

AFRICA RISK CONSULTING

Botswana Monthly Briefing April 2025

Botswana Summary 4 April 2025

Botswana engages Dubai-based professional services firm, Alvarez and Marsal Middle East, to conduct a forensic audit aimed at uncovering any possible fraud or corruption in government and state-owned spending between 2014 and 2024. Botswana's current financial troubles mainly stemming from a subdued global diamond market are set to worsen as the United States, the largest consumer of diamonds, implements import tariffs which will further dampen consumer demand. Botswana negotiates a new 200 MW firm Power Purchase Agreement (PPA) with South Africa as it continues to face power struggles.

Government appoints Dubai firm to audit Masisi and Khama terms

Botswana has engaged Dubai-based professional services firm, **Alvarez and Marsal Middle East**, to conduct a forensic audit aimed at uncovering any possible fraud or corruption in government and state-owned spending between 2014 and 2024. President **Duma Boko** (2024-present) confirmed the appointment on 20 March after initially announcing the audit in February (see *ARC Briefing Botswana Feb 2025*). Boko said that among others, the audit will seek to uncover instances of financial mismanagement waste, fraud or corruption in government ministries, departments, state-owned enterprises and regulatory authorities. Botswana will pay Alvarez and Marsal \$4.2m for the audit.¹

Boko's **Umbrella for Democratic Congress (UDC)** won the October 2024 election in a surprise election result that dislodged the **Botswana Democratic Party (BDP)** that had been in power for 58 years. The audit will cover the last term of former president **Ian Khama** (2008-2018) and both former president **Mokgweetsi Masisi's** (2018-2024) terms. Botswana has always performed as one of the least corrupt countries in Africa, but that perception has been reversing in recent years.

TI CPI Rankings for Botswana ²					
	2024	2023	2022	2021	2020
Ranking	43/180	39/180	39/180	45/180	35/180
Score	57	59	59	55	60

Boko also announced the setting up of a judicial commission of enquiry to investigate the placement of the state-owned **BCL Mine** and its subsidiaries under liquidation in 2016 to understand the government's decision to close the mine, how the liquidation process was carried out and allegations of capture, corruption and fraud in the public sector organs of state- and state-owned companies.³ Over 5,000 people lost their jobs during the liquidation, a process that is still ongoing.⁴ **South Africa's** former supreme court of appeals judge **Malcolm Wallis** will head the commission.

The appointment of Dubai-based Alvarez and Marsal comes as the Boko administration appears to be looking at new partners in the **Middle East** for new economic opportunities after taking over an

¹ Mmegi, 25 Mar 2025

² Source: Transparency International's [Corruption Perception Index](#). Countries with a low score, nearer to zero, are calculated to be more corrupt than countries with a high score, nearer to 100.

³ Mmegi, 21 Mar 2025

⁴ Sunday Standard, 20 Oct 2016

economy characterised by high unemployment and cashflow challenges. In early March, Boko signed a new contract with Dubai-based business process outsourcing (BPO) provider, **CCI Global** with the company promising to generate thousands of skilled job opportunities in data entry, customer support, IT services, and digital marketing.⁵ Minerals and energy minister, **Bogolo Joy Kenewendo** announced on 24 March that he had signed a government contract with the **National Oil Company of Abu Dhabi (AdNoc)** for the supply of ten million litres of fuel per month, meeting approximately 10% of local demand. Botswana, which uses about 1.3 billion litres of petroleum products per annum, is looking to diversify its supply sources to reduce reliance on South Africa which is currently besieged by the permanent closure of refineries and growing complexity of the product supply and handling infrastructure logistics.

Uncertainty for Botswana as Trump tariffs to deepen diamond woes

Botswana's current financial troubles largely stemming from a subdued global diamond market are set to worsen as the **United States (US)**, the largest consumer of diamonds, is set to implement import tariffs which will further dampen consumer demand. US President **Donald Trump** (2025-present) on 2 April announced global import tariffs ranging from between 10% and 54%, with Botswana attracting a 37% rate.

While Botswana exports a minimum number of diamonds directly to the US, all the countries that buy diamonds from Botswana and ultimately sell them to US customers were hit by the range of tariffs.⁶ The top importers of Botswana's rough diamond production are the **United Arab Emirates (UAE), India, Belgium** and **Israel**. Trump announced tariffs of 10%, 26%, 20%, and 17% respectively on these countries. India is the world's largest hub for diamond cutting and polishing, handling nine out of every 10 diamonds processed globally while the US accounts for nearly \$10 billion, or 30.4%, of India's annual gems and jewellery exports of \$32 billion. Gems and jewellery are India's third-largest export to the US.⁷

Botswana had projected a 2025 recovery in diamond demand, driven by marketing efforts targeting US consumers, including collaborations with 'Gen Z' influencers.⁸ Diamond analyst **Paul Zimmisky** forecast that the US diamond market was set to rebound in 2025, driven by easier year-over-year comparisons and a more favourable macroeconomic environment in the US.⁹ However, tariffs will however disrupt these plans by increasing costs for US jewellers, who may seek alternative suppliers such as lab-grown diamonds or other countries.

Tariffs may exacerbate inflationary pressures and reduce demand for diamonds globally, further straining Botswana's economy and ultimately forcing Botswana to discount rough diamonds to remain competitive, eroding profit margins. Botswana's economy shrunk by 3% last year while the country is posting unprecedented budget deficits of P24.7 billion (\$1.89 billion) for the 2024/2025 financial year. Government has project a P22.1 billion (\$1.63 billion) shortfall for 2025/2026 financial year.

As part of the **Southern African Customs Union (SACU)**, Botswana's revenue-sharing mechanism could also suffer if neighbouring countries like **Lesotho** - hit by a 50% tariff - face economic collapse. South Africa, the main contributor to the SACU revenue pool, is also facing a 30% tariff.

Botswana looks to South Africa as power crisis bites

Botswana is currently experiencing a serious power crisis, with rolling blackouts largely due to a breakdown at the country's main generation plant, the 600MW coal-fired **Morupule B** power station, prompting the country to approach South Africa to reduce its export tariffs in a new 200MW **Power**

⁵ Daily News, 11 Mar 2025

⁶ Rapaport, 3 Apr 2025

⁷ Reuters, 4 Apr 2025

⁸ Generation Z is the generation born between 1997 and 2012

⁹ Diamond World, 17 Dec 2024

Purchase Agreement (PPA). Boko told a community meeting on 31 March that Botswana currently owes South Africa's state-owned power utility Eskom P2.7 billion (\$192m) and that Eskom was threatening to cut Botswana off. Following a meeting between Kenewendo and her South African counterpart **Kgosientsho Ramokgopa** on 3 April the two countries agreed in principle to a new deal at favourable terms.¹⁰

Botswana's peak demand is approximately 640MW, with generation coming from one unit at Morupule B, as well as diesel plants and a new 50MW solar installation. **China's** state-owned **China National Electric Equipment Corporation (CNEEC)** built the Morupule B station at a cost of \$970m but it has repeatedly broken down since commissioning in 2012. This has led to a reliance on diesel generators and imports from South Africa. In the last 13 years Botswana has spent P18.1 billion (\$1.34 billion) on power imports with Kenewendo state that this import bill could have been avoided if the plant worked properly.¹¹

The new South African deal and continued works to do remedial works on the Morupule B plant are part of short-term measures to mitigate the power crisis with stability only expected in June. In the medium to long term, the government is planning a new coal-fired plant to replace the malfunctioning plant with discussions having started towards the procurement of a 615MW baseload coal-fired power station, which is expected to take between 18 and 24 months to deliver.¹²

On 24 March, Kenewendo also unveiled plans to produce 1.5GW from solar energy. The country aims to pull 50% of its electricity consumption from renewable energy by 2030, a revision from the **Integrated Resource Plan's (IRP)** initial target of 15%. Plans for a 200MW solar plant in **Maun (North-West District)** have been increased to 500MW while a 100MW solar plant in **Letlhakane (Central District)** has also been increased to 400MW. Another 400MW solar plant is planned for **Isang (South-East District)**, near **Gaborone**, and these together with the **Mmadinare Solar Cluster (100MW)** and the **Jwaneng Solar Project (100MW)**, will yield a total capacity of 1.5 gigawatts. A Request for Proposals (RFP) for the 1.5GW projects was due to be released by the government on 4 April.

Planner

17 Apr 2025 **Gaborone (Botswana) Bank of Botswana (central bank) Monetary Policy Committee (MPC)** decision

Sep 2025 **Gaborone (Botswana) 2025/26 National budget mid-term review**

Chronology

4 Apr 2025 **Gaborone (Botswana) Daily News.** Health ministry spokesperson **Christopher Nyanga** says the malaria outbreak that began last November following heavy rains has claimed eight lives as of 1 April;

3 Apr 2025 **Gaborone (Botswana) Daily News.** Parliament adopts a policy tabled by acting lands and agriculture minister Dr **Edwin Dikoloti** for Botswana to join other countries in exploring the potential contribution of cannabis to economic diversification as well as medical and scientific use;

2 Apr 2025 **Gaborone (Botswana) Daily News.** **South African** airline, **Airlink** launches its direct **Cape Town-Gaborone** route with the first flight arriving operated by a modern **Embraer 140** regional jet aircraft;

1 Apr 2025 **Gaborone (Botswana) Daily News.** Parliament approves the amendment of the **Wildlife Conservation and National Parks Act** to allow wildlife officers to use arms of war in protecting wild animals threatened by poaching;

¹⁰ Daily News, 4 Apr 2025

¹¹ Daily News, 2 Apr 2025

¹² Bloomberg, 31 Mar 2025

31 Mar 2025 **Gaborone (Botswana)** *Daily News*. Parliament approves a finance ministry to raise a loan amounting to P3 billion (\$222m) from the **Botswana Public Officers Pension Fund (BPOPF)** to address its cash flow challenges;

30 Mar 2025 **Gaborone (Botswana)** *Sunday Standard*. Thousands of employees in the mining industry are expected to lose their jobs as coal mining companies struggle to stay afloat amid depressed export prices;

30 Mar 2025 **Gaborone (Botswana)** *Daily News*. Parliament authorises the government to source a loan not exceeding P1.2 billion (\$88m) from the **United States (US)**-based **International Bank for Reconstruction and Development (IBRD)** for the financing of renewable energy projects;

26 Mar 2025 **Gaborone (Botswana)** *Daily News*. President **Duma Boko** signs an agreement amending the **Southern African Development Community (SADC)** treaty, which paves the way for the transformation of the **SADC Parliamentary Forum (SADC PF)** into a fully-fledged regional parliament;

26 Mar 2025 **Gaborone (Botswana)** *Mmegi*. State-owned airline, **Air Botswana** officially launches its Gaborone to **Durban (South Africa)** route as part of the national airline's ongoing regional expansion efforts;

25 Mar 2025 **Gaborone (Botswana)** *Mmegi*. President **Duma Boko** announces that water tariffs for households will be cut by 30%, while those for government will be increased by 40% to lower the cost of living and economic pressures facing households;

21 Mar 2025 **Gaborone (Botswana)** *Mmegi*. Communications and innovation ministry says it has completed a comprehensive review of the **Electric Mobility Programme** and has submitted key recommendations to cabinet for consideration and strategic guidance;

21 Mar 2025 **Gaborone (Botswana)** *Mmegi*. **Bank of Botswana** (central bank) goes to the market seeking P3.1 billion (\$220m) in debt for government to plug its budget deficits of P24.7 billion (\$1.89 billion) deficit for 2024/2025 financial year and the P22.1 billion (\$1.63 billion) shortfall for 2025/2026;

21 Mar 2025 **Gaborone (Botswana)** *Mmegi*. **United States (US)**-based ratings agency, **S&P Global Ratings** maintains Botswana's long-term and short-term sovereign credit ratings at 'BBB+' and 'A-2' respectively but revises the economic outlook from stable to negative;

20 Mar 2025 **Gaborone (Botswana)** *Daily News*. Transport and infrastructure minister **Noah Salakae** says the **Trans-Kalahari Railway Project** is at the procurement stage of a consultant to undertake a feasibility study;

19 Mar 2025 **Gaborone (Botswana)** *Mmegi*. Health ministry warns the public of a new outbreak of hand, foot, and mouth disease, recording 50 cases across the country;

19 Mar 2025 **Gaborone (Botswana)** *Mmegi*. **Statistics Botswana** figures show that rising food prices were primarily behind the increase in inflation from 2.5% in January to 2.7% in February;

18 Mar 2025 **Gaborone (Botswana)** *Daily News*. Communications and innovation minister **David Tshere** says the **Government Accounting and Budgeting System (GABS)**, which has been encountering challenges over the past few years, has been fixed and is now operating at full capacity;

18 Mar 2025 **Gaborone (Botswana)** *Mmegi*. **Angola** is criticised after it denied entry to several senior African political figures, which included former president **Ian Khama**, set to attend a conference;

16 Mar 2025 **Gaborone (Botswana)** *Daily News* Botswana's historic satellite, the **BOTSAT-1** is successfully launched from the **Vandenberg Space Force Base** in **California (United States)**;

14 Mar 2025 **Gaborone (Botswana)** *Mmegi*. The **Companies and Intellectual Property Authority (CIPA)** is set to relaunch an upgraded online registration system which will reveal beneficial owners of companies, a key step in the fight against fronting and other corrupt practices;

13 Mar 2025 **Gaborone (Botswana)** *Bloomberg*. Botswana's deal to acquire a stake in **Belgian** gem trader **HB Antwerp** — proposed by the previous government but never completed — appears to be in limbo with minerals and energy ministry **Bogolo Joy Kenewendo** saying there are currently no plans to proceed with the deal;

11 Mar 2025 **Gaborone (Botswana)** *Mmegi*. **Statistics Botswana** reports a trade deficit of P37.3 billion (\$2.76 billion) in 2024 which lowered foreign reserves as the decrease in demand for diamonds collapsed exports;

10 Mar 2025 **Gaborone (Botswana)** *Mining Weekly*. **Australia's BHP** announces it will invest \$25.27m in exploration funding aimed at advancing the **Kitlanya East** and **Kitlanya West** copper project of fellow Australian company **Cobre**, with the goal of earning a 75% interest in the projects;

10 Mar 2025 **Gaborone (Botswana)** *Sunday Standard*. Botswana's attempt to raise funds through its first inflation-linked bond has ended in failure with just P220m (\$16.2m) in bids, far short of the P750m (\$55.5m) the government had hoped to secure;

About Africa Risk Consulting:

Africa Risk Consulting (ARC) is a pan-African consulting company that provides timely, relevant information and advice that enables its clients to take informed investment decisions and to safeguard their reputations.

ARC's core consulting services include integrity due diligence and corporate investigations, political advisory and country assessments, opportunity monitoring and reputation risk management. Most relevant to private equity firms is ARC's integrity due diligence and corporate investigations capability. Specifically, ARC offers pre-deal integrity checks to highlight red flags before negotiations start; full detailed multi-jurisdictional reputation due diligence; and supplier and senior hire vetting and repeat due diligence for compliance programmes. ARC is unique in that it offers a 10-day delivery for a routine integrity due diligence. ARC also offers a suite of corporate investigations services from immediate investigation, evidence gathering, e-discovery, forensic accounting and whistle-blower support on one end to crisis media management and regular monitoring on the other.

www.africariskconsulting.com

About ARC Briefing:

ARC Briefing is ARC's essential business information service.

Companies at any stage in their Africa expansion, whether building or communicating an Africa strategy, investing directly, expanding current operations, financing other investors, doing the legal leg-work or researching the Africa growth trend, need ARC Briefing.

ARC Briefing is an information service keeping you:

- Up to date with Country Chronologies of business-critical events
- In the know via Country Briefings on political, economic, business and operating trends. Written in-country, ARC experts analyse and comment
- Ahead with Country Planner which details future elections, budgets, regulatory changes etc.

Getting in touch

Please contact us by email info@africariskconsulting.com

Africa Risk Consulting (ARC) Pty Ltd expressly forbids the collection of information and content from ARC Briefing as data to train generative artificial intelligence models.

© Africa Risk Consulting (ARC)