AFRICA RISK CONSULTING

Botswana Monthly Briefing October 2026

Botswana Summary 12 October 2026

China's foreign ministry spokesperson Mao Ning announces on 9 October that President Duma Gideon Boko (2024-present) will travel to China for a state visit from 12 to 17 October, at the invitation of Chinese President Xi Jinping (2013-present). Citing an expected deterioration in Botswana's public finances, United States (US) rating house Moody's says on 25 September that it has lowered the country's long-term domestic and foreign-currency issuer ratings from 'Baa1' to 'Baa2', leaving it just two notches above junk status. Minerals and energy minister Bogolo Kenewendo says on 22 September that Botswana is seeing encouraging signs of a possible recovery in the global diamond market, with sales of natural diamonds at independent jewellers in the United States (US) rising by 8.8% in the first half of 2026.

President Boko to travel to China for state visit

China's foreign ministry spokesperson **Mao Ning** announced on 9 October that President **Duma Gideon Boko** (2024-present) will travel to China for a state visit from 12 to 17 October, at the invitation of China's President **Xi Jinping** (2013-present). Mao added that Xi will host an official welcoming ceremony and banquet for Boko, who will be on his first visit to China since assuming office in November 2024. The two leaders will also hold talks to discuss issues of mutual concern. Boko is also expected to meet with Chinese premier **Li Qiang**, China's second-highest official, and the chairman of the standing committee of the **National People's Congress (NPC)**, **Zhao Leji**. Following his official duties in **Beijing**, Boko will also visit China's **Fujian Province**.

Mao said Chinese officials are confident that relations between Botswana and China will be elevated to a new level during Boko's visit, paving the way toward *"an all-weather China-Africa community"* with a shared future in a new era. She said that the two countries are currently strategic partners, having maintained diplomatic relations for the past 51 years, and support each other on major issues, including *"times of disaster and epidemic"*.

Bilateral trade between Botswana and China is low compared to other trading partners, registered at $1.01 billion in 2024 versus Botswana's $5.1 billion with **South Africa**, its largest trading partner, but the two countries have maintained warm relations. Notably, Botswana, on 7 January 2026, became the 46th African state to officially sign the memorandum of understanding for China's **Belt and Road Initiative (BRI)**. The BRI agreement aimed to deepen mutually beneficial cooperation between China and Botswana, open new prospects, expand new fields, and support Botswana's infrastructure development and national modernisation. Xi will hope to build on some of those objectives during Boko's visit to Beijing and aim to further cement China's diplomatic and economic influence in Africa.

Boko, on his part, will seek to emphasise China's value to Botswana as a long-term strategic partner and to identify further opportunities for deeper economic collaboration, particularly through direct investment in Botswana's struggling economy, which is under pressure from weak diamond sales. Boko is also expected to push for more opportunities to increase trade, especially in the country's beef and tourism sectors.

Moody's cuts Botswana rating for second time in less than a year

United States (US) rating house **Moody's** announced on 25 September that it had downgraded Botswana's sovereign credit rating for the second time in less than a year, highlighting the economic challenges facing the country, long regarded as one of the continent's success stories. Citing an

expected deterioration in Botswana's public finances, Moody's said it lowered the country's long-term domestic and foreign-currency issuer ratings from 'Baa1' to 'Baa2', leaving it just two notches above speculative, or junk status.

The rating agency said Botswana's financial position had been affected by weaker diamond revenues, lower-than-expected receipts from the **Southern African Customs Union (SACU)**, a vital source of state income, and disappointing returns on recently introduced tax measures. Sweeping tax reforms came into effect on 1 July with amendments to the **Income Tax Act**, the **Value Added Tax (VAT) Act**, and the **Customs Act**, as the government aimed to strengthen public finances amid slowing economic growth and declining diamond revenues *(See ARC Briefing Botswana Jul 2026).*

Botswana's economy has been mainly affected by a prolonged downturn in the global diamond market, driven by economic uncertainty and growing competition from lab-produced diamonds. For decades, diamond revenues have been central to Botswana's economy, generally accounting for a third of government revenues and three-quarters of foreign exchange earnings. These developments have severely weakened the government's fiscal position despite vice president and finance minister **Ndaba Gaolathe** saying on 22 September that he expected a smaller budget deficit, supported by higher-than-anticipated revenue from the **Bank of Botswana (BoB)** (central bank) and spending restraint. Gaolathe confirmed that Botswana's projected deficit for the 12 months to the end of March 2027 was now P9.26 billion ($646.35m), or 3.1% of GDP; his February budget speech forecast a deficit of P26.35 billion, or 8.9% of GDP.

Another major concern is Botswana's potential investment in diamond producer, **United Kingdom (UK)**-headquartered **De Beers**. Botswana is seeking to increase its share in the company, in which it holds a 15% stake. Moody's has warned that a substantial, debt-funded increase in the government's stake in De Beers would trigger another downgrade. UK-headquartered **Anglo American**, which holds an 85% stake in De Beers, aims to complete the sale in the final quarter of 2026. Despite the downgrade, Moody's revised Botswana's outlook from negative to stable, reflecting a stronger fiscal policy response and the expectation that a more sustained recovery in diamond revenue could slow debt accumulation.

However, with the government determined to increase its stake in De Beers, the prospect of a further downgrade by Moody's appears increasingly likely, as the ratings agency has warned. Downgrades have real implications: a lower credit rating typically raises borrowing costs, deters some institutional investors, and can weaken confidence in government debt instruments. Botswana may see higher interest rates from lenders, reducing access to cheaper capital. The coming months will also test whether the government can pivot decisively toward economic diversification or remain trapped in a cycle of commodity-price booms and busts.

Botswana optimistic as global diamond demand shows signs of soft recovery

Minerals and energy minister **Bogolo Kenewendo** said on 22 September that Botswana is seeing encouraging signs of a possible recovery in the global diamond market, with sales of natural diamonds at independent jewellers in the **United States (US)** rising by 8.8% in the first half of this year. Kenewendo said the sales increase showed the potential of stronger marketing to rebuild demand for natural diamonds. The US market accounts for more than half of global annual diamond sales, making it a key market for Botswana.

Botswana has joined **Angola**, **South Africa**, **Namibia**, De Beers and the UK-registered **Natural Diamond Council** in an international campaign to promote natural diamonds. Under the campaign, known as the **Luanda Accord** and signed in June 2025, the participating countries and companies agreed to contribute 1% of their annual diamond sales to marketing. Although Botswana is also aiming to expand diamond demand in **India**, the Chinese market remains a key market that requires continued effort.

This development of encouraging signs in the global diamond market comes after a prolonged downturn in the industry, caused in part by the rising popularity of lab-grown diamonds and weaker

demand in China. The slump hit Botswana particularly hard as diamonds account for about one-third of government revenue and most of its foreign currency earnings. The downturn also pushed the country into a recession from 2024 through to 2025 and placed immense pressure on public finances. It was against that background that the government sought to increase its stake in De Beers. Gaolathe stressed on 18 September that the government has not settled on a *"magic number"* and will not risk the country's financial stability to secure a larger stake. However, it has been reported that a group led by former De Beers chief executive **Gareth Penny** has been selected as the preferred bidder, with major shareholder Anglo American reportedly discussing a sale worth about $1 billion.

Gaolathe, who said Botswana must diversify its economy to survive, noted that the government is pushing to reduce its reliance on diamonds by improving tax collection, cutting unnecessary spending and managing infrastructure projects more effectively. He also said the government expects a budget deficit of about 8% of GDP in the current financial year, aiming to reduce it to between 4% and 5% within two to three years.

While the rise in US sales offers some hope, Botswana's recovery will depend on whether demand for natural diamonds can be sustained long term and whether the country can build a more diverse economy.

Planner

12-17 0ct 2026 **Gaborone (Botswana)** President **Duma Gideon Boko** in China for state visit

29 0ct 2026 **Gaborone (Botswana) Bank of Botswana** (central bank) **Monetary Policy Committee** decision

Chronology

10 Oct 2026 **Gaborone (Botswana)** *Mmegi*. Higher education minister **Prince Maele** will serve as acting president from 10 to 18 October 10 in the absence of President **Duma Boko**, who is on a state visit to **China**, and vice president **Ndaba Gaolathe**, who is attending the **International Monetary Fund (IMF)** and **World Bank** annual meetings in **Thailand**;

9 Oct 2026 **Gaborone (Botswana)** *China Daily*. **China**'s foreign ministry confirms that at the invitation of President **Xi Jinping**, President **Duma Boko** will pay a state visit to China from 12 to 17 October;

7 Oct 2026 **Gaborone (Botswana)** *Mmegi*. **United States (US)** credit ratings agency **Moody's** upgrades its outlook on the **Botswana Power Corporation (BPC)** from negative to stable, while maintaining its investment grade credit ratings;

6 Oct 2026 **Gaborone (Botswana)** *Sunday Standard*. **Mozambique** has offered Botswana's beef exporters an alternative route to international markets via the **Port of Beira**, potentially giving the **Botswana Meat Commission (BMC)** greater flexibility as it seeks to rebuild and expand exports;

5 Oct 2026 **Gaborone (Botswana)** *Sunday Standard*. The local beef industry is facing a foot-and-mouth disease (FMD) crisis that is exposing the country's deep dependence on livestock markets, processing capacity and export routes across southern Africa;

30 Sep 2026 **Gaborone (Botswana)** *Club of Mozambique*. Botswana and **Mozambique** sign eight agreements during their 9th **Joint Permanent Commission for Cooperation (JPCC)**, deepening cooperation across key sectors;

29 Sep 2026 **Gaborone (Botswana)** *EWN*. Botswana has officially withdrawn from the joint bid with **South Africa** and **Zimbabwe** to host the 2028 **Africa Cup of Nations (AFCON)**, as the government failed to provide the required financial guarantee, citing financial constraints and other priorities;

29 Sep 2026 **Gaborone (Botswana)** *Statistics Botswana*. **Statistics Botswana** figures indicate that Botswana's economy grew by 8.7% in the second quarter of 2026 compared to a contraction of 5.2% over the same period last year;

26 Sep 2026 **Gaborone (Botswana)** *Reuters*. **United States (US)** ratings agency **Moody's** downgrades Botswana's domestic- and foreign-currency long-term issuer ratings from 'Baa1' to 'Baa2', citing an expected deterioration in the country's public finances;

25 Sep 2026 **Gaborone (Botswana)** *Bloomberg*. Botswana says that demand for natural diamonds had risen markedly in the **United States (US)**, in an encouraging sign that the prolonged downturn for the gems might have reached a turning point;

24 Sep 2026 **Gaborone (Botswana)** *Mmegi*. Opposition and former ruling **Botswana Democratic Party (BDP)** faces a constitutional hurdle over whether its forthcoming extraordinary congress can remove party president **Mpho Balopi** mid-term, as the party constitution does not appear to contain an explicit provision allowing such a vote;

21 Sep 2026 **Gaborone (Botswana)** *Bloomberg*. Vice president and finance minister **Ndaba Gaolathe** says Botswana intends to increase its share of **United Kingdom (UK)**-headquartered **De Beers**, the world's biggest diamond company, but hasn't settled on a *"magic number"* for its preferred stake;

17 Sep 2026 **Gaborone (Botswana)** *Bloomberg*. Vice president and finance minister **Ndaba Gaolathe** says Botswana will not risk its financial wellbeing by increasing its investment in **United Kingdom (UK)**-headquartered **De Beers**, the world's biggest diamond company;

16 Sep 2026 **Gaborone (Botswana)** *Mmegi*. Botswana's foot and mouth disease (FMD) crisis has become increasingly politicised, with opposition **Botswana Congress Party (BCP)** accusing the government of mishandling the outbreak amid farmer concerns over livestock culling, movement restrictions and economic losses;

16 Sep 2026 **Gaborone (Botswana)** *Reuters*. Government grants mining chemicals importer **Kemcore** environmental clearance for a manufacturing plant in Botswana, paving the way for it to secure financing to build a facility to supply copper and cobalt mines in the **Democratic Republic of Congo** and **Zambia**;

15 Sep 2026 **Gaborone (Botswana)** *Bloomberg*. Botswana's loss-making power utility **Botswana Power Corporation (BPC)** plans to charge independent producers to wheel electricity to clients using its grid and commercialise 850km of unused fibre to boost revenue almost threefold by 2031;

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