

## AFRICA RISK CONSULTING

### Botswana Monthly Briefing August 2025

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#### Botswana Summary 6 August 2025

*President Duma Boko (2024-present) gives the United Kingdom-based De Beers an ultimatum to quickly sell its stockpile of diamonds and reopen its mines as the closure of the mines two months ago has halted Botswana's diamond revenue streams. The finance ministry and the Bank of Botswana(BoB) (central bank) adjust the exchange rate, seeking to slow the rundown on foreign exchange reserves, but the policy change has come at a huge cost to both importers and exporters. Botswana falls in the latest global mining attractiveness rankings compiled by Canada's Fraser Institute, with investors flagging increased policy concerns about regulatory duplication and inconsistencies.*

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#### Frustrated Boko gives De Beers an ultimatum

President **Duma Boko** (2024-present) has [given](#) the **United Kingdom**-based **De Beers** an ultimatum to quickly sell its stockpile of diamonds and reopen its mines in Botswana. Pressed by a financial crisis, which has seen the government fail to pay service providers on time, with key services such as the provision of hospital medicines [disrupted](#), Boko is getting frustrated by the low revenues, which have seen him not only unable to fulfil his election promises but have pushed the country into an economic crisis.

De Beers temporarily closed its Botswana mines, where it gets 70% of its global supply, two months ago as it tried to stabilise the global diamond market by restraining supply. Since then, De Beers has been selling its stockpile, thereby reducing its high inventory levels from 2024 production, helping the company stabilise its inventory levels. However, the closure of mines has come at a huge cost to Botswana, as the stoppage of production means there will be no revenue coming for the country. The government is paid when the government and De Beer's joint venture, **Debswana**, through the **Diamond Trading Company Botswana (DTCB)**, sells its production to both De Beers and the state-owned **Okavango diamond company (ODC)**.

Exacerbating these issues, De Beers [posted](#) a loss in the first half of the year as announced by parent company **Anglo American** on 31 July, meaning Botswana, which holds a 15% stake in the diamond giant, will not be getting a dividend as well. Boko has [accused](#) De Beers of not "*doing its job*" of marketing the diamonds and gave the company a deadline of 31 July by which to sell its 12 million carat stockpile and reopen its mines. De Beers did not meet the deadline. It is for this reason that in the current negotiations with Anglo American – which is selling its 85% stake in De Beers - Botswana wants a bigger stake in De Beers, so that it is not only in control of the production but also in the marketing of the diamonds. Mine minister **Bogolo Kenewendo** [says](#) Botswana's move to increase its stake in De Beers is to ensure full control over this strategic national asset and the entire value chain, including marketing.

The government has engaged a **Swiss** investment banker to advise on the transaction, but reports say Anglo American's refusal to meet the advisors has angered Botswana. But Anglo American says it is negotiating with the Botswana government to increase its 15% stake in De Beers ahead of selling the business, which remains the group's preferred route of divestment.

Speaking at the firm's interim results presentation on 31 July, Anglo American's CEO **Duncan Wanblad** [said](#) Botswana would not be offered a discount for an increased stake in De Beers over which the country has a pre-emptive right. Instead, it would pay in line with the value agreed with

third-party buyers, currently being assessed. However, analysts have described Botswana's acquisition as "*far-fetched and improbable*" given the government's fiscal constraints.

### **New policy hurts importers, exporters in bid to protect foreign reserves**

The finance ministry and the **Bank of Botswana (BoB)** (central bank) [announced](#) adjustments to the exchange rate on 10 July, noting that the changes are necessary to increase domestic companies' competitiveness while also looking to protect the country's fast-depleting foreign exchange reserves.

The changes involved an increase in the downward rate of crawl of the pula against the basket from 1.51% a year to 2.76% (an increase of 1.25% a year), and an increase of the trading band for BoB sales and purchases of foreign currency with the banks from 1% to 15% around BoB's quoted mid-rate. These changes did not involve a conventional devaluation, as the small increase in the downward rate of crawl, implemented daily over a year, would not generally be considered to be a devaluation.

However, the dramatic widening of the BoB trading band has made foreign currency purchases from BoB more expensive (by 7%), leading to an increase in import prices, with analysts estimating this will lead to a 4% jump in inflation. Soon after the announcements of the adjustments, several retail outlets [increased](#) their prices by up to 10%, citing the higher costs of securing foreign currency to pay for imports.

However, unlike a conventional devaluation, the changes also penalise exporters, because foreign currency sales to the BoB now receive 7% fewer pula for the value of their **United States (US)** dollars or **South African** rands. In this sense, the changes have all the costs of a devaluation but none of the benefits and entail an anti-export bias, which is the opposite of what Botswana needs.

The finance ministry and centra bank have cited three objectives for implementing the adjustment:

- To manage a depreciation of the pula to address its current overvaluation;
- To move towards a more flexible, market-determined exchange rate and to reduce the rigidity in the current system;
- To slow (or reverse) the rapid decline in the foreign exchange reserves, which threatens economic stability and the stability of the pula.

Economist **Keith Jefferis** says the widening of the band, although resulting in a devaluation for importers, will not contribute to reducing the overvaluation due to its opposite and negative impact on exporters, and the fact that it does not involve a change in the mid-rate of the BoB trading band.

With both importers and exporters being hurt by the new policy, it has become apparent that the sole intention of the adjustments was to [protect](#) the foreign currency reserves, which have now fallen to as little as five months' import cover from Botswana's traditional cover of over 10 months. Preserving foreign exchange reserves has become even more imperative as Botswana is facing a credit ratings review from US-based ratings agency, **Moody's**, in the next two months. A downgrade for Botswana will only add to its woes, as it would result in the country being charged interest rates on its debt.

The changes have stimulated the emergence of a more active interbank foreign exchange market as banks now have an incentive to compete for foreign exchange purchases from exporters (which are relatively scarce) by offering more attractive rates than BoB and will then sell either to other banks or to importers. The BoB seems to believe that the banks are sitting on large amounts of foreign currencies, and that these changes will somehow 'unlock' and reduce pressure on the reserves.

Already, the central bank says it has seen some positive results as banks have significantly reduced their request for foreign exchange from BoB from as high as P1.2 billion (\$88.8m) worth of foreign currency per week to as little as P260m (\$19.3m) per week. On the downside, the central bank now [expects](#) to adjust its inflation forecast upwards for the year at the next **Monetary Policy Committee (MPC)** sitting on 21 August, citing the results of higher imported inflation due to the exchange rate adjustments.

## Botswana slides in mining attractiveness rankings

Botswana has fallen in the latest global mining attractiveness rankings compiled by **Canada's Fraser Institute**, with investors flagging increased concerns about regulatory duplication and inconsistencies. The **Fraser Institute Annual Mining Survey Report** for 2024 [shows](#) that Botswana has been overtaken by **Morocco** as the most attractive mining investment destination in Africa, while on a global scale it now lies 20<sup>th</sup> out of 82 countries after ranking 15<sup>th</sup> out of 86 in 2023 (*see ARC Briefing Botswana Jun 2024*). The investment attractiveness index is a composite index that combines both the **Policy Perception Index (PPI)** and results from the **Best Practices Mineral Potential Index**. The index is weighted 40% by policy and 60% by mineral potential.

This year, Botswana's PPI fell to 73.74 from 76.87 last year but is still the highest-ranked jurisdiction in Africa, ranking 14<sup>th</sup> in 2024, after ranking 4<sup>th</sup> in 2023. The decrease in Botswana's PPI score reflects increased concerns about regulatory duplication and inconsistencies (+26 points), security (+24 points), and its legal system (+20 points). On the mineral potential index, Botswana's score remained unchanged at 66.67 points, lower than countries such as the **Democratic Republic of Congo** (73.57), **Zambia** (75), **Zimbabwe** (70), and Morocco (77.27).

On this year's survey, Morocco [is](#) the most attractive jurisdiction in Africa for investment despite its PPI score decreasing by 15.69 points this year compared to last, placing it 28<sup>th</sup> in 2024 after ranking 12<sup>th</sup> in 2023. South Africa decreased its policy score by more than 20 points and dropped to 70<sup>th</sup> after ranking 64<sup>th</sup> in 2023. Investors expressed increased concern over South Africa's political stability (+34 points), socioeconomic agreements (+32 points), and its geological database (+31 points). After Morocco and Botswana, the other countries in the top five most attractive mining destinations in Africa are **Namibia**, **Zambia**, and **Tanzania**.

The latest survey, conducted between August and December 2024, collected responses from 350 mining executives and managers worldwide. Together, their companies reported spending over \$6 billion on exploration activities in 2024.

## Planner

21 Aug 2025 **Gaborone (Botswana)** Monetary Policy Committee (MPC) decision  
 Sep 2025 **Gaborone (Botswana)** 2025/26 National budget mid-term review

## Chronology

4 Aug 2025 **Gaborone (Botswana)** *Mmegi*. Health ministry warns of a worsening public health crisis due to financial constraints causing severe shortages of essential medicines, medical supplies and resources;

4 Aug 2025 **Gaborone (Botswana)** *Mmegi*. Trade and entrepreneurship ministry announces new heads at four state-owned enterprises, including the **Citizen Entrepreneurial Development Agency (CEDA)**, the **Local Enterprise Authority (LEA)**, the **Companies and Intellectual Property Authority (CIPA)**, and the **Botswana Development Corporation (BDC)**;

4 Aug 2025 **Gaborone (Botswana)** *Sunday Standard*. Government halves travel budgets and extends a ban on new purchase orders amid a severe revenue shortfall caused by plummeting diamond sales, confirming that the austerity measures will take immediate effect and remain in force until December 2025, when the situation will be reassessed;

3 Aug 2025 **Gaborone (Botswana)** *Sunday Standard*. **Bank of Botswana** (central bank) raises P2.571 billion (\$190.4m) in its latest debt auction, falling short of its P3.2 billion (\$237.23m) target as investors demanded sharply higher yields across Treasury bills and bonds;

3 Aug 2025 **Gaborone (Botswana)** *Sunday Standard*. **United States (US)** reduces tariffs on Botswana exports from a proposed 37% to 15%, offering partial relief to the diamond-dependent economy amid global market pressures;

2 Aug 2025 **Gaborone (Botswana)** *Mmegi*. Botswana implements restrictions on importing cement, from 1 August, to boost local production and strengthen the value chain;

30 Jul 2025 **Gaborone (Botswana)** *Daily News*. President **Duma Boko** says government is considering a comprehensive constitutional review due to pressure from society and a constitutional court would be established before the start of the review;

30 Jul 2025 **Gaborone (Botswana)** *Mmegi*. **BBS Bank's** share price rises by 40% in the first half of 2025, making it the top performer on the **Botswana Stock Exchange**, following a strong 2024 where it recorded its first-ever profit;

30 Jul 2025 **Gaborone (Botswana)** *Mining Weekly*. Diamond exploration company, **Botswana Diamonds**, secures four prospecting licences in Botswana, marking a significant milestone achieved through an innovative AI-driven exploration programme;

29 Jul 2025 **Gaborone (Botswana)** *Mmegi*. **Public Accounts Committee** questions permanent secretary to the president **Emma Peloetletse** over allegations of rampant corruption in the civil service under her watch;

27 Jul 2025 **Gaborone (Botswana)** *Sunday Standard*. Government institutes a freeze on new employment across all ministries and government departments as the country grapples with a deepening financial crisis;

25 Jul 2025 **Gaborone (Botswana)** *Mmegi*. **Botswana Meat Commission (BMC)** says it has noted keen interest in its products from the **Middle East**, parts of **Southeast Asia**, and countries such as the **Democratic Republic of Congo (DRC)** and **Nigeria**;

25 Jul 2025 **Gaborone (Botswana)** *Mmegi*. **Competition and Consumer Authority (CCA)** says it has dispatched teams to monitor price movements around the country's businesses, in the wake of increases linked to the recent adjustment of the pula exchange rate framework;

25 Jul 2025 **Gaborone (Botswana)** *Mmegi*. **Botswana Stock Exchange (BSE)** hit records in terms of the value of shares bought and sold in the first six months of 2025, with turnover rising nearly six times when compared to the same period last year, despite the broader slowdown in the economy;

23 Jul 2025 **Gaborone (Botswana)** *Mmegi*. Faced with falling diamond revenues and rising expenses, Botswana is increasingly relying on quarterly **Southern African Customs Union (SACU)** transfers to fund its operations, an approach the finance ministry warns is unsustainable;

23 Jul 2025 **Gaborone (Botswana)** *Mmegi*. President **Duma Boko's** party, the **Botswana National Front**, holds its 60<sup>th</sup> national congress, during which Boko urges members to remain humble and focused after electoral success, warning against complacency and internal divisions;

21 Jul 2025 **Gaborone (Botswana)** *Bloomberg*. **United States-based Citigroup Inc.** warns that Botswana may be forced to devalue its currency again as the country grapples with falling diamond revenues, the backbone of its economy;

18 Jun 2025 **Gaborone (Botswana)** *Daily News*. President **Duma Boko** concludes his three-day working visit to **Lesotho** by attending the 62<sup>nd</sup> birthday of **King Letsie III**;

16 Jul 2025 **Gaborone (Botswana)** *Mmegi*. **Statistics Botswana** reports the annual inflation rate increased slightly to 2% in June, from 1.9% in May;

15 Jul 2025 **Gaborone (Botswana)** *Sunday Standard*. President **Duma Boko** says Botswana's cattle population has dropped to about 1.1 million, raising alarm over food security and the future of the beef industry;

15 Jul 2025 **Gaborone (Botswana)** *Daily News*. Members of Parliament unanimously approve the **Employment and Labour Relations Bill** with a strong call for stricter enforcement of labour laws through regular inspections of workplaces across the country;

8 Jul 2025 **Gaborone (Botswana)** *Daily News*. **Botswana Unified Revenue Service (BURS)** officially opens the 2025 individual income tax filing season and is urging individual taxpayers to file their tax returns for the year ended 30 June;

4 Jul 2025 **Gaborone (Botswana)** *Mmegi*. **Statistics Botswana** indicates the economy contracted by 0.3% in the first three months of the year, continuing its depressed performance seen in the prolonged diamond downturn, but signs of stability are emerging in key sectors;

### About Africa Risk Consulting:

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