



Republic of Botswana

2025 BUDGET SPEECH

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I. INTRODUCTION

1. Allow me, **Mr. Speaker**, to present to the National Assembly the Budget Proposals for the 2025/2026 financial year. The 2025/2026 financial year carries a particular significance as it marks the inaugural budget of the 13th Parliament, led by a New Administration committed to transformation and placing citizens at the heart of its agenda. The upcoming financial year also heralds the dawn of the twelfth National Development Plan (NDP 12).
2. **Mr. Speaker**, it is therefore, with a deep sense of responsibility and humility that I rise to deliver my first Budget Speech as the Minister of Finance under the New Government. This moment resonates with profound personal meaning as I stand at this podium, a space filled with the echoes of those who have come before me, entrusted with the sacred duty of steering our nation's economic destiny. Permit me, a moment of solemn acknowledgment of all former Ministers of Finance for their contributions and service.
3. In a special way, I wish to recognize three (3) of these distinguished leaders who not only held this vital portfolio but also served as my personal mentors, being two (2) former Presidents, Sir Ketumile Masire, and President Festus Gontebanye Mogae, as well as my late father, Baledzi Gaolathe. Their guidance and example continue to inspire my own sense of duty and responsibility. Under the mantle of the New Administration of the New Botswana led by President Advocate Duma Gideon Boko, I find myself deeply humbled, to carry forward a collective legacy that transcends individuals and speaks to the enduring trust and hope of a nation.
4. **Mr. Speaker**, the moment that our nation now finds itself is eloquently captured in Lets Sithole's adaptation of Lao Tzu's corpus: "If you march to the beat of your heart and dance to the rhythm of your own song, you will dance the dance that no one has ever seen and sing the songs no one has ever heard".
5. Here and now, more than fifty-eight years since the founders of the republic first took office and experimented with a modern democratic system, can our nation confidently pronounce that we as a nation have passed the first real test of our experiment, that ours is a system of the people, for the people and by the people.

6. **Mr. Speaker,** this past spring, swaths of our citizens – men and women of diverse social and cultural backgrounds, joined long queues in the scorching sun of our arid circumstances to cast a ballot to decide on whether to retain the only party that had until-then led our nation, or elect a new Government. This generation, young and old, united in spirit to claim something new, something special, a path of hope that we can all call our own. Behold, something new is taking root, something special – a Government that belongs to the people, a Government of the people, a Government for the people.
7. This is our Government, all of us, we must build our nation together, in our own way, we must build our economy together, in our own way, we must rise and fall together; we dance the dances that no one has ever seen and sing the songs together that no one has ever heard.
8. **Mr. Speaker,** in the course of the preparation for the 2025/2026 budget, we consulted different stakeholders and, in the process, I have discovered a profound truth, that the men and women of this country, young and old, possess a clear vision of the steps necessary to propel this nation forward. The collective wisdom of our people shines brightly, illuminating the path we must tread to achieve greater heights and realize our shared aspirations. So those of us with the privilege to lead, are no more than painters on an assignment to paint a canvas, transcribing a vision of the people into reality. This assignment we must pursue in our own way, like a dance never danced before and a song that has never been sung before.
9. **Mr. Speaker,** we have a collective responsibility to not only chart a course for our nation’s economic recovery but to also restore the trust and faith of our people in their Government. The New Botswana is determined to become the best managed country, a paragon of unity, fairness and prosperity on the African continent.
10. **Mr. Speaker,** I stand by my December 2024 Parliament Statement on public finances, that “the state of our public finances, by any standards, is in an undesirable place”. I highlighted the economy's severe fiscal constraints, declining Government revenues, as well as slow and jobless growth. To be clear, we inherited a Government machinery plagued by deeply entrenched systemic inefficiencies that have crippled progress and development.

11. **Mr. Speaker**, it is no secret that the realities of our times are heart-wrenching; there is a persisting unemployment crisis, with many graduates failing to secure meaningful occupations for years upon years; even many of our citizens that are employed, work without much pay and often under stringent conditions; and despite our collective resources, abject poverty continues to ravage in both our ghettos and forgotten places. We are almost like the nation which Dickens describes - "We had everything before us, we had nothing before us".
12. Our country is regressing on many fronts including health and education outcomes; corruption has become endemic with all its corrosive and cancerous manifestations, an impediment to the achievement of the lofty aspirations of our people. Yet despite this bleak picture, I have a hope in me that is rising like a phoenix. **Mr. Speaker**, we in the New Botswana have the hope that collectively we will turn the tide.
13. **Mr. Speaker**, the New Administration has established a dedicated Ministry of Youth and Gender Affairs, in part to ensure that the Gender portfolio receives the attention it deserves. This is a response to a national outcry, sparked by persistent gender inequalities that prevail in our society hindering inclusive socio-economic development and the full enjoyment of Human Rights.
14. **Mr. Speaker**, the phenomenon of Gender-Based Violence (GBV), here in Botswana, is a blight, against which we must now all commit. Our Dikgosi, in particular, have pledged to play a key role, to assist galvanise all citizens and stakeholders towards building a nation that possesses character of balance and fairness. This Administration intends to intensify efforts for gender mainstreaming across all sectors and institutionalise Gender Responsive Budgeting to ensure that priority areas such as GBV are addressed through adequate resourcing.
15. **Mr. Speaker**, the growing occurrence and escalating severity of natural disasters and pandemics serve as a stark reminder that these challenges are no longer exceptions but have become an enduring reality of our time. Natural disasters damage property and infrastructure, disrupt lives, fracture communities, and leave families grappling with loss and uncertainty.
16. The frequency and quantum of natural disasters pose a new and pronounced risk that threatens any social and economic gains. In a sense, natural disasters are the new normal.

For this reason, the Administration is **reviewing the National Policy on Disaster Management of 1996**, to ensure alignment with emerging challenges and best practices. The draft Policy is expected to be brought to Parliament before the end of the financial year 2025/2026.

17. **Mr. Speaker**, in recent years, there has been a surge in the misuse of public office for personal gain. This is evident in our deteriorating scores on the Corruption Perceptions Index. The data shows that our ratings, declined from a score of 6.5 in 2012 (30 out of 180 countries) to 6.1 in 2019 (34 out of 180 countries). The most recent figures show a further drop and a significant decline in rankings in the space of one year, from a score of 6.0 in 2022 (35 out of 180 countries) to 5.9 in 2023 (39 out of 180 countries). **Mr. Speaker**, this culture of corruption, if left unattended, is certain to derail and undermine all efforts to build an inclusive and deep economy. If we fail to combine forces against this culture of corruption, we are certain to fail as a nation in the delivery of essential services that improve the quality of lives for the people of Botswana.
18. **Mr. Speaker**, our conviction is that a corruption-free culture will save us, not a billion, but billions of Pulas every year. This is why an array of efforts are already under-way to: review our current procurement model, enhance transparency, support free press, as well as **revise and approve the Draft National Anti-Corruption Policy**. With these initiatives, we hope to protect whistle-blowers, strengthen institutions, enhance integrity and accountability. It is pleasing, that so many citizens, more than this country has ever witnessed before are coming forward to blow a whistle or guide on how best to neutralise the culture of corruption.

II. BUILDING AN INCLUSIVE AND DEEP ECONOMY

19. **Mr. Speaker**, in order to rebuild this economy, we will implement the required changes through **four (4) interlinked strategic phases**. These are:
- a) Halting the financial haemorrhaging in Government;
 - b) Stabilization and preparation for take-off;
 - c) Initial tangible steps of change; and
 - d) Building a New Botswana.

Phase 1 - Halting the financial haemorrhaging in Government

20. **Mr. Speaker**, in this initial phase of our reform agenda, we will direct our focus towards three (3) critical areas being: *(i) Government systems (ii) Strengthening Oversight Institutions and (iii) Private sector and society.*

Government Systems

21. **Mr. Speaker**, the state of the public financial management systems, practices and process has deteriorated over the years. This ailment is evident in systems for prioritisation of development projects, the systems for procurement, the systems for implementation of potentially game-changing mega-projects, the systems for monitoring of projects, the systems for transparent payments and the systems for informed and fair economic decision-making. This dysfunctionality has contributed to persistent financial losses in the recent past and manifested in a culture of regular supplementary budget requests.
22. **Mr. Speaker**, to correct this situation, we will in the immediate term, repair and restore discipline in the process of supplementary budgets. Going forward, supplementary budget requests, if any, **will strictly cater for unforeseen requirements or emergencies**, and that any such requests will be catered for by budget cuts in other parts of the existing budget. This approach will ensure that we are not merely diverting taxpayer funds into a black hole, but instead, creating tangible value for every Pula expended.
23. **Mr. Speaker**, it has further been observed that there is failure by some Procuring Entities to observe Public Procurement legislation requirements put in place to guard against depletion of funds before all contracted suppliers are paid. The general practice of issuing Commitment Letters instead of Government Purchase Orders (GPO) goes against the philosophies of prudent financial management and **will be stopped forthwith**. Government has made an undertaking to ensure timely payment of suppliers to protect and nurture local businesses thus, it is imperative that appropriate procurement principles are followed at all times during procurement of goods, services and supplies.
24. **Mr. Speaker**, the New Administration is determined to cultivate a new culture, a culture of fairness, a culture of diligence, a culture of an agile Government, a culture of urgency, a culture of wealth creation, a culture of innovation, a culture of speed, a culture of service and a culture of collective effort.

25. This new culture has inspired work, which has already begun, around an execution plan towards an initiative to mobilise resources by way of a new efficiency in process within the Government system. The **Efficiency in Process Initiative** will drive revenue collection across Ministries, Departments and Agencies (MDAs) by comprehensively overhauling guidelines of fees or levies of Government services, categories of services, technology for collection, capacity and capabilities in the effective offer of those services. We expect that a comprehensively modernised and structured Government (and local Government) services ecosystem, including fees for work permits, visas, property rates, licences and a raft of other services should add significant amounts to our national coffers.
26. The Efficiency in Process Initiative will address existing revenue leakages across all sectors of the economy. **Mr. Speaker**, examples of these financial leakages include the significant amount owed to Local Authorities (LAs), which currently stands at about P765 million in property rates and P27.9 million in service levies. Furthermore, their revenue collection remains inefficient, with an average collection rate of just 56 percent of the target over the 2023/2024 and 2024/2025 financial years.
27. **Mr. Speaker**, other losses emanate from mismanagement of contracts, including, Government leasing out its land and facilities to companies or private individuals. Further, evidence shows that Government collected an average of P119 million over the 2022/2023 and 2023/2024 financial years against the P210 million targeted revenues of park entry fees due to unavailability of enablers such as point of sale machines, connectivity and manpower shortages. Similarly, Government experiences leakages through lapses in controls resulting in salary overpayments which for the financial years ending March 2021 and 2022 recorded P27.7 million on average. The aforementioned **Efficiency in Process Initiative** will address these leakages and drive revenue maximization across MDAs.

Strengthening Oversight Institutions.

28. **Mr. Speaker**, we have determined that the Public Procurement Regulatory Authority (PPRA) has not been able to fully execute its essential role. In the New Botswana, we view this institution as a strategic SOE with a key role in promoting fairness and transparency in Government procurement. We are advancing our plan **to strengthen the procurement model**. We are also creating a seamless access to procurement opportunities through development of the Public Procurement Data Portal.

This data portal will serve as a centralized, real-time data sharing platform for the management and dissemination of procurement information, ensuring its accessibility to all stakeholders.

29. **Mr. Speaker**, as part of revitalizing the PPRA towards pursuing its legislative mandate, we have already facilitated the commencement of their work, along with other oversight agencies, towards the conduct of comprehensive audits of the projects under the Development Manager model, the Central Medical Store (CMS), as well as other infrastructure projects at key State-Owned Enterprises (SOEs).
30. The audits will be carried out in two (2) phases. The first phase will focus on value, procurement processes and procedures as well as legal compliance. The second phase will discern the areas that require more specialised financial forensic audit. These audits will become a culture in Government and will extend to other oversight bodies, including the Directorate on Corruption and Economic Crime (DCEC), the Office of the Auditor General, Public Enterprises Evaluation and Privatization Agency and the Botswana Accountancy Oversight Authority, to ensure a robust governance framework that safeguards public resources. **Mr. Speaker**, this new approach is a response to the procurement practice which by all accounts has been plagued by opaqueness, unfair practices, financial leakages and signs of systemic corruption.

Private Sector and Society

31. **Mr. Speaker**, we are determined to build an economy in which every citizen enjoys fair access to opportunity. The dominance of a few players in some industries exposes inefficiencies that stifle competition and innovation. Preliminary evidence indicates that citizens are encountering artificial barriers that impede their access to lucrative sectors such as poultry, automobile, retail, franchising and distribution as examples.
32. Furthermore, cumbersome and protracted regulatory processes continue to create significant delays for businesses, hindering the swift establishment of new enterprises, slowing the expansion of existing ones, and stifling innovation. For instance, a supermarket must obtain approximately six (6) different licenses, each requiring separate applications at multiple offices.
33. **Mr. Speaker**, in the New Botswana, we are committed to dismantling these barriers and fostering an inclusive environment where ordinary citizens can actively participate and thrive within all industries.

As a Government rooted in the principle of fairness, we are going to **strengthen institutions responsible for licensing and regulatory oversight to address structural and market barriers.**

34. **Mr. Speaker,** Government is deeply committed to enhancing consultation with all stakeholders, recognizing that meaningful dialogue and collaboration are essential for effective policy-making. We are open-minded and willing to take guidance on how best to engage. This inclusive approach is necessary to ensure that our policies are responsive, equitable and aligned with the needs and aspirations of all sectors of society.

Phase 2: Stabilization and preparation for take-off

35. **Mr. Speaker,** in this critical phase, our focus is clear; we will lay a firm foundation, mend what is broken, and ensure that government machinery operates with efficiency, responsiveness, integrity and is held accountable for its actions.
36. One of the observed challenges hindering effective execution for change in Botswana, is the speed and alignment with which our laws are amended to pave way for effective execution of measures pronounced by the Government. **Mr. Speaker,** we will address this challenge by **reviewing the current approach** and benchmarking on best practices from countries such as Mauritius. In Mauritius, every year after the national budget is presented in Parliament, the Finance Miscellaneous Provisions Bill is tabled as an instrument to “provide for the implementation of measures announced by the Government and for matters connected, consequential and incidental thereto.” The essence of the Bill is such that every project or reform measure would **immediately be facilitated by amendment of all laws that enable that reform to effectively take effect.**
37. **Mr. Speaker,** as the New Administration, we have set ourselves a very bold objective of facilitating international investment in mega, transformational projects with the potential to create economic value and dilute the country’s over dependence on diamonds. We will act decisively to restructure our approach, ensuring **a more effective and strategic framework for investment promotion,** moving away from the current fragmented approach which leads to potential high impact investors being subject to high levels of red tape.

38. **Mr. Speaker**, as we reimagine our economic landscape and chart a path towards a modern and globally competitive Botswana, we recognize the importance of forging partnerships with investors who share our long-term vision. To this end, we have started establishing clear requirements and a compliance framework to **define the characteristics of an ideal partner and investor for the New Botswana**.
39. This intend to gravitate towards partners who possess specific attributes including substantial financial resources and patient capital, partners who prioritize long-term investments over quick returns, partners with deep insights and intellectual property and share a long-term vision that aligns seamlessly with Botswana's strategic objectives. By carefully selecting partners according to this framework, we hope to cultivate a dynamic investment landscape that propels our nation towards prosperity while safeguarding our fiscal interests.
40. **Mr. Speaker**, a landmark achievement was the successful conclusion of negotiations with De Beers Group, resulting in an enhanced rough diamond sales agreement and the extension of mining licenses beyond 2029. The conclusion of these negotiations within 100 days of this administration will go a long way to rebuilding market confidence and trust in this government's efficiency, agility and responsiveness in creating partnerships and a doing business environment. This agreement ensures greater value retention for Botswana and strengthens our position as a global leader in the diamond industry.

State-Owned Enterprises

41. **Mr. Speaker**, it is high priority in our agenda to ensure value for every Pula allocated to SOEs by transforming them into high performance organizations that fully deliver on their mandates.
42. We intend to pay delicate and special attention to our SOEs with a view to bring out the best in them, and to use them as a lever to significantly reduce costs of doing business in the new Botswana. We are also determined to transform our SOEs into engines of wealth creation for the larger population by reconfiguring and up-scaling some of them into becoming truly global players. Our posture also leans towards curtailing gross wastage and duplication that takes place at some of these enterprises.

43. **Mr. Speaker,** some of these SOEs have operated without substantive Chief Executive Officers for upwards of five (5) years; some have had no boards and many operated on partial boards. The neglect, and sometimes outright callous mismanagement of these enterprises by political principals cultivated a culture of wastage and stagnation. We are determined to fan the embers for a new progressive culture of good governance, integrity, efficiency, effectiveness and excellence. The New Government has wasted no time, and has already commenced work to revitalise SOEs based on this clear vision.
44. **Mr. Speaker,** we are ceased with a process to overhaul our power sector's legislative framework, to separate power generation from power transmission, and repurpose the Botswana Power Corporation in light of the changed ecosystem.
45. **Mr. Speaker,** farmers have come forward with proposals to re-imagine, refocus, and reposition the Botswana Agricultural Marketing Board (BAMB) in order to drive an effective, enabling model and facilitate equitable and fair market access for all farmers in the country. Therefore, we will facilitate the repurposing of BAMB.
46. We are also determined to stabilize the Botswana Meat Commission (BMC), first by putting in place strong management and later securing investment partnerships that will revitalize the Commission to become a global player, along other players in the meat value chain. This will allow the BMC to operate competitively in the new meat industry ecosystem.
47. **Mr. Speaker,** we are proceeding to hoist the Botswana Vaccine Institute (BVI) to new global heights. The concept of the BVI, a facility and operation that over the years has, in partnership with Meryl of France, mastered the art of research, and development of vaccines, has over the years developed capacity and capabilities in manufacturing and exports of medicines. The time has now come to fundamentally put to bear these capabilities, by significantly scaling up production and possibly augmenting product diversity for export. The work is already ongoing to facilitate this ambition. Our actions entail a pursuit of a judicious blend of funding, management and market partnerships as well as collaborations.
48. **Mr. Speaker,** the manner that our public sector funds enterprises or funds victims of road accidents or funds medical care or funds pensions or provides for social services or caters for people living with disabilities, is both inefficient and ineffective.

We are probing and considering options for an overhaul of our funding model towards a comprehensive system for national health insurance and targeted social interventions. The new model will re-imagine the current arrangements at Citizen Entrepreneurial Development Agency (CEDA), Motor Vehicle Accident Fund (MVA Fund) and other institutions.

49. **Mr. Speaker**, the Administration is currently considering proposals for a self-funding mega-project for the construction and development of a rail corridor linking Namibia and Botswana's western copper-belt region through Ghantsi. Our existing rail infrastructure is neither adequate nor up to standard, even so, not fully utilized or optimized. The Administration is considering options for a rail operational model best suited for our circumstances. All options being considered will require changes to the current legislation on the role of Botswana Railways.
50. We have started a process to persistently facilitate the Botswana Unified Revenue Service (BURS) to unlock its revenue collection potential, aiming to surpass the annual average P26 billion collection in non-mineral and non-SACU revenue achieved over the past five (5) years. A well-managed and efficient BURS can boost this revenue collection efficiency by at least 30 to 40 percent in the next five (5) years.
51. **Mr. Speaker**, we are committed to building a robust financial system that nurtures homegrown institutions which may subsequently become multinationals. We will reimagine the role and structure of SOEs in which Government is a major shareholder, with consideration given to potential mergers in the upcoming financial year.

Phase 3: Initial tangible steps of change

Seeds for diversification

52. **Mr. Speaker**, the level of unemployment particularly among the youth in our country is not just a statistic but a stark reflection of untapped potential and unfulfilled dreams. In the pursuit of immediate impact, we will prioritise the execution of certain low-hanging fruits that hold the potential to generate meaningful employment in the upcoming financial year.
53. **Mr. Speaker**, Botswana's reliance on diamond revenues has been both a strength and a vulnerability.

To secure Botswana's future, we must **diversify the economy** by expanding key sectors such as **tourism, agriculture, manufacturing, information technology, and healthcare**. A central pillar of this strategy is the **diversification of the mining sector** and an aggressive drive for **mineral beneficiation**.

54. To this end, the Khoemacau Copper mine in the North West District is embarking on an expansion exercise that will ramp up production from the current 60 000 tonnes of copper to at least 130 000 tonnes. The expansion is anticipated to increase the labour force from the current 2 000 to 4 000 employees.
55. Another noticeable progress is Menzi Battery Metals which has been granted a mining license to exploit battery grade Manganese at Kgwakgwe Hills near Kanye and they are currently finalising the establishment of the processing plant. At construction, the project will employ 300 people and during operation the numbers will reduce to 200 due to plant automation.

Energy sector - a key driver for diversification

56. **Mr. Speaker**, another important aspect of our diversification drive is the modernisation of the power sector, with a strategic shift towards a solar-dominated energy industry. This will be coupled with unbundling of power generation, transmission, and related services, a move designed to enhance efficiency, competition and investment in the sector.
57. This approach will enable Botswana to scale up electricity production to at least 8 000 MW within four (4) years, laying the foundation for a more sustainable and competitive energy landscape. It is a decisive step towards fulfilling our commitment to reducing electricity costs by 30 percent, easing the financial burden on businesses and households alike. Beyond domestic benefits, this initiative positions Botswana as a major regional electricity exporter, strengthening our economic resilience and regional influence. A stable, cost-effective power supply will not only attract investment but also enhance Botswana's appeal as a thriving hub for business and a desirable place to live.
58. **Mr. Speaker**, to cater for the national baseload power requirements, a 600 Megawatts Jindal Coal fired power plant in Mmamabula has already commenced construction of the pre-project's activities.

Other projects which are still under procurement are: 200 MW Concentrated Solar Power in Maun; 100 MW Solar PV in Jwaneng; 100 MW Solar PV and 100 MW of Wind Power in Letlhakane. These projects are expected to create business opportunities and jobs for our people as well as reduce energy costs in the long run, making energy more accessible and affordable for all.

59. **Mr. Speaker**, the Selebi Phikwe Citrus project initiated by the previous administration continues to create opportunities for Botswana. In terms of production, the project has already achieved 5 000 tonnes during the first harvest, and it is anticipated to rise significantly to 21 000 tonnes during the 2025/2026 financial year. The increase in production per hectare is projected to raise employment levels from the current 294 employees to 600.
60. On the market front, there is progress in securing new opportunities for our produce. While we currently serve several destinations, we are actively negotiating to enter three (3) key international markets being India, South Korea, and the United States of America. I am pleased to inform you that these discussions are advancing well and are expected to be concluded by July 2025.

Execution of mega projects – a must for true transformation

61. **Mr. Speaker**, for years, Botswana has faced significant challenges in executing mega infrastructure projects, largely due to a lack of technical and operational capacity. In some cases, questionable contract awards, inflated costs, and poor oversight have raised concerns about corrupt practices and mismanagement, further compounding the infrastructure deficit. The New Government is intensifying efforts to bridge Botswana's critical infrastructure gaps by **ramping up capacity to mechanise and execute mega projects** such as rail, road networks, power and water and Information and Communication Technology (ICT) infrastructure. I am pleased to inform you that in the coming financial year, we will commence execution of meticulously structured mega infrastructure projects, crafted in collaboration with reputable global investors including strategic and game changing projects such as the Chobe-Zambezi Water Transfer Scheme. This project has the potential to enhance water security, job creation, agricultural expansion and food security and drive industrial growth, amongst others.

Housing

62. **Mr. Speaker**, the Government of Botswana reaffirms its commitment to ensuring access to shelter as a fundamental human right. The Government is reimagining the current low-income housing programme in order to destigmatise and align it with national priorities. The reimagined programme will reflect the Government's focus on inclusivity and its commitment to providing dignified living conditions for Botswana. Additionally, the programme will be revamped to modernise housing designs, ensuring they are in line with current trends and best practices in the housing sector.
63. **Mr. Speaker**, in addition Botswana Savings Bank (BSB) is preparing to launch a proof-of-concept designed to give opportunity to an ordinary Botswana who owns land but lacks the means to develop it. This initiative forms part of our broader commitment to construct 100,000 housing units within the New Government's five-year term, ensuring that more citizens have access to quality housing. From the security guard to the roadside vendor, the bus conductor, the herder, and the overburdened breadwinner, it opens doors to homeownership that once seemed out of reach. Through this initiative, they can secure a loan, attract a reliable tenant, access professional construction services, and eventually own a valuable asset. At its heart, this programme reflects a deeper philosophy: that every individual, no matter their situation in life, deserves the dignity of a home and the opportunity to build a future. By removing barriers to housing, this Government seeks to turn dreams into reality, creating a society where hope is not a privilege but a shared promise.

Phase 4: Building a New Botswana

Sovereign Wealth Fund

64. **Mr. Speaker**, we are committed to ensuring long-term macroeconomic stability and fostering intergenerational equity by preserving sufficient assets and wealth for future generations. To achieve this, we will redesign our macroeconomic policy framework to safeguard the needs of future generations by ensuring that they benefit from our natural resource wealth. Efforts are underway to create a new fully-fledged Sovereign Wealth Fund. This fund will invest in sustainable domestic and foreign assets across various industries, thereby transforming resource wealth into financial wealth. The fund will help to cushion against unforeseen disasters, create wealth for current and future generations. The fund will also enable future generations to have a foundation to realise their own ambitions.

National Fund of Funds

65. **Mr. Speaker**, the traditional, brick-and-mortar model of tying institutions directly to funding has long passed its sell-by date. In the New Botswana, we will explore and reimagine the role of the CEDA and Botswana Development Corporation (BDC) with the possibility of creating a **National Fund of Funds**. This Fund will enable us to design modernized and high-impact investment models to allocate resources strategically, targeting priority sectors in line with our national development objectives and also allowing disruptors and innovators including the creative industry to access funding. This initiative will mark a significant shift in our approach to economic development, fostering an environment where entrepreneurship thrives and where our investments yield maximum returns in terms of job creation, growth, and innovation.

Creative Industry

66. **Mr. Speaker**, the creative industry is a driver of economic growth, social preservation and social transformation. It also has the power to generate employment, foster innovation and project our distinct identity. To fully unlock the potential of this industry, we must optimize the entire ecosystem, including exploring the possibility of enacting legislation that enables creatives to monetise the digital space. In addition, to demonstrate our commitment to developing this industry, we will, through the proposed National Fund of Funds, ensure that the unique dynamics of the creative industry are considered when allocating resources, guaranteeing the industry is adequately resourced.
67. **Mr. Speaker**, Botswana possesses a rich and compelling tradition of song, poetry, dress, story-telling, dance, design, painting, art, craftsmanship, rhetoric, beading, comedy and performance. Our land is a theatre and stage upon which to watch the most beautiful sunrises, sunsets, the birds – the herons, and the egrets. In the modern day we are the home of the finest soloists, DJs, recording artists, film-makers and actors. They walk in the footsteps of our literary giants – Ratsie Setlhako, Ponatshego Mokane and L.D Raditladi and now Moroka Moreri. The time has come to embed our indigenous creativity in our entire national life, and export our culture through film, jewellery, art, performance. We should build the infrastructure to facilitate this.

Research and Development

68. **Mr. Speaker**, Research and Development (R&D) will play a key role in the New Botswana. The current approach to R&D lacks oversight, coordination and monitoring.

We will direct our efforts towards **rebuilding the research ecosystem and strengthening coordination of the national research agenda**. Government will continue to support ongoing research on areas such as Climate Change, Energy, Natural Resources and Materials. Planned R&D project areas for the 2025/2026 financial year include advancements in manufacturing and artificial intelligence.

Transforming the Agriculture sector

69. **Mr. Speaker**, the New Government is committed to a bold and transformative agricultural strategy geared towards optimal land use, enhancing labour productivity, food security and high value agriculture driven by adoption of technology and forging domestic and export competitiveness. We will strengthen agriculture's linkages with key sectors such as manufacturing to create value-added opportunities.
70. A major shift in our approach will be revamping the agricultural subsidy system, moving away from supporting inputs to incentivising higher output and productivity. A top priority will be to develop a comprehensive Agriculture Financing Strategy to improve access to capital for farmers and agribusinesses. Furthermore, we will focus on developing a robust seed production industry to reduce reliance on imports. We will also focus on establishing an organic fertilizer industry, reducing dependency on costly imports.
71. **Mr. Speaker**, we will also diversify agricultural production by tapping into high-potential but untapped sub-sectors including HEMP production. Our transformation plan will also leverage Botswana's world-class expertise in cattle breeding to enhance genetics for improved beef production, while also accelerating the growth of dairy farming as a high-value sector. Additionally, we will establish a local Commodity Trading Platform to ensure fair pricing for produce. To support small-scale farmers, we will improve their access to supply contracts with large retail chains - an area that has traditionally been difficult to penetrate due to restrictive business practices. To this end, **we are revising the 1991 National Policy on Agriculture Development** to align with this new strategic direction. **Mr. Speaker**, the government recognises cooperatives as a powerful vehicle for **agricultural transformation, job creation, rural development, poverty reduction, and food security**. We will therefore, support Cooperatives by revamping the institutional and legal framework to build self-reliant entities.

III. OVERVIEW OF THE SECOND TRANSITIONAL NATIONAL DEVELOPMENT PLAN

Performance of TNDP

72. **Mr. Speaker**, the Transitional National Development Plan (TNDP) entails some projects that require multi-year execution due to their scale and complexity. I would like to highlight that out of the 644 TNDP projects, only 11.2 percent have been completed, 40.5 percent are ongoing at different levels of implementation while **48.3 percent have not yet started**.
73. **Mr. Speaker**, similar to previous NDPs, the Government faced significant challenges that hampered timely delivery of projects. These include: limited implementation capacity due to the absence of dedicated Project Management Offices (PMOs); ineffective contract administration, resulting in disputes and legal challenges, budget overruns; and silo implementation across Government leading to missed opportunities for collaboration, and higher costs. Lastly, delays in supplier payments, often caused by system downtimes such as the Government Accounting and Budgeting System (GABS) outages negatively impacted the timely execution of projects and programmes.
74. **Mr. Speaker**, the Government is committed to addressing these challenges through targeted improvements, including; adopting a more transparent, high impact project prioritisation process, portfolio management approach by grouping related projects to optimise resources, enhance alignment with strategic objectives, and ensure a more integrated delivery system; and institutionalising Project Assurance Processes. Through these improvements, we will build a stronger foundation for delivering the projects and programmes that drive our national development agenda.

National Development Plan 12

75. **Mr. Speaker**, a decision has been made to extend TNDP by four (4) months to end of July 2025, following ratification by Parliament. This extension will provide an opportunity for further consultations on NDP 12 in order to adequately infuse the vision of the New Administration. Furthermore, the extension will allow for guidance by governance structures including an Advisory Council of the National Planning Commission, which had previously not been in place. Therefore, the draft Plan will be presented to Parliament for approval in July 2025.

IV. NATIONAL PRIORITIES FOR FINANCIAL YEAR 2025/2026

76. **Mr. Speaker,** Government has identified key strategic priorities for the Financial Year 2025/2026. These priorities include: *Modernising and Transforming Infrastructure; Improving Quality of Life; Innovation and Digital Transformation; and Supporting a Private Sector Export Led Growth.*
77. **Mr. Speaker,** these priorities will propel us towards fulfilling the commitments of the New Botswana geared towards a rapid and inclusive economic growth and achieving a social equitable development that benefit all Batswana.

Modernising and Transforming Infrastructure

78. **Mr. Speaker,** the state of our road networks, rail, power, water and sewerage infrastructure is not adequate to facilitate our vision of building a deep and inclusive economy. In addition, the absence of adequate infrastructure to support modern agriculture, coupled with the lack of world-class airports, presents a significant barrier to our ambition of becoming a regional logistics hub. Furthermore, critical social infrastructure such as schools, healthcare facilities, and housing is underdeveloped in many areas, particularly in rural and remote areas. There is a critical need to upgrade and expand our infrastructure ecosystem to unlock vast economic opportunities and, in doing so, enhance the quality of life for a greater number of our citizens.
79. **Mr. Speaker,** a development budget of **P11.54 billion** is proposed to fund infrastructure development projects. I must however, indicate that modernising and transforming our infrastructure cannot be achieved in one financial year, as it is a process that needs time and resources.
80. In this regard, leveraging Public-Private Partnerships (PPPs) will play a vital role in mobilising the resources needed to accelerate this agenda and deliver projects effectively. **Mr. Speaker,** Government is advanced on creating a legal framework for better management of PPP projects. The draft Bill on Public-Private Partnerships is expected to be finalised and presented for consideration by Parliament during the 2025/2026 financial year. Once it comes into effect, it will foster a strong private sector partnership and provide a platform for domestic and international consortia to optimise the full benefit of the PPP delivery model. This will reduce the fiscal strain on the Government budget and improve our growth-investment nexus.

81. **Mr. Speaker**, other key infrastructure development projects under this priority include completion of water supply, network and sanitation projects at Molepolole, Kanye, and Sowa Town; construction of primary hospitals with at least 50 beds in Tsabong, Tonota and Shoshong; maintenance and upgrading of health facilities as well as maintenance and expansion of schools; construction of internal roads in Tlokweng, Molepolole, Mabutsane, Maun, Serowe and Palapye; construction and upgrading of bus terminals in Molepolole, Maun and Francistown.
82. **Mr. Speaker**, solar energy presents a remarkable opportunity for our nation with abundant sunshine throughout the year, Botswana is ideally suited to harness this clean and sustainable resource to power our households, industries, and communities. Our long-term power generation needs are outlined in the Integrated Resource Plan (IRP), which continues to guide our energy strategies. To this end, decisive steps are being taken to integrate renewable energy into the national grid, with several projects underway in Bobonong, Shakawe, and Mmadinare. There exists both the potential and the opportunity to generate electricity for the export market with additional solar projects at procurement stage in Jwaneng (100 MW) and Letlhakane (100 MW), including 100 MW to be generated through Wind in Letlhakane. This positions Botswana as a future regional energy hub and a driving force for economic diversification through renewable energy development.
83. **Mr. Speaker**, Botswana continues to make significant progress to strengthen cooperation in pursuit of regional integration and enhancing her presence in the Air and Aviation space. To this end, we continue to sign Bilateral Air Services Agreements with neighbouring countries with a clear intention to improve connectivity. **Mr. Speaker**, the more accessible and seamless our air travel experience is, the more attractive our country becomes to international visitors. The Government is actively pursuing strategic partnerships with regional and international airlines to establish more direct routes linking Botswana to key global tourism markets. In this effort, the Civil Aviation Authority of Botswana, in collaboration with the Botswana Investment and Trade Centre, the Hospitality and Tourism Association of Botswana, the Botswana Tourism Organization, Business Botswana, and the Travel Agents' Association of Botswana, has made significant progress in attracting long-haul airlines to our country. As a result of these efforts, two (2) new international routes have been introduced through the operations of Ethiopian Airlines and Fly Namibia.

Improving Quality of Life

84. **Mr. Speaker**, quality of life is a multifaceted and overarching priority that demands seamless coordination between infrastructure, economic policies, technological innovation, and social programmes to enhance the well-being of all citizens in Botswana. In this regard, a development budget of **P9.81 billion** is proposed for this priority which includes strengthening human capital development, modernising our education and healthcare systems, supporting vulnerable groups as well as availing economic opportunities to ensure long-term prosperity and equality for all.

Human Capital Development

85. **Mr. Speaker**, a quality human capital and a productive labour force is a foundation for economic development. Investing in human capital therefore, is one of the key policy priorities for the New Government as it can empower people to achieve their potential and drive economic growth and diversification.

86. Data from the International Labour Organisation show that we are not efficiently utilising our skills or effectively producing goods and services. For instance, Luxembourg, a small European country with a population of about 670,000, tops the labour productivity rankings. This shows that population size does not hinder economic performance. Thus, by enhancing productivity, we can significantly improve the efficiency and quality of our human capital development.

87. It is also not a secret that we spend more on education and health than in any other sector. Over the last four (4) financial years (2020/2021 to 2023/2024), the country spent, on average 22 percent and 14 percent of total expenditure on Education and Health sectors respectively. However, we have not realised the full return on investment which is testament of a rooted structural issue.

88. **Mr. Speaker**, local institutions have produced graduates often in areas not consistent with the industry needs, and at a rate faster than our economic absorption capacity. This has contributed to youth unemployment which currently stands at 38.4 percent in the first quarter of 2024.

The Importance of Technical and Vocational Education and Training (TVET)

89. **Mr. Speaker**, there is need to increase excellence of Technical and Vocational Education and Training institutions by leveraging on tried and tested TVET models in countries such as South Korea, Germany and Finland. Statistics show that our TVET institutions are operating below optimal. In 2023 enrolments in public TVET institutions was 8,313 (56 percent) against capacity of 14,750. Statistics also show that female participation in TVET is lower compared to their male counterparts. Out of 8,313 total TVET enrolments, females constituted 3,091 (37.2 percent) in 2023. TVET share of total tertiary enrolment was 14.4 percent in 2021, 12.9 percent in 2022 and 13.8 percent in 2023. We will be intentional in changing this current picture to build an economy with TVET at its heart. This requires us to change our people's perception of TVET institutions, improve access and equity, quality and relevance of the programmes to market needs.
90. We **are developing a robust Technical and Vocational Education and Training Policy** with an agenda anchored on various pursuits such as agriculture, jewellery, multimedia, Artificial Intelligence, sports and manufacturing. Further, Botswana's transition to underground mining highlights opportunities for TVET skills development.
91. Promoting TVET from basic education will therefore, amplify opportunities for young people who are not able or willing to follow the University education pathways. In this regard, to demonstrate our commitment on the TVET model, **we are gradually going to narrow the gap between allowances of students in TVET Institutions and those of other tertiary institutions**, while also fully resourcing these institutions in terms of infrastructure and qualified lecturers.
92. **Mr. Speaker**, the 2021 Global Health Index report presents a mixed picture for Botswana. While our ranking improved from 139 to 108 out of 195 countries, we remain behind some African nations with a lower income status than ourselves, reflecting a disparity between our health needs and the capacity of our healthcare system. Challenges such as outdated management systems, poorly maintained infrastructure, shortages of essential medicines, and inadequate staffing persist. Additionally, the Government's failure to pay private medical facilities and commodity suppliers has pushed these critical stakeholders to the brink of collapse, further weakening the overall health system.

93. To continue our pursuit of the United Nations Sustainable Development Goal number 3 of ensuring healthy lives and promoting well-being for all, we must act urgently. In the short term, we will: enhance access to essential medicines, diagnostics, and technologies by **restructuring Central Medical Stores**; invest in facility and equipment maintenance; prioritize primary healthcare to reduce dependence on costly tertiary services; train health personnel to ensure optimal skills-mix that aligns to our needs; and optimize Sir Ketumile Masire Teaching Hospital as a centre of excellence for tertiary care and medical training.
94. Our long-term healthcare strategy will focus on universal health coverage through a mandatory national health insurance scheme. We will also embark on digital transformation to improve efficiency and access to quality health services. Our budgeting will prioritize investment in infrastructure, human resources development, and public education in order to create a robust and beneficial health ecosystem for our people. The Covid-19 pandemic underscored the need for better preparedness, and we will scale up response mechanisms through investing in the technical capacity of local institutions, and strengthening bilateral and multilateral partnerships.

Enhancing Social Welfare

95. **Mr. Speaker**, the true measure of a society lies in how it cares for its most vulnerable members, reflecting its collective humanity and sense of justice. While fiscal constraints limit substantial increases in social welfare programmes, we remain resolutely committed to inclusiveness and the well-being of our citizens. With this in mind, we propose an increase of the Old Age Pension (Tandabala Allowance) from **P830.00 to P1400.00** effective 1st April 2025.
96. **Mr. Speaker**, consistent with our promises, we are also proposing a **targeted** monthly allowance of **P300.00** for new born babies until they turn one (1) year old. Additionally, we will be **proposing provision of free sanitary pads to female students**, ensuring that dignity and essential needs are upheld across different segments of our population. As our economy regains its strength and our fiscal position improves, we are committed to revisiting social allowances, ensuring that resources are directed where they are most impactful and to the most deserving section of the society.

97. **Mr. Speaker**, in the spirit of transparency and fiscal responsibility, the estimated additional financial requirement for these new provisions has been fully accommodated through reprioritisation and budget cuts within the existing allocations. Given the challenging economic environment, we remain firmly committed to disciplined public finance management. Going forward, **our approach will be guided by the principle that any increase in government expenditure must be offset by either a corresponding rise in revenue or reductions elsewhere in the budget.**
98. **Mr. Speaker**, I wish to once again reassure Batswana that this Government remains fully committed to improving their welfare and delivering on its promises. Our immediate focus is on laying the institutional foundations for a revitalized, modern, deep, and export-driven economy that generates high-paying opportunities for all citizens. We trust that Batswana will allow us the space to steer the nation toward long-term prosperity, ensuring that any commitments we fulfil are meaningful, lasting, and sustainable.

Innovation and Digital Transformation

99. **Mr. Speaker**, a development budget of **P1.47 billion** is proposed to support innovation and digital transformation. This budget will among others, fast-track the delivery of the national digital transformation strategy (SmartBots), with a view to accelerate digital transformation across Government, the economy and the society at large.
100. In order to achieve this initiative, Government aims to close the **connectivity** gap across the country through the implementation of the Village Connectivity Programme. To this end, phases 2, 3 and 4 of the Village Connectivity Programme that is connecting over 1,000 public facilities across different villages will be completed during the 2025/2026 financial year.
101. **Mr. Speaker**, during the 2025/2026 financial year, Government will connect over 500 schools to the internet; expand the connectivity of private research and education institutions through the Botswana Research and Education Network; and roll out the Digital Competency Framework aimed at building the digital literacy.

102. **Mr. Speaker**, in our efforts to diversify the economy and transition to an innovation-knowledge-export inspired economy, the Botswana Government has entered into a five-year collaboration with the Massachusetts Institute of Technology (MIT). This partnership aims to drive the development of innovation-driven enterprises (IDEs). Under this agreement, MIT will work with the Botswana University of Science and Technology (BIUST), the Botswana Digital & Innovation Hub (BDIH), and other entities to create programs that will strategically transform Botswana's entrepreneurial ecosystem. The programme was launched in November 2024, and by its conclusion, we expect to have established a vibrant innovation ecosystem that fosters an enabling environment for both current and future generations of entrepreneurs to thrive.
103. **Mr. Speaker**, the New Administration remains unwavering in its commitment to ensuring that every citizen, regardless of location, has access to modern and affordable communication services. It is undeniable that ICT serve as a powerful catalyst for economic growth, social inclusion, and access to essential services. The Covid-19 era provided a profound lesson, demonstrating that businesses, education, and government services can continue to operate seamlessly without physical interaction. As we move forward, we recognize that a robust digital infrastructure is no longer a luxury but a necessity, enabling greater efficiency, innovation, and economic resilience for all Batswana.
104. **Mr. Speaker**, notwithstanding the major strides that we have so far achieved with broadband geographical coverage of 98 percent, we still have areas that are not covered by communication infrastructure, due to their rough terrain, which makes it difficult to deploy terrestrial networks. The Government remains fully committed to leveraging all available measures, to ensure that the cost of communication services in Botswana is globally competitive. In this regard, the Botswana Communications Regulatory Authority has adopted a **technology neutral licensing framework** which saw the licensing of satellite-based service providers.
105. **Mr. Speaker**, the coming into being of satellite services, as alternative technology, has indeed been a game changer as we continue to experience product diversity, all on account of stiff competition in the market. Bringing in more service providers in the communications market will complement Government's ambition to close the connectivity gap. This development will attract strategic benefits for Batswana as we support the provision of Government online services and move to a digital economy.

106. **Mr. Speaker**, the Bank of Botswana is at an advanced stage of digitalizing Government revenue collection. This project, once fully operational, will eliminate challenges associated with cash handling and reconciliation concerning Government accounts. In alignment with the National Digital Transformation Strategy, it will also expedite digital adaptation within the Government sector and among users of Government services. Some of the benefits to be derived relate to increased efficiency, reduced manual intervention, and facilitation of real time processing of Government transactions.

107. **Mr. Speaker**, Botswana continues to make strides in modernising its financial infrastructure with the establishment of the ongoing National Retail Payments Switch (NRPS). This, **Mr. Speaker**, represents a significant step towards enhancing Botswana's payment systems, contributing to economic transformation, as well as aligning with national and regional financial inclusion goals. This transformative initiative is central to the country's efforts and commitment to leveraging technology for sustainable development and economic inclusion.

108. **Mr. Speaker**, the interoperable NRPS will enable real-time, seamless interconnectivity among banks, mobile money providers and other financial institutions. The system is designed to lower transaction costs, improve access to financial services and support digital payments adoption.

Supporting a Private Sector Export Led Growth

109. **Mr. Speaker**, Government is fully committed to advancing an export-led growth model. A development budget of **P0.93 billion** will be proposed to support this agenda. Integral to this priority is unlocking global value chain opportunities for export markets.

110. We will support Small and Medium-sized Enterprises (SMEs) by addressing existing bottlenecks, such as lack of access to finance and markets. To this end, Government will continue to promote entrepreneurial development through implementation of free trade agreements such as the Southern Africa Development Community-Economic Partnership Agreement (SADC-EPA) and African Continental Free Trade Area (AfCFTA). **Mr. Speaker**, these agreements will increase local producers' access to larger export global markets thus increasing the current level of exports and also contribute to diversifying the country's export base.

111. **Mr. Speaker**, we are determined to attract quality investments. In this regard, **Government has completed the feasibility study on the establishment of commercial dispute resolution framework.** Botswana currently has no court specially dedicated to resolving commercial disputes and it takes an average of 660 days to resolve a commercial case. We will establish commercial courts to reduce turnaround time to resolve commercial cases in the 2025/2026 financial year. Feasibility studies are in place to inform the Administration's review of the Arbitration Act on 1959 during the 2025/2026 financial year to address the challenges identified.
112. **Mr. Speaker**, the World Bank released their Business Ready Report in October, 2024. The Report, which replaces their flagship Doing Business Report assessed 50 economies on regulatory framework, public service and operational efficiency. This report highlights that Botswana performs moderately well in regulatory frameworks and operational efficiency but identifies shortcomings in public service delivery, particularly e-services, as barriers to developing a robust private sector. To address these challenges, the Government is making significant progress in digitizing the work and residence permit system, with the new digital platform expected to go live before the end of the current financial year.
113. **Mr. Speaker**, the World Bank's Business Readiness Report of 2024 identifies shortcomings in public service delivery, particularly e-services, as barriers to developing a robust private sector. The New Administration is working in the immediate term to digitize the work and residence permit system, with the new digital platform expected to go live before the end of the current financial year.

V. MACROECONOMIC PERFORMANCE AND OUTLOOK

Global Economy

114. **Mr. Speaker**, the global economy has faced a series of shocks which have limited growth potential and prolonged across most economic jurisdictions. The January 2025 World Economic Outlook update of the International Monetary Fund estimates global growth at 3.2 percent and 3.3 percent in 2024 and 2025, respectively. Among the major drivers of this growth are the Advanced Economies which are estimated to grow by 1.7 percent in 2024 and 1.9 percent in 2025.
115. Growth in Emerging Markets and Developing Economies is expected to remain broadly unchanged at 4.2 percent in both 2024 and 2025.

The Sub-Saharan African region is expected to grow by 3.8 percent in 2024 before picking up to 4.2 percent in 2025 while the SADC region is expected to grow by 2.5 percent in 2024 and 3.3 percent in 2025. This projected growth might be revised downwards if global risks heighten.

The Domestic Economy

116. **Mr. Speaker**, consistent with global economic developments, the domestic economic performance remains subdued, directly impacted by the slump in the diamond market. As a result, we find ourselves in a very tight fiscal space. Mr. Speaker, the economy grew by 3.2 percent in 2023 compared to 5.5 percent in 2022, reflecting lower than expected global demand for diamonds. In 2024, the domestic economy declined by 3.3 percent during the first three quarters of the year compared to a positive growth of 3.5 percent in the same period of 2023.

117. The decline in GDP is attributable to the 22.9 and 44.1 percent contraction in mining and diamond traders' sectors, respectively. The non-diamond mining sector grew on average by 4.2 percent in the first three quarters of 2024, somewhat cushioning the domestic economy against what would have been a much significant decline.

118. Our latest estimates project the domestic economy at -3.1 percent in 2024. In 2025, the economy is projected to grow below its potential at 3.3 percent. This growth outlook is premised on the recovery of the diamond industry which is expected in the latter part of 2025 and continued positive sentiments in the non-diamond mining sectors.

Total Factor Productivity

119. **Mr. Speaker**, our economy has been recording negative Total Productivity growth over the years; this suggests lower efficiency in the factors of production. This also suggests that there has been slow progress in replacement of worn-out capital which is reflective of diminishing returns to investment, further evidence that Government's expenditure **has been targeted at low return projects with negative rates of return**. Going forward, we will be strict with project appraisals and prioritise projects and programmes with positive rate of returns.

Inflation

120. **Mr. Speaker**, inflation has significantly declined from its record high experienced in 2022. As at December 2024, the inflation rate stood at 1.7 percent lower than 3.5 percent in December 2023.

Inflation is expected to remain within the objective range of 3 – 6 percent in the medium term, thereby ensuring price stability.

121. **Mr. Speaker**, the financial sector remains stable, resilient and well-positioned to support the economy, underpinned by robust capital and liquidity buffers in the banking sector and a strong regulatory framework. We will work with the Bank of Botswana to cultivate and sustain a responsible monetary policy that among other things entails low and predictable rates of inflation, effective savings mobilisation, productive investments and international competitiveness of domestic producers.

Monetary Policy Rate

122. **Mr. Speaker**, monetary policy was conducted in the context of projected low inflation, which, during 2024 trended within the medium-term inflation objective range of 3 – 6 percent. This, **Mr. Speaker**, provided scope for maintenance of an accommodative monetary policy. Therefore, Bank of Botswana maintained the Monetary Policy Rate at 1.90 percent in 2024, and reduced the Primary Reserve Requirement (PRR) from 2.5 percent to 0 percent in December 2024 in order to address structural liquidity shortages and stimulate economic activity.

External Sector and Foreign Exchange Reserves

123. **Mr. Speaker**, the country has experienced a significant decline in foreign exchange reserves from a peak of P84.9 billion in December 2015 (17.7 months of import cover) to P53.6 billion (7.2 months of import cover) as at the end of November 2024. The decline was mainly a reflection of the developments in the current account, largely driven by the diamond market. The current account balance recorded a deficit of P13.2 billion in the nine months to September 2024, a significant deterioration from a surplus of P6.3 billion during the same period in 2015.
124. **Mr. Speaker**, while the current level of foreign exchange reserves is above the international benchmark of about 3 months, it remains a major concern for this Administration. To contextualise this, it means that with a sudden stop in capital inflow, Botswana will be able to import all its non-diamond goods and services for only 7 months – this is low by our historical standards. However, it is worth noting, that out of the P53.6 billion worth of foreign exchange reserves, Government portion amounts to a disappointing low of P2 billion. This is worrisome **Mr. Speaker**, and calls for significant belt tightening across all ministries and SOEs.

Risks to the Macro-Fiscal Outlook

125. **Mr. Speaker,** our macroeconomic environment remains uncertain and subject to significant downside risks. The risk of intensified geopolitical tensions, climate shocks and global trade fragmentation driven by escalating tariff disputes between major economies such as China and the United States or the Eurozone is also eminent. These coupled with the emerging risks of a new virus in China, could exacerbate supply chain disruptions, destabilize global capital flows, dampen prospects for a recovery in China (and possibly elsewhere) which is a major consumer of diamonds.
126. **Mr. Speaker,** if this virus is not successfully contained, it could significantly affect trade and supply-chains, derail growth and the economic recovery, especially in countries with limited shock absorbers and lower buffers such as Botswana. Supply chains could also be disrupted by potential escalation of global trade wars, such as the one we see between the United States and Canada, reigniting commodity price shocks and triggering inflationary pressures, requiring tight monetary policy responses.
127. **Mr. Speaker,** at a time when our fiscal buffers are depleted, any global crisis, akin to the 2008/2009 financial crisis and the Covid-19 pandemic, will be difficult to manage. In the context of macroeconomic stability and rebuilding buffers, not only will this compromise the already dire situation, but it will also compromise the ability to implement agile policy interventions needed to strengthen resilience, improve competitiveness and achieve any export-led growth strategies, among others.
128. Domestically, the main risks continue to stem from the difficulties in the diamond sector. The materialisation of this risk could disrupt Botswana's economic growth trajectory and the Government spending plan.
129. **Mr. Speaker,** continuous deviations from the fiscal consolidation plans while maintaining high levels of spending without due consideration of the uncertain prospects in revenue streams compromises fiscal sustainability. Specifically, delays in fiscal consolidation threaten Government's ability to rebuild fiscal buffers, reduce the flexibility to respond to future economic shocks and increase the likelihood of a sovereign credit rating downgrade. With the limited options to draw from Government savings, this puts pressure on public finances and increases the risk of debt distress. Policy intervention therefore needs to be steadfast in **restoring fiscal discipline** and more importantly **re-building our buffers**.

130. **Mr. Speaker**, other risks to the macro-fiscal profile include climate-related challenges such as extreme weather events; SOE risk due to fragmented institutional, oversight, and reporting arrangements; under execution of the development budget; ongoing challenges in our utilities industries, particularly water supply challenges in remote areas, and lower than expected energy supply due to recurring defects and maintenance works at Morupule B Power Station and inadequate capacity to appraise, prioritise, monitor and evaluate development projects. These challenges have the potential to disrupt business operations with negative implications on overall economic growth. However, we are determined to put in place an effective management strategy of these risks to safeguard our fiscal sustainability and ensure the resilience against unforeseen shocks.

VI. FISCAL STRATEGY

131. **Mr. Speaker**, any delays in restoring fiscal sustainability, fiscal consolidation or delays in strengthening fiscal discipline undermine future intergenerational equity. Such delays also reduce the capacity to accumulate fiscal buffers and limit Government's ability to respond effectively to socio-economic shocks.

132. **Mr. Speaker**, fiscal buffers are what cushioned the nation during the global financial crisis of 2008/2009 and during the Covid-19 Pandemic. We survived both occurrences because of the healthy balances. When the financial crisis hit, the balance on the Government Investment account (GIA) stood at P30.5 billion, and total foreign exchange reserves were P68.6 billion.

133. **Likewise**, when the first case of Covid-19 was reported in Botswana, foreign exchange reserves were at P65.3 billion, while the GIA stood at P18.3 billion. Today, as I stand before you, both the foreign exchange reserves and the GIA are at the historical low levels and fast declining. On the other hand, the Government's financial position has also been deteriorating as financial buffers are down and debt accumulated. The Government's Net Financial Assets has fallen by more than 50 percent of GDP, from 31 percent of GDP in 2008/09 to minus 24 percent of GDP by the end of November 2024.

134. **Mr. Speaker**, this trend is unsustainable and is questionable from an intergenerational perspective, as it means we are consuming assets now rather than preserving these for future generations. We are determined to turn around these circumstances. Yes we will.

135. As an urgent response, I wish to reassure Batswana that the New Government remains resolute in committing to **fiscal consolidation plans** and **rebuilding buffers**. Our fiscal strategy hinges on effective revenue maximisation, public expenditure efficiency and implementation of a robust debt management strategy.

Review of Tax Legislation

136. **Mr. Speaker**, the comprehensive review of tax legislation is progressing well and is now at an advanced stage. This initiative aims to modernise and simplify our tax laws, ensuring that our tax framework remains robust, efficient, and aligned with current economic realities. I am pleased to announce that we intend to present three (3) Bills to this Honourable House during the 2025/2026 Financial Year. We intend to enact a new Tax Administration Act which aims to harmonise tax rules in the Value Added Tax (VAT) and Income Tax Acts, reduce compliance time for taxpayers, and eliminate duplication in filing and paying taxes.

137. We will repeal and re-enact the VAT Act to modernise and broaden its scope to encompass modern business practices. The plan is also to repeal and re-enact the Income Tax Act to consolidate and modernise the way we address global business trends and international tax issues.

Revenue Maximisation

138. **Mr. Speaker**, we are determined to effectively generate, manage, and optimize financial resources. We will optimize existing revenue streams, broaden our tax base, and minimize inefficiencies and leakages in the system.

139. **Mr. Speaker**, allow me to provide an update on some revenue maximization initiatives implemented by BURS. I must however indicate that the implementation of these initiatives relies on the completion of our intended comprehensive tax legislation review. **First**, is the introduction of VAT on digital trade. The project aims to broaden the VAT tax base within the rapidly growing digital economy and also seeks to promote fair taxation by ensuring a level playing field where both traditional and digital businesses are subject to the same tax obligations. The project is anticipated to be completed by September 2025.

140. **Second**, is developing the Electronic VAT Invoicing Solution as part of improving revenue collection efficiency. This project will enable real-time tracking of VAT transactions, benefiting both businesses and BURS by enhancing compliance and ensuring accurate reporting. The planned completion date for the project is March 2026.
141. **Third**, is the development of a fiscal marking and monitoring solution, commonly known as track & trace, to enforce compliance, curb illicit trade in excisable goods and safeguard government revenue. This solution aims to ensure compliance with Excise regulations while minimizing disruptions to legitimate business activities and safeguarding consumers from illicit goods. The project will be completed in September 2025.
142. **Mr. Speaker**, to further improve compliance and revenue collection, inspections of imported goods to enhance compliance at ports of entry have been intensified.
143. **Mr. Speaker** we are concerned with bottlenecks that exist at the Martin's Drift and Tlokweng border gates, and at how these bottlenecks are an impediment to smooth regional trade. We are in conversation with the South African authorities and hope to find long lasting solutions. The construction of facilities at the Pioneer Gate is well underway and is expected to be fully completed by the end of February 2025. These developments aim to facilitate smoother trade and enhance economic ties between Botswana and its neighbouring countries.
144. **Mr. Speaker**, to enhance our domestic resource mobilization we propose a **1.5 percent increase for both the corporate tax and the last bracket of the personal income tax (top earners)**. Even with this adjustment, Botswana's tax rates will remain among the lowest in the region. Currently, Botswana's tax-to-GDP ratio stands at approximately 13 percent, below the African average of 16 percent and the SACU average of 20 percent.
145. To complement these measures, we will strengthen the capacity of the BURS by investing in technology-driven solutions to improve efficiency, enhance compliance, and facilitate seamless online tax collections. These efforts are essential in ensuring a more robust and sustainable revenue base to support national development.

146. Further, to facilitate trade and align to regional and international best practices, Botswana has requested for assistance from the World Customs Organization and the European Union Africa to automate advance-ruling programme for the Botswana Unified Revenue Service. Advance Ruling allows the taxpayer to make a pre-arrangement with BURS regarding classification, applicable duty rates including finding out if there are any preferential tax treatment for the country of origin for the goods.

147. This gives the taxpayer some level of certainty on the would-be applicable duties on the goods to be imported and their treatment thereof. As a result, Advance Rulings by nature are binding (on the tax administration) and promote harmonization and standardization of national treatment of goods passing through our ports of entry. This also goes a long way in assisting traders with their cashflow management.

Public Expenditure Efficiency

148. We are working to gradually reduce financial support to Commercial SOEs and Local Authorities. We will work with local authorities to adopt proactive approaches to maximise and diversify revenue streams.

149. We will encourage local authorities to enhance their own financial independence via innovative avenues such as public-private partnerships, income-generating asset investments, and local resource development. Stable and financially independent Local Authorities are better positioned to boost economic activity within communities and enhance service delivery, ensuring that the needs of our citizens are met effectively.

Public Finance Management (PFM) Reforms

150. **Mr. Speaker**, the Ministry of Finance is at the forefront of Public Finance Management (PFM) reforms, which form a vital component of broader public sector reforms. The New Administration is committed to strengthening the implementation of these reforms to ensure responsible management of public funds by establishing clear, consistent rules and procedures for budgeting, spending, and reporting.

151. These reforms are essential for improving the efficiency, accountability, and transparency of Government financial operations. The strategic focus of the reforms will centre on five key areas: national budgeting, public investment management, revenue generation, public procurement, and accounting and reporting.

By streamlining the PFM reforms programme, we aim to achieve greater precision, optimize economic outcomes, and minimize opportunities for corruption and mismanagement, which undermine public trust in Government institutions.

152. In this regard **Mr. Speaker**, I wish to share with this House some of the cost containment and revenue maximisation initiatives that are being inspired by these reforms. We will push at scale, the maintenance of buildings by Brigades, the installation of both water and electricity meters in all BDF, Police and Prisons institutional houses to reduce subsidies, the installation of underground water harvesting system at Mass Media Complex and Attorney General's Chambers, the Valuation of residential, commercial and industrial properties at the Local Authorities, and the re-introduction of express service for the production of national passports, to name but a few.

Debt Management

153. **Mr. Speaker**, as at December 2024 total public debt including sovereign guarantees amounted to P71.01 billion. This consisted of P44.53 billion in domestic debt (P40.85 billion in securities and P3.67 billion in guarantees), and P26.47 billion in external debt (P21.24 billion in loans and P5.23 billion in guarantees). Total public debt as a proportion of GDP is estimated at 25.75 percent which is within the statutory threshold of 40 percent. However, this could worsen if the fiscal deficit persists into the medium term increasing the risk of sovereign debt distress.

154. **Mr. Speaker**, the Ministry of Finance introduced a three-year Medium-Term Debt Strategy in the 2024/2025 financial year. This strategy gives prominence to domestic resource mobilisation away from external borrowing, through the issuance of Government securities under the P55 billion Bond Issuance Programme. The strategy was motivated by the need to develop the local currency bond market and to provide investment options for repatriated funds following the amendment of the Retirement Funds Act.

155. Going forward, we will ensure an optimization of various sources of financing, by exploring a framework of "cascade". This framework ensures that commercially viable projects use private financing, while government will support projects with commercial potential through blended financing and use PPP to enhance their bankability.

Budget Execution

156. **Mr. Speaker,** we are taking steps to address the aforementioned challenges and to improve accountability, efficiency and effective deployment of public finances. In the 2025/26 financial year, we will, among others: introduce a mid-year budget statement, strengthen the existing medium-term fiscal framework, reform the design and implementation of social welfare programmes and introduce public expenditure reviews (PERs). Further, we will introduce a multi-stage project appraisal process, and complete the review of the Public Finance Management Act.

VII. 2023/2024 FINANCIAL YEAR BUDGET OUTTURN

157. **Mr. Speaker,** before I present the 2025/2026 budget proposals, allow me to first provide an overview of the budget performance of the past financial year, 2023/2024 as well as the current year, 2024/2025. **Mr. Speaker,** building a surplus budget is a journey that requires determination, collaboration, and shared sacrifice. I am confident that, together, we can steer our economy toward a path of financial sustainability and prosperity for all.

158. **Mr. Speaker,** the overall preliminary budget outturn for the financial year 2023/2024 shows a deficit of eleven billion, one hundred and ten million Pula (P11.11 billion) or 4.25 percent of GDP. The deficit is higher than the then projected deficit of seven billion, one hundred and thirty million Pula (P7.13 billion) for the financial year 2023/2024. This represents a deterioration from the financial year 2022/2023 where a marginal deficit of one million, two hundred and twenty-seven thousand Pula (P1.27 million) was recorded.

159. **Mr. Speaker,** total revenues and grants for the 2023/2024 period amounted to seventy-four billion, two hundred and sixty million Pula (P74.26 billion) compared to seventy-four billion, one hundred million Pula (P74.10 billion) registered in the financial year 2022/2023. The low revenue is mainly due to the weaker-than-expected performance in the diamond market.

160. **Mr. Speaker,** for the 2023/2024 financial year, total expenditure and net lending, on the other hand, amounted to eighty-five billion, three hundred and seventy million Pula (P85.37 billion), lower than the revised budget of eighty-eight billion, seven hundred and ninety million Pula (P88.79 billion).

This compares to seventy-four billion, one hundred million Pula (P74.10 billion) recorded in the financial year 2022/2023. Recurrent expenditure for the year amounted to sixty-four billion, nine hundred million Pula (P64.90 billion), against the revised budget of sixty-seven billion, nine hundred and thirty million Pula (P67.93 billion), while development expenditure for the same period amounted to twenty billion, five hundred and twenty million Pula (P20.52 billion) compared to its revised budget estimate of twenty-one billion and ten million Pula (P21.01 billion).

VIII. 2024/2025 FINANCIAL YEAR REVISED BUDGET ESTIMATES

161. **Mr. Speaker**, the 2024/2025 financial year is expected to record a much wider deficit than initially anticipated. This is largely driven by a substantial drop in mineral revenue, which has been revised downwards to eight billion, seven hundred million Pula (P8.70 billion) from the twenty-five billion, one hundred and ninety million Pula (P25.19 billion) in the original budget. In this regard, total revenues and grants are now estimated at sixty-eight billion, six hundred and ninety million Pula (P68.69 billion).

162. **Mr. Speaker**, total expenditure and net lending for the 2024/2025 Financial Year on the other hand, is estimated at ninety-three billion, four hundred and twenty million Pula (P93.42 billion) from the original budget of one hundred and two billion, five hundred and eighty million Pula (P102.58 billion). **Mr. Speaker**, in view of the abovementioned, the revised deficit is expected to be twenty-four billion, seven hundred and thirty million Pula (P24.73 billion) which is 9.0 percent of GDP compared to eight billion, nine hundred and ninety million Pula (P8.99 billion) which is 3.2 percent of GDP in the original budget.

IX. 2025/2026 FINANCIAL YEAR BUDGET PROPOSALS

163. **Mr. Speaker**, I present to you the first budget proposals of the 13th Parliament, under the New Administration. As already indicated earlier, the 2025/2026 budget was prepared under an unfavourable economic and financial conditions.

Total Revenues and Grants

164. **Mr. Speaker**, total revenues and grants for the financial year 2025/2026 are projected at seventy-five billion, four hundred and ninety million Pula (P75.49 billion).

165. The largest contributor continues to be Southern African Customs Union revenue which is estimated at twenty-four billion, three hundred and sixty million Pula (P24.36 billion). The second largest contributor is non-mineral income tax which is projected to attain nineteen billion, and ten million Pula (P19.01). Mineral Revenue is estimated at fifteen billion, seven hundred and fifty million Pula (P15.75 billion). VAT collections are projected to register twelve billion and one hundred million Pula (P12.10 billion). Meanwhile, revenue income from Bank of Botswana is projected at seven hundred million Pula (P700 million) in the financial year 2025/2026. The remaining three billion, five hundred and eighty million Pula (P3.58 billion) is anticipated to be accounted for by other revenues and grants.

Total Expenditure and Net Lending

166. **Mr. Speaker**, total expenditure and net lending is estimated at ninety-seven billion, six hundred and ten million Pula (P97.61 billion) for the financial year 2025/2026. Of this amount, total recurrent expenditure is projected to reach seventy-two billion, six hundred and ten million Pula (P72.61 billion) while development expenditure is estimated at twenty-three billion, seven hundred and fifty million Pula (P23.75 billion) with net lending of minus one hundred and forty million, two hundred and ten thousand Pula (P140.21 million).

Statutory Expenditure

167. **Mr. Speaker**, I wish to apprise this Honourable House on this specific budget item. Statutory expenditure is made up of financial obligations that Government is legally required to meet as per the provisions of the law. These expenditures are mandated by existing legislation and are thus considered non-discretionary; meaning that Government is obligated to fund them regardless of the prevailing fiscal situation.

168. **Mr. Speaker**, total statutory expenditure is estimated at P22.70 billion for the Financial Year 2025/2026, which is a decrease of P2.76 billion or 10.8 percent compared to the 2024/2025 revised budget of P25.46 billion. The decrease is partly attributable to the maturity of Bond BOTSGB0325 in March 2025, as well as netting-off the once-off budget amount for the acquisition of land from Tati Company and Sam Estate, which has already been purchased. The proposed statutory expenditure estimates will also cater for normal public debt servicing obligations, Government's pension contribution for civil servants to the Botswana Public Officers' Pension Fund (BPOPF) amounting to P4.67 billion which is an increase of P1.06 billion from the financial year 2024/2025.

The increase is due to anticipated annual salary increment and pension contribution arrears for C Band officers. The amount also includes Salaries and Allowance for Specified Officers amounting to P75 million, Public Debt Interest amounting to P3.15 billion and miscellaneous payments amounting to P375 million.

Ministerial Recurrent Budget

169. **Mr. Speaker**, the proposed Ministerial Recurrent expenditure for the Financial Year 2025/2026, amounts to **P65.95 billion** reflecting an increase of **P2.21 billion** or **3.5 percent** compared to current year's approved budget. The growth is mainly due to incremental notch for civil servants; opening of new district offices under the Ministry of Transport and Infrastructure; resuscitation of the Bargaining Council; operationalisation of critical agencies, namely, the Drug Enforcement Agency (DEA) and Chemical, Biological, Radiological and Nuclear Weapons Management Authority and leasing of vehicles for some departments as well as the Meat Industry Regulatory Authority (MIRA). However, an increase in the overall budget was largely offset by the reduction in the allocations for Covid-19, non-inclusion of once-off items such as provision for the operational costs for elections, terminal benefits for Councillors and Members of Parliament, among others.
170. **Mr. Speaker**, the largest share of the proposed Ministerial Recurrent Budget amounting to **P12.55 billion** or **19.0 percent** is allocated to the **Ministry for State President** to coordinate Government business as well as safeguard and promote good governance. Following the rationalisation of ministerial portfolios, the bulk of the proposed budget will cover operational costs for Botswana Police Service, Botswana Defence Force, DEA and the Chemical, Biological, Radiological and Nuclear Weapons Management Authority (CBRNWMA) at an amount of P9.79 billion or 78 percent. The budget will also cover the absorption of Special Constables into Botswana Police Service, provision for termination allowance, Copyright and Authors fees, carrying out special investigations by DCEC as well as National AIDS and Health Promotion Agency (NAHPA) activities. A budgetary provision has also been made under this Ministry for the operational costs of the Directorate of Intelligence and Security (DIS).

171. **Mr. Speaker**, the new **Ministry of Child Welfare and Basic Education** has been allocated the second largest share amounting to **P11.68 billion**, which represents **17.7 percent** of the Ministerial Recurrent Budget. The renewed mandate of this Ministry is to strengthen the educational system with particular focus on the elementary stage as well as refocus children's rights and welfare in order to address the challenges faced by children from diverse backgrounds. The bulk of the budget covers teachers' salaries and allowances, development of Child Welfare Policies and Programmes, including the provision for sanitary pads for students, as well as payment of Service Charges in schools, staff and operational costs under the Botswana Examinations Council (BEC) and Botswana Teaching Professionals Council (BOTEPCO). The proposed budget will also cover food and text books for pupils, provision for temporary teachers and curriculum development to enhance knowledge and skills.
172. The third largest share of the proposed budget amounting to **P11.27 billion or 17.1 percent** will be allocated to the **Ministry of Local Government and Traditional Affairs**. This represents an increase of P1.79 billion or 18.9 percent over the 2024/2025 approved budget following the transfer of primary health care and culture components to this Ministry. The proposed budget is geared towards improving efficiency in service delivery, local governance, social development and to promote culture and traditional activities. The largest budgetary provision for the Ministry goes to Revenue Support Grants (RSG) to District and Urban Councils, which accounts for P5.24 billion or 46.5 percent of the Ministry's proposed Recurrent Budget.
173. The proposed budget also caters for food supplies for health facilities and primary schools, which will be procured from local farmers to boost local economic development in line with the Home-Grown School Feeding Framework. A provision of P492 million is proposed to improve delivery of primary health care services at the local authorities. The proposed budget will also provide for the increase in the Old Age Pension Allowance from P830 monthly per beneficiary to P1400, procurement of furniture and equipment for Tribal Administration as well as maintenance of Customary Courts and promotion of culture.
174. **Mr. Speaker**, the **Ministry of Health** takes the fourth largest share amounting to **P8.98 billion**, which is a decline by P480 million or 7.98 percent of the 2024/2025 approved budget. The decline is mainly due to the transfer of primary health care to the Ministry of Local Government

and Traditional Affairs. The provision will finance operational costs of the Ministry headquarters and health facilities across the country, mitigate risks of infections and spread or resurgence of diseases. The budget allocation also provides for Public Officers' Medical Aid Scheme, procurement for laboratory supplies and equipment, medical and surgical equipment, vaccines, drugs including ARVs and fees for medical specialists. The proposed budget will also cover transfers to SOEs under this Ministry, namely, Sir Ketumile Masire Teaching Hospital and Botswana Medical Regulatory Authority (BOMRA).

175. **Mr. Speaker**, the **Ministry of Higher Education** has been newly established as a result of the separation of basic education and higher education. The proposed budget for this Ministry is **P4.66 billion** or **7.1 percent**, representing the fifth largest share. The bulk of the proposed allocation covers the operational costs of the SOEs under this Ministry. Other cost drivers are payment of allowances to tertiary education students and their medical examination and operational costs for the Institute of Health Sciences and Brigades.
176. **Mr. Speaker**, the Ministry of Finance takes the sixth largest share, amounting to **P3.06 billion**. The amount has grown by **4.6 percent** or **P120 million** over the current year's approved budget of P2.94 billion. The major cost drivers of the recommended budget are the Tertiary Education Tuition Fees and transfers to parastatals under this Ministry. The increase is also attributable to a budget allocation to Agricultural Credit Guarantee Scheme.
177. The provision also covers the Eastern & Southern Africa Anti-Money Laundering Group (ESAAMLG) activities in preparation for the next round of mutual evaluation, engagement and promotional activities by the Ministry. The activities will position Botswana as a regional hub for training on Anti-Money Laundering/Countering and the Financing of Terrorism (AML/CFT). In addition, the proposed budget allocation will cover the operationalisation of an Institute for Combatting Illicit Financial Flows established in collaboration with the University of Botswana to maintain the country's good standing, among others.
178. **Mr. Speaker**, Government has combined the lands and agriculture portfolios under the new **Ministry of Lands and Agriculture** in order to streamline services and thereby ensure expeditious provision of services. The proposed budget for this Ministry amounts to **P2.44 billion** or **3.7 percent**, taking the seventh largest share.

The proposed budget is intended to boost food security, support smallholder farmers and create jobs across the country. In addition, the budget will cover land policy formulation, implementation, monitoring, and management to enhance equity and productivity. The proposed budget will also cater for the subventions to the Land Boards, National Agricultural Research and Development Institute (NARDI), Meat Industry Regulatory Authority (MIRA), Botswana Meat Commission (BMC)-Maun and the Tsabong Abattoir.

179. **Mr. Speaker**, the proposed budget for the **Ministry of Transport and Infrastructure** amounts to **P1.94 billion**. This represents a **7.6 percent** decline over the previous year's approved budget of P2.10 billion. The decline is mainly due to the transfer of the housing component from this Ministry to the newly established Ministry of Water and Human Settlement. The proposed budget will cover operating costs at district offices, procurement of fuel for government vehicles, maintenance of roads, buildings, vehicles and other plants. The allocation will also cover salaries and allowances for the newly assembled Catalyst Project Team, subventions to SOEs under the Ministry, provision for housing rentals, road transport operations and the agency fees.
180. **Mr. Speaker**, the **Ministry of Trade and Entrepreneurship** takes the ninth largest share amounting to **P1.17 billion** or **1.8 percent**. The Ministry has been restructured to include some of the functions of the former Ministry of Entrepreneurship. The major cost driver of the recommended budget is the allocation to the SOEs under the Ministry, amounting to P873 million. These SOEs play an important role in providing the platform for value chain development which will facilitate the establishment of a vibrant, diversified and competitive industries through advocacy, business capacitation and education on entrepreneurship. The proposed budget allocation will also cover operational costs attributed to collaborations and consultations on the core business of Trade Development, Enterprise Development, and Industry Development.
181. **Mr. Speaker**, the re-organisation of Government Ministries has resulted in the transfer of Prisons and Rehabilitation Services to the **Ministry of Justice and Correctional Services**. An amount of **P1.02 billion** or **1.5 percent** is proposed to be allocated to the Ministry to provide judicial and legal services, dispose civil and criminal cases, protection and promotion of human rights, promoting alternative dispute resolution as well as correctional services.

The bulk of the budget covers salaries for staff, costs of utilities at prison facilities, food for inmates and subvention to Legal Aid Botswana.

182. **Mr. Speaker**, the remaining **P7.18 billion** or **10.9 percent** of the total Ministerial Recurrent budget will be shared by other Ministries and Extra-Ministerial Departments.

Development Budget

183. **Mr. Speaker**, the proposed development expenditure for the Financial Year 2025/2026, amounts to **P23.75 billion**, a decline of **P6.32 billion** or **21.02 percent over 2024/2025 approved budget**. However, **Mr. Speaker**, given the financial status of the country, this development budget shall be deployed efficiently to actualise the promises of the New Botswana in a phased and sustainable manner.
184. **Mr. Speaker**, as I have already indicated earlier in my speech, the distribution of the national development budget across priority areas comprises: **P11.54 billion** for Modernising and Transforming Infrastructure; **P9.81 billion** for Improving Quality of Life; **P1.47 billion** for Innovation and Digital Transformation; and **P0.93 billion** for Supporting Private Sector Led Growth.
185. **Mr. Speaker**, the **Ministry of Transport and Infrastructure** has been allocated the **largest share** of the budget amounting to **P4.31 billion** or **18.1 percent** for the Financial Year 2025/2026 to fund the construction of road networks that will facilitate the smooth transportation of goods and services, enhance market access, boost trade and attract investments. Out of this amount, a sum of **P3.78 billion** will be allocated for the continuation of ongoing roads projects, including Tshesebe-Mosojane-Masunga Road, Makalamabedi - Motopi, Mmandunyane - Shashemooke - Borolong - Chadibe – Mathangwane, Moshupa-Manyana, Mokolodi Access Road, Tloaneng-Mmankgodi, Borobadilepe - Mokatako with access road to Logagane and Pihetswane, Ghanzi–New Xade, Digawana- Ntlhantlhe, Radisele – Pilikwe, Kacgae Access Road, Mabule – Sekhutlane, Thamaga-Kubung, Medie- Lentsweletau, and Mmathethe - Bray - Werda . The budget will also cover Output and Performance-based Road Contract (OPRC) Projects being Mmankgodi Junction-Kanye Road (50.5km) with associated access roads, Rakhuna – Tlhareseleele – Pitsane – Phitshane Molopo – Mabule road (145km) and associated access roads as well as Traffic Signal Modernisation and Centralised Traffic Control for Greater Gaborone.

186. A budget provision has also been made for the ongoing road projects implemented through the Development Manager Model, including Maun - Mohembo; Francistown - Nata-Maun; Mogoditshane - Gabane - Mmankgodi Junction (Dualling); Rasesa - Lentsweletau - Mahetwe - Hatsalatladi – Diphuduhudu; Palapye - Martin's Drift; Nata – Kasane; Modipane – Mabalane; Molepolole Bypass; Letlhakeng-Kaudwane; Mohembo – Gudigwa; and Otse-Dibete. Furthermore, funding has been availed for the design of roads being Access to CBD and Three Grade Intersections at Molapo Crossing, Block 8 Traffic Cycle and Airport Junction.
187. **Mr. Speaker**, the aviation sector serves as a gateway to the world, linking our country to global markets and opportunities in today's interconnected landscape. In this regard, an amount of **P351 million** will cater for aviation projects which entail maintenance of airports, upgrading of CAAB ICT Equipment, Maun Airport Development, Improvements of Existing Airport Security and Safety Systems, Improvement of Aviation Security Systems, and Improvement of surveillance of Botswana airspace.
188. Similarly, **Mr. Speaker**, railway infrastructure forms the backbone of industrial and logistical operations as well as a cost-effective and environmentally sustainable mode of transportation. To this end, a total budget amounting to **P156 million** will cater for rail projects which include Rehabilitation of Limpopo Corridor, Botswana Railway Workshop Equipment, and feasibility studies for Mmamabula – Lephalele and Moseitse- Kazungula Railway. The 2025/2026 development budget is also inclusive of ICT projects such as Local Area Network upgrade, ICT equipment as well as Computerisation of Driver Tests.
189. **Mr. Speaker**, the **second largest** share of the proposed development budget at **P3.48 billion or 14.6 percent** goes to the **Ministry of Local Government and Traditional Affairs**. The focus under this Ministry is to support vulnerable populations and promote social cohesion as well as strengthen culture and heritage. The proposed budget will cater for different programmes including Social Welfare, Local Government Infrastructure and Services, Development of Primary Education Services and Tribal Administration Infrastructure Development.
190. **Mr. Speaker**, the **Ministry for State President** is allocated the **third largest** share of the proposed budget at **P3.33 billion or 14.0 percent**.

The larger portion of the budget will be used to strengthen security organs by funding programmes and acquisition of equipment for protection of the territorial integrity of the country, combat crime and provide safe custodial care and correction to offenders through effective rehabilitation and reintegration programmes. The proposed budget will also be used to fund projects that will facilitate village connectivity to accelerate access to the digital space. In addition, the budget will facilitate the Creative Industry and contribute to employment creation, especially for the youth. Funding has also been set aside for Social Protection and Disaster Preparedness as well as NAHPA Programmes.

191. **Mr. Speaker**, given the increase in climatic shocks, prioritizing investment in modern ways of farming and industries as well as promoting green energy initiatives is essential. In this regard, an amount of **P2.88 billion or 12.1 percent** is being proposed for the **Ministry of Lands and Agriculture** to transform and modernise the agricultural sector. The budget is intended for projects and programmes that will enhance agricultural productivity, food security, as well as development of sustainable farming practices that ensure long-term prosperity for all Batswana. The bulk of the budget will mainly support programmes that are aimed at supporting the country's food security and agricultural export efforts.
192. The budget will also cover land management projects under this Ministry which include the preparation of Spatial Plans, Surveying of Plots and Land Acquisition in preparation for land allocation. Provision is also made for Land Servicing projects comprising Metsimotlhabe, Ghanzi Expansion Blocks 1 to 7, Maun CBD (Botshabelo Infill), Sir Seretse Khama International Airport Special Economic Zone, Mmopane Block 1, Chobe (Kachikau), Letlhakane (Letsibogo), and Kasane (Plateau and Nnyungwe).
193. **Mr. Speaker**, access to safe drinking water and improved sanitation are some of the fundamental pillars of human dignity and development. In that regard, the proposed development budget for the Ministry of **Water Affairs and Human Settlement** for the 2025/2026 Financial Year is **P2.84 billion or 12.0 percent** to provide quality water, sanitation services and infrastructure across entirety of Botswana.
194. The budgetary provision will cater for the following projects; completion of the North South Carrier 2.2, Maun Water and Sanitation, Goodhope Water Supply Scheme Phase 2.2, Moshupa Sanitation, Kanye Sanitation and Boteti South Central Water Supply Scheme.

195. The budget will also cover implementation of the ongoing Molepolole Sanitation (Wastewater Treatment Plant), Kanye Network Rehabilitation as well as Water Supply Network Rehabilitation and Upgrade in nine villages including Molepolole, Serowe, Bobonong, Tsabong, Francistown and Gaborone; Kgalegadi North Water Supply; and Sowa Water Supply.
196. A **budget allocation amounting to P194 million will cater for social housing** projects namely; Bonno Housing Scheme, Integrated Poverty Alleviation and Housing Scheme (Revamping), Public Officers Housing Scheme (for officers on D4 Salary Scale and below) and District Housing.
197. **Mr. Speaker**, I wish to conclude under this Ministry with the recurring issue of over-expenditure in Water and Sanitation projects caused by persistent cost overruns. A clear example of this unacceptable situation is the Kanye Sanitation project which had an original contract sum of P724.96 million, but incurred cost overruns of P2.90 billion leading to a revised contract sum of P3.63 billion. This is unacceptable going forward, and I have already stated measures now being put in place to curb or avoid this.
198. **Mr. Speaker**, the proposed development budget for the **Ministry of Minerals and Energy** is **P2.66 billion or 11.2 percent**, which represents the sixth largest share of the total development budget. The bulk of the funds amounting to **P1.2 billion** are allocated to Botswana Power Corporation for purposes of power importation into the country as well as to facilitate the annual loan repayment during the 2025/2026 financial year. Other projects that are funded include: Phase 2 of the Northwest Electricity Grid, Rural Electrification and Network Extension, as well as network reinforcement. The budget will also cater for key projects under the Integrated Resource Plan, which has targeted 30 percent renewable energy contribution by the year 2030. This includes the Bobonong 3MW Solar Project, Shakawe 1MW Solar Project, the Mmadinare 100MW Solar Project, and the 10MW Pilot Coal Bed Methane Power Project. These projects, implemented under the Independent Power Producer model, will diversify the energy mix, reduce reliance on imported power, and contribute to the country's energy independence. Furthermore, funds have been allocated for the implementation of the Ghanzi Oil Depot, which is one of the strategic fuel storage projects as well as rehabilitation of old mines.

199. **Mr. Speaker**, the remaining Ministries and Departments share the balance of the proposed development budget of **P4.25 billion or 17.9 percent**. The budget provision will cater for major projects including construction and refurbishment of education, health and other government facilities country-wide; Kasane-Kazungula redevelopment project and implementation of the National Tourism Strategy and Master Plan; Innovation, Research and Development; roofing of Francistown stadium; and National Retail Payment Switch that I spoke about earlier.

Overall Balance and Financing

200. **Mr. Speaker**, the overall balance for the Financial Year 2025/2026 is a budget deficit projected to reach **P22.12 billion** or 7.56 percent of GDP. This deficit is expected to be financed by different sources including domestic and external borrowing. This financing strategy will be executed without compromising the objective of growing the domestic capital market and debt sustainability as the projections indicate that total debt to GDP will remain within the statutory limit of 40 percent of GDP.

X. CONCLUSION

201. **Mr. Speaker**, I wish to thank all Batswana for exercising their democratic right and to have trusted the New Administration of the Umbrella for Democratic Change with their livelihoods as well as entrusting us with their beloved country.

202. This, **Mr. Speaker**, is an unprecedented transition of power which will be written in the history of our country's political landscape. It is a true and strong demonstration of the power of our democracy. As the New Government, we are fully committed to delivering on the promises we made and to working tirelessly to improve lives, create opportunities, and build a future we can all be proud of. Over the next five years, we will champion a transformative economic and foreign policy agenda that places our country on a long-term path of prosperity.

203. **Mr. Speaker**, I must emphasise that the New Administration, faces a formidable challenge of building our nation into the best managed country on the African continent, a paragon of unity, fairness and prosperity on the African continent. We will not be defined by the economic uncertainties we face but by the courage with which we confront them. We have therefore, formulated a budget to create jobs, attain fiscal sustainability, drive economic diversification, and improve livelihoods.

The budget, **Mr. Speaker**, will act as a platform and catalyst towards delivering the promises under the New Botswana.

204. Change may take time, but brighter days are ahead and within reach. "*Thukwi o rile ke lobelo, marota a re ke namile.*" This means that "**In life one should not believe that one can do it alone**".

205. **Mr. Speaker**, it is evident that the proposed budget for the 2025/2026 financial year triggers important fiscal policy questions on fiscal consolidation, fiscal discipline, fiscal sustainability, budget credibility, financing of the deficit and its implications on debt sustainability. With a projected deficit that exceeds the ideal threshold of 4 percent of GDP, our commitment to conducting fiscal policy in line with global best practice is more critical than before. This calls for stringent measures and action to improve productivity and deliver more with less, improve operational efficiency in public procurement processes, utilize e-services to deliver Government commitments as well as maximize revenue collection. Therefore, I wish to assure Botswana that wasteful spending, corrupt practices, revenue leakages and any form of maladministration under the New Administration will find no home.

206. **Mr. Speaker**, on behalf of Botswana, I wish to also express my gratitude for the technical, financial and in-kind assistance we have received over the years and continue to receive in this New Botswana. To all our development partners, bilateral and multilateral institutions as well as private entities, the New Administration is committed to deepening engagement and strengthening our partnerships through enhanced cooperation. Specifically, **Mr. Speaker**, allow me to extend my sincere gratitude to all our development partners, bilateral and multilateral institutions as well as private entities. Your unwavering support remains invaluable and greatly appreciated.

207. **Mr. Speaker**, I extend my deepest gratitude to the dedicated staff of the Ministry of Finance and the public service at large, your tireless work forms the quiet rhythm of a nation's progress. For your service, I offer my heartfelt thanks.

208. Yet, **Mr. Speaker**, this speech, this moment, would be incomplete without honouring the late Mr. Gomolemo Motswaledi, his legacy is woven into the very fabric of our progress, a guiding force that continues to inspire.

We remember him not in sorrow, but in gratitude. May his soul rest in eternal peace, knowing that the seeds he planted continue to bear fruit. I am also privileged, **Mr. Speaker**, to acknowledge two guiding lights on my journey, men of wisdom, whose counsel has been both an anchor and compass. From the mountain kingdom of Lesotho, the esteemed Timothy Thahane, and from Ghana the distinguished Dr. Ken Kwaku. Their wisdom has been a lantern through the mist of uncertainty. And finally, **Mr. Speaker** to my siblings and members of my family, you are the roots that hold me steady. In your unwavering belief, I have found the strength to climb. To all who have walked with me, guided me, and stood beside me—this moment is as much yours as it is mine. I thank you.

209. **Mr. Speaker**, I now move that the **Appropriation (2025/2026) Bill, 2025 – Bill No. 1 of 2025**, be read for the second time.

210. I thank you, **Mr. Speaker**.