

AFRICA RISK CONSULTING

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Botswana Summary 18 February 2026

A highly contested plan by President Duma Boko (2024-present) to create a standalone constitutional court as part of a broader, holistic constitutional review appears set to become a test of his popularity among a voter base hard hit by economic hardship. Finance ministry announces plans to raise corporate and personal taxes to offset a slump in diamond revenue and rein in a widening budget deficit. United Kingdom-headquartered Anglo-American moves ahead with plans to divest its diamond business, De Beers, with indications that a consortium of buyers is emerging as the most likely outcome. However, Anglo American also acknowledges that Botswana, as a 15% shareholder, "holds the key" to the transaction.

High-stakes referendum serves as litmus test for Boko's popularity

A highly contested plan by President **Duma Boko** (2024-present) to create a standalone constitutional court as part of a broader, holistic constitutional review appears set to become a measure of his popularity among a voter base hard hit by economic hardships due to a global downturn in the diamond market. Establishing the constitutional court will not only require a two-thirds majority in parliament but also a national referendum, an exercise that critics say is not only ill-timed but is too costly for a struggling economy.

What was initially framed as a bold step toward strengthening Botswana's democratic institutions is now shaping up as a high-risk referendum battle, one that could either entrench Boko's reformist credentials or deliver a setback to a presidency already navigating economic turbulence and rising public discontent.

Minister for state president **Moeti Mohwasa** [presented](#) the **Constitutional Amendment Bill of 2025** in parliament last December. The bill has passed through a third reading, and will now require a two-thirds majority vote in the **National Assembly** within the first three months of this year to become law. A referendum will then follow, with a supplementary voter registration [carried out](#) between 12 January and 13 February. Mohwasa confirmed approximately P275m (\$20.4m) is [required](#) for the constitutional court referendum.

While the president argues that a specialised court would enhance judicial independence and provide clearer constitutional oversight, opposition parties and civil society groups are questioning both the urgency and the timing of the initiative. . Botswana is [facing](#) mounting economic pressures following a diamond market downturn that has strained public finances and household incomes alike. The health system, in particular, has become a [flashpoint](#) as hospitals are grappling with shortages of medicines, overstretched staff and aging infrastructure, with some observers warning of systemic collapse if urgent interventions are not made.

Against this backdrop, the cost of organising a nationwide referendum has become a potent line of attack with opposition leaders arguing that the millions required to conduct the vote could be better deployed to stabilise essential services, especially healthcare. They [contend](#) that the government's priorities appear misaligned with the everyday struggles of citizens confronting unemployment, rising living costs, and declining public services.

The referendum requirement has also brought out an unpredictable electoral dynamic into the debate. Unlike a parliamentary vote, a referendum transforms the issue into a direct verdict on the president's agenda and such exercises can quickly develop into proxy judgments on an incumbent's

overall performance rather than the specific question on the ballot. That risk is particularly high for Boko, who, ahead of the October 2024 general election, made sweeping promises to rejuvenate the economy, tackle unemployment, and restore public confidence in governance. However, the post-election period has proven more challenging as the economic slowdown has made efforts to deliver rapid results challenging, and some sections of the electorate are growing impatient.

Under these circumstances, a failed referendum would not simply halt plans for a constitutional court, but it could be interpreted as a rejection of Boko's leadership at a critical juncture. A loss for the government would appear to be a win for the opposition and might weaken Boko's authority and cast doubt over his ability to drive public support for future reforms.

Finance ministry hikes taxes as diamond revenues fall

Finance minister **Ndaba Gaolathe** presented the 2026/207 national budget [speech](#) to lawmakers on 9 February, outlining several changes to raise corporate and personal taxes to offset a slump in diamond revenue and rein in a widening budget deficit.

At the heart of the budget is what Gaolathe says is an effort to halt fiscal draining and stabilise public finances. Botswana's economy contracted for two consecutive years, with a decline of 2.8% in 2024 and a further contraction of 0.9% anticipated in 2025, largely due to the global diamond [slump](#). Diamonds historically account for roughly one-third of national revenue and about three-quarters of foreign exchange earnings, making any downturn in this sector an outsized risk for the economy.

Against this backdrop, the government [forecasts](#) a modest rebound in 2026, with economic growth projected at 3.1%. This recovery is set to be driven by expectations of gradual improvement in non-mining sectors and ongoing policy reforms, yet it remains tentative given ongoing global uncertainties.

A central and somewhat controversial element of the 2026/27 budget is the tax reform package, described as one of the most significant overhauls of Botswana's tax system in decades. These measures aim to broaden revenue sources, strengthen compliance, and ensure the government can sustain its development agenda even as diamond revenues fall.

Key changes announced include:

- Corporate Income Tax: Increased from 22% to 25%, raising the burden on companies operating in Botswana's economy;
- Individual Income Tax: The top marginal rate was effectively increased by 2.5%, bringing the highest rate to 27.5% for incomes above P400,000 (\$30,382) per year;
- Value Added Tax (VAT): While the headline rate remains at 14%, the zero-rated list will be narrowed, effectively increasing the effective VAT burden on goods and services consumed by the general population;
- Mandatory e-Invoicing: To be introduced from April 2026 to tighten compliance and broaden the tax base, particularly among medium and large enterprises.

Despite these changes, the finance ministry is forecasting a deficit of P26.35 billion (\$1.95 billion) - equal to 8.9% of GDP - more than double the 4% limit in the country's fiscal guidelines. In line with this, the debt-to-GDP ratio is expected to rise above the statutory 40% limit, reaching an estimated 38.8% by March 2026 and 44.7% by March 2027. Exceeding the legal ceiling has raised concerns among markets and investors, though authorities argue that sharp spending cuts to stay within the limit could undermine the fragile recovery. The government also argues that the 40% limit, which is self-imposed, is well below the 60% threshold recommended by the **Southern African Development Community (SADC)**.

After decades of being heralded as one of Africa's most stable and well-governed economies, Botswana's economy is at a pivotal moment with the country now facing deep fiscal pressures brought on by a sustained [downturn](#) in the global diamond market against elevated public spending. The 2026/27 national budget reflects the magnitude of these challenges and outlines a strategy that

combines targeted tax increases, renewed diversification efforts, and modernisation of Botswana's fiscal system.

Anglo moves closer to De Beers sale as Botswana holds the decisive stake

United Kingdom-headquartered **Anglo American** is moving steadily forward with plans to divest its iconic diamond business, **De Beers**, with indications that a consortium of buyers is emerging as the most likely outcome. Anglo American, which owns 85% of De Beers, has been reshaping its portfolio to focus on copper, iron ore, and crop nutrients, streamlining away from diamonds amid prolonged weakness in the global market. However, speaking to the **Financial Times** on 9 February, Anglo American CEO **Duncan Wanblad** [acknowledged](#) that Botswana, which holds the remaining 15% stake in De Beers, "*holds the key*" to the transaction. Under the long-standing shareholder agreement between the two parties, Botswana's government has significant influence over any potential change in ownership. This places the country at the centre of negotiations as bids continue coming in.

Anglo American is understood to favour a consortium structure that would spread risk and bring together industry experience and financial muscle. Several private-sector players have expressed interest, including groups linked to former De Beers CEOs **Gareth Penny** and **Bruce Cleaver**, with their involvement expected to offer operational continuity and deep knowledge of De Beers' global mining and marketing footprint.

At the same time, **Angola** has emerged as a surprise but increasingly serious contender. Angola's government, now one of the world's fastest-growing diamond producers, has publicly stated it is [seeking](#) a 20% to 30% stake in De Beers, reflecting the country's broader strategy to move further downstream in the diamond value chain.

But it is Botswana's position that remains pivotal. Boko has repeatedly stated that Botswana would like to acquire the remaining shareholding in De Beers, effectively taking full [control](#) of the company, which is central to the country's economy. However, Botswana's fiscal constraints make a full buyout improbable. Securing the billions of dollars required to purchase Anglo's 85% stake outright would stretch public finances and likely require substantial external financing. This financial reality increases the probability that Botswana may instead support or join a consortium arrangement, potentially preserving its strategic interests without bearing the full financial burden.

Meanwhile, Anglo American itself faces mounting pressure on valuation. The company is expected to [record](#) a write-down of De Beers for the third consecutive year as the global diamond market remains depressed. For potential buyers, the downturn may present an opportunity, as acquiring De Beers at a lower valuation could prove advantageous should the diamond cycle recover over the medium term.

As negotiations advance, the shape of the final deal will likely hinge on political alignment as much as financial structuring. With Angola pressing its case, private investors mobilising, and Botswana determined to protect its national interest, the sale of De Beers is evolving into a complex geopolitical and commercial balancing act.

Planner

Feb 2026 **Gaborone (Botswana) Monetary Policy Statement**

26 Feb 2026 **Gaborone (Botswana) Bank of Botswana (central bank) Monetary Policy Committee decision**

Sep 2026 **Gaborone (Botswana) Mid-term budget review**

Chronology

15 Feb 2026 **Gaborone (Botswana) Sunday Standard. Statistics Botswana** reports that the annual inflation rate ticked up to 4.1 % in January, from 3.9 % in December, signalling renewed price pressures at the start of the year;

13 Feb 2026 **Gaborone (Botswana)** *Mmegi*. Industry bodies and other stakeholders firmly reject the **Botswana Power Corporation's (BPC)** request for a 46% electricity tariff increase for the 2026/2027 financial year, with tensions mounting at a public hearing hosted by the **Botswana Energy Regulatory Authority (BERA)**;

11 Feb 2026 **Gaborone (Botswana)** *Reuters*. Acting managing director, **Lipalese Makepe** says state-owned **Okavango Diamond Company** plans to increase the share of diamonds it sells to contracted buyers as a way to navigate a depressed global diamond market,

11 Feb 2026 **Gaborone (Botswana)** *Mmegi*. **Khoemacau Copper Mine**, owned by **China's MMG**, which recently broke ground to double its output to 130,000 tonnes per annum, is eyeing further growth of up to 200,000 tonnes annually based on ongoing exploration;

11 Feb 2026 **Gaborone (Botswana)** *Mmegi*. Local mining contractor, **Meropa Resources (Pty) Ltd**, issues a final legal notice to **Minergy Coal**, threatening to approach the courts for liquidation proceedings over an outstanding debt of more than P139m (\$10.1m);

11 Feb 2026 **Gaborone (Botswana)** *Mmegi*. Finance minister **Ndaba Gaolathe** says Botswana is seeing strong local and international investor interest in the **Botswana Economic Transformation Programme**, which includes over 180 projects worth P514 billion (\$37 billion) and anchors the country's next decade of development;

10 Feb 2026 **Gaborone (Botswana)** *Reuters*. Mines minister **Bogolo Joy Kenewendo** says Botswana plans to ramp up mining exploration, including for critical minerals, as it seeks to diversify beyond diamonds by surveying the roughly 70% of its territory that remains unexplored;

10 Feb 2026 **Gaborone (Botswana)** *Mmegi*. An outbreak of **Foot and Mouth Disease (FMD)** threatens to hamper an emerging turnaround at state-owned **Botswana Meat Commission** that finance minister **Ndaba Gaolathe** said was beginning to produce results;

10 Feb 2026 **Gaborone (Botswana)** *Mmegi*. The newly appointed information and data protection commissioner, **Kepaletswe Somolekae**, vows to take a firmer stand against Non-Bank Financial Institutions (NBFI) that fail to comply with the **Data Protection Act (DPA)**;

6 Feb 2026 **Moscow (Russia)** *Mmegi*. The pula continues to lose ground against the **South African** rand in 2025, with economists warning that official exchange rates no longer fully reflect conditions in the foreign exchange market;

4 Feb 2026 **Gaborone (Botswana)** *Mmegi*. Gaborone-listed **Shumba Energy** plans to begin construction of its 100MW **Tati Solar Project** in early 2026 after finalising an EPC contract and costs;

4 Feb 2026 **Gaborone (Botswana)** *Sunday Standard*. **Tlou Energy**, the country's most advanced coal bed methane developer, says construction of its delayed **Lesedi** substation is now at 90%, with completion necessary to achieve grid access for gas fired power for the first time in the country's history;

29 Jan 2025 **Gaborone (Botswana)** *Marketscreener*. **Germany**-based independent commodities trading and marketing company **HMS Bergbau AG** completes the acquisition of 51% of the shares in Botswana-based coalminer **Maatla Resources**;

26 Jan 2026 **Gaborone (Botswana)** *Mining Weekly*. **Alternative Investment Market (AIM)** and Botswana-listed diamond exploration company, **Botswana Diamonds**, announces the award of eight copper and gold prospecting licences covering about 7,000 square kilometres in north-western Botswana;

26 Jan 2026 **Gaborone (Botswana)** *Daily News*. The **World Bank's** board of executive directors approves the **Botswana Health Emergency Preparedness, Response and Resilience**

(HEPRR) Project, which will support the strengthening of the country's ability to withstand future pandemics, climate-related illnesses, and everyday health challenges;

23 Jan 2026 **Gaborone (Botswana) Sunday Standard**. The **Bank of Botswana (BoB)** (central bank) returns to the capital market seeking a record P5.1 billion (\$386.9m) in debt for government, the highest-ever in a single auction, as the country's public finances tighten;

23 Jan 2026 **Gaborone (Botswana) Mmegi**. **World Bank** forecasts a 2.3% economic rebound for Botswana in 2026, driven by fiscal consolidation and a recovery in mineral revenues, following a 3% contraction in 2024;

22 Jan 2026 **Gaborone (Botswana) Mmegi**. **Bank of Botswana** (central bank) data shows commercial banks recorded a rise in non-interest income to P4.3 billion (\$325m) in the first 10 months of 2025, driven largely by higher foreign exchange trading revenues following changes to the exchange rate framework;

22 Jan 2026 **Gaborone (Botswana) Daily News**. The proposed establishment of a constitutional court has elicited mixed reactions from the public, with some questioning the timing and motive behind the move with President **Duma Boko** stating that the court would address existing challenges in the country's legal framework;

21 Jan 2026 **Gaborone (Botswana) Mmegi**. President **Duma Boko** reaffirms his support for the direct election of Botswana's president, arguing that it reflects the clear will of the people, as expressed during the 2022 constitutional review consultations;

20 Jan 2026 **Gaborone (Botswana) Reuters**. Finance ministry says Botswana's diamond stockpile is nearly double its target inventory levels amid persistent low prices, leaving the country unable to increase gem production in the short term to lift its economy;

20 Jan 2026 **Gaborone (Botswana) Sunday Standard**. Botswana's long-standing ambition to diversify its economy has stalled with a new **International Monetary Fund (IMF)** report warning that the country's export base has narrowed further and its industrial capabilities remain weak, heightening vulnerability to shocks;

16 Jan 2026 **Gaborone (Botswana) Mmegi**. Data shows **Chinese**-made vehicles are gaining popularity in Botswana, especially among first-time buyers, due to competitive pricing, improved technology, and comfort, while **Japanese** and **German** models continue to dominate the second-hand and premium segments;

16 Jan 2026 **Gaborone (Botswana) Mmegi**. The country's sole steel billet plant, **Pula Steel**, is gathering momentum after its reopening last July and is now producing 90 tonnes a day with plans to triple output in the future;

13 Jan 2026 **Gaborone (Botswana) Mmegi**. The **Independent Electoral Commission (IEC)** has announced a supplementary voter registration period, which will run from 12 January to 13 February 2026;

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