



REPUBLIC OF BOTSWANA

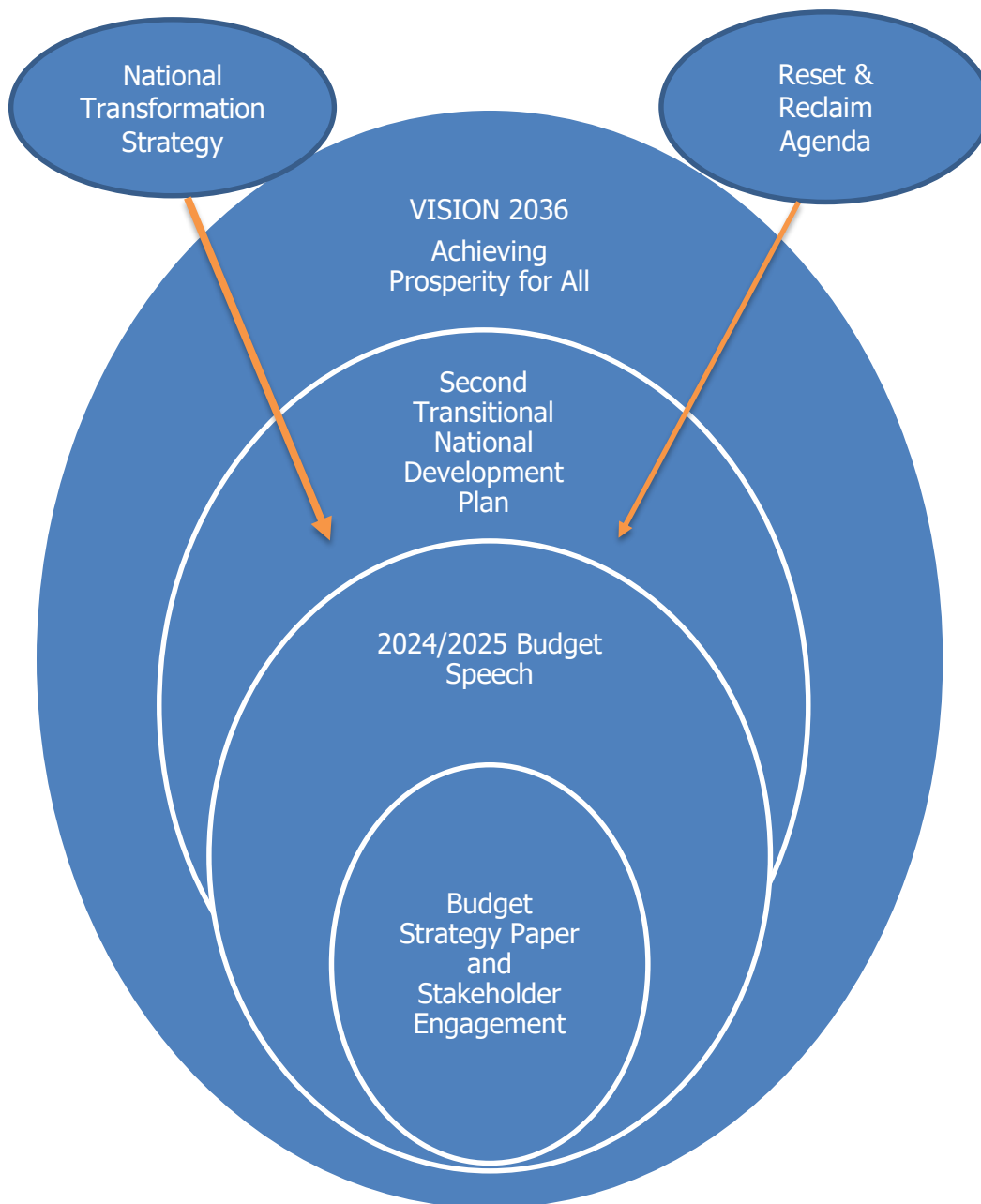
THE 2024/2025 BUDGET-IN-BRIEF

Ministry of Finance
Website: www.finance.gov.bw

05th February 2024

#my budget, #your budget, #our budget

I. INTRODUCTION



- i. Government has set priorities for the 2024/2025 financial year budget derived from the country's Vision 2036, the second TNDP and the National Transformation Strategy.
- ii. 2024/2025 Budget Speech implements the second TNDP and also drive national priorities as outlined in the Reset and Reclaim Agenda.
- iii. The 2024/2025 budget speech is guided by the Budget Strategy Paper and Comprehensive stakeholder consultations.

II. INSIDE THE 2024/2025 BUDGET SPEECH

- The 2024/2025 financial year marks the end of the second Transitional National Development Plan (TNDP) and paves way for National Development Plan 12 (NDP 12).
- The 2024/2025 budget proposals have been significantly increased by **23.5%** compared to the 2023/2024 approved budget.
- The Speech proposes substantial increases in:
 - Sport Development by **317%**;
 - Creative Arts **58.8%**;
 - Research and Development **280.9%**; and
 - Infrastructure Development **33.5%**.
- **20.82 billion** is proposed for *Game-Changing Programmes and Projects of High-Value Strategic Investments*:
 - *Water Supply, Distribution and Sanitation* **P5.43 billion**;
 - *Roads and Rail Transport* **P3.71 billion**;
 - *High-Value Strategic Investments* **P2.64 billion**;
 - *Food Security* **P2.63 billion**;
 - *Temo-Letlotlo* **P2.26 billion**
 - *Thuo-Letlotlo and others* **P362.69 million** and
 - *Research & Development, including Innovation* **P1.1 billion**
- To support the informal sector, a revolving fund, named "**Chema Chema Fund**" with a capital injection of **P200 million Pula** is proposed.
- Government to continue with the Meetings, Incentives, Conferences and Exhibitions (MICE) strategy aimed at positioning Botswana as a world class hosting hub.
- Overall, the need to stimulate growth, create employment and focus on sectors with great potential to transform the lives of Botswana is a central message in the 2024/2025 Budget Speech.

III. BUDGET PARTICIPATION & HIGHLIGHTS OF THE PAST BUDGETS

ACHIEVEMENTS

- i. National budget consultations were conducted outside Gaborone including the inaugural National Youth Pitso.
- ii. The Gender Responsive Public Finance Management Assessment was conducted during the 2022/2023 financial year, to test the adequacy of Government public finance management systems towards gender equality.
- iii. Parliament passed a number of laws to address emerging challenges and financial hardships. These are: Value Added Tax (Amendment) Act, Transfer Duty (Amendment) Act, Banking Act, Retirement Funds (Amendment) Act, Income Tax (Amendment) Act, The Botswana Meat Commission Industry Regulatory Authority Act.
- iv. Special Audit of Tertiary Education Financing activities was Conducted.
- v. Non-Bank Financial Institutions Regulatory Authority Act.
- vi. Tertiary Education Financing tuition fees account was transferred to Ministry of Finance to improve financial management.
- vii. Completion of water supply and sanitation projects.
- viii. Improved access to electricity across the country.
- ix. An expansion in the road network with resultant improvements in traffic flows over the years.

CHALLENGES

- i. COVID-19 pandemic and the Russia-Ukraine conflict disrupted our socio-economic plans.
- ii. Real GDP growth slowed and projected to remain lower than expected.
- iii. Unemployment, income inequalities and abject poverty remain a challenge.

IV. NATIONAL PRIORITIES AND FOCUS FOR FINANCIAL YEAR 2024/2025 BUDGET

The priorities in the 2024/2025 will transform the economy and ensure the creation of sustainable jobs and the elimination of abject poverty.

Infrastructure Development and Spatial Planning

Key Initiatives:

- i. The National Spatial Plan will be central to infrastructure development as an integral part and a foundation for NDP 12.
- ii. A significant development budget of **P17.0 billion** is being proposed, to propel economic growth that facilitates the creation of jobs and attraction of investment.
- iii. Electricity connection fees for low-income households have been reviewed and readymade boxes will be provided for free to households which are not wired.
- iv. Tshele Hills Petroleum Storage, Ikaegeng XTL and Reclamation and treatment of Gaborone wastewater will be implemented using the Public-Private Partnership model.

Sustaining Livelihoods

Key Initiatives:

- i. An overall budgetary provision of **P6.09 billion** is proposed for this priority.
- ii. Social Protection Programmes will continue to be implemented to eliminate absolute poverty and substantially reduce inequalities as well as improve the quality of life of all Batswana.
- iii. Construction, upgrading and maintenance of health facilities as well as improving the rollout and update of healthcare programmes will be undertaken.
- iv. The 2019 Informal Sector Strategy will be reviewed during the 2024/2025 financial year with its implementation expected the same year.

Agriculture Development

Key Initiatives:

- i. A development budget of **P2.82 billion** is being proposed for agriculture development.
- ii. Access roads to production centres will be prioritised to transform the agriculture sector.
- iii. Temo Letlotlo and Thuo Letlotlo programmes will support micro, small, medium and large farmers through financial assistance and provision of inputs.
- iv. Thuo Letlotlo will be launched during the 2024/2025 financial year.
- v. The Ministry of Agriculture will address unsatisfactory agricultural production by releasing land parcels for private investment and farmers use.

Supporting the private sector through Business Environment Reforms and Value-Chain Development

Key Initiatives:

- i. Opportunities in the domestic value chains comprising mineral beneficiation, tourism, food processing, education, agribusiness (horticulture), cattle, small stock, finance and indigenous products will be explored.
- ii. Private sector to participate in the regional value chains and cross border trade presented by the Continental Free Trade Regime.
- iii. A development budget of **P2.11 billion** is proposed to support the private sector.

Research and Development

Key Initiatives:

- i. An Intellectual Property (IP) Motshelo Scheme and an Intellectual Property Ideas Incubation Centre will be established to empower Batswana to own and protect their Intellectual Property assets.
- ii. Development budget of **P1.02 billion** is being proposed for Research and Development programmes to drive research across categories such as mining, minerals and beneficiation, food and agriculture livestock and veterinary research, water, environment and climate change.

Innovation and Digital Transformation

Key Initiatives:

- i. A development budget of **P1.83 billion** is proposed to accelerate the implementation of the Digital Transformation Strategy for Botswana which is spearheaded by SmartBots.
- ii. Implementation of the Village Connectivity programme Phases 2, 3 and 4 will continue.
- iii. 230 online services will be launched by the end of 2025/2026 financial year.

Green Transition

Key Initiatives:

- i. A development budget of **P1.37 billion** is being proposed to augment the existing donor funds to enhance economic resilience and protect livelihoods.
- ii. The Budget will mitigate climate change shocks as well as ensuring adaptation to the emerging adverse situations.
- iii. Botswana will meet obligations to Multi-Lateral Environmental Agreements through the cross sectoral implementation of national action plans.
- iv. Botswana to increase rate of transition from fossil fuels to renewable to 2 percent by 2030.

Education and Human Capital Development

Key initiatives

- i. A budget of **P28.60 billion** comprising recurrent budget of P26.89 billion and development budget of P1.71 billion is proposed for this priority.
- ii. The development of an economy-wide integrated digital Labour Market Information System (LMIS) will ensure that, the Education Sector produces requisite skills for the economy.
- iii. Government will implement some Spill-over projects to enhance the alignment between education qualifications and the evolving demands of the labour market.
- iv. The General Education Curriculum will be reviewed to support outcome-based education in line with Education and Training Sector Strategic Plan.

Tourism Development

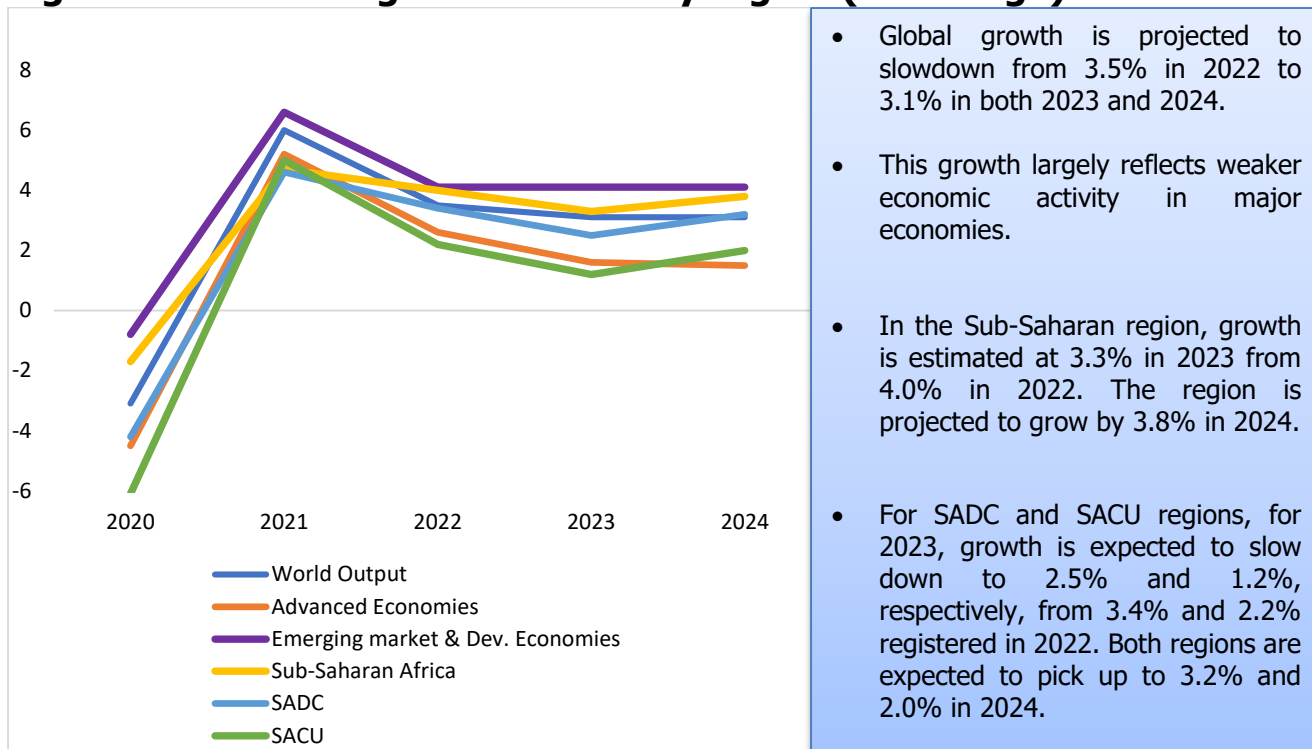
Key initiatives

- i. Implementation of the planned National Tourism Strategy and Master Plan will be prioritised.
- ii. Budgetary provisions have been made to continue upgrading infrastructure in the Kasane-Kazungula Tourism Areas.
- iii. Entrance gates at Khawa and Tsetseng will be constructed as a way of improving infrastructure in protected areas for tourist attraction purposes.
- iv. New tourism sites will be made available to support tourism land ownership by citizens in the Kasane - Kazungula Tourism area.

V. MACROECONOMIC PERFORMANCE AND OUTLOOK

a. Global Economy

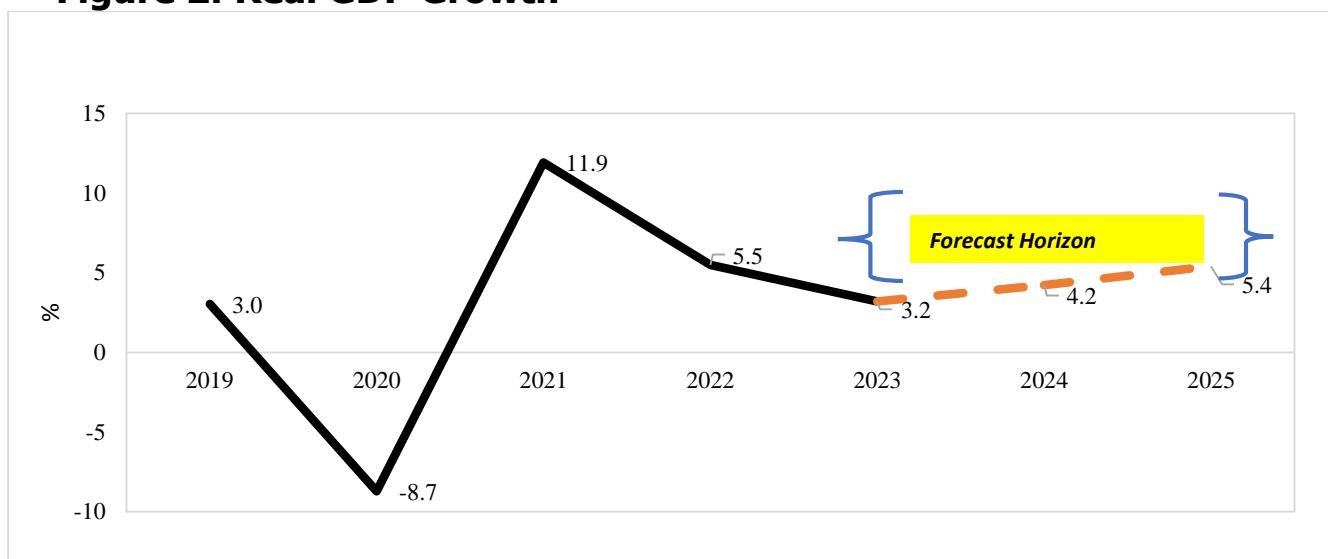
Figure 1: Economic growth trends by region (% change)



Source: IMF, World Economic Outlook update, January 2024

b. Domestic Economic Developments

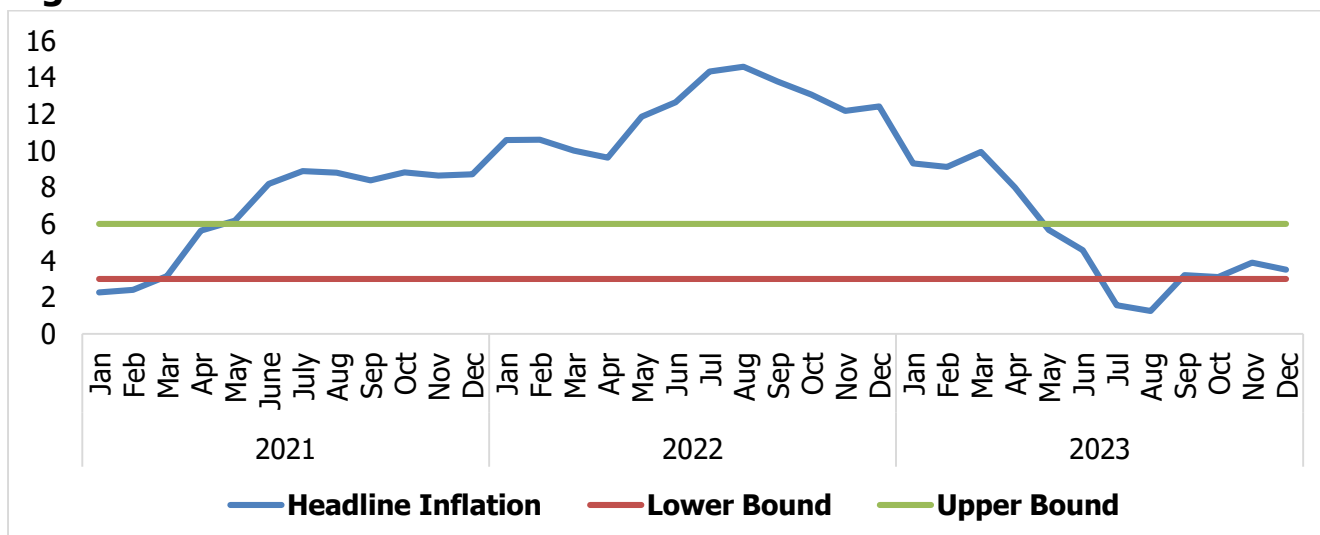
Figure 2: Real GDP Growth



Source: Statistics Botswana, Ministry of Finance, 2024

Real GDP is estimated at **3.2%** in 2023, from an earlier projection of **3.8%**, due to weak mining activity in the year. Growth is projected at **4.2%** and **5.4%** in 2024 & 2025, respectively.

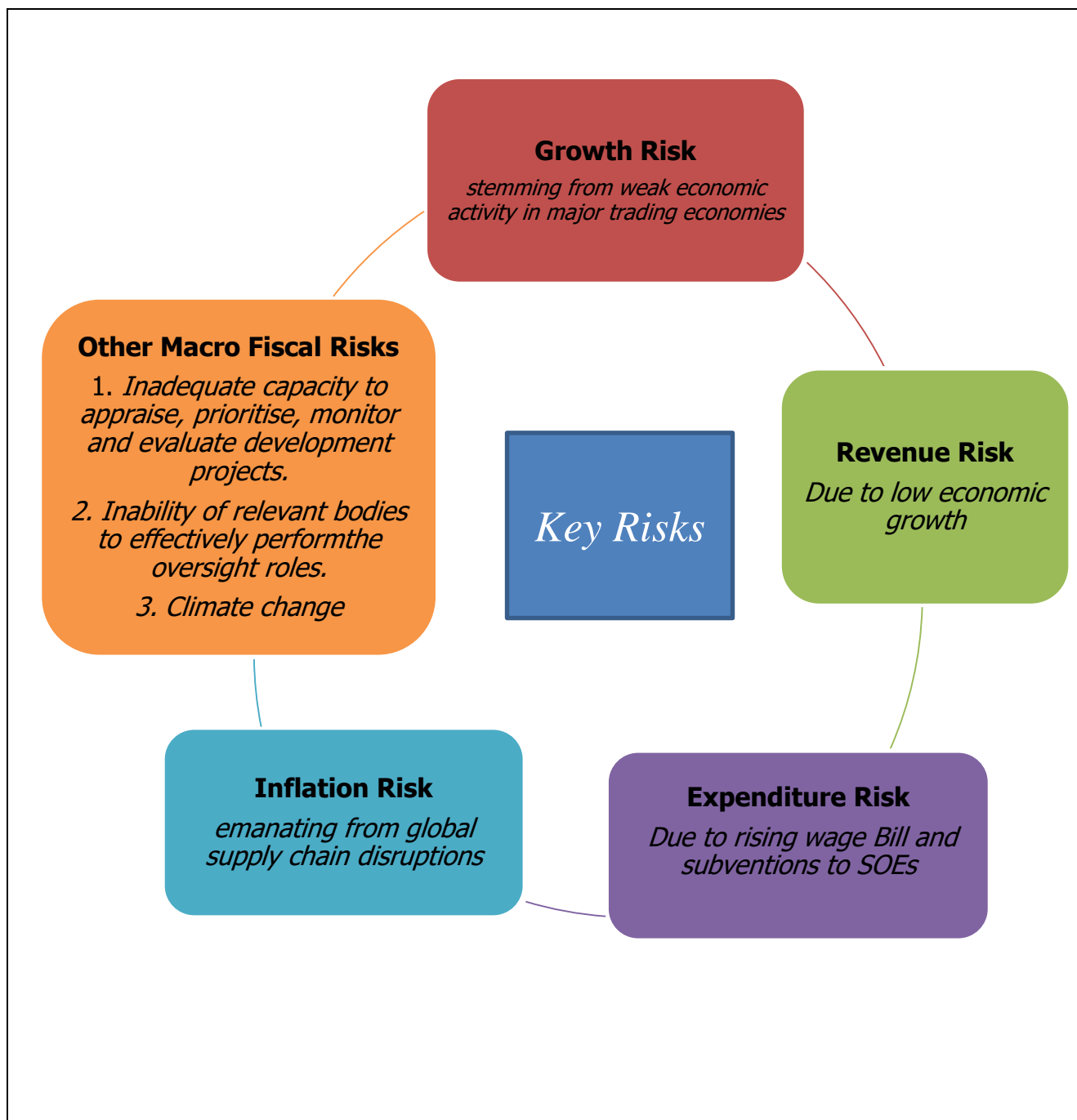
Figure 3: Consumer Price Inflation



Source: Statistics Botswana, Bank of Botswana, 2024

- i. In 2023, annual inflation reverted to the Bank of Botswana (BoB)'s objective range of 3 - 6%, following record-high peaks in 2022.
- ii. Annual inflation reached 3.5% in December 2023 compared to 12.4% recorded in 2022.
- iii. This was due to fading effects of increases in domestic fuel prices as global energy prices reduced.
- iv. In response to low inflation, the BoB reduced the Monetary Policy rate from 2.65% to 2.4% in December 2023.
- v. Inflation is expected to remain within the Bank of Botswana's objective range in the short to medium term.

VI. Risks to Macro-Fiscal Profile



Source: Ministry of Finance, 2024

Policy Responses and Mitigation

- Response: Effective policy measures and mitigation efforts are imperative.*
- Action: Enhance economic competitiveness and diversify the economy to bolster resilience against external shocks.*

VII. FISCAL STRATEGY

Sustained Revenue Maximisation

- Implementation of Electronic Invoicing (E-Billing) to ensure efficient VAT collection.
- Digital marking and tracking of excisable goods to be implemented in July 2024.
- One-Stop Border Post Model
 - Kazungula Border Post complete
 - Mamuno operations are scheduled for May 2024.
 - Construction of facilities for Pioneer Gate (Lobatse) to be completed in June 2024.

Debt Management

- i. The Government Borrowing Strategy and Issuance Calendar for financial year 2023/2024 launched in June 2023.
- ii. A three-year Medium-Term Debt Management Strategy to be implemented during the 2024/25 financial year.

Government's Net Financial Asset Position

Government remain committed to its medium-term objective of rebuilding the financial buffers

Public Expenditure Reforms

Three Stage Appraisal Process to strengthen project screening for projects earmarked for NDP 12.

Nine (9) Development Manager Agreements signed to manage 143 projects

Tax Reforms

Review of tax laws firmly on course and remains a priority.

Source: Ministry of Finance, 2024

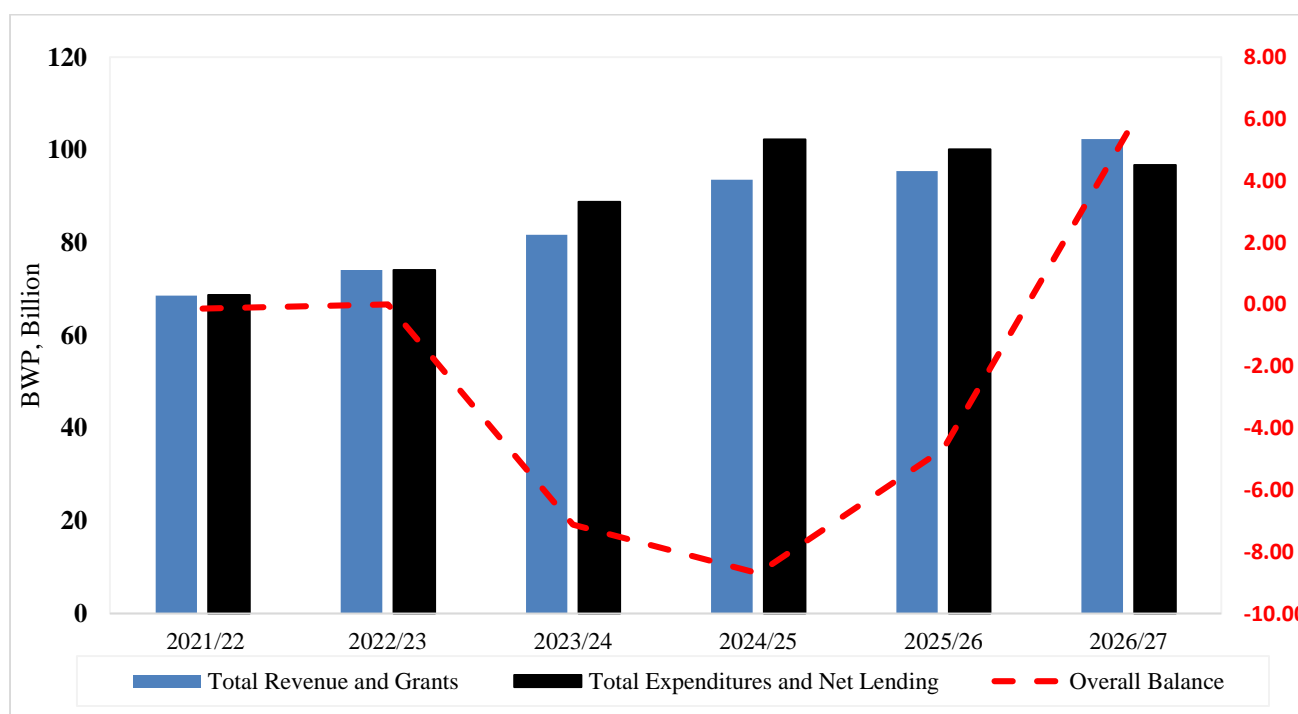
VIII. 2022/2023 BUDGET OUTTURN

- i. Total Revenues and Grants: P74.10 billion (see Figure 2).
- ii. Total Expenditure and Net Lending: P74.10 billion
- iii. Overall budget deficit: 1.27 million or 0.0 percent of GDP.

IX. 2023/2024 REVISED BUDGET ESTIMATES

- i. Total Revenues and Grants: P81.67 billion.
- ii. Total Expenditure and Net Lending: P88.79 billion.
- iii. Overall budget deficit: P7.13 billion

Figure 4: Budget Performance & Outlook



Source: Ministry of Finance, February 2024

X. 2024/2025 BUDGET PROPOSALS

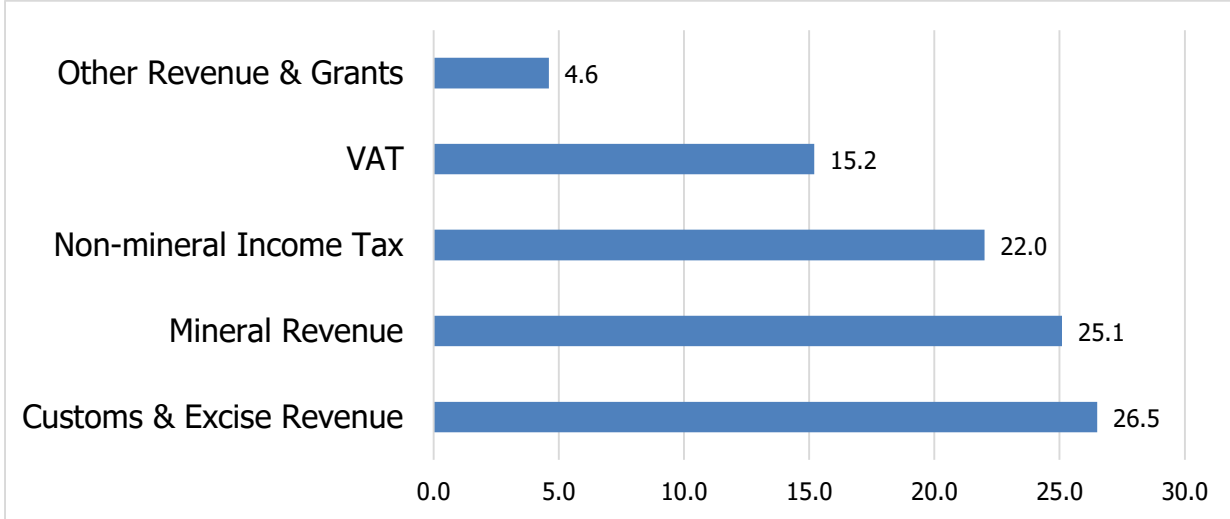
- i. Total Revenues and Grants: P93.58 billion.
- ii. Total Expenditure and Net Lending: P102.28 billion.
- iii. **Overall Budget deficit: P8.69 billion, or 2.8 percent of GDP**

XI. Government Financing Strategy

The 2024/2025 budget deficit will be financed through a combination of:

- i. Moderately drawing down on Government Investment Account (GIA);
- ii. Using part of the fiscal savings, special funds savings; and,
- iii. Borrowing through the issuance of new instruments, such as inflation linked bonds and green bonds, among others.

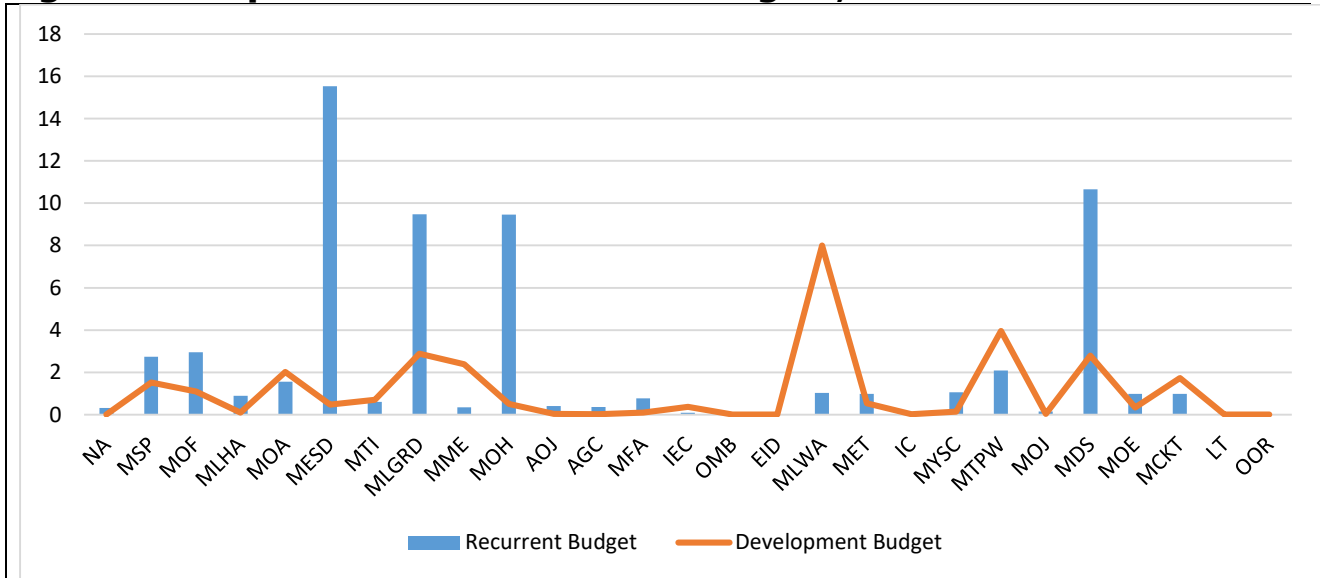
Figure 5: 2024/2025 Estimated Sources of Revenue, (BWP Billion)



Source: Ministry of Finance, February 2024

- Customs and Exercise revenue and Mineral Revenue are estimated to contribute about P52.0 billion of the estimated Total revenue of P93.5 billion.
- The remainder of the Total Revenue and Grants (P41.7 billion) are expected from domestic revenue sources.

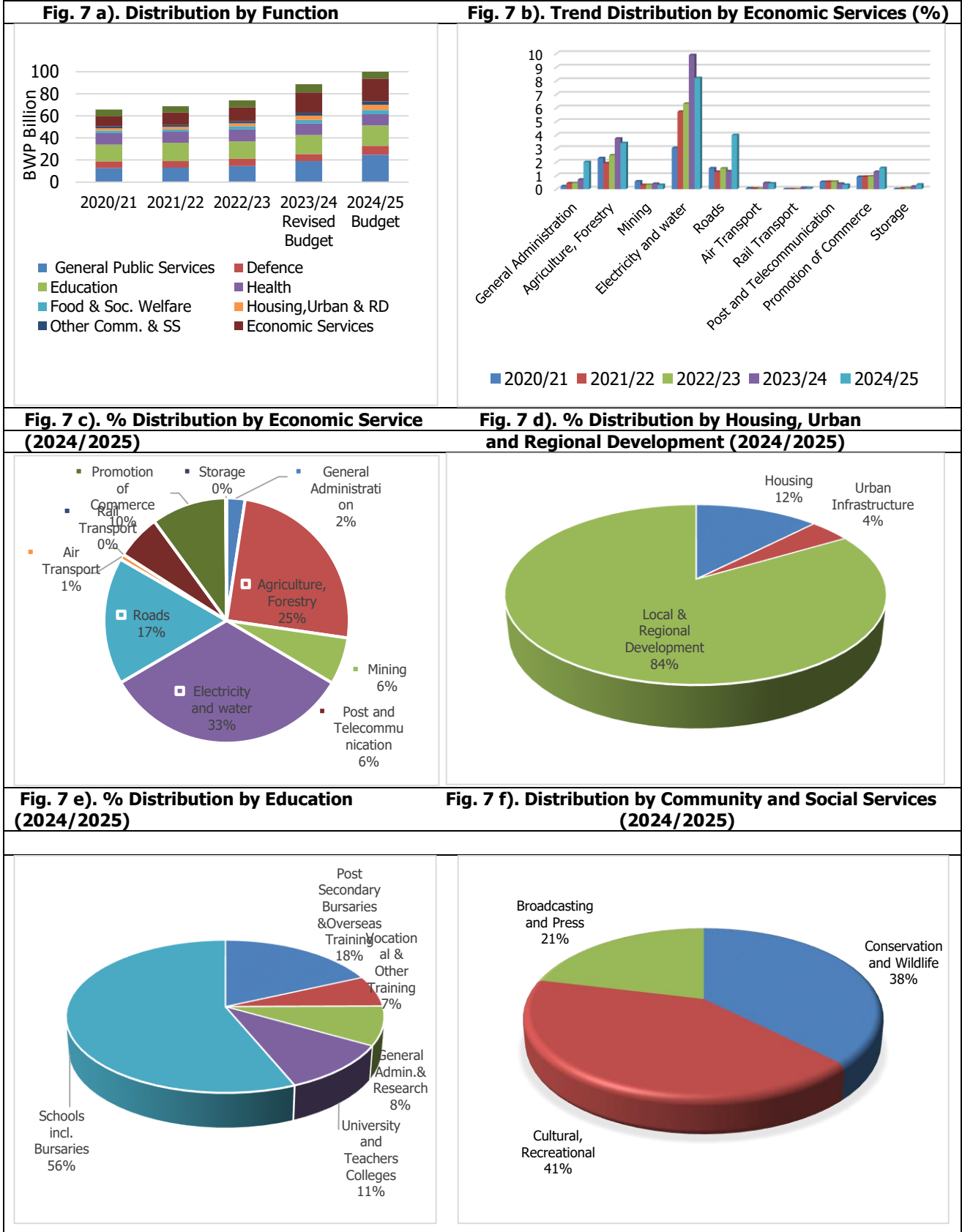
Figure 6: Proposed Ministerial Total Budgets, BWP Billion



Source: Ministry of Finance, 2024

- i. The Ministry of Education and Skills Development, Ministry of Defence and Justice, Ministry of Local Government and Rural Development as well as the Ministry of Health are allocated the largest share of recurrent budget, respectively.
- ii. The largest share of proposed development budget goes to the following Ministries; Ministry of Lands and Water Affairs, Ministry of Transport and Public Works, Ministry of Local Government and Rural Development, Ministry of Defence and Justice, Ministry of Minerals and Energy, Ministry of Agriculture, Ministry of Communications, Knowledge and Technology and Ministry for State President.

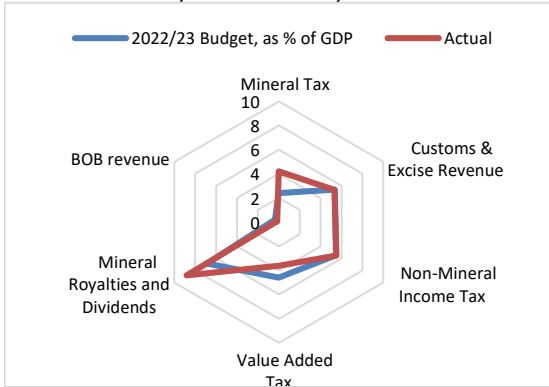
Figure 7: Functional Classification of Expenditure



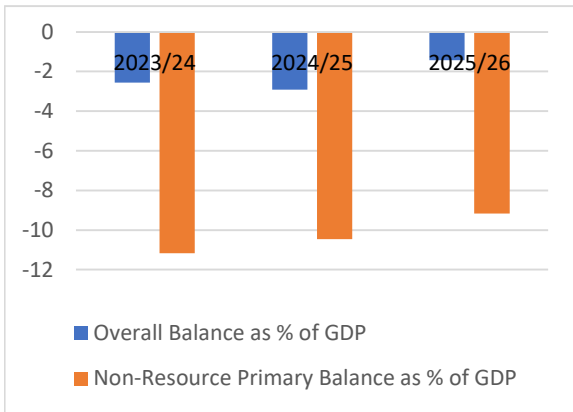
Source: Ministry of Finance, February 2024

Figure 8: Medium term Projections

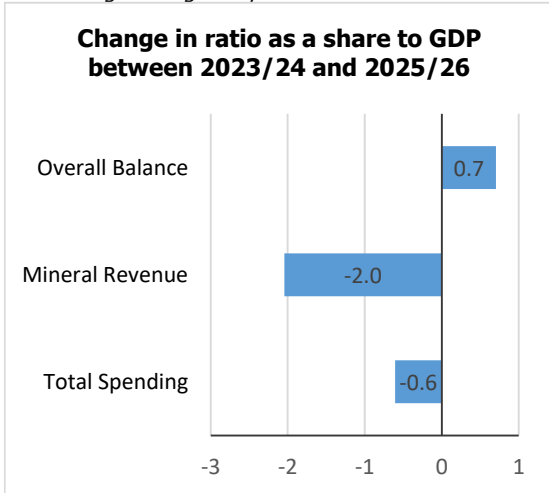
Despite higher receipts in FY2022/23, Government budget continued to be exposed to volatility in revenue sources



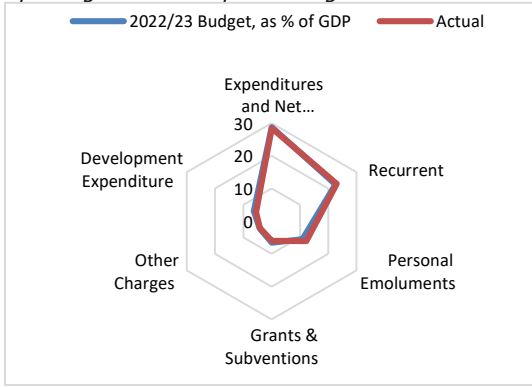
Narrowing deficits and surpluses are projected over the medium term, but non-resource primary balance indicates large deficits throughout



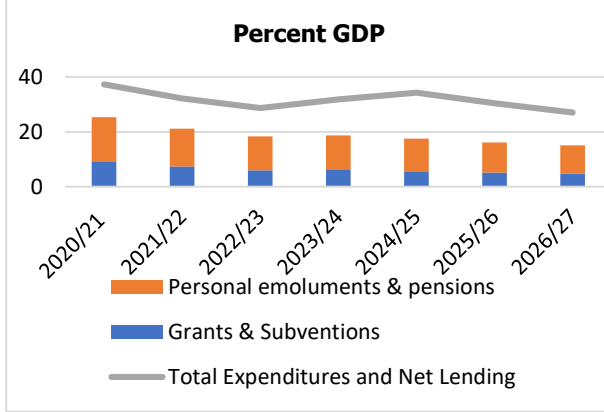
As indicated, containing expenditure growth can help offset against falling mineral revenue, contributing to budget surpluses



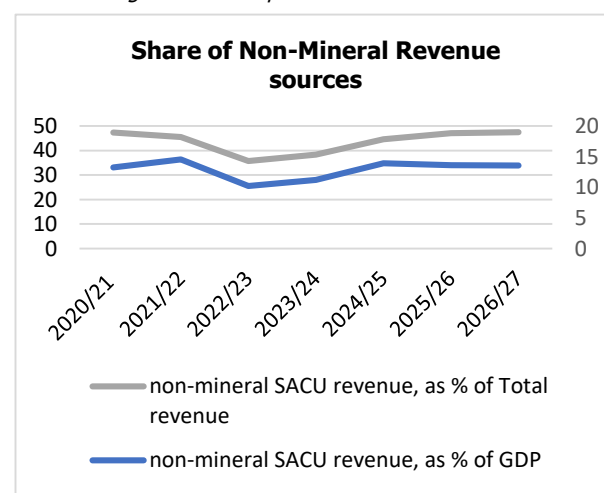
...while expenditure remained broadly stable, except for under-spending in the development budget



...there is therefore need to accelerate fiscal consolidation plan especially through reducing the ratio of wages to GDP and transfers to SOEs



Expanding growth of other revenue sources, which are generally flat can also provide a cushion against falling mineral receipts



Source: Ministry of Finance, February 2024

ANNEX 1

Table 1: Real GDP Growth rates (%) by Sector, (2021-2025)

	2021		2022		2023		2024		2025	
	Actuals		Actuals		Estimate		Projections		Projections	
Agriculture, Forestry & Fishing	-1.0	1.2	1.2	1.7	3.9	4.3				
Mining & Quarrying	29.8	7.6	7.6	2.5	-2.5	5.8				
Manufacturing	8.1	8.2	8.2	2.4	3.4	7.5				
Water & Electricity	9.6	48.9	48.9	10.3	42.9	13.1				
Construction	6.5	3.2	3.2	3.5	8.5	4.9				
Wholesale & Retail	14.3	5.8	5.8	4.6	7.1	6.9				
Diamond Traders	88.3	15.0	15.0	-19.2	-0.4	22.0				
Transport & Storage	5.9	4.1	4.1	4.5	4.8	5.0				
Accommodation & Food Services	-1.5	4.3	4.3	5.1	6.6	5.6				
Information & Communication Technology	4.4	5.6	5.6	4.6	5.1	6.5				
Finance, Insurance & Pension Funding	0.6	1.9	1.9	4.5	5.2	4.9				
Real Estate Activities	7.9	3.6	3.6	4.8	5.2	5.4				
Professional, Scientific & Technical Activities	6.8	3.0	3.0	4.1	4.9	4.5				
Administrative & Support Activities	8.9	3.7	3.7	4.0	3.8	3.5				
Public Administration & Defence	4.5	4.5	4.5	5.1	5.3	1.5				
Education	1.9	4.6	4.6	4.5	4.6	4.6				
Human Health & Social Work	6.2	4.0	4.0	3.3	4.8	5.1				
Other Services	4.6	2.4	2.4	3.7	3.5	3.2				
Total Value Added, Gross	12.0	5.8	5.8	3.2	4.2	5.4				
Adjustments items (Taxes less subsidies)	9.2	-3.4	-3.4	3.1	4.1	5.2				
Total GDP	11.9	5.5	5.5	3.2	4.2	5.4				
GDP excluding Mining Value added	7.9	4.9	4.9	3.4	6.0	5.3				

Source: Ministry of Finance, February 2024

Table 2: Medium Term Fiscal Framework, 2020/21-2025/26 (Million Pula and Percent)

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Total Revenue and Grants	68 570	74 098.20	81 668.71	93 583.56	95 424.58	102 355.26
Mineral Revenue	23 244	33 814.53	26 457.19	25 190.95	28 019.33	29 678.25
Customs & Excise Revenue	14 148	13 845.26	23 929.73	26 710.69	22 546.33	24 117.96
Non-mineral Income Tax	12 539	14 319.49	15 910.24	21 997.26	23 572.55	25 508.84
VAT	10 950	9 371.78	12 002.89	15 149.84	16 659.93	18 190.46
BOB Revenue	5 581	425.46	829.00	838.00	700.00	700.00
Other Revenue & Grants	2 108	2 321.68	2 539.67	3 696.82	3 926.44	4 159.74
Total Expenditures and Net Lending	68 698	74 099.47	88 794.44	102 278.40	100 106.13	96 723.53
Recurrent Expenditure	56 920	59 714.48	67 927.89	72 606.24	74 090.01	75 590.80
Personal emoluments & pensions	29 560	31 777.09	35 102.62	35 461.76	35 99.69	36 533.59
Other Charges	10 451	10 769.19	13 543.45	17 750.55	18 549.32	19 384.04
Grants & Subventions	15 746	15 553.02	16 912.47	16 772.52	17 024.11	17 279.47
Interest payments	1 164	1 615.18	2 369.35	2 621.41	2 522.89	2 393.69
Development Expenditure	11 863	14 280.70	21 007.86	29 765.82	26 108.99	21 224.83
Net Lending	-85	104.29	-141.31	-93.66	-92.87	-92.09
Overall Balance	-128	-1.27	-7 126	-8 695	-4 682	5 632
Overall Balance as % of GDP	-0.1%	0.0%	-2.6%	-2.9%	-1.4%	1.6%
Non-Resource Primary Balance	-22 208	-32 200.62	-31 213.57	-31 264.38	-30 177.99	-21 652.84
<i>Non-Resource Primary Balance as % of GDP</i>	<i>-10.4%</i>	<i>-12.4%</i>	<i>-11.2%</i>	<i>-10.5%</i>	<i>-9.2%</i>	<i>-6.0%</i>
GDP at current prices	214 112	258 872.64	279 331.47	299 063.53	329 456.68	358 041.61
FINANCING	128	1.27	7 126	8 695	4 682	-5 632
External Loans	5 053	697	7 253	162	162	0
Internal Loans	12 799	13 464	15 584	21 275	10 000	7 450
Less Amortisation (External)	-1 531	-1 712	-1 778	-1 817	-2 291	-2 004
Less Amortisation (Internal)	-9 952	-9 836	-12 585	-8 217	-7 013	-7 000
IMF Transactions	134	-108	-250	-90	-80	-80
Pension Liability Service Fund	0	0	0	0	0	0
Other Financing	217	-1 688	-10	-10	-10	-10
Change in Cash Balances*/Government's Net worth	-6 593	-815	-1 089	-2 608	3 914	-3 988
(*): Minus denotes an increase in cash balances.						

Source: Ministry of Finance, February 2024

Table 3: GDP and Summary Government Budget 2021/22-2026/27 (Million Pula and Percent)

	FY	2021/22	2022/23	2023/24	2024/25 Projections	2025/26	2026/27
GDP	GDP, current prices, FY	214 112	258 872	279 331	299 063	329 456	358 041
Budget	Revenues & Grants	68 570.4	74 098.2	81 668.7	93 583.6	95 424.6	102 355.3
	Total Expenditure & Net Lending	68 698.3	74 099.5	88 794.4	102 278.4	100 106.1	96 723.5
	Overall Balance	-127.89	-1.3	-7 125.7	-8 694.8	-4 681.6	5 631.7
Share of GDP	Revenues & Grants	32.0%	28.6%	29.2%	31.3%	29.0%	28.6%
	Total Expenditure & Net Lending	32.1%	28.6%	24.1%	24.3%	22.5%	21.1%
	Overall Balance	0.1%	0.0%	-2.6%	-2.9%	-1.4%	1.6%

Source: Ministry of Finance, February 2024

Table 4: Stock of Debt and Guarantees at end Financial Year, (Million Pula and Percent)

Financial Year	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
External Debt	13 282	17 367	18 864	24 340	22 684	20 555	18 551
External Guarantees	6 903	5 635	5 639	5 154	4 648	4 211	4 211
Total External	20 185	23 002	24 503	29 494	27 332	24 766	22 762
Internal Debt	20 424	23 523	27 216	30 214	43 272	46 260	46 710
Internal Guarantees	1 765	1 735	1 701	1 853	1 890	1 919	1 919
Total Internal	22 189	25 258	28 917	32 067	45 162	48 179	48 629
Grand Total	42 374	48 260	53 420	61 561	72 494	72 945	71 391
GDP for FY	176 512	214 112	258 873	279 331	299 064	329 457	358 042
a. External Debt & G. / GDP (%)	11.4	10.7	9.5	10.6	9.1	7.5	6.4
b. Internal Debt & G. / GDP (%)	12.6	11.8	11.2	11.5	15.1	14.6	13.6
c. Total Debt & G. / GDP (%)	24.0	22.5	20.6	22.0	24.2	22.1	19.9

Source: Ministry of Finance, February 2024

Table 5: Government Net Financial Assets¹, end Financial Year (Million Pula and Percent, 2020/2021-2025/2026)

FY	GIA	Internal & External Debt	Debt Guarantees	Total Debt & Guarantees	Loans by Govt(Outstanding)	Net Debt	Net Fin. Assets	GDP	GIA as % of GDP	Net Fin. Assets as % of GDP	Total Debt as % of GDP
	(1)	(2)	(3)	(4)=(2+3)	(5)	(6)=(4)-(5)	(7)=(1)-(6)	(8)	(9)=(1)/(8)	(10)=(7)/(8)	(11)=(4)/(8)
2020/21	4 942	33 706	8 668	42 374	1738	40 636	-35 694	176 512	2.8%	-20.2%	24.0%
2021/22	11 421	40 890	7 370	48 260	1653	46 607	-35 186	214 112	5.3%	-16.4%	22.5%
2022/23	12 236	46 080	7 340	53 420	1757	51 663	-39 427	258 872	4.7%	-15.2%	20.6%
2023/24	13 325	54 554	7 007	61 561	1616	59 945	-46 620	279 331	4.8%	-16.7%	22.0%
2024/25	15933	65 956	6 538	72 494	1522	70 972	-55 039	299 063	5.3%	-18.4%	24.2%
2025/26	12,019	66 815	6 130	72 945	1429	71 516	-59 497	329 456	3.6%	-18.1%	22.1%

Source: Ministry of Finance, February 2024

¹ Government Net Financial Assets represent the total value of public financial assets minus the total value of public sector outstanding liabilities.

