STATEMENT

BY

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DURING

Second Committee Discussions of Item 17 (b) and 18 MACROECONOMIC POLICY QUESTIONS: INTERNATIONAL FINANCIAL SYSTEM AND DEVELOPMENT; AND FOLLOW-UP TO AND IMPLEMENTATION OF THE OUTCOME OF THE 2002 INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT AND THE 2008 REVIEW CONFERENCE

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Mr. Chairman

1. My delegation is pleased to contribute to the debate about reforming the international financial system and review of development financing in order to support national efforts aimed at growing and diversifying the economy, stimulating expansion of the job market, and contributing positively to poverty eradication initiatives.

2. Most of our economies in the South were hit hard by the 2008 world financial and economic crisis. Recovery has been slow and the effects still linger.

3. Botswana is even more concerned about ongoing uncertainties in the financial markets and the threat that is never far-off, of plunging the world into financial turmoil of greater proportions than we all suffered in 2008.

4. We are all too familiar with the ripple effects of the 2008 financial crisis on the commodities market which seriously undermined most of our countries’ revenue streams. In the case of Botswana, weak global demand and falling prices of minerals led to lower export receipts and lower revenues for Government, starting from the last quarter of 2008 onward.

5. Loss of revenue led to the scaling down of national development projects including key infrastructure development and programmes vital to the achievement of the MDGs. Botswana was forced into a deficit reduction situation of average 10% of the budget for two financial years 2009/2010 and 2010/2011.

6. Efforts to fight unemployment were dented ever since the onset of the crisis leading to retrenchment of 39 percent of the labourforce in the mining sector, 37 per cent in the services sector and 15 per cent in the manufacturing sector.

7. Given the foregoing, maximum efforts should be invested in averting the risk of a financial meltdown in order to avoid further negative impacts of efforts to reduce poverty, access to basic services, food, water, education, health, sanitation and addressing the challenges of desertification land degradation and drought which have all been worsened by effects of climate change.
Mr. Chairman

8. My delegation wishes to highlight that Foreign Direct Investment serves as an important driver for economic development. Botswana continues to create a conducive climate to attract FDI through among other initiatives, the implementation of 2009 Government Strategy of Rationalization of Certain Parastatals and Public Entities.

9. As a result of this rationalization, a new entity named Botswana Investment and Trade centre (BITC) was established in April 1 2012 with a mandate of spearheading investment promotion and export development activities.

10. Botswana's efforts of attracting FDI have not been fully rewarded due to a number of factors. Botswana continues to receive a lesser share of FDI flows due to the impediments associated with being a landlocked country and a small economy. We wish to align ourselves with the sentiments already expressed in this Committee that MICs should not be punished but rather receive assistance to sustain progress already made in their development efforts.

11. The Report of the Secretary General on Development Cooperation with MICs document A/68/265 makes it even more clearer in paragraph 32 and I QUOTE; "The importance of sustaining growth in middle-income countries, transforming them into high value added economies and putting them on a sustainable development track cannot be overstated" END OF QUOTE.

12. The most critical question is how to ensure that the MICs that made remarkable progress and eventually moved to middle income country group are safeguarded from falling into a "trap" due to economic slow-down?

13. Perhaps the Secretary-General should have asked a precise question in paragraph 27 of A/68/265; Shouldn't it be a failure on our part as the international community that of 101 middle income countries that graduated in 1960 only 13 moved to high income category with the rest unable to escape the middle income trap or regressing into low income level?

14. And what about the solution? My delegation believes we have reached a stage where we should be able to agree that we need to develop toolkits that can address the financing needs for development in MICs in more than a "one size
fits all" policy mix. Such policy response should be specifically tailored to the individual needs of countries in the MIC category and respond to their specific challenges.

15. Financing for development should therefore be expanded to address the specific challenges faced by MICs including infrastructure development, capacity building, industrialization, development and use of technology as well as skills development.

16. We therefore wish to call the attention of the Committee of Experts on Sustainable Development Financing to work on proposals for the effective sustainable development financing which incorporates some form of a mechanism that could facilitate financing the achievement and follow-up of development priorities of Middle Income Countries as part of the post 2015 development agenda.