in reducing the errors and omissions ranging from 50 to 80 percent for reference years 2009–2017; however, their level remains large. The main factors that would contribute to further reducing errors and omissions include: (i) adjustments of import of goods from neighbor countries for their reporting on f.o.b. valuation basis; (ii) further fine-tuning of estimation model for travel services; (iii) increase in coverage of current and capital transfers by including data on government grants and TA/investment projects; and (iv) coverage of foreign assets of assets managers, pension funds, and insurance companies.

## II. Data Standards and Quality

Botswana has implemented the recommendations of the Enhanced General Data Dissemination System (e-GDDS) and currently disseminates thirteen of the fifteen encouraged data categories on its National Summary Data Page (NSDP). Areas for improvement include periodicity and timeliness of data dissemination on the NSDP for several data categories, such as reserve assets, balance of payments, and production index, and continuing to build capacity to disseminate data on general government operations and external debt. Data ROSC was published on March 27, 2007.

**Table 1. Botswana: Table of Common Indicators Required for Surveillance**  
(As of April 20, 2021)

	Date of Latest Observation	Date Received	Frequency of Data <sup>1</sup>	Frequency of Reporting <sup>1</sup>	Frequency of Publication <sup>1</sup>
Exchange rates	Feb 2021	March 2021	M	M	M
International reserve assets and reserve liabilities of the monetary authorities <sup>2</sup>	Jan. 2021	April 2021	M	M	M
Reserve/base money	Jan. 2021	4/24/2021	M	M	M
Broad money	Jan. 2021	4/24/2021	M	M	M
Central bank balance sheet	Jan. 2021	4/24/2021	M	M	M
Consolidated balance sheet of the banking system	Jan. 2021	4/24/2021	M	M	M
Interest rates <sup>3</sup>	March 2021	April 2021	M	M	M
Consumer price index	Mar 2021	April 2021	M	M	M
Revenue, expenditure, balance, and composition of financing <sup>4</sup> —general government <sup>5</sup>	NA	NA	NA	NA	NA
Revenue, expenditure, balance, and composition of financing <sup>4</sup> —budgetary central government	Jan 2021	March 2021	A/Q/M	A/Q/M	A/Q/M
Stocks of central government and central government-guaranteed debt <sup>6</sup>	2020Q4	March 2021	A/Q	A/Q	A/Q
External current account balance	2020Q4	March 2021	A/Q	A/Q	A/Q
Exports and imports of goods	2020Q4	March 2021	A/Q	A/Q	A/Q
GDP/GNP	2020Q4	4/1/2021	A/Q	A/Q	A/Q
Gross external debt	2020Q4	March 2021	A/Q	A/Q	A/Q
International Investment Position <sup>7</sup>	2020	March 2021	A	A	A

<sup>1</sup> Daily (D), weekly (W), monthly (M), quarterly (Q), annually (A), irregular (I), and not available (NA).

<sup>2</sup> Includes reserve assets pledged or otherwise encumbered as well as net derivative positions.

<sup>3</sup> Both market-based and officially determined, including discount, money market, treasury bill, notes, and bond rates.

<sup>4</sup> Foreign, domestic banks, and domestic nonbank financing.

<sup>5</sup> The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.

<sup>6</sup> Including currency and maturity composition.

<sup>7</sup> Includes external gross financial asset and liability positions vis-à-vis nonresidents.