

AFRICA RISK CONSULTING

Botswana Monthly Briefing June 2026

Botswana Summary 9 June 2026

Botswana announces it is in talks with the United Arab Emirates (UAE), in addition to Oman, to supply funding for its deal to buy shares in the United Kingdom (UK)-headquartered De Beers, further complicating a protracted sales process despite expectations of an imminent completion of the transaction. Interest rates offered by the cash-strapped government to borrow money from local markets falls for the first time since August 2024, signalling that the liquidity squeeze that has affected the banking sector for several years may be starting to stabilise. Business confidence among firms continues to wane as companies grapple with government spending constraints, exchange rate volatility and expectations of higher borrowing costs.

Botswana widens De Beers funding talks to UAE

Botswana's quest to increase its ownership of United Kingdom (UK)-headquartered De Beers appears to be entering a more complicated phase than many in the diamond industry had anticipated, with fresh indications that financing for the deal remains unresolved despite expectations of an imminent announcement. For several months, market speculation has centred on the sale of UK-headquartered Anglo American's 85% stake in De Beers, a process that has attracted interest from several potential buyers. Botswana, which already owns 15% of the diamond giant and enjoys pre-emptive rights over any sale of Anglo American's shares, has consistently maintained that it intends to increase its stake, with President Duma Boko (2024-present) at one stage declaring that acquiring control of De Beers was a matter of national economic sovereignty.

However, Botswana's ambitions have always collided with the reality that the country is facing significant fiscal and economic pressures and lacks the billions of dollars needed to finance such a transaction on its own. Until recently, Oman was widely regarded as the most likely source of funding. Boko disclosed last year that Botswana was in discussions with a sovereign wealth fund in the Gulf state, and he travelled to Oman earlier this year as part of efforts to secure backing for the proposed acquisition.

Industry expectations that a deal was nearing completion intensified during 29 May to 1 June JCK Show in Las Vegas (United States), the jewellery industry's premier annual gathering. Conversations among market participants suggested Anglo American was close to naming a preferred bidder, while De Beers' CEO, Al Cook, was reported as indicating that an announcement involving Anglo American and Botswana could be imminent. The prospect of a resolution appeared to be gaining momentum amid growing pressure on Anglo American to complete its restructuring programme and dispose of non-core assets.

However, Boko revealed on 5 June that Botswana is not only engaging Oman but is also holding discussions with the United Arab Emirates (UAE) regarding potential funding for the acquisition. He described both countries as possible partners as Botswana seeks to secure what he called a strategic stake in De Beers.

The disclosure raises questions about how advanced the transaction really is. If financing had already been secured and a preferred structure agreed with Anglo American, there would arguably be little need for Botswana's president to publicly discuss ongoing efforts to identify additional funding partners. Instead, the emergence of the UAE as a new potential financier suggests negotiations remain unresolved and that key aspects of the transaction may still be under discussion.

For Anglo American, the prolonged uncertainty is unlikely to be ideal as it seeks to conclude the disposal of a business that has been hit by weak natural diamond demand and growing competition from laboratory-grown stones. For Botswana, the challenge remains finding a way to expand its influence over its most important economic asset without overburdening a government already grappling with fiscal constraints.

As a result, despite the optimism circulating at the JCK Show and suggestions that an announcement was imminent, Boko's latest signals suggest that the process may still have some distance to run before the final ownership structure of De Beers is determined.

Government borrowing rates stabilise as liquidity crunch softens

Interest rates the government paid on borrowings dropped for the first time since August 2024, in a signal that the liquidity squeeze that has affected the banking sector for several years could be starting to stabilise. Hard hit by the sharp drop in diamond revenues since 2023, the government has relied on domestic borrowings to finance the budget gap, wiping out liquidity in a banking sector that traditionally also benefited from liquidity injections through government deposits from excess diamond revenues.

The latest round of government borrowings held in May saw the government bond and Treasury Bills (T-Bills) auction successfully raise the full P3.5 billion (\$258.1m) on offer, selling P3 billion (\$221.2m) in T-Bills and P500m (\$36.9m) of bonds. Once maturing T-Bills are netted out, the auction raised P839m (\$61.9m) in new borrowing. This continues a trend ongoing since January 2026, where auctions have been largely successful in selling the full amounts on offer, in contrast to the shortfalls that characterised auctions through 2025.

The May auction indicates that yields appear to have [stabilised](#), marking a change from the steady increase in interest rates seen over the past year or more. The stop-out yield on the 3-month T-Bill was 10.46%, down from 10.87% in April. This is the first time that T-Bill yields have dropped since August 2024. Nevertheless, T-Bill yields are still very high by historical standards, as a year ago, the 3-month T-Bill yield was only 4.01%.

While it may be too early to tell whether this represents a peaking of interest rates on government bonds and T-bills, the development appears to reflect a sharp increase in banking system liquidity and hence availability of funds for investing in T-Bills in particular. Future trends in government borrowing rates will depend on liquidity trends going forward, as well as the government's borrowing needs. But for the time being, the high interest rates on government bonds and T-Bills continue to provide a floor for interest rates on bank credit.

Over the medium to long term, the ever-rising public debt does not appear to be sustainable, as since the 2023/4 financial year, the government's fiscal position has been deteriorating steadily. From a roughly balanced budget in 2022/23, budget deficits have been [increasing](#) steadily, as diamond revenues have declined but spending has increased. Historically, budget deficits had been largely financed by drawing down savings from the **Government Investment Account (GIA)** held at the **Bank of Botswana (BoB)** (central bank). Government's cash balances at the central bank have declined from a peak of P41.7 billion (\$3.1 billion) in March 2015 to P1.8 billion (\$133.3m) in September 2025.

Public debt and guarantees amounted to 30% of GDP in March 2025 and an estimated 38% of GDP in March 2026. As a proportion of GDP, public debt has doubled between March 2023 and March 2026. With large budget deficits projected to continue - between 9% and 10% of GDP in the 2026/27 financial year - debt will inevitably continue increasing and this [raises](#) the risk of crowding out private sector credit, as banks allocate a larger share of their balance sheets to government securities.

Given that securities already account for a fifth of banking assets, further increases would limit the availability of credit to households and businesses, resulting in the weak credit growth outlook.

While there is an argument that high levels of spending, even if financed by increasing debt, will help to boost future economic growth, it appears critical that the country lower levels of spending to achieve smaller deficits and lower borrowing needs to avoid a potentially dangerous debt spiral.

Business confidence weakens amid fiscal strains and uncertainty

The BoB released its [latest Business Expectations Survey \(BES\)](#) on 22 May, indicating that business confidence in Botswana has continued to wane as companies grapple with government spending constraints, exchange rate volatility and expectations of higher borrowing costs.

The survey depicts an economy struggling to regain momentum following two years of economic contraction driven largely by a prolonged downturn in the global diamond market. While firms expect the economy to return to growth in 2026, sentiment across much of the private sector remains subdued as businesses confront a difficult operating environment.

The survey, which was conducted in March, showed firms were generally [pessimistic](#) about business conditions in the first and second quarters of the year and remained cautious about prospects through to March 2027. Businesses identified limited government spending as one of the biggest constraints on their operations, reflecting the state's weakened fiscal position following a sharp decline in diamond revenues.

The findings highlight the growing impact of Botswana's fiscal challenges on the wider economy. Government revenues have come under pressure as diamond exports, historically responsible for a substantial share of foreign exchange earnings and public revenues, remain below previous levels. The resulting cash flow constraints have limited the pace of government expenditure, reducing liquidity within the domestic economy and affecting sectors that rely heavily on public spending.

The survey found that firms in construction and real estate, finance and professional services, as well as retail, transport and hospitality sectors, were particularly pessimistic about business conditions. Even businesses expecting an economic recovery expressed concern about the pace and sustainability of growth.

Adding to these concerns is the exchange rate environment. Businesses [described](#) recent exchange rate conditions as unfavourable, citing adjustment costs and spillover effects from exchange rate policy changes implemented in July 2025. For many firms, especially those dependent on imported inputs, exchange rate volatility has complicated planning and increased operational uncertainty.

Interest rate expectations are also weighing on sentiment. Firms surveyed anticipate increases in lending rates and borrowing volumes over the next 12 months, further squeezing businesses already dealing with weaker demand, rising operating expenses, and constrained cash flows.

External risks are adding another layer of uncertainty as companies expect overall cost pressures to increase during 2026, partly due to disruptions stemming from conflict in the **Middle East**, which saw the central bank [hike](#) the monetary policy rate by 200 basis points to 5.5% in late April. Businesses fear that higher commodity prices, supply chain disruptions, and increased transportation costs could place additional pressure on profitability.

On the other hand, there are some reasons for cautious optimism as firms expect the economy to expand by 1.7% in 2026, reversing the contractions of 0.7% and approximately 3% recorded in 2025 and 2024, respectively.

Planner

18 Jun 2026 Gaborone (**Botswana**) Bank of Botswana (central bank) **Monetary Policy Committee** decision

29-30 Jun 2026 Gaborone (**Botswana**) Future of Mining Summit

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

Chronology

8 Jun 2026 **Gaborone (Botswana)** *The Projects*. President **Duma Boko** appoints **Dr Agnes Tsholofelo Khunwana** to the position of deputy governor of the **Bank of Botswana** (the central bank) for a term of five years, with effect from 1 June 2026;

8 Jun 2026 **Gaborone (Botswana)** *The Voice*. The Gaborone high court adjourns to 14 July a case on marriage equality brought before the courts by a same sex couple who want their relationship legally recognised through civil marriage;

5 Jun 2026 **Gaborone (Botswana)** *Mmegi*. Land and agriculture ministry says it is banking on a form of ‘crowdfunding’ to fight the fast-spreading **Foot and Mouth Disease, (FMD)**, rallying private sector funding and community assistance, as the costs of eradicating the virus rise;

5 Jun 2026 **Gaborone (Botswana)** *Mmegi*. **Botswana Energy Regulatory Authority (BERA)** initiates a study into the location and concentration of fuel filling stations, as the country experiences a surge in numbers, despite the declining count of newly registered vehicles quarterly since 2023;

5 Jun 2026 **Gaborone (Botswana)** *Mmegi*. **Standard Chartered Bank Botswana** says it sees an elevated risk of a further sovereign credit rating downgrade for Botswana when the agencies announce their opinions this September, due to higher fiscal risks and delays to much-needed reforms;

5 Jun 2026 **Gaborone (Botswana)** *Mmegi*. State-owned **Botswana Oil (BOL)** says it expects to issue a P80m (\$5.92m) dividend to government for the 2025/2026 financial year, buoyed by an import mandate monopoly that has caused a stir in the market;

5 Jun 2026 **Gaborone (Botswana)** *Mmegi*. Labour and home affairs ministry is set to introduce a digital **Labour Market Information System (LMIS)**, a platform designed to connect job seekers with employment opportunities across the country, particularly those living in remote and rural areas;

4 Jun 2026 **Gaborone (Botswana)** *Daily News*. The **South African Revenue Service (SARS)** announces that effective 1 June 2026, travellers driving Botswana-registered vehicles into **South Africa** will be required to declare their vehicles at border posts and acquire a temporary importation permit valid for six months and that may be used for multiple crossings during that period;

4 Jun 2026 **Gaborone (Botswana)** *Daily News*. Conservationists and wildlife experts call for the urgent phasing out of lead-based ammunition, warning that lead poisoning is silently driving vultures towards extinction in Botswana and across Africa;

3 Jun 2026 **Gaborone (Botswana)** *Mmegi*. Bilateral trade between Botswana and **South Africa** reaches R82 billion (\$4.47 billion) for 2025, driven by deeply interconnected supply chains and significant import-export activity in fuel, diamonds and manufacturing;

2 Jun 2026 **Gaborone (Botswana)** *Mmegi*. The protracted legal battle over the sale of **Mupane Gold Mine** ends in favour of **Nova Africa Botswana**, with judges slamming the challenger bidder, **Ulsan Botswana**, as a “*grumpy loser intent on frustrating the liquidation process*”;

2 Jun 2026 **Gaborone (Botswana)** *Mmegi*. Botswana ups its campaign to restore shine to natural diamonds, with the country’s representatives at the **JCK Show in Las Vegas (United States)**, the industry’s biggest show, gathering consensus for a narrative based on ethically sourced, development diamonds;

2 Jun 2026 **Gaborone (Botswana)** *Mmegi*. The **Botswana Unified Revenue Service (BURS)** announces the implementation of the **Remote Service Value Added Tax (VAT) Act**, effective 1 June 2026, which requires foreign companies offering digital services to local consumers to register for VAT and remit the 14% tax to the government;

1 Jun 2026 **Gaborone (Botswana)** *Sunday Standard*. Shareholders of **BBS Bank** will next month decide whether to back a proposal that could pave the way for the lender's migration to the **Botswana Stock Exchange (BSE)** main board and a capital raising programme aimed at supporting its growth ambitions as the first home-grown commercial bank;

1 Jun 2026 **Gaborone (Botswana)** *Sunday Standard*. Labour and home affairs minister, **Pius Mokgware**, announces a new visa fee structure that dramatically increases the cost of entering Botswana for work, business, study and tourism;

28 May 2026 **Gaborone (Botswana)** *Daily News*. Botswana intensifies **Ebola** screening measures at all airports and land border crossings following outbreaks of the Bundibugyo strain in the **Democratic Republic of Congo (DRC)** and **Uganda**;

27 May 2026 **Gaborone (Botswana)** *Daily News*. The minister for state president, defence and security, **Moeti Mohwasa** says a new **Anti-Corruption Bill** is set to be tabled in parliament in July as part of a legislative overhaul of the **Directorate on Corruption and Economic Crime (DCEC)**, aimed at granting the entity full operational independence;

26 May 2026 **Gaborone (Botswana)** *Mmegi*. Power utility, the **Botswana Power Corporation (BPC)**, warns that it cannot remain financially sustainable under the current electricity pricing regime, arguing that tariffs approved by regulators continue to fall far below the actual cost of supplying power;

25 May 2026 **Gaborone (Botswana)** *Daily News*. The **Directorate on Corruption and Economic Crime (DCEC)** and its **Mozambican** counterpart, **Gabinete Central de Combate à Corrupção (GCCC)**, sign a joint annual action plan aimed at strengthening cooperation against corruption, financial crime and emerging cross-border threats;

25 May 2026 **Gaborone (Botswana)** *Sunday Standard*. The **African Development Bank (AfDB)** points to significant gains in Botswana's controversial ban on the importation of fresh fruits and vegetables saying the policy has contributed to stronger local production, reduced waste, and improved Small and Medium-sized Enterprises (SME) competitiveness;

25 May 2026 **Gaborone (Botswana)** *Sunday Standard*. The **Botswana Diamond Workers Union (BDWU)** declares a formal dispute at **Genesis HB Botswana**, a diamond cutting and polishing company wholly owned by **Belgium**-based **HB Antwerp**, that intends to lay off workers;

22 May 2026 **Gaborone (Botswana)** *Mmegi*. The state-owned **Water Utilities Corporation** says it has posted losses amounting to P1.5 billion (\$111m) over the last four financial years, weighed down by increasing operational expenses, deteriorating infrastructure and non-cost reflecting tariffs;

22 May 2026 **Gaborone (Botswana)** *Mmegi*. The high court will in June hear a case in which rival parties are seeking control of **Tongaat Hulett Botswana (THB)**, the country's leading sugar distributor and holder of the **Blue Crystal Sukiri** brand;

22 May 2026 **Gaborone (Botswana)** *Mmegi*. Minerals and energy minister, **Bogolo Kenewendo**, announces that Botswana has been admitted into the **World Federation Diamond Bourses (WFDB)** signalling the country's intention to strengthen its role in diamond trade facilitation;

15 May **Gaborone (Botswana)** *Mmegi*. The **Botswana Energy Regulatory Authority (BERA)** expects by December to finalise a framework that provides for the regulation of prices charged by the Liquefied Petroleum Gas (LPG) suppliers, as consumers complain about uneven pricing in the industry.

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