



**Republic of Botswana**

**People's Summary of the 2025/2026 Budget**

**Ministry of Finance**  
**Website: [www.finance.gov.bw](http://www.finance.gov.bw)**

**10 February 2025**

***#my budget, #your budget, #our budget.***

## **I. INTRODUCTION**

1. The 2025/2026 budget marks the beginning of the 13th Parliament under a new administration focused on citizen-centric transformation and coincides with the start of NDP 12. The Minister of Finance acknowledges the historical significance of the moment and pays tribute to past leaders, particularly his mentors, including two former Presidents and his father. He emphasizes the importance of the current moment, referencing a quote about charting a unique path for the nation. The recent election signifies a desire for change and a Government truly representative of the people. The budget preparation involved stakeholder consultations, revealing a shared vision for the country's progress.
2. The new Government recognizes the need to restore public trust and aims to make Botswana a model of unity, fairness, and prosperity. The Minister of Finance reiterates the concerning state of public finances, highlighting fiscal constraints, declining revenues, slow growth, and systemic inefficiencies. The country faces significant challenges, including unemployment, low wages, poverty, declining health and education outcomes, and endemic corruption. Despite these difficulties, the new administration expresses hope for positive change.
3. A dedicated Ministry of Youth and Gender Affairs has been established to address gender inequalities and related issues. The Government is committed to combating Gender-Based Violence and will intensify efforts for gender mainstreaming and gender-responsive budgeting. Recognizing the increasing frequency of natural disasters, the Government is reviewing the National Policy on Disaster Management to better address these challenges.
4. Finally, the Government acknowledges the rise in corruption and its detrimental impact on development. Various initiatives are underway to combat corruption, including reviewing procurement, enhancing transparency, supporting a free press, and revising the National Anti-Corruption Policy. The Government is encouraged by the increasing number of citizens reporting corruption.

## **II. BUILDING AN INCLUSIVE AND DEEP ECONOMY**

5. Government will rebuild the economy by addressing the country's economic and fiscal problems, structural challenges and Government inefficiencies. Specifically, this will be done through 4 phases which includes: *Halting the financial haemorrhaging in Government/Reducing financial leakages in Government; Stabilization and preparation for take-off; Initial tangible steps of change; and Building a New Botswana.*

## **Phase 1- Halting the financial haemorrhaging in Government**

6. The first phase of the reform agenda focuses on improving three key areas: Government systems, strengthening oversight, and involving the private sector and society.

### **Government Systems**

7. Government The current state of public financial management has led to inefficiency and waste, with issues in prioritizing projects, procurement, project implementation, and transparent payments. This has resulted in financial losses and the constant need for additional budget requests.
8. To address current financial inefficiencies, the Government plans to restore discipline in the supplementary budget process by ensuring future requests are strictly for emergencies and covered by cuts in other areas. This will prevent wasteful spending and ensure taxpayer funds are used effectively. Additionally, issues with procurement practices, such as the misuse of Commitment Letters, will be corrected to guarantee timely payments to suppliers and protect local businesses.
9. The new administration is committed to cultivating a culture of fairness, innovation, urgency, and collective effort. The Efficiency in Process Initiative aims to improve revenue collection across Government services by modernizing processes, including fees for work permits, visas, property rates, and licenses. This initiative will also address financial leakages, such as unpaid property rates, inefficient revenue collection, under-collected park fees, mismanagement of contracts, and salary overpayments, ultimately maximizing revenue across ministries, departments, and local authorities.

### **Phase 2-Stabilization and preparation for take-off**

10. This will be achieved through the amendment of laws to pave way for effective execution of pronounced measures. Reform measures announced in the national budget will be immediately made with a view to enable the reforms to effectively take effect. The 2025 Budget underscores the importance of establishing clear requirements for ideal financial partners and investors under the New Botswana. This requires 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. Furthermore, Government has set a very bold objective of facilitating international investment in mega, transformational projects that would facilitate reduction of the economy's over dependence on diamonds. This entails acting decisively to restructure 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.

### **Strengthening Oversight Institutions.**

11. The Government has recognized that the Public Procurement Regulatory Authority (PPRA) has not fully fulfilled its role and is taking steps to strengthen the procurement system. A key part of this effort is the development of the Public Procurement Data Portal, a centralized, real-time platform that will improve transparency and accessibility of procurement information for all stakeholders. This will help promote fairness and accountability in Government procurement.
12. To enhance oversight, the Government has initiated comprehensive audits of various projects, including those under the Development Manager model and key state-owned enterprises. The audits will be conducted in two phases: the first will assess procurement processes and legal compliance, while the second will focus on specialized forensic financial audits. This approach is designed to address issues of opacity, unfair practices, and financial leakages in procurement, establishing a strong governance framework to protect public resources.

### **Phase 3 - Initial tangible Steps of Change**

13. The phase outlined focuses on initiating impactful projects to boost employment, such as diversifying the mineral sector, expanding the Selebi Phikwe Citrus project, and advancing mega infrastructure projects. The Government aims to review and finalize proposals for self-financing, revenue-generating projects, with plans to complete these by June 2025 in collaboration with global investors.
14. Additionally, efforts are underway to remove barriers to homeownership and transform low-income housing into a program that aligns with national goals. The updated housing program will modernize designs to reflect current trends and industry best practices, ensuring homes are accessible and of high quality for all.

### **Phase 4 - Building a New Botswana**

15. This phase focuses on long-term macroeconomic stability and ensuring resources for future generations by establishing a **Sovereign Wealth Fund** and a **National Fund of Funds**. The Government also aims to boost the **creative industry** as a driver of economic growth and social change, with a medium-term research program to enhance **Research & Development** and national research goals. Additionally, there are plans to **transform the agriculture sector** by strengthening its connections with manufacturing.
16. The policy is focused on optimal land use, improving labour productivity, and achieving food sovereignty through high-value agriculture. The agricultural subsidy system will shift towards incentivizing higher output, while production will diversify by exploring underdeveloped subsectors. Efforts will also be made to reduce barriers for small-scale farmers by improving their access to contracts with large retailers. The 1991 National Policy on Agriculture Development is being reviewed to align with these new objectives.

### **III.OVERVIEW OF THE SECOND TRANSITIONAL NATIONAL DEVELOPMENT PLAN**

#### ***Performance of TNDP***

17. 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**. Many of these projects take several years to complete because they are big and complex, and as such, they will be carried forward to NDP 12.
18. Several challenges have slowed down the timely completion of Government projects. These include: lack of dedicated Project Management Offices, poorly managed contracts and delays in paying suppliers due to outages of the Government Accounting and Budgeting System (GABS).
19. Moving forward, Government will use a clearer and more effective process for choosing projects, focusing on those with the highest impact as well as implement formal Project Assurance Processes to improve project delivery.

#### ***National Development Plan 12***

20. Government decided to delay the commencement of NDP 12, by extending the second Transitional Development Plan (TNDP) which is currently under implementation, by four (4) months to the end of July 2025. The extension will provide an opportunity for further consultations on NDP 12 in order to infuse the vision of the new administration as well as allow for the constitution of the Advisory Council of the National Planning Commission, whose role is to provide strategic direction to the content and context of National Development Plans.

### **IV.NATIONAL PRIORITIES FOR FINANCIAL YEAR 2025/2026**

21. Government has identified priorities that will drive the country towards fulfilling the commitments of the New Botswana of inclusive economic growth and achieving a social equitable development that benefit all Batswana. These priorities include: *Modernising and Transforming Infrastructure; Improving Quality of Life; Innovation and Digital Transformation; and Supporting a Private Sector Export Led Growth.*

#### ***Modernising and Transforming Infrastructure***

22. Under this priority, a development budget of **P11.54 billion** is being proposed. The aim is to improve and revamp infrastructure such as roads networks, rail, power, water, sanitation, healthcare facilities, education facilities, and transportation hubs. Government will leverage on Public-Private Partnerships (PPPs) mobilise the resources needed to accelerate this agenda and deliver projects effectively. To foster a strong private sector partnership, the draft Bill on Public-Private Partnerships is expected to be finalised and presented for consideration by Parliament during the 2025/2026 financial year. Government has taken decisive steps to integrate renewable energy into the national grid, with several projects underway in Bobonong, Shakawe, and Mmadinare.

This positions Botswana as a future regional energy hub and a driving force for economic diversification through renewable energy development.

23. Additionally, Botswana is improving regional connectivity through Bilateral Air Services Agreements (BASAs) and has achieved high aviation safety scores. On a similar note, Government is actively pursuing strategic partnerships with regional and international airlines to establish more direct routes linking Botswana to key global tourism markets. Civil Aviation Authority of Botswana, in collaboration with its strategic partners, has made significant progress in attracting long-haul airlines to our country.

### ***Improving Quality of life***

24. To **improve the Quality of life** of our people, a development budget of **P9.81 billion** is being proposed to strengthen human skills and knowledge development, modernise the education and healthcare systems, support vulnerable groups to improve long term sustainability and ensure equality for all. Some of the targeted reforms and initiatives under this priority include:

- **Developing a robust Technical and Vocational Education and Training (TVET) policy** with an agenda anchored on various pursuits such as agriculture, jewellery, or manufacturing, to produce entrepreneurs;
- **Optimizing the Sir. Ketumile Masire Teaching Hospital** to serve as a centre of excellence in specialized care and medical training;
- Proposing an **increase of Tandabala Allowance** from **P830.00 to P1,400**, effective 1<sup>st</sup> April 2025;
- Introducing a **monthly allowance of P300 for new born babies** until they turn 1 year old; and
- Proposing provision of **free sanitary pads to female students**, ensuring that dignity and essential needs are upheld across different segments of our population.

### ***Innovation and Digital Transformation***

25. A development budget of **P1.47 billion** is proposed to support innovation and digital transformation with a view to accelerate digital transformation across Government, the economy and the society at large. Government aims to fast-track the delivery of the national digital transformation strategy (SmartBots) and close the connectivity gap across Botswana through the Village Connectivity Programme, with phases 2, 3, and 4 set to connect over 1,000 public facilities by 2025/2026. Additionally, over 500 schools will be connected to the internet through the Botswana Research and Education Network (BotsREN), and the Digital Competency Framework (DCF) will be rolled out to enhance digital literacy, supporting the transition to a knowledge-based economy.

### ***Supporting a Private Sector Led Growth***

26. Government is committed to advancing a private sector-driven, export-led growth model, with a proposed **P0.93 billion** development budget. The focus will be on unlocking global value chain opportunities and boosting private sector participation through **regulatory reforms and public-private partnerships**.

**Small and Medium-sized Enterprises (SMEs)** will receive support by addressing issues like limited access to finance and markets. Government will continue to promote private sector development through free trade agreements such as the SADC-EPA and AfCFTA to increase export opportunities. To attract investment and achieve high-income status by 2036, Government will create a business-friendly environment, including establishing **Commercial Dispute Resolution (CDR)** courts to reduce case resolution time.

27. The World Bank's 2024 **Business Ready Report** highlighted Botswana's moderate performance in regulatory frameworks and operational efficiency but identified public service delivery, especially e-services, as some of the shortcomings to private sector development. To address this, Government will prioritize digitalizing services, streamlining regulatory processes, enhance access to finance, reduce trade barriers, and improve infrastructure and connectivity.

## **V. MACROECONOMIC PERFORMANCE AND OUTLOOK**

28. The global economy has faced a series of shocks which have limited the growth potential across most economic jurisdictions and derailed the pace and prolonged the recovery. It is noted that 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 2024 compared to a positive growth of 3.5 percent in the same period of 2023. The latest estimates project that the domestic economy should have grown by -3.1 percent in 2024 while, in 2025 the economy is projected to grow by 3.4 percent. As at December 2024, the inflation rate stood at 1.7 percent lower than 3.5 percent in December 2023. Going forward, inflation is forecast to remain within the Bank of Botswana's 3 – 6 percent objective range into the medium term and risks to the inflation outlook are assessed to be balanced. On the other hand, the economy has been experiencing a decline in foreign exchange reserves from a peak of P84.9 billion in December 2015 to P53.6 billion as at the end of November 2024, which is equivalent to 7.2 months of import cover.

29. On the global front, the risks relating to 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 are highlighted.

30. This implies that continuous deviations from the fiscal consolidation plans while maintaining high levels of spending without due consideration of the uncertain prospects in revenue streams will compromise fiscal sustainability. Policy intervention therefore, needs to be steadfast in restoring fiscal discipline and more importantly re-building of economic buffers.

## **VI. FISCAL STRATEGY**

31. Botswana's delay in restoring financial stability and discipline threatens intergenerational equity, weakens financial buffers, and limits the Government's ability to respond to future crises. Past financial reserves cushioned the nation during the 2008/09 financial crisis and COVID-19, but reserves have now fallen to historic lows while debt has risen. The Government's Net Financial Assets have declined from 31 percent of GDP in 2008/09 to -24 percent by November 2024, an unsustainable trend that risks depleting assets meant for future generations. In response, the new Government is committed to balancing the budget, revenue maximization, spending effectively, and strong debt management to rebuild financial stability.

### ***Review of Tax Legislation***

32. To modernize and simplify the tax system, making it more efficient and relevant to today's economy, tax laws are currently under review. Three new bills are expected in the 2025/2026 financial year: a new Tax Administration Act (simplifying VAT and income tax rules, reducing paperwork, and eliminating unnecessary filings), an updated VAT Act (reflecting current business practices), and a revised Income Tax Act (addressing global business trends and international tax issues).

### ***Revenue maximisation***

33. To optimize financial resources, Government aims to increase income sources, expand the tax base, and reduce ineffectiveness. The Botswana Unified Revenue Service (BURS) is introducing initiatives like VAT on digital trade, an Electronic VAT Invoicing Solution, and a track & trace system to combat illicit trade, all to be completed by 2026. Additionally, inspections at ports are being strengthened, with a new One Stop Border Post at Mamuno/Trans-Kalahari Border Post in 2024. To enhance our domestic resource mobilization a 1.5 percent increase for both the corporate tax and the last bracket of the personal income tax (top earners) will be proposed. 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. To complement these measures, we will strengthen the capacity of BURS by investing in technology-driven solutions to improve efficiency, enhance compliance, and facilitate seamless online tax collections.

### ***Public Expenditure efficiency***

34. Government plans to reduce financial support to Commercial State-Owned Enterprises (SOEs) and Local Authorities. However, in 2023, a decision was made to upgrade sub-districts to full districts to improve local service delivery, so revenue support for local authorities has not been cut yet as the upgrade process is still ongoing. However, Local authorities are encouraged to explore new ways to generate revenue, like public-private partnerships, investing in income-generating assets, and utilizing local resources. These actions will help improve financial independence, boost local economies, and enhance service delivery.



### ***Public Finance Management (PFM) Reforms***

35. Government is dedicated to strengthening reforms to promote responsible management of public funds through clear and consistent rules for budgeting, spending, and reporting to enhance the efficiency, accountability, and transparency of Government financial operations. Efforts will remain focused on five key areas: national budgeting, public investment management, revenue generation, public procurement, and accounting and reporting. By streamlining these reforms, Government aims to improve accuracy, boost economic performance, and reduce the risk of corruption and mismanagement, ultimately strengthening public trust in Government institutions.

### ***Cost containment***

36. Government to limit spending and increase efforts to increase income like building maintenance by Brigades, installing water and electricity meters in Government housing, implementing water harvesting systems at key facilities, property valuations by local authorities, and reintroducing fast-track national passport services are part of cost containment and revenue maximization efforts. The new Government is committed to strengthening these reforms to restore financial responsibility and effective budgeting.

### ***Debt Management***

37. As of December 2024, Botswana's total public debt was **P71.01 billion**, made up of **P44.53 billion** in domestic debt and **P26.47 billion** in external debt. This amounts to 25.75 Percent of the country's GDP, which is well below the legal limit of 40 percent.

Government will continue to use the three-year Medium-Term Debt Strategy to ensure that public debt sustainability will remain a priority in the scheme of financing the budget.

### ***Budget Execution***

38. To tackle these challenges and improve accountability, efficiency, and use of public funds, in the 2025/26 financial year, we will: introduce a mid-year budget statement, strengthen the medium-term fiscal framework, reform social welfare programs, conduct public expenditure reviews (PERs), implement a multi-stage project appraisal process, complete the review of the Public Finance Management Act, and introduce a medium-term budget statement.

## **VII. 2023/2024 FINANCIAL YEAR BUDGET PERFORMANCE**

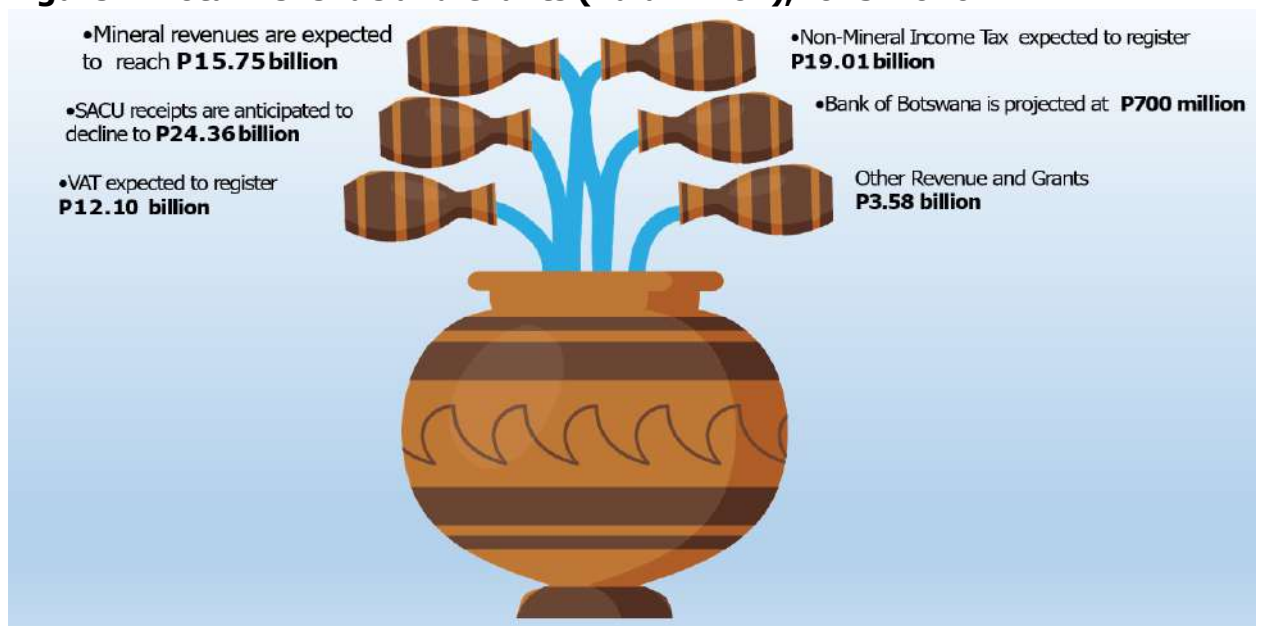
39. Botswana's fiscal situation deteriorated in 2023/2024, with a preliminary budget deficit of **P11.11 billion** or 4.25 percent of GDP. This is a sharp decline from the near-balanced budget of 2022/2023 (P1.27 million deficit). This highlight the ongoing fiscal pressures facing Botswana and underscore the long-term challenge of achieving fiscal sustainability.

## VIII. 2025/2026 FINANCIAL YEAR BUDGET PROPOSALS

### ***Total Revenues and Grants***

40. Total revenues and grants for the 2025/2026 financial year are projected to be **P75.49 billion** with the largest source of revenue being Southern African Customs Union receipts, projected at P24.36 billion, a decrease from P26.7 billion in 2024/25 due to the stronger Pula against the Rand. The second largest contributor is non-mineral income tax, estimated at P19.01 billion, followed by mineral revenue, which is expected to rise to P15.75 billion, reflecting a recovery in the mining sector. VAT collections are projected at P12.10 billion, and revenue from the Bank of Botswana is forecasted at P700 million. The remaining P3.58 billion is expected from other revenues and grants.

**Figure 1: Total Revenue and Grants (Pula Billion), 2025-2026**



*Source: Ministry of Finance, 2025*

### ***Total Expenditure and Net Lending***

41. For the 2025/2026 financial year, the total spending and net lending is estimated at **P97.61 billion**. Of this, P72.61 billion will go towards recurrent expenses, while P23.75 billion will be spent on development projects. There is also a small negative amount of P140.21 million for net lending.

### ***Statutory Expenditure***

42. Total statutory expenditure for the 2025/2026 financial year is estimated at **P22.70 billion**, a decrease of P2.76 billion (10.8 percent) compared to the revised 2024/2025 budget of P25.46 billion.

### **Ministerial Recurrent Budget**

43. The proposed Ministerial Recurrent expenditure for the 2025/2026 financial year is **P65.95 billion**, showing an increase of P2.21 billion, or 3.5 percent, compared to the current year's approved budget.
44. The largest share of the proposed budget, **P12.55 billion** or 19.0 percent, is allocated to the **Ministry of State President**. The **Ministry of Child Welfare and Basic Education** has been allocated the second largest share of **P11.68 billion**, or 17.7 percent, while the third largest portion of the proposed budget, **P11.27 billion** or 17.1 percent, will go to the **Ministry of Local Government and Traditional Affairs**.
45. The **Ministry of Health** takes the fourth largest share amounting to **P8.98 billion**, the newly established **Ministry of Higher Education** has been allocated **P4.66 billion** or 7.1 percent, representing the fifth largest share, while the **Ministry of Finance** takes the sixth largest share, amounting to **P3.06 billion**.
46. The proposed budget for the **Ministry of Lands and Agriculture** amounts to **P2.44 billion** or 3.7 percent while the proposed budget for the **Ministry of Transport and Infrastructure** amounts to **P1.94 billion**.
47. The **Ministry of Trade and Entrepreneurship** takes the ninth largest share amounting to **P1.17 billion** or 1.8 percent, while the **Ministry of Justice and Correctional Services** has been allocated an amount of **P1.02 billion** or 1.5 percent.
48. 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.

**Figure 2: Recurrent Budget Allocation**



**Source:** Ministry of Finance, 2025

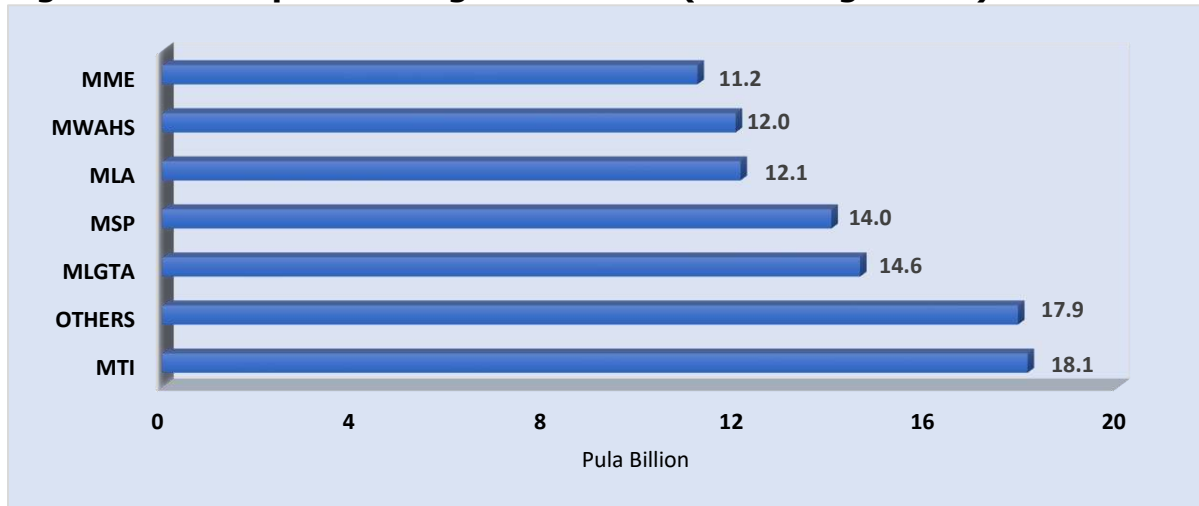
### ***Development Budget***

49. The proposed development expenditure for the 2025/2026 financial year is **P23.75 billion**, a decrease of P6.32 billion or 21.02 percent compared to the 2024/2025 approved budget. However, given the country's financial situation, this development budget will be used efficiently to deliver on the promises of the New Botswana in a phased and sustainable way.
50. The national development budget is distributed across key areas as follows: **P11.54 billion** for infrastructure modernization, **P9.81 billion** for improving quality of life, **P1.47 billion** for innovation and digital transformation, and **P0.93 billion** for supporting private sector export led growth.
51. The **Ministry of Transport and Infrastructure** has been allocated the largest portion of the 2025/2026 budget, totalling **P4.31 billion** or 18.1 percent. This funding will support the construction of road networks to improve transportation of goods and services, enhance market access, boost trade, and attract investments. Of this amount, **P3.78 billion** will be used to continue ongoing road projects.
52. The **Ministry of Local Government and Traditional Affairs** is allocated the second largest share of the proposed development budget, totalling **P3.48 billion** or 14.6 percent. This budget will support vulnerable populations, promote social cohesion, and strengthen culture and heritage. It will fund programs such as Social Welfare, Local Government Infrastructure, Primary Education Services, and Tribal Administration Infrastructure Development.
53. The **Ministry for State President** is allocated the third largest share of the proposed budget, totalling **P3.33 billion** or 14.0 percent. Most of this will be used to strengthen security by funding programs and acquiring equipment to protect the country's territorial integrity, fight crime, and ensure effective rehabilitation and reintegration of offenders.
54. To address increasing climate challenges, investing in modern farming techniques, industries, and green energy initiatives is crucial. The **Ministry of Lands and Agriculture** is proposed to receive **P2.88 billion**, or 12.1 percent of the budget, to transform and modernize the agricultural sector. A large portion of the budget will go towards the newly implemented Temo-Letlotlo and Thuo-Letlotlo programmes, which focus on boosting food security and agricultural exports.
55. In order to improve access to safe drinking water and sanitation, which is key to human dignity and development, the **Ministry of Water Affairs and Human Settlement** is allocated **P2.84 billion**, or 12.0 percent. The funds will be used to provide quality water, sanitation services, and related infrastructure.

56. The **Ministry of Minerals and Energy** is proposed to receive **P2.66 billion**, or 11.2 percent of the development budget, making it the sixth largest allocation. The majority of this, P1.2 billion, will be used by Botswana Power Corporation for power importation and to cover annual loan repayments in the 2025/2026 financial year.

57. The remaining Ministries and Departments will share the balance of the proposed development budget, totalling **P4.25 billion** or 17.9 percent.

**Figure 3: Development Budget Allocation (Percentage share)**



*Source: Ministry of Finance, 2025*

***Overall Balance and Financing***

58. The projected budget deficit for the 2025/2026 financial year is **P22.12 billion**, or 7.56 percent of GDP. This deficit will be financed through both domestic and external borrowing.

**IX.SUMMARY AND CONCLUSION**

59. The 2024/2025 financial year was characterised by unfavourable economic and financial landscape. Stringent measures will be put in place and they include; 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. The new Government is dedicated to fulfilling its promises, improving lives, creating opportunities, and building a prosperous future for all. On the fiscal front, the focus will be in restoring fiscal discipline and more importantly re-building our buffers. Under the New Botswana, wasteful spending, corrupt practices, revenue leakages and any form of maladministration will not be condoned.