

BOTSWANA: COUNTRY PARTNERSHIP STRATEGY**CHAIRMAN'S CONCLUDING REMARKS**

**Meeting of Executive Directors
May 21, 2009**

Executive Directors welcomed the first World Bank Group Country Partnership Strategy (CPS) with Botswana and commended the renewed lending engagement with the country after a long hiatus.

Directors commended Botswana for its impressive achievements in macroeconomic management, fiscal discipline and sustained growth. They noted, however, that serious challenges remain. In the short term, Directors agreed that Botswana must mitigate the impact of the global economic crisis and address electricity insecurity in a sustainable manner. The decline in diamond revenue exports, coupled with weak revenues from copper-nickel and tourism, has led to a further contraction in projected growth rates and to high levels of current account and fiscal deficits. They noted that while Botswana is in a better position than most Sub-Saharan African countries to weather the crisis given its sizeable fiscal reserves, they suggested that realigning budget and policy priorities to increase the effectiveness of public sector expenditures would be needed to safeguard gains already made.

For the medium to longer term, Directors underscored the importance of economic diversification and the effective use of all resources, both non-renewable and renewable, to increase economic growth and promote job creation. In this regard, it was noted that a competitive and attractive investment climate coupled with private sector development, and infrastructure capacity would be needed. The need to consider social vulnerabilities, including gender, education, unemployment, inequality, combating the HIV/AIDS pandemic and distributional issues was highlighted.

Directors broadly supported the CPS and its four pillars as a flexible strategic framework for the Bank Group's re-engagement in Botswana. They noted the benchmarks under which the Bank Group could become engaged in the coal-to-power electricity sector and requested that Bank support be consistent with all Bank policies and strategies, including the use of best available technologies. In support of Botswana's competitiveness agenda, Directors welcomed the proposed interventions by IFC and MIGA through public-private partnerships in the education and telecom sectors, and possible engagement in the electricity sector. They highlighted the need to further consider capacity building issues and monitoring mechanisms. The significance of Botswana to the sub-continent as a potential regional transport hub and energy exporter, and its pivotal role in the fight against HIV/AIDS given the country's location in the epicenter of the pandemic was highlighted. In addition, they encouraged South-South collaboration including in knowledge sharing and development initiatives.

Finally, Directors underscored the importance of close coordination within the Bank Group and with donor partners to successfully implement the CPS. The opening of a country office in Gaborone would facilitate effective and efficient delivery of the CPS program.