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## MINISTRY OF MINERALS AND ENERGY

### 2025 COMMITTEE OF SUPPLY SPEECH



**BOGOLO J. KENEWENDO**

24<sup>th</sup> March 2025

## 1. **INTRODUCTION**

It is my singular honour, therefore, Mr. Chairman, to present for the consideration of this Honourable House the budget proposal for the Ministry of Minerals and Energy for the Financial Year 2025/2026, as well as give an account of the P 2,647,810,387 (Two billion, six hundred and forty seven million, eight hundred and ten thousands, three hundred and eighty seven Pula) that was allocated to my Ministry for both the Recurrent and Development budgets in the current financial year, 2024/25. My presentation will be preceded by an overview of the 2024/25 progress on major policy and legislative issues of the two (2) sectors of Energy and Minerals under my custody, as well as the challenges encountered and the remedial actions the Ministry took to address them.

## **THE ENERGY SECTOR PERFORMANCE**

2. Mr. Chairman, the Electricity and Petroleum energy subsectors continue to be strategic sectors that provide energy to all sectors of the economy. Power infrastructure for the generation, transmission, and distribution of electricity, including strategic petroleum facilities, are critical to energy security. The intention of the Government is to develop adequate local electricity generation capacity to meet demand with surplus capacity for export to other member countries of the Southern African Power Pool (SAPP). A concerted effort is being made to facilitate and accelerate the deployment of renewable energy, with solar as the primary resource for energy diversification and sustainability.

## **Electricity Sub-sector**

### **Electricity Generation**

3. Mr. Chairman, the country's electricity consumption is approximately 4,800 gigawatt-hours per annum, with a peak demand of 680 megawatts and a base load of 400 megawatts. This electricity consumption continues to increase at about 5% per annum, with the demand projected to reach 7,000 gigawatt-hours by 2040.
4. Currently, about 65% of the electricity demand is met from local generation, while the balance is imported from neighboring countries, including South Africa, among others. The cost of power imports is rapidly increasing due to demand outstripping generation capacity in the region, which poses a significant challenge to countries like ours that are reliant on power imports to supplement local generation.
5. Given our electricity supply-demand situation, it is imperative to increase local electricity generation capacity to be energy self-sufficient, with reserve margins for system security and surplus for export. This is critical in supporting our strategic economic objectives and achieving our goal of universal electricity access by 2030.
6. Mr. Chairman, the availability and reliability of our existing power plants (Morupule A and Morupule B) are key to the security of supply in the short to medium term. Therefore, Botswana Power Corporation (BPC)

continues to pursue the Morupule B Defects Remediation project, notwithstanding challenges being experienced with the first unit to be remediated. Remedial works on the second unit commenced in December 2024 and are scheduled for completion in November 2025. Remediation of the third and fourth units is scheduled for 2026 and 2027.

7. As a mitigation measure, the Ministry will consider other base load generation options to avert a power crisis should the Morupule B remedial works not yield the intended objectives. In this regard, the Government is considering a brownfield 615MW base load coal-fired power plant with an implementation timeline of 18 to 24 months.
8. The development of a 600MW coal-fired power plant in Mmamabula has commenced and is expected to provide new capacity in 2027. Morupule A power station, which was refurbished in 2016 to recover from equipment degradation and pollution abatement, will be decommissioned after securing adequate baseload, which is anticipated in 2028. Consideration is being given to repurpose the project site for clean energy generation.
9. Mr. Chairman, I am pleased to announce that the Ministry is making notable progress, albeit rather slow, in transforming our power generation sources from predominantly coal to solar primary energy resources. In this regard, the first utility-scale solar PV plant, Phase 1 of the Mmadinare Solar Cluster, with a capacity of 50MW, achieved

commercial operation on 12<sup>th</sup> March 2025. The second phase of the project reached financial close on 19<sup>th</sup> December 2024, enabling commencement of the project, which is expected to provide another 50MW of clean energy by the end of the year.

10. In addition, the Jwaneng 100MW solar PV project is in the final stages of reaching financial close, which is expected by the end of April 2025. This project is expected to be in commercial operation by the end of 2025.
11. Two small-scale grid-tied solar PV projects with a combined capacity of 4 megawatts, namely Bobonong (3 megawatts) and Shakawe (1 megawatt), attained commercial operation in October 2023. Eight small-scale grid-tied solar PV projects are at the financial close stage and are expected to be in operation by the end of this year (2025). The Ministry is working to increase the capacity of these projects, which is currently 26 megawatts. These projects are being implemented by Batswana.
12. The Ministry has since reviewed renewable energy targets in the Integrated Resource Plan (IRP) with the aim of fast-tracking the imperative energy transition. The new target is to achieve a 50% generation contribution from renewable energy sources to the country's power generation capacity by 2030.
13. In line with the objective to secure 50% generation contribution from renewable energy sources by 2030, the Ministry resolved to revise the

scope of the two solar projects that had been planned for Maun (200MW Concentrated Solar Plant) and Letlhakane (100MW solar PV). As a result, three large-scale grid-connected solar PV projects will soon be procured, namely Maun 500MW (2 x 250MW) solar PV, Letlhakane 400MW (2 x 200MW) solar PV, and Isang 400MW (2 x 200MW) solar PV. These projects, together with the Mmadinare Solar Cluster (100MW) and the Jwaneng Solar Project (100MW), will yield a total capacity of 1.5 gigawatts.

14. Implementation of the ongoing solar projects and the aforementioned projects (Maun, Letlhakane, and Isang solar PV plants) is being carried out by the private sector, with BPC as the offtaker under long-term power purchase agreements (PPAs), typically for 25 years. It should be noted that all utility-scale projects by foreign private sector entities require at least 40% mandatory shareholding by Botswana citizen-owned companies. However, small-scale solar PV investments are reserved for 100% citizen-owned companies.
15. Mr. Chairman, to improve the performance of the electricity supply industry and ensure its sustainability, the Ministry is reviewing the electricity supply industry structure with a view to create a viable and sustainable power sector. In this regard, the role of BPC in the power sector will be reviewed as necessary.

16. Mr. Chairman, owing to the need to ensure affordable power to consumers countrywide, the current electricity tariffs are highly subsidized by the Government. Clearly, this is becoming increasingly unsustainable; therefore, there is a need to migrate to cost-reflective tariffs for the sustainability of the electricity sector. In this regard, the Botswana Energy Regulatory Authority (BERA) conducted a Cost of Service Study in 2024, which the Ministry will consider as the basis for migrating to cost-reflective tariffs.
17. Given the diversification and liberalization of power generation with the participation of the private sector as independent power producers (IPPs), it is imperative that the Ministry capacitates the Projects Energy Development Unit (PEDU) to undertake effective and efficient procurement and facilitation of IPP projects.
18. Mr. Chairman, Botswana is one of the countries with the highest solar energy generation potential, with over 3,200 hours of sunshine per year and an average insolation on a flat surface of 21 megajoules per square meter. This makes Botswana a potential hub for clean energy generated from solar.
19. The country needs to capitalize on the abundant solar primary resource and position itself as a hub for renewable energy in the region. A market study is being finalized to identify offtakers in the region, which will

enable us to realize our target of generating up to 8 gigawatts for the country's economy and export.

### **Transmission and Distribution**

20. Mr. Chairman, transmission infrastructure is an integral component of power generation, enabling the transmission of electricity from generation sources to load centers within the country and to the Southern African Power Pool market. The Botswana transmission grid needs to be extended to provide access to all customers. One of the major grid extension projects is the North West Transmission Grid Phase project, which is being implemented in two phases. Phase 1, which entailed the grid connection of Maun, Ghanzi, and Shakawe to the national grid, was completed in 2021. The Ministry has since embarked on Phase 2 of the project, which will see the connection of Pandamatenga and Kasane to the national grid. The said areas are currently being supplied through limited cross-border distribution networks from Zimbabwe and Zambia. The North West Transmission Grid Phase 2 is estimated to have a budget of approximately BWP 3 billion.
  
21. The North West Transmission Grid Phase 2 project is aimed at providing power supply to the Zambezi Integrated Agro-Commercial Development and the planned Water Transfer Scheme project. The project will also provide a backbone for grid interconnection with Zambia.



22. Other key interconnectors that the Ministry is developing in collaboration with the relevant counterparts include the Botswana-South Africa interconnector, which will enhance power exports to South Africa and other member countries of the Southern African Power Pool.
23. Mr. Chairman, my Ministry continues to electrify new villages and extend networks in already electrified villages. To date, 463 out of 565 villages (82%) have been electrified. In the financial year 2024/25, twenty (20) new villages are being electrified, and network extensions are being done in ninety-two (92) villages. These are expected to be completed during the financial year 2025/26.
24. Mr. Chairman, to achieve universal access by 2030, my Ministry has embarked on off-grid solar PV solutions to provide electricity to villages remote from the power network, which are not cost-effective to connect to the national grid.
25. To kickstart the off-grid solution, Botswana Power Corporation (BPC) has identified six villages that are remote from the grid for a pilot program, with the aim of gaining insight into the most efficient way of deploying off-grid solutions. The pilot project is at procurement stage and is expected to be in operation by the end of September 2025.

### **The National Electricity Standard Cost**

26. Mr. Chairman, during 2024/25, the Government approved free household connections, effective 1st April 2024. Despite the review of household connections to zero connection fees, the rate of connections has remained low due to funding challenges experienced by BPC. My Ministry is currently undertaking an assessment to determine and address the root cause of the constraint in order to expedite the connection of customers.

### **Rooftop Solar and Clean Cooking Initiatives**

27. The Government will continue the implementation of the Rooftop Solar program for the domestic, commercial, and industrial sectors. To date, the program has facilitated the installation of a total of 30 MW. In order to promote clean cooking initiatives, my Ministry is rolling out the implementation of the biogas program. Currently, 324 biogas digesters have been constructed nationwide.

### **Petroleum Sub-sector**

28. Currently, Botswana consumes about 1.3 billion litres of petroleum products with diesel accounting for 56% and petrol accounting for less than 43% while the balance accounts for illuminating paraffin. 40% of the products consumed locally are imported through the port of Walvis Bay in Namibia as well as Matola and Beira in Mozambique while the remaining 60% continues to be sourced through the Republic of South Africa.

29. Mr. Chairman, the Republic of South Africa is currently besieged by permanent closure of refineries and growing complexity of the product supply and handling infrastructure logistics. As a result, supplies through the country have started experiencing serious challenges with some intermittent supply rationing measures being applied ad-hoc by the remaining refineries. This has reduced the reliability in the use of the primary sources and route of South Africa.
30. Botswana requires to diversify its product supplies away from the South Africa in the medium to long term. As I have indicated before, Botswana is currently getting 40% of its petroleum products through the Republic of Namibia and Mozambique while the remaining 60% continues to be sourced through South Africa. This poses a major risk should anything happen with the Sasol refinery since Botswana cannot import readily finished products through South Africa, due to the current status and position of the South African Customs Union (SACU) trade Agreements.
31. Mr. Chairman, in an attempt to address the above challenge and as part of the 90% Import Mandate strategy objectives of enhancing Security of Supply of petroleum products, my Ministry through Botswana Oil Limited has been engaging Oil producing Countries to import directly from their refineries. I am pleased to report that we have recently concluded a Government to Government (G2G) contract with the National Oil Company of Abu Dhabi (AdNoc) for supply of 10 million litres per month

of fuel starting 1st February 2025. This will not only improve the reliability of fuel supply to Botswana in the short term but will also help us get better prices for the Country in the long term.

32. Mr. Chairman, the on-going comprehensive review and implementation of a new petroleum pricing structure for Botswana will be concluded very soon. This is required to facilitate and promote use of alternative sources and routes which will also relief the National Petroleum Fund from the current burden of having to make up for the price regulation gaps through the use and application of pricing slate diseconomies.
33. In terms of maintaining security of supply of petroleum products, the Government continues to develop additional storage capacity within the country to increase from the current 15 days to at least 60 days of consumption equivalent under the National Oil Security programme. In this case, the Francistown storage facility expansion is in progress and due to be accomplished during the next financial year while construction of the Ghanzi facility is also ongoing and is expected to be completed during the next financial year. The Tshele Hills project, set at 187 million litres capacity, is under procurement and will be delivered through a Public Private Partnership structure during NDP 12.
34. The Francistown Depot expansion and construction of the Ghanzi depot are estimated in the order of P1 billion and P723 million respectively. The budget and expenditure for these two ongoing projects as funded

through the Domestic Development Budget will be fully accounted for once completed. The completion of these two facilities will bring the national strategic storage cover to 46 days.

35. Mr. Chairman, a cross-border fuel supply multiproduct pipeline is also being considered to further contribute to security of supply for the country. Transportation of petroleum products by pipeline offers the cheapest mode of conveyance. Development of this project will intensify during NDP 12.

## **THE MINERALS SECTOR**

### **Legislative, Policy And Performance Review**

36. Mr. Chairman, the Legislative review and policy developments also marked a period of success for Botswana's mining sector. The successful passing by Parliament of the Mines and Minerals Act, along with the introduction of the Minerals Policy, provide a stronger legal and regulatory framework for the sector. These legislative advancements were designed to foster a more conducive environment for investment, ensure sustainable development, increase penalties to deter illegal mining, and enhance the governance of mineral resources. Other notable amendments in the Act include, increasing the option for government stake in new mining investment from 15% to 24% which can also be acquired by citizens if the government has no interest.

37. Mr. Chairman, the Explosives Act is currently under Review to focus on review of fees, development of regulation of fireworks and pyrotechnics, curbing illegal possession of explosives and introduction of regulations on handling, storage, manufacturing and transporting of explosives.
38. Mr. Chairman, to maximize national benefits from mineral development while providing a competitive environment for investors, the Mineral Policy aims at promoting meaningful citizen participation in the mining industry, diversification within the minerals sector and increased value chain (Beneficiation) development in non-diamond minerals, particularly base metals and industrial minerals. To facilitate this, the Ministry has commenced the development of a Mineral Resource Development, Exploration, Exploitation and Value Chain (Beneficiation) Strategy, which aims to accelerate the development of value chains for a diversified mineral endowment to drive investments into sustainable economic projects while enabling meaningful citizen participation.

### **BCL in Liquidation**

#### **Care and Maintenance**

39. Mr Chairman, the Liquidator continues to carry out care and maintenance work at BCL Mine especially on Shaft No. 3. The care and maintenance is being done to preserve the asset and also to allow for assessment studies on mine closure plans. For continued care and maintenance, which comprises mainly pumping of water out of no.3 shaft, the Liquidator has indicated the availability of funds in the order of P30.5

million. The average monthly direct and support costs are estimated at P8.43 million per month, indicating that operations can continue to the end of March 2025. A budget request of P75 million for care and maintenance of BCL was requested in the upcoming budget. However, due to budgetary constraint it was not accommodated.

40. Mr Chairman, following the President's visit to Selibe Phikwe in December of 2024, and a presentation by Geoscience experts from Botswana Geoscience Institute on seismic events, my Ministry found resources for the Geohazards Monitoring Programme focusing on Earthquake Monitoring. I have set up a Task Team that is to carry out this monitoring programme and also do other assessments.
41. The immediate task is to continue monitoring tremors and also assess the intensity of tremors during gradual reduction in pumping (that is, during a gradual groundwater level rise regime). The medium-term aim is to assess if there is economic value of the remaining assets (shafts) project, which value can be salvaged through sale or asset utilisation, and for those that do not have any economic value to recommend mine closure. The work of the Task Team is still being costed as they have just completed a scoping exercise.

### **Tati Nickel Mine sale**

42. Mr Chairman, the Liquidator has entered into a binding sale agreement on the 28 June 2024 with NIU Invest SE (NIU), a German-incorporated

investment entity, to acquire all of the assets and undertakings associated with the Phoenix Mine Complex in Francistown (“the Phoenix Mine”). NIU shall purchase the Phoenix Mine for a total consideration of USD\$15 million. NIU has paid a deposit of USD\$5 million and are yet to come to financial close following the granting of mining licenses to NIU’s Tataki Mining Company.

### **BCL Houses**

43. Mr. Chairman, the Government has purchased the residential houses from the BCL Estate through the liquidator. The terms and conditions of the sale of the house including the purchase price for same are being negotiated and finalised between the Government and the liquidator. Government has purchased approximately over 1200 houses from BCL Limited. The cost of these houses will be deducted against the loan that was advanced to the Liquidator by Government. The houses are valued at around BWP 451,501,983.
  
44. The liquidator may end up selling more than 127 houses through auction. The sales will be limited to vacant houses. The exact number of houses will be confirmed closer to the auctions and at the end of the day, Government will have first right of refusal to purchase what is not sold through auctions.



### **Sale of other assets through Auctions**

45. Some facilities including offices, laboratories, workshops, houses, smelter and concentrator have been sold, as well, as some moveable assets have been sold through auctions. Other facilities, including shafts, tailings dams, remain with the Liquidator as they have not attracted any buyer, and these are mostly liability assets, which require care and maintenance and ultimately rehabilitation and closure.

### **Progress on PNR Botswana**

46. Mr Chairman, PNR Botswana (PNRB) acquired two shafts at BCL (Selebi and Selebi North) and Selkirk in 2022 from the Liquidator. They have since then embarked on an exploration programme at Selibe and Selebi North shafts and reported positive results from its drilling programme in August 2024. According to their development plan, the aim is to complete Prefeasibility Studies (PFS) for Selebi mine shafts and Selkirk by 2025 and begin mine construction in 2026 leading to production in H2 of 2027.

### **Debswana Agreements**

47. Mr. Chairman, the Government and De Beers have entered into a new 10-years Debswana Sales Agreement on 25 February 2025, as well renewed the company's mining licences for 25 years with effect from 1 August 2029. This marked the culmination of over five years of intense negotiations between the parties.

48. The renewed sales agreement will see, amongst other benefits, the allocation of Debswana's diamond production to Okavango Diamond Company (ODC) increase from 25% to 30% with a ramp up to 50% over 10 years, thus transforming ODC into a major player in the diamond industry. ODC is currently working on the organisation and optimisation review to prepare itself for the increased allocation.
49. Another key component of the Sales Agreement is the establishment of the Diamonds For Development Fund, which aims to invest in high-impact sectors that will drive the country's economic diversification. The intention is to grow this Fund from an initial BWP 1 billion seed capital contribution by De Beers to BWP 10 billion over 10 years.
50. Mr Chairman, I am happy to report that ODC's citizen-only sales channel, launched in 2023, is now embedded in the company's selling strategy. ODC will further diversify its sales channels this year by introducing International Long-term and beneficiation contracts.

## **Diamonds**

51. Mr. Chairman, the natural diamond market continued to be challenged during 2024 and into 2025 with high polished inventory levels and continued competition from lab-grown diamonds. Consumer demand for jewellery continues to shift, driven by inter alia, changing demographics and increased awareness of environmental, sustainability and governance issues. To address these ESG issues and to as well build

consumer confidence in natural diamonds, application of technology is imperative for traceability of provenance and differentiation of natural diamonds from lab grown ones My Ministry will work with the natural diamonds stakeholders, such as the Kimberley Process, the Natural Diamonds Council and others to ensure our diamonds remain correctly differentiated.

52. Mr. Chairman, to respond to the evolving diamond industry dynamics, Botswana, along with key industry stakeholders, will embark on global marketing initiatives. These initiatives will tell Botswana's diamond story, focusing on the provenance and differentiation of our natural diamonds.
53. Mr. Chairman, during 2024, Botswana continued engagements with the G7 Technical Working Committee to be considered a non-G7 country node. The sole aim of this node is to certify our diamond production and those beneficiated in Botswana so that they can access the G7 market which represents about 70% of the global natural diamond market. Botswana's request was acceded to and announced in November 2024 at the Facets conference in Belgium. Botswana is currently working on modalities to operationalise the node.
54. In 2024, Debswana produced some 17 935 000 carats, a 27% reduction from the 24 700 000 carats produced in 2023. The reduction in production is a response to market conditions.

## **MINING UPDATE**

### **Menzi Battery Metals (Pty) Ltd**

55. Mr. Chairman, in light of the looming demand for battery metals, driven by the ever growing electric vehicle market, we are glad to pronounce that Menzi Battery Metals has recently been granted a mining licence, to mine manganese in an area called Kgwakgwe Hill, near Kanye Village. The mining licence is for a period of 15 years commencing 30 July 2024 until 29 August 2039. Menzi Battery Metals' project development is anticipated to commence in early 2026, with the construction phase anticipated to employ approximately 300 people while the production operation compliment is expected to be around 150 employees.
56. Menzi Battery Metals has developed a bespoke process that can produce high-purity manganese sulphate monohydrate (HPMSM) directly from the high grade Kgwakgwe Hill manganese oxide (MnO). HPMSM is a refined precursor material used to produce cathode powders for lithium-ion batteries for use in electric vehicles. As the automotive industry increases electric vehicle production, as part of a global move towards decarbonisation and electrification, success of the Kgwakgwe Hill Battery-Grade Manganese Project sets to position the nation well.

### **Motheo Copper Mine**

57. Mr. Chairman, Tshukudu Metals Botswana (Pty) Ltd, Tshukudu Exploration (Pty) Ltd and MOD resources Botswana (Pty) Ltd, are 100%

owned subsidiaries of Sandfire Resources Botswana (Pty) Ltd. Sandfire's Tshukudu Metals owns and operates the Motheo Copper Mine. Motheo Copper Mine is situated within the Kalahari Copper Belt, 80 kilometers northeast of Ghantsi Township.

58. Motheo Copper Mine has an estimated 10 year life span and currently exploits two open pits, T3 and A4. Production commenced in July 2023 at the T3 pit and achieved first year production total of 41000 tonnes of copper, from a head feed of 3.2 million tonnes. Production from the A4 pit started in December 2024, which saw an increase of head feed ore tonnage from 3.2 million tonnes per annum to 5.2 million tonnes per annum thus increasing copper concentrate production by approximately 50%.
  
59. Mr Chairman, to increase its resource base and extend the life of mine from the current 10 years, Sandfire is conducting an extensive exploration exercise within the Kalahari copper belt and Okwa Valley, with an annual budget of approximately BWP135 million. In addition to the current A4 & T3 pits, Sandfire is busy drilling at its recently discovered A1 maiden resource. The A1 resource is located about 21 kilometers northeast of the T3 pit. Sandfire's Motheo project currently employs 1450 people, of which 98% are Batswana, 24% being women. Of the total workforce, 17% is from the Ghantsi catchment area.

### **Morupule Coal Mine (MCM)**

60. Mr. Chairman, Morupule Coal Mine year-to-date (YTD) Run-of-Mine performance, as at December 2024 was 2.45 million tonnes, which is 20% favourable to budget. MCM's offtake challenges continued during the period and have seen revision of their targets down from the anticipated heights preceding the commissioning of their Motheo open pit project. The open pit mine was commissioned in September 2022, with a 1.4Mtpa capacity and was expected to raise MCM's production capacity by 50% to 4.2Mtpa. Morupule currently employs 1482 people of which 98.8% are Batswana and 17.1% of the total workforce are women.

### **Minergy Coal**

61. Mr. Chairman, Minergy Coal resumed full production on the 24th May 2024 at its Masama coal mine, in the Mmamabula West coalfield of Southern Botswana, after successfully entering into a mining contract with a new end-to-end services mining contractor, Meropa Resources (a consortium of four Botswana companies) – following an unplanned shutdown in early 2023. As at December 2024, total saleable coal production stood at 365 742 tonnes of coal as compared to 291 506, same time the previous year. Minergy currently employs 459 people, of which 98.5% are Batswana, 16.8% of the total workforce are women.

### **MMG Khoemacau LTD**

62. Mr. Chairman, the Ministry has approved the transfer of a controlling interest (licence ownership) of Khoemacau and Discovery Copper

Botswana (Pty) Ltd from Cuprous Capital to MMG Africa Ventures Inc, a wholly owned subsidiary of MMG and the official hand-over was done on the 19<sup>th</sup> April 2024.

63. Mr Chairman, by December 2024, Khoemacau Copper Mining produced a total of 39, 228 tonnes of payable copper in concentrate as compared to 46, 532 tonnes as at December 2023. Silver production for the year was 1,250,028 ounces as at December 2024, compared to 1,515,189 ounces as at December 2023.
64. Mr. Chairman, the Mine has capacity to produce 60,000 tons of copper and 2 million ounces of silver annually. Future expansion plans of the Mine include increasing output to 130,000 tons of copper and 5 million ounces of silver per year with additional investment. The required investment is estimated at USD700 million over a period ending 2026.
65. Mr. Chairman, as part of the programme to increase production, Khoemacau have recently contracted the services of Southern Mapping Company Woolpert Company to conduct an Aerial Laser Topographic Survey in the Northwest Botswana over their mineral concessions. Khoemacau employs 1695 people, of which 89.4% are Batswana, 19.9% of the total workforce are women.

## **Value chain development**

66. Mr. Chairman, Value Chain Development remains a key aspiration of my Ministry. To that end, the Ministry intends to undertake initiatives that will accelerate Value Chain Development in both the Energy and Mineral Sectors in order to boost economic growth. As an initial plan the Ministry will shortly recruit an individual to drive the value chain development initiative.

## **STATUS OF MME'S STATE OWNED ENTITIES**

### **Botswana Power Corporation (BPC)**

67. Mr. Chairman, over the past four years, Botswana Power Corporation (BPC) has been experiencing severe liquidity challenges largely on account of exorbitant unit cost of power imports which increased by 166% (85 thebe to 226 thebe). Local generation contributes up to 65% of the country's electricity demand, therefore 35% of the electricity demand is met through power imports. This scenario will continue to obtain until completion of the ongoing Morupule B defects remediation project which is expected to be accomplished at the end of 2027. The situation is further exacerbated by non-cost reflective tariffs charged on our customers.
68. Mr. Chairman, as of November 2024, BPC's assessed Revenue Requirement is P8.651 billion for the financial year 2025/26. The projected revenue from electricity sales and Other Income before tariff



adjustments or subsidies, is however P5.242 billion before any adjustment and subsidy. The gap between the revenue requirement and the total operating income indicates that BPC would be under funded by P3.408 billion and hence requiring an upward average tariff adjustment of at least 38% to raise P1.930 billion to augment the approved subsidy of P1.200 billion. This will still result in a net loss of P278 million determined to be within margin of breakeven. It's worthy to note that due to budgetary constraints, the financial shortfall has not been accommodated in the 2025/26 requested funds hence the likeliness of a supplementary during the period.

### **Botswana Geoscience Institute (BGI)**

69. Mr. Chairman, Botswana Geoscience Institute (BGI) is committed to leveraging geoscience for national progress, prosperity and public safety by implementing its mandate and strategic plan of 2023-2028. The Strategic Business Plan is aligned to our 2036 Vision and most importantly our vision today of diversifying mineral exploitation and beneficiation for Citizens. Since the inception of the strategy, we have seen Global rankings of Botswana's Mineral Potential Index improving from 30% in 2021 to 72% and 67% in 2022 and 2023 respectively. In addition to the review of mining instruments and Mineral Policy reforms to facilitate investments, the Government funded baseline exploration programs.

70. Mr. Chairman, BGI should be further facilitated to conduct more baseline exploration data generation and avail the precompetitive data required globally for a structured and diversified strategic/critical mineral exploration and exploitation.
71. Following the completion of the Aeromagnetic survey project, the high resolution airborne geophysics now stands at 100% and geological mapping at 85%. The programs are designed to complement each other, in streamlining prospecting cashflow, cost management and avoidance. BGI is also completing phase 1 of geochemical mapping which previously stood at less than 15%.
72. BGI has also forged partnerships/collaborations to advance geoscientific and mineral prospectivity mapping coverage of Botswana, capacity building as well as heightening efforts and focus on the search for critical minerals. These include JOGMEC and USGS who are currently contributing to geochemical mapping of the country and Rare Earth Element (REE) and critical mineral assessments in Botswana. European embassy through PanAfGeo has also funded capacity building for geoscience institutions in Africa through BGI playing the coordination and facilitation role.

### **BCL Seismic Monitoring Project**

73. As part of the broader Geohazards Monitoring Program, the BCL seismic monitoring initiative was launched and funded by the government with

an allocation of **P2, 500, 000**. The funding covered the acquisition of instrumentation, the repair of existing surface instruments, the reinstallation of previously decommissioned underground instruments, and ongoing monitoring efforts. The instrumentation facilitates monitoring of the occurrence and magnitude of tremors as well as predicting their occurrence/likelihood as a response to rising underground water levels. This effort is primarily meant to manage the tremor risk in the Selebi Phikwe area.

74. Mr. Chairman, the Ministry of Minerals and Energy has established a task team to conduct the BCL Mine Closure study. The task team has completed a detailed scoping, budgeting and scheduling of the project. Early works of the mine closure study have commenced. Detailed expert studies on instrumentation and safe closure has already been completed. The instrumentation exercise is underway. Underground instrumentation is being completed by mid-March while surface instrumentation will go to end of April 2025. All other work packages have also been scoped and will run concurrently going forward.

#### **Ground Fissuring Project – Hatsalatladi & Ditshukudu Villages**

75. To address the issue of ground fissuring affecting village expansion, the Kweneng District Council (KDC) initiated a collaborative research project involving BGI, BIUST, and UB. The total cost of the project was **P5, 900, 000**. An assessment report has been submitted to the KDC, recommending high level inputs for land use planning purposes. Request

for additional funding to complete and extend the study to other areas have been submitted and its being reviewed.

76. A funding proposal for the National Geohazard Investigation Program, amounting to **P45, 628, 000** has been received. The proposal addresses ground fissuring occurrences in the Southern, Kweneng, and Central districts. We are looking at a holistic study but allowing for a phased approach.

### **MINERALS DEVELOPMENT COMPANY BOTSWANA (MDCB)**

77. Mr. Chairman, MDCB is continuing the implementation of its strategic ambition and is now fully capacitated to implement its mandate. MDCB's investment portfolio has been impacted by the decline of the global economy in FY2024. However, the Company has taken a long-term view to navigate the current challenges and create future value.
78. Mr. Chairman, The De Beers Group ('DeBeers') experienced a decline in rough diamond demand, resulting in a weaker performance for the period. Similarly, Minergy Coal ('Minergy') and Morupule Coal Mine ('MCM') performance has been below expectation due to various factors such as slower than anticipated customer off-take, reduced coal prices and logistical challenges. In addition, MCM continued to experience delayed payments from its key customer, Botswana Power Corporation.

79. Mr. Chairman, for the 12-month period to December 2024, MDCB portfolio revenue was P148.3m, being P20.6m lower than budget, due to the planned P22m dividend that was not received from De Beers (this was due to the diamond trade challenges as noted above). The Company realised a Net Income of P22.3m, being P55.8m below budget, mainly due to non-payment of Government Subvention amounting to P44.6m for 3rd and 4th quarters.
80. Mr. Chairman, as efforts to improve, the company will continue to build a more resilient investment portfolio by performing detailed evaluations on at least two local targets ahead of acquisitions anticipated in the year as well as optimising existing assets to reduce residual investment portfolio risk.
81. Mr. Chairman, the company will enhance operational efficiency, internal control environment, compliance through digital transformation, the development and implementation of appropriate controls and key frameworks (including investee management frameworks). MDCB will continue engagement with key stakeholders to enhance collaboration in implementing its corporate strategy more effectively and timely.

## **MINING INVESTMENTS UPDATE**

### **Morupule Coal Mine (MCM)**

82. Mr. Chairman, performance for the year ended December 2024 is below plan due to low washed coal off-takes during the period. MCM's working capital challenges continued during the year and failed to pay interest on loan advanced by MDCB. MDCB continues to review avenues to assist MCM with its working capital challenges. BPC owed MCM P560m at the end of December 2024, this has led to MCM having cashflow challenges.
83. Mr. Chairman, MCM suspended Motheo open-cast mine operations in May 2024, this was due to market challenges coupled with logistical difficulties. The open cast mine remains a pivotal aspect of achieving MCM's strategy, and management continue to identify opportunities and appropriate timing to bring the mine into operation. Working capital challenges and the ability to evacuate coal to regional and international markets through the implementation of appropriate infrastructure, e.g., Lephalale Rail Link, remain key risks to implementing its 5-year strategy, alongside other coal market headwinds.

### **Minergy Coal**

84. Mr. Chairman, like MCM, Minergy faced challenges due to the slower coal off-takes and depressed coal prices. Consequently, Minergy's coal sales remained below budget throughout the year. The low coal off-takes led to a decision to reduce the rate of production aligning with demand.

85. Mr. Chairman, as part of the ongoing MDCB-led turnaround strategy of Minergy, the company provided further funding for the mining contractor transition and working capital requirements of Minergy during the year. The new contractor, a consortium of citizen owned companies, entered a five-year mining contract from 1 February 2024. The new and improved contract reduced mining costs, relative to the previous contract, by circa 25%.

### **DE BEERS Group**

86. Mr. Chairman, reflecting the ongoing challenges in the international diamond markets, De Beers' performance for the year to December 2024 was subdued. For the year 2024, De Beers' total revenue decreased to US\$2.72 billion, a 25% decline from the previous year.

87. Mr. Chairman, in response to the weaker rough diamond demand, De Beers has reduced its production to 24.7 million carats in 2024, a 22% decrease from the previous year. The company has also accumulated its largest stockpile of diamonds since the 2008 financial crisis, with inventory valued at approximately US\$2 billion. De Beers have also provided production guidance for FY2025 and FY2026 of 20-23 million carats and 26-29 million carats respectively, relative to 30-33 million carats in FY2025 and 32-35 million carats in FY2026 previously provided.

## **Project Thobo**

88. Mr. Chairman, MDCB has been entrusted by the Mineral Policy Committee (MPC) with the strategic mandate to establish and operationalise three key entities: Exploration Investment Company Botswana, Mineral Investment Company Botswana, and Khumo Minerals Botswana. These companies are pivotal to shaping the long-term trajectory of Botswana's mining sector, ensuring sustainable growth, enhanced investment, and resource optimisation. To this end, a consultant has been engaged to facilitate the operationalisation process. I am pleased to report that work is progressing effectively across all workstreams, in alignment with the established strategic roadmap. The execution remains on track to be delivered within the current financial year, reinforcing MDCB's commitment to delivering on this critical national priority.
89. Mr Chairman, MDCB continues to review its strategy and tactics in order to navigate the current period of reduced returns, while investing for long term value. The company is pursuing several prospects including critical minerals, with two new assets anticipated to be added to their portfolio over the period. MDCB is of the firm view that Botswana has immense minerals potential and continues to pursue those in line with its mandate. The implementation of the three new companies will also play a critical role in the development of further opportunities for the company and the industry.



## **RECURRENT AND DEVELOPMENT BUDGETS**

### **2024/2025 Approved Budget Estimates and Performance**

90. Mr. Chairman, to date, out of the P322,694,840 (Three hundred and twenty two million, six hundred and ninety four thousand, eight hundred and forty Pula) allocated for the Recurrent Expenditure budget, P235,821,831 (Two hundred and thirty-five million, eight hundred and twenty-one thousand, eight hundred and thirty one Pula) or 73% has been spent. The expenditure level is expected to have increased by the 31<sup>st</sup> March 2025.
91. On the other hand, the Development Budget provision was P2,308,131,607 (Two billion, three hundred and eight million, one hundred and thirty-one thousand, six hundred and seven Pula). As at 17<sup>th</sup> March, 2025, an amount of P2,272,465,541 (Two billion, two hundred and seventy two million, four hundred and sixty five thousand, five hundred and forty one Pula) or 98% of the budget has been spent. Major components of expenditure are Government Support to Botswana Power Corporation (BPC), Distribution Network Reinforcement Projects and Expansion of Francistown Petroleum Storage Depot.

### **2024/2025 Revenue Collection**

92. Mr. Chairman, the Ministry's approved revenue budget for 2024/2025 amounts to P18,476,489,460 (Eighteen billion, four hundred and seventy-six million, four hundred and eighty nine thousand, four hundred

and sixty Pula) which has since been revised to P5,714,029,460 (Five billion, seven hundred and fourteen million, twenty nine thousand, four hundred and sixty Pula) due to budget revision in mineral revenue. The budget was revised downward after the mineral market showed a decline in diamond sales. As at 13<sup>th</sup> February 2025, P2,819,005,885 or 49% of the revised revenue budget has been collected.

### **2025/2026 Recurrent Revenue Estimates**

93. The Ministry projected total revenue for the financial year 2025/26 amounts to P15,750,000,000 (Fifteen billion, seven hundred and fifty million Pula).

### **2025/26 Recurrent Expenditure Budget Estimates**

94. Mr. Chairman, the total Recurrent Budget Estimates for the financial year 2025/2026 is P347,147,890 (Three hundred and forty-seven million, one hundred and forty seven thousand, eight hundred and ninety Pula). This represents an increase of P24,453,050 (Twenty four million, four hundred and fifty three thousand and fifty Pula) or 7.6% from this year's allocation of P322,694,840. Out of the 2025/26 budget of P347,147,890, the largest share of P284,207,910 or 82% goes to the Ministry Headquarters and it includes estimates for the two (2) parastatals namely; Botswana Geoscience Institute (P63,168,100) and Mineral Development Company Botswana (P80,278,980). The remaining 18% is allocated to the Department of Mines (P34,041,270) and Department of Energy (P28,898,710).

## **2025/2026 Development Budget Estimates**

95. Mr. Chairman, for Development Budget, I request a provision of P2,659,182,923 (Two billion, six hundred and fifty nine million, one hundred and eighty two thousand, nine hundred and twenty three Pula).
96. The Electricity Generation, Transmission and Distribution project gets the largest share of P2,183,519,923 (82%). The major items are Botswana Power Corporation Support, Transmission Backbone Infrastructure Reinforcements, Cross Boarder Supply and Rural Electrification and Network Expansion projects.
97. The National Oil Security projects gets the second largest share of P368,000,000 (14%). The provision is towards continuation of activities of the two(2) bulk Petroleum Depots of Francistown and Ghanzi as well as transactional services for the Cross Border Multi Product (petroleum) Supply Pipe Line and Tshele Hills Oil storage Projects.
98. The remaining P107,663,000 (4%) of the proposed budget is shared by Mining & Minerals Governance and Research & Development projects. The provision is for among others Biogas, Interpretation of Aeromagnetic data, National Integrated Geoscience Information System (NIGIS) as well as Rehabilitation works at Moshana and Selibe Phikwe region.

## **CONCLUSION**

99. Mr. Chairman, this concludes my presentation of the 2025/2026 Budget estimates. I now request to move that the sum of P347,147,890 (Three hundred and forty-seven million, one hundred and forty seven thousand, eight hundred and ninety Pula) in the Consolidated Fund be approved and stand as part of the Schedule of the Appropriation (2025/26) Bill 2025 under Recurrent Budget; and that the sum of P2,659,182,923 (Two billion, six hundred and fifty nine million, one hundred and eighty two thousand, nine hundred and twenty three Pula) in the Development Fund Estimates be approved and stand as part of those Estimates in accordance with the amendments made to the Estimates Book.

**I thank you and move accordingly.**