



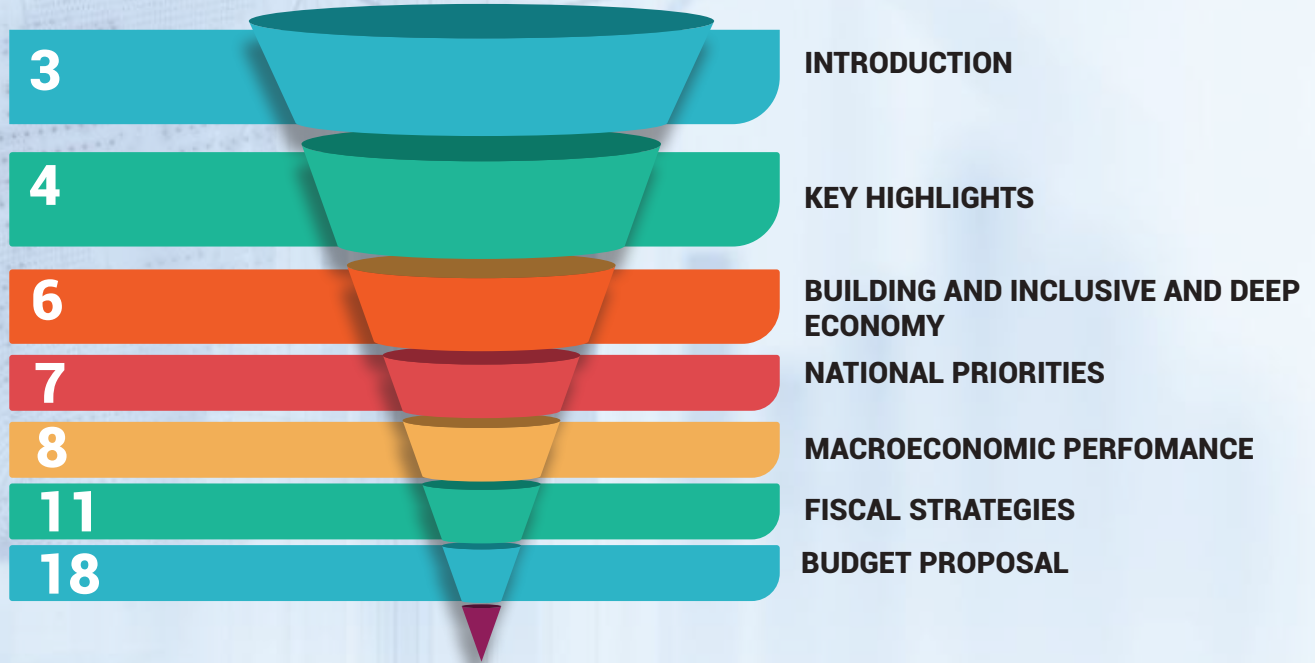
REPUBLIC OF BOTSWANA
MINISTRY OF FINANCE

KEY FEATURES OF THE 2025/2026 BUDGET


MINISTRY OF FINANCE
Websites: www.finance.gov.bw
10th February 2025

#mybudget #yourbudget #ourbudget


INSIDE KEY FEATURES



I. INTRODUCTION

 Unfavourable economic and financial landscape

 Unemployment, Poverty & Income Inequality

 Inclusive Economy

 Fiscal Discipline and Consolidation

 Job creation and Economic diversification

II. KEY HIGHLIGHTS OF THE BUDGET

Lesego, did you listen to the Budget Speech?



Oh yes, Thabo. Let me share with you some of the key highlights.



fiscal consolidation plans and rebuilding buffers



Economic Diversification



Transform State-Owned Enterprises into high performance organizations



Creation of Sovereign Wealth Fund (SWF)



Creation of National Fund of Funds



Developing a robust Technical and Vocational Education and Training (TVET) policy



An increase of Tandabala Allowance from P830.00 to P1,400



P300 monthly allowance for new born babies



Free sanitary pads to female students



Transform the creative industry



Establish a clear requirement and a compliance framework of an ideal financial partner and investor



Establish commercial courts



Revamp the low-income housing programme



National Mandatory Health Insurance Scheme, Universal Health Coverage Plan for all citizens



1.5 % increase for both the corporate tax and the last bracket of the personal income tax (top earners)

III. BUILDING AN INCLUSIVE AND DEEP ECONOMY

Phase 1

Halting the financial haemorrhaging in Government

- Drive revenue maximisation and collection..
- Strengthen oversight and regulatory institutions to address structural and market barriers.
- Strengthen procurement model
- Transform Government machinery.

Phase 2

Stabilization and preparation for take-off

- Financial partner and Investor Framework.
- Transforming SOEs into high performance organizations
- Successful conclusion of De Beers Group negotiations.

Phase 3

Initial tangible steps of change

- Diversify the economy (tourism, manufacturing, information technology).
- Revamp low-income housing programme.
- Ramp up capacity to execute mega projects
- Energy Sector a key driver for diversification

Phase 4

Building a New Botswana

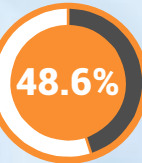
- Transform Creative Industry and Agriculture sector.
- Creation of Sovereign Wealth Fund and National Fund of Funds.
- Research and Development.



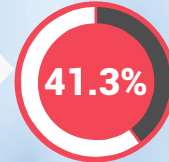
IV. NATIONAL PRIORITIES



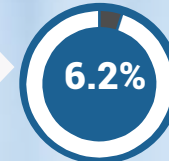
Modernising and Transforming Infrastructure
Proposed development budget of **P11.54 billion**



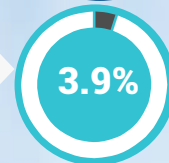
Improving Quality of Life
Proposed development budget of **P9.81 billion**



Innovation and Digital Transformation
Proposed development budget of **P1.47 billion**



Supporting a Private Sector Export Led Growth
Proposed development budget of **P0.93 billion**



Total proposed Development Budget P23.75

V. MACROECONOMIC PERFORMANCE AND OUTLOOK

Global growth is projected at 3.2 % and 3.3 % in 2024 and 2025 respectively.

Advanced Economies are estimated to grow by 1.7 % in 2024 and 1.9 % in 2025.

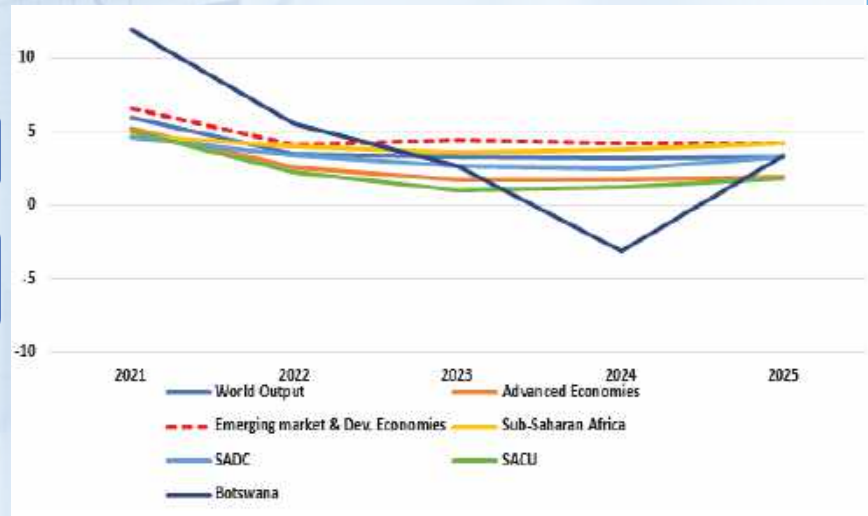
Growth in Emerging Markets and Developing Economies is expected to remain broadly unchanged at 4.2 percent in both 2024 and 2025.

The Sub-Saharan African region is expected to grow by 3.8 percent in 2024 before picking up to 4.2 percent in 2025.

SADC region is expected to grow by 2.5 percent in 2024 and 3.3 percent in 2025.

SACU is expected to grow by 1.2 percent in 2024 and 1.8 percent in 2025.

Figure 1: Economic Growth Trends By Region, (%)



Source: International Monetary Fund, WEO, January 2025

DOMESTIC ECONOMY

Lesedi, do you know that the economy grew by 5.5% in 2022?



Yes, Kago I know. Do you know that growth was higher compared to the 3.2% in 2023?



Ofcourse, I'm the King of Economics. In 2024, the economy declined by 3.3% during the first three quarters.



Well, atleast, the economy is projected to grow by 3.3% in 2025.



Table 1: Real GDP Growth Rates (%) by Sector, (2022-2026)

	2022 Actuals	2023 Actuals	2024 Estimate	2025 Projection	2026 Projection
Agriculture, Forestry & Fishing	1.2	1.8	0.4	2.6	2.0
Mining & Quarrying	7.6	2.9	-23.2	0.8	0.2
Manufacturing	8.2	1.9	-1.4	2.7	3.9
Water & Electricity	48.9	-14.3	12.4	14.7	24.8
Construction	3.2	3.3	1.9	2.8	2.6
Wholesale & Retail	5.8	4.5	5.6	5.0	5.3
Diamond Traders	15.0	-26.8	-46.3	-19.4	-2.8
Transport & Storage	4.1	3.8	1.6	2.7	4.0
Accommodation & Food Services	4.3	4.7	4.7	4.7	4.7
Information & Communication Technology	5.6	3.9	4.0	4.8	4.8
Finance, Insurance & Pension Funding	1.9	6.7	3.0	4.9	4.8
Real Estate Activities	3.6	5.4	3.4	5.1	5.8
Professional, Scientific & Technical Activities	3.0	4.9	4.5	4.7	4.4
Administrative & Support Activities	3.7	4.6	3.1	3.5	3.7
Public Administration & Defence	4.5	4.9	5.1	3.6	3.6
Education	4.6	6.6	4.9	5.7	5.3
Human Health & Social Work	4.0	3.6	5.3	5.1	5.2
Other Services	2.4	3.5	3.7	3.2	3.7
Total Value Added, Gross	5.8	2.8	-3.4	3.3	3.7
Adjustments items (Taxes less subsidies)	-3.4	13.3	3.8	3.2	3.6
Total GDP	5.5	3.2	-3.1	3.3	3.7
GDP excluding Mining Value added	4.9	3.3	2.4	3.8	4.5

Source: Ministry of Finance, February 2025

VI. FISCAL STRATEGY



PUBLIC EXPENDITURE EFFICIENCY



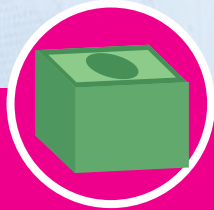
- To reduce financial support to Commercial State-Owned Enterprises (SOEs) and Local Authorities (LAs).
- (LAs) to invest in income generating assets

REVENUE MAXIMISATION



- Introduction of VAT on digital trade.
- To develop the Electronic VAT Invoicing Solution.
- The development of a fiscal marking and monitoring solution (track & trace).

REVIEW OF TAX LEGISLATION



- Enactment of 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;
- To repeal and re-enact the VAT Act and Income Tax.

Overview of Taxes in Botswana

VAT @ 14 %: Compulsory registration for turnover of P1 million or more per year

**Corporate Income Tax @ 22 %
Proposed Increase of 1.5%**



**PAYE Personal Income Tax @ 0 – 25 % (Progressive)
Proposed Increase of 1.5% for top earners**

Transfer Duty; A citizen shall not be charged upon the first P1.5 million of the purchase price or value of immovable property.

DEBT MANAGEMENT



- Total public debt amounted to P71.01 billion as at December 2024.
- P44.53 billion in domestic debt and P26.47 billion in external debt .
- Total public debt as a proportion of GDP is estimated at 25.75 % within the statutory threshold of 40 percent.

BUDGET EXECUTION



- Introduce a mid-year budget statement, medium-term budget statement and public expenditure reviews (PERs). strengthen the existing medium-term fiscal framework
- Introduce a multi-stage project appraisal process, complete the review of the Public Finance Management Act.

GOVERNMENT'S NET FINANCIAL ASSET POSITION



- Foreign exchange reserves and the GIA are at historical low levels and fast declining.
- Fiscal consolidation plans and rebuilding buffers.

Figure 2: Government Investment Account, FY 2022/23 - 2026/27

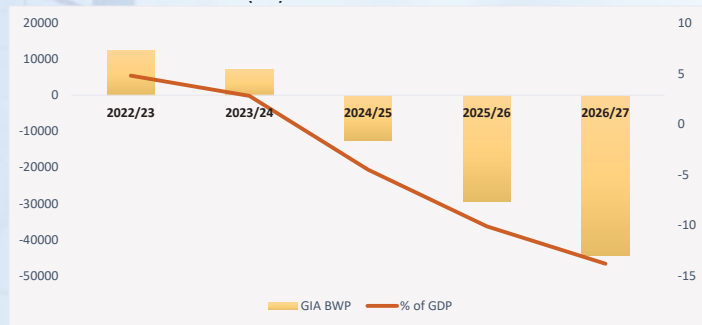
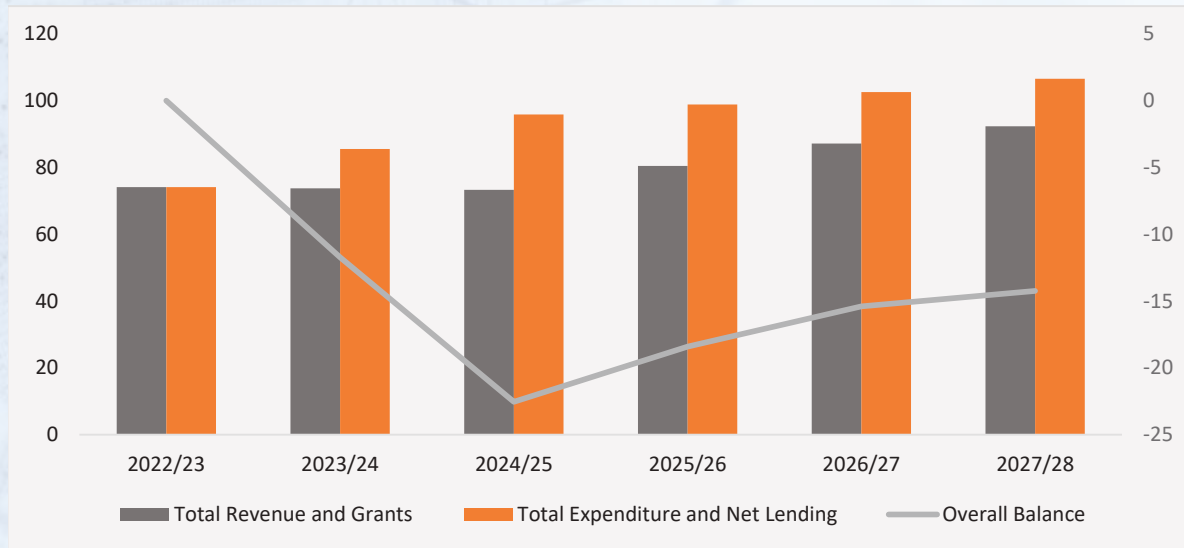



Figure 3: Budget Performance and Outlook, FY 2022/23 - 2027/28



HOW WE SPENT THE 2023/2024 BUDGET

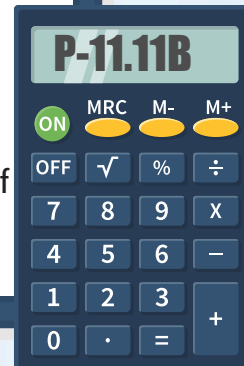


Total Revenues and
Grants of **P74.26 billion**

less

Total Expenditure and
Net Lending of **P85.37
billion**

=Deficit of **P11.11
billion** or 4.25 percent of
GDP.



V. 2025/2026 BUDGET PROPOSALS

What is in the briefcase?



Total Revenues and Grants:
BWP75.49 Billion

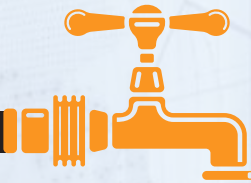
Total Expenditure and Net Lending:
BWP97.61 Billion

Overall Budget Deficit:
BWP22.12 Billion

SOURCES OF OUR REVENUE

2025/26 Revenue

BWP Billion



24.36

Customs and Exercise receipts

19.01

Non-mineral revenue

15.75

Mineral revenue

12.10

Value Added Tax

4.27

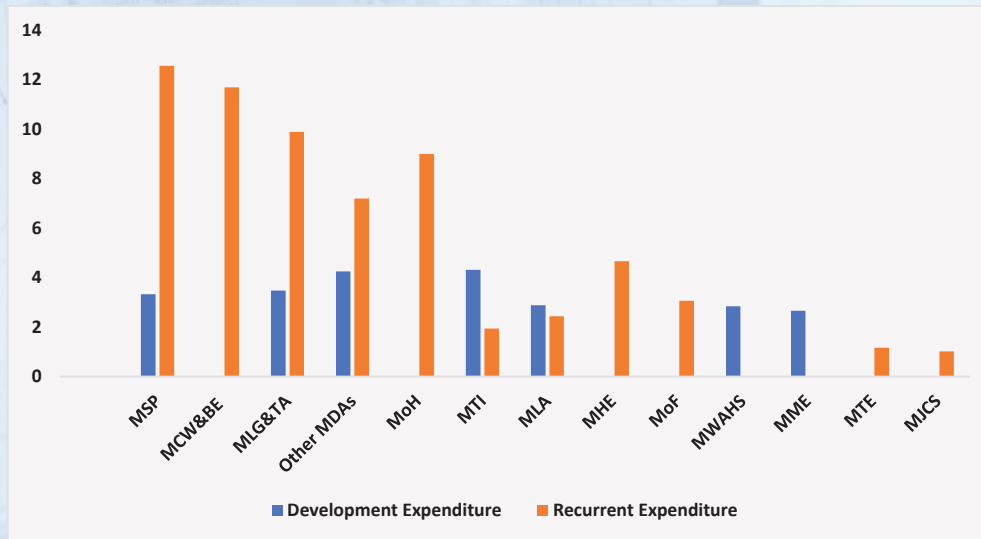
Other revenues and grants

TOTAL = BWP 75.49b

HOW THE BUDGET WILL BE SPENT



Figure 4: Proposed Budget by Ministry, FY 2025/26 (BWP billion)



MINISTERIAL ALLOCATIONS



Ministry for State President

• **Recurrent** BWP 12.55 billion, **Development** BWP 3.33 billion.

- Operational costs for Botswana Police Service, Botswana Defence Force, Drug Enforcement Agency (DEA).
- Absorption of Special Constables into Botswana Police Service.
- National AIDS and Health Promotion Agency (NAHPA) activities.
- Operational costs of the Directorate of Intelligence and Security (DIS).

BWP 15.88 billion



Ministry of Local Government and Traditional Affairs

• **Recurrent** BWP11.27 billion, **Development** BWP 3.48 billion.

- Social development for promotion of culture and traditional activities.
- Revenue Support Grants (RSG)
- Improve delivery of primary health care services at the local authorities.
- The increase in the Old Age Pension Allowance.
- Tribal Administration infrastructure development.

BWP 14.75 billion



Ministry of Child Welfare and Basic Education

- **Recurrent** BWP 11.68 billion, **Development** BWP 828.63 million.
- Teachers' salaries and allowances.
- Development of Child Welfare Policies and Programmes.
- Provision for sanitary pads for students.
- Staff and operational costs for Botswana Examinations Council (BEC) and Botswana Teaching Professionals Council (BOTEPCO).

BWP 12.51 billion



Ministry of Health

- **Recurrent** BWP 8.98 billion, **Development** BWP 421.10 million.
- Operational costs of the Ministry headquarters and health facilities across the country.
- Mitigate risks of infections and spread or resurgence of diseases.
- Public Officers' Medical Aid Scheme procurement for laboratory supplies and equipment, medical and surgical equipment, vaccines, drugs including ARVs and fees for medical specialists.

BWP 9.40 billion



Ministry of Transport and Infrastructure

- **Recurrent** BWP 1.94 billion, **Development** BWP 4.31 billion.
- Procurement of fuel for government vehicles.
- Maintenance of roads, buildings and vehicles.
- Implementation of rail, aviation and road projects.
- Information and Communication Technology (ICT) projects.

BWP 6.25 billion



Ministry of Lands and Agriculture

- **Recurrent** BWP 2.44 billion, **Development** BWP 2.88 billion.
- Boost food security, support smallholder farmers.
- Cover land policy formulation, implementation and monitoring.
- Subventions to SOEs under this Ministry.
- Land management projects.
- Land servicing projects.

BWP 5.32 billion



Ministry of Higher Education

- **Recurrent** BWP 4.66 billion, **Development** BWP 18.57 million.
- Operational costs of the SOEs under this Ministry.
- Payment of allowances to tertiary education students and their medical examination.
- Operational costs for the Institute of Health Sciences (IHS) and Brigades.

BWP 4.68 billion



Ministry of Finance

- **Recurrent** BWP 3.06 billion, **Development** BWP 889.49 million.
- Tertiary Education Tuition Fees.
- Agricultural Credit Guarantee Scheme (ACGS).
- Eastern & Southern Africa Anti-Money Laundering Group (ESAAMLG) activities.
- Operationalisation of an Institute for Combatting Illicit Financial Flows.

BWP 3.95 billion



Ministry of Water Affairs and Human Settlement

- **Recurrent** BWP 471.79 million, **Development** BWP 2.84 billion.
- Completion of the North South Carrier 2.2.
- Network Rehabilitation and Upgrade in nine villages.
- Implementation of Sanitation projects

BWP 3.31 billion



Ministry of Trade and Entrepreneurship

- **Recurrent** BWP 1.17 billion, **Development** BWP 366.23 million.
- Allocation to the SOEs under the Ministry.
- Operational costs attributed to collaborations and consultations on the core business of Trade Development, Enterprise Development, and Industry Development.

BWP 1.54 billion



Ministry of Justice and Correctional Services

• **Recurrent** BWP 1.02 billion, **Development** BWP 72.51 million.

- Judicial and legal services.
- Dispose civil and criminal cases.
- Protection and promotion of human rights.
- Correctional services.
- Costs of utilities at prison facilities.

BWP 1.09 billion



Other Ministries and Extra-Ministerial Departments.

• **Recurrent** BWP 7.18, **Development** BWP 4.25 billion.

BWP 11.43 billion

MACROECONOMIC INDICATORS DASHBOARD

2025/26 PROPOSALS



Total revenues and grants (P75.49 bn)
Total expenditure and net lending (P97.61 bn)
Deficit (P22.12 bn)

GDP



-5.3% (Q1, 2024)
-0.5% (Q2, 2024)
-4.4% (Q3, 2024)

POVERTY



41.7% (1985)
14.3% (2022)

INEQUALITY



64.7% (2004)
53.3% (2015)

INFLATION



1.7 % in December 2024

FOREIGN RESERVES



P53.6 bn (November 2024)

GIA



P1.75 bn (November, 2024)

UNEMPLOYMENT



25.4% (2022)
25.9% (2023)
27.6% (2024)

PUBLIC DEBT



As at December
Total Debt = P71.01 bn
Domestic debt = P44.53 bn
External debt = P26.47 bn

EXCHANGE RATE FRAMEWORK

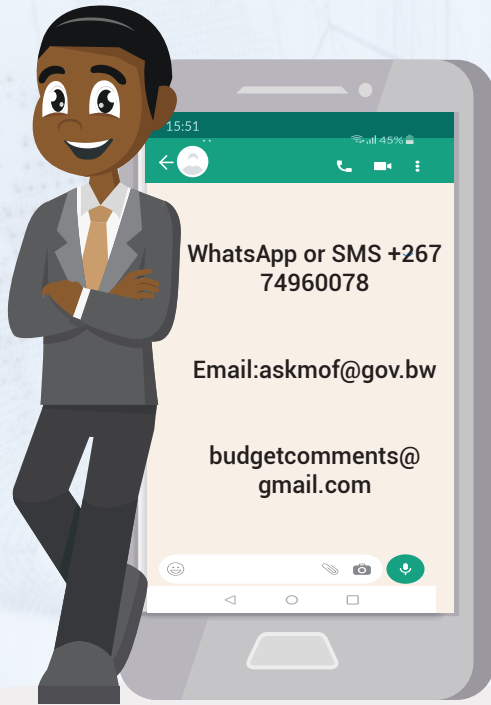


50%South African Rand and 50% SDR
Rate of crawl- 1.51
Trading margin \pm 0.5

BUDGET PROCESS



BUDGET COMMENTS



Infrastructure Development



Support Creative Industry



Transform Education and Health Sectors



Modernise Agriculture Sector



Support Digital Economy



Support Private Sector Development

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