

AFRICA RISK CONSULTING

Botswana Monthly Briefing November 2025

Botswana Summary 19 November 2025

The Umbrella for Democratic Change (UDC) secures a victory in the Kgalagadi South constituency by-election, a significant win for the party and the under-pressure new government, which has failed to deliver on election promises due to a sharp economic downturn. The Bank of Botswana (central bank) hikes its main policy rate by 160 basis points to try to narrow the gap with market lending rates. President Duma Boko (2024-present) insists that Botswana aims for a majority stake in the United Kingdom-headquartered De Beers, despite earlier signs that the country was willing to negotiate and settle for a joint bid with Angola.

UDC government passes test in first by-election

The ruling **Umbrella for Democratic Change (UDC)** secured victory in the **Kgalagadi South** constituency by-election held on 15 November, a significant win for the party and the new government. The member of parliament seat became [vacant](#) after the passing of area MP, Dr **Micus Chimbombi**, in July.

The returning officer of the by-election, **Levis Thupa**, confirmed that UDC candidate **Tokyo Modise** [emerged](#) as the winner after receiving 6,766 votes, placing the UDC well ahead of its competitors. In second place was **Diana Kaartz** of the former ruling **Botswana Democratic Party (BDP)** with 3,926 votes. She was followed by **Tshepang Brooks** of the **Botswana Congress Party (BCP)**, who secured 946 votes, while **Phenyo Sedimonyane** of the **Botswana Patriotic Front (BPF)** garnered 99 votes, and independent candidate, **Kavari Kapeko**, won 116 votes.

This was the first by-election since the October 2024 general election and observers viewed it as more than just a local contest, but also an early referendum on the UDC's performance in government under President **Duma Boko** (2024-present). The UDC's 2024 victory was widely celebrated as a landmark moment in Botswana's democratic evolution. After years of growing frustration over unemployment, inequality, and perceptions of complacency within the BDP, voters opted for change. The UDC rode a wave of public optimism, propelled by campaign promises to revive the economy, tackle corruption, and create opportunities for young people.

However, a year in, Boko's government has faced a [harsh](#) economic reality, with Botswana's growth prospects hampered by a global downturn in the diamond market - the backbone of the country's economy. Falling diamond demand has meant reduced export earnings, sluggish government revenues, and delayed implementation of key UDC promises. The government's [struggle](#) to deliver visible improvements has sparked murmurs of discontent, particularly among youth and rural voters who were central to the UDC's 2024 victory.

In Kgalagadi South, a largely rural constituency with deep economic challenges, these frustrations are especially pronounced as many residents continue to grapple with unemployment, drought, and poor infrastructure, and the sense of urgency that defined last year's election has not been matched by tangible progress. For the BDP, the by-election presented an opportunity to reassert its presence and test the political scape for a possible resurgence. However, the UDC managing to retain the seat signals that Botswana still have faith in Boko's leadership or that they understand the government needs more time to stabilise the economy and fulfil its commitments. While not a decisive shift in parliamentary power, the outcome still carried significant political weight for the UDC.

Central Bank finally hikes policy rate as market rates rise

The **Bank of Botswana (BoB)** (central bank) on 30 October [hiked](#) its **Monetary Policy Rate (MoPR)** by 160 basis points to 3.5%, after holding the policy rate at 1.9% for nearly three years, trying to narrow the gap with market lending rates, which have been driven higher by a liquidity squeeze caused by an economic slump.

In recent months, interest rates in the banking system and in the capital market have become detached from the MoPR as commercial banks increased interest rates despite the central bank maintaining its key policy rate at 1.9%. While the central bank criticised banks for raising interest rates independently of changes in monetary policy, analysts pointed out that this criticism was misplaced, as it was the government and its [heavy](#) borrowing demands that were pushing up interest rates, and the banks were merely responding.

It was in recognition of this disconnect that the central bank finally raised the MoPR by 1.6%, but it again [warned](#) commercial banks not to respond to this increase by adjusting their lending rates. Central bank governor **Cornelius Dekop** noted that the increase in the key rate was not a signal of monetary policy tightening but a recalibration to amplify the impact of the related liquidity support measures towards enabling market and balanced distribution of liquidity.

The central bank had deliberately tried to keep interest rates at historically low levels, aiming to stimulate borrowing, investment, and consumption in an economy reeling from a prolonged downturn in the global diamond market. However, this well-intentioned policy was hitting a significant barrier as a persistent liquidity squeeze within the banking system forced commercial banks to raise lending rates despite the central bank's low benchmark, stifling the intended stimulus. The central bank's rationale was clear – with inflation hovering within the bank's target range of 3% to 6%, and projected to [average](#) 2.7% in 2025, against a background of economic slack, the MPC saw this as room to prioritise growth. Despite the central bank's accommodative monetary policy stance, commercial banks increased their lending rates as a biting liquidity crunch forced them to access deposits at higher rates.

The combination of increased government borrowing and [reduced](#) diamond sales revenues has drained liquidity from the banking system, with the result that banks have been competing intensely for deposits and paying extremely high interest rates for short-term (1-3 month) funds, which will have an impact on lending rates while the liquidity shortage persists.

Boko doubles down on De Beers majority stake

Boko has continued to pursue a greater stake in **United Kingdom (UK)**-headquartered **Anglo American's** diamond subsidiary, **De Beers**, in which Botswana currently holds 15% and per [Boko](#), views as a “*strategic national asset*”. However, **Angola's** state diamond miner **Endiama**, which originally signalled interest only in a minority stake, possibly in partnership with Botswana, has since [shifted](#) to submitting a bid for the full 85% held by Anglo American. Angola argues that by gaining access to De Beers' technology and marketing platform, it can leap forward its own diamond industry, which in 2024 overtook Botswana in value terms..

The two countries mines ministers [met](#) in **Gaborone** on 7 November, and without giving away details, appeared to shift from adversaries to partners in discussing the bid. Observers interpreted the meeting as a move to coordinate rather than clash. Yet, just days later, Boko publicly [declared](#) the ambition for majority control - signalling that any partnership may still be subordinate to his country's drive for controlling interest.

Both states will need significant capital to make a credible bid. Analysts place De Beers' value at around \$4.9 billion; though market conditions and impairments mean the real transaction could land between \$3-4 billion.

Botswana has publicly referenced discussions with the **Oman Investment Authority** (Oman's sovereign wealth fund) as a potential backer. Angola will also likely need to tap external co-funders since its national budget has already [ruled](#) out direct state spending on the bid. A joint Botswana-

Angola consortium backed by external sovereign wealth or institutional investors might therefore be a plausible route, perhaps neutralising a bidding war.

Botswana's announcement makes clear it prefers majority control. Angola's earlier language suggested willingness to accept a minority share alongside partners, but its latest bid seeks majority control itself. The choice between a bilateral partnership (Botswana-Angola) or a head-to-head contest for the controlling stake will shape the outcome. The fact that the two countries met suggests they may opt for a joint bid, but Boko's latest public statement complicates that.

Planner

30 Oct 2025 **Gaborone (Botswana)** Monetary Policy Committee (MPC) decision

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

Chronology

18 Nov 2025 **Gaborone (Botswana)** *Mmegi*. **Bank of Botswana (BoB)** (central bank) data shows the 2024/25 financial year incurred a deficit of P11.76 billion (\$871m), a better performance than the initial forecast of P24.73 billion (\$1.83 billion);

11 Nov 2025 **Gaborone (Botswana)** *Mmegi*. President **Duma Boko** announces that the government has secured a multi-billion pula deal with a consortium of global investors to rehabilitate **Morupule B**, extend **Morupule A's** life by 15 years, and put the country on the path to energy self-sufficiency;

8 Nov 2025 **Gaborone (Botswana)** *Bwngovernment*. President **Duma Boko** appoints **Lesego Caster Moseki** as the **Bank of Botswana** (central bank) governor effective 11 February 2026, following a request for mutual separation by the current governor, **Cornelius Dekop**;

7 Oct 2025 **Gaborone (Botswana)** *Mmegi*. **South African Airways (SAA)** officially resumes flights between **Johannesburg** and Gaborone, marking its return to local skies after years of absence;

7 Nov 2025 **Gaborone (Botswana)** *Mmegi*. State-owned **Botswana Investment and Trade Centre (BITC)** and **United Kingdom**-based **Zotus Group** shoot down allegations that the \$50 billion **Gantsi** smart city project is a sham, instead reaffirming both parties' determination to see it become a reality;

5 Nov 2025 **Gaborone (Botswana)** *Mmegi*. **Bank of Botswana (BoB)** (central bank) **Banking Supervision Report** for 2024 shows that the number of people employed in the banking industry rose by 3.9% in 2024, growing from 5,094 in 2023 to 5,293, despite the increasing spread of digitisation in the sector;

5 Nov 2025 **Gaborone (Botswana)** *Mmegi*. **United States**-headquartered credit ratings agency **Moody's** affirms the **Botswana Development Corporation's** Baa3 rating but revises its outlook from stable to negative;

3 Nov 2025 **Gaborone (Botswana)** *Sunday Standard*. State-owned **Botswana Railways (BR)** is facing a deepening financial crisis as two separate high court cases lead to the attachment of its assets, including train wagons, a truck and company shares over mounting debts;

31 Oct 2025 **Gaborone (Botswana)** *Mmegi*. President **Duma Boko** appoints ambassador **Mpho Churchill Mophuting** as the new **Botswana Defence Force (BDF)** commander, replacing Lieutenant General **Placid Segokgo**, who has retired after leading the BDF since 2019;

31 Oct 2025 **Gaborone (Botswana)** *Mmegi*. Workers at soda ash mining company, **Botash**, are poised to embark on strike action, after remaining deadlocked with management over 2025/26 wage negotiations, despite several meetings with a mediator;

31 Oct 2025 **Gaborone (Botswana) Mmegi**. Technocrats at the finance ministry and the **Bank of Botswana** (central bank) are forecasting and measuring impact ahead of the December review of the pula exchange rate policy, as some experts advise that the local currency is still overvalued;

29 Oct 2025 **Gaborone (Botswana) Mmegi**. Local mining firm, **Minergy**, requests a suspension of its shares on the **Botswana Stock Exchange** due to a legal challenge from a creditor and ongoing price-sensitive negotiations;

28 Oct 2025 **Gaborone (Botswana) Mmegi**. **G4S Botswana**, one of the country's leading private security service providers, reports its third consecutive annual loss, widening to P14.3m (\$1.06m) in 2024 despite a 6% revenue rise to P231.2m (\$17.12m), as inflation and citizen-preferential procurement rules strained operations;

28 Oct 2025 **Gaborone (Botswana) Mmegi**. **Tataki Mine**, formerly known as **Tati Nickel**, is set to resume operations with production scheduled for the third quarter of 2026, signalling a major revival in Botswana's mining sector;

28 Oct 2025 **Gaborone (Botswana) Mmegi**. **Botswana Mineworkers Union (BMWU)** says the delays over the sale of **Mupane Gold Mine** are unfairly impacting former workers, who are owed approximately P49m (\$3.9m) in outstanding benefits and dues;

27 Oct 2025 **Gaborone (Botswana) Mmegi**. **Debswana Diamond Company**, owned equally by the government and **United Kingdom**-headquartered **De Beers**, has drawn up a plan incorporating various business activities to be scaled up for when diamonds eventually run out at the world-famous mines;

23 Oct 2025 **Gaborone (Botswana) Mmegi**. **Air Botswana's** general manager, **Lulu Rasebotsa**, leaves her position with immediate effect following the withdrawal of disciplinary charges against her;

21 Oct 2025 **Gaborone (Botswana) Mmegi**. The **World Bank** and the **African Development Bank (AfDB)** pledge financial and technical support for the **Botswana Energy Compact**, the government's \$2.98 billion plan to achieve universal electricity access by 2030;

19 Oct 2025 **Gaborone (Botswana) Sunday Standard**. **Botswana Mine Workers Union (BMWU)** alleges that **China's** state majority firm, **MMG Khoemacau Copper Mine** has subjected local workers to racism, modern slavery and systematic discrimination;

18 Oct 2025 **Gaborone (Botswana) Reuters**. **United States**-headquartered credit rating agency **Moody's** downgrades Botswana from A3 to Baa1, citing the government's challenges in adjusting to a structural downturn in the diamond industry and increasing government debt;

17 Oct 2025 **Gaborone (Botswana) Mmegi**. **Lobatse** high court grants **Ulsan Botswana's** urgent application to interdict the sale of **Mupane Gold Mine** assets, effectively putting on hold any contracts, execution, or transfers tied to the takeover by **Nova Africa / AgaOne** pending the outcome of full review proceedings;

17 Oct 2025 **Gaborone (Botswana) Mmegi**. The **Bank of Botswana (BoB)** (central bank) is due to float a new 25-year bond to unlock more debt funds from the market for the government, amidst constrained support for the P55 billion (\$4.4 billion) domestic note programme;

16 Oct 2025 **Gaborone (Botswana) Mmegi**. **Statistics Botswana** notes that inflation rose to 3.7% in September, the highest level in 13 months, driven mainly by increases in fuel and food prices following a weakening of the pula;

15 Oct 2025 **Gaborone (Botswana) Reuters**. State-owned **Okavango Diamond Company** managing director **Mmetla Masire** says the company will start selling diamonds to contracted

buyers next month, as it diversifies its sales channels under the government's new deal with **United Kingdom**-headquartered **De Beers**;

15 Oct 2025 **Gaborone (Botswana)** *Ecofin*. Government unveils a five-year, P388 billion (\$27 billion) plan, known as **National Development Plan (NDP 12)**, to guide the country's economic transformation and deepen diversification through 2030;

14 Oct 2025 **Gaborone (Botswana)** *Mmegi*. **United Kingdom** terminates Botswana's visa-free travel privileges, noting that asylum claims from Botswana nationals reached 1,332 between January 2022 and June 2025;

11 Oct 2025 **Harare (Zimbabwe)** *Herald*. Zimbabwe and **Botswana** are in talks to allow seamless cross-border movement, including a special dispensation for Zimbabweans working in Botswana;

10 Oct 2025 **Gaborone (Botswana)** *Mmegi*. **Australia**-based **Botala Energy Ltd** achieves a major boost for its Liquefied Natural Gas (LNG) ambitions in Botswana, with the government's mining investment arm, the **Minerals Development Company Botswana (MDCB)**, reportedly confirming its intention to acquire a 15% equity interest in the **Serowe Coal Bed Methane (CBM) Project**;

9 Oct 2025 **Gaborone (Botswana)** *Lusaka Times*. Vice president **Ndaba Gaolathe** urges **African** nations to deepen cooperation and harmonise digital policies to accelerate the continent's digital transformation during the **Africa Digital Summit in Lusaka (Zambia)**;

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