

Botswana Budget 2025/26

On *10th February 2025* Minister of Finance Hon. Ndaba Gaolathle presented the 2025/2026 Budget proposal under the new Botswana Government. The Minister spoke on various focus on the new administration. Highlighting Health & Education, Gender based Violence, Policies surrounding Natural Disasters Management and Improving Anti-Corruption.

4 Phase Strategic Plan:

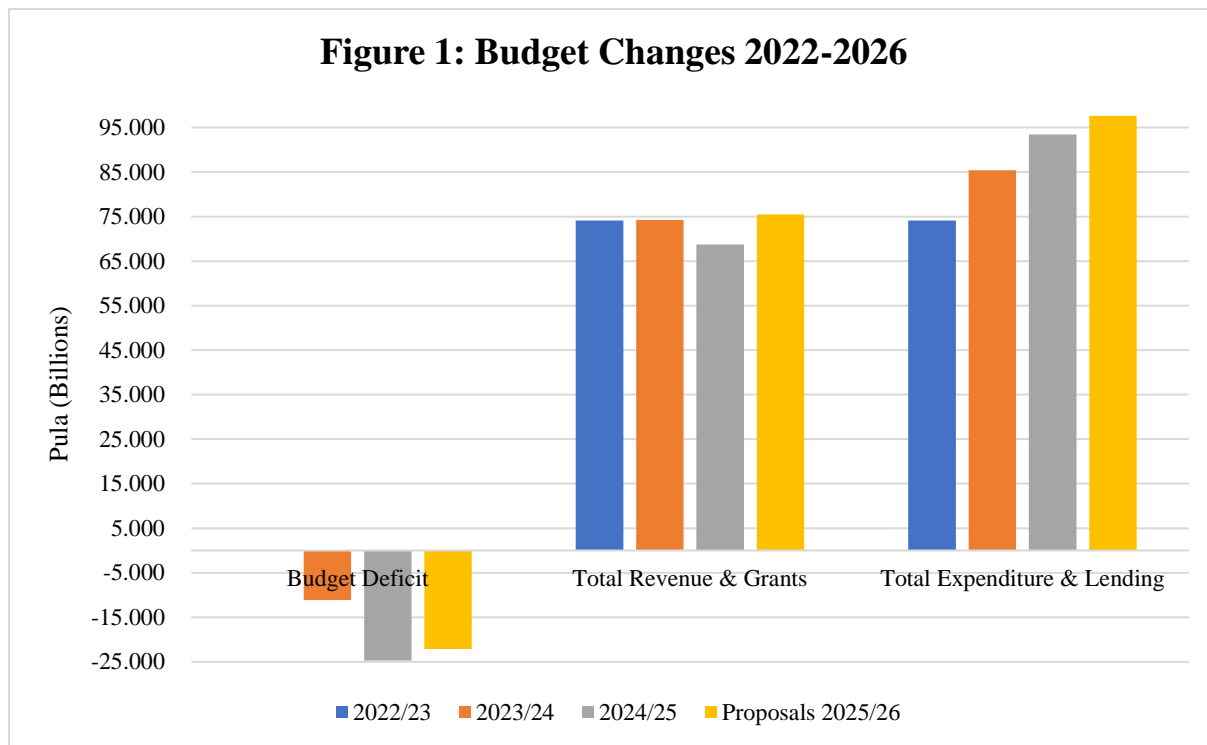
1. Halting Financial Hemorrhaging in Government
2. Stabilization and Preparation or take off
3. Initial Tangible steps of Change
4. Building a New Botswana

The Strategic plan emphasizes the importance of improving Government systems/E-Systems, strengthening, supporting SMEs/entrepreneurs and ensuring the effectiveness of Oversight Institutions.

Budget Execution

The financial performance over the past years highlights key trends in revenue, expenditure, and deficit management. In the 2022/23 financial year, a marginal deficit of P1.27 million was recorded, reflecting a relatively stable fiscal position. However, in 2023/24, the deficit widened significantly to P11.11 billion, surpassing the projected P7.13 billion shortfall. This deterioration was mainly attributed to weaker-than-expected revenue from the diamond market.

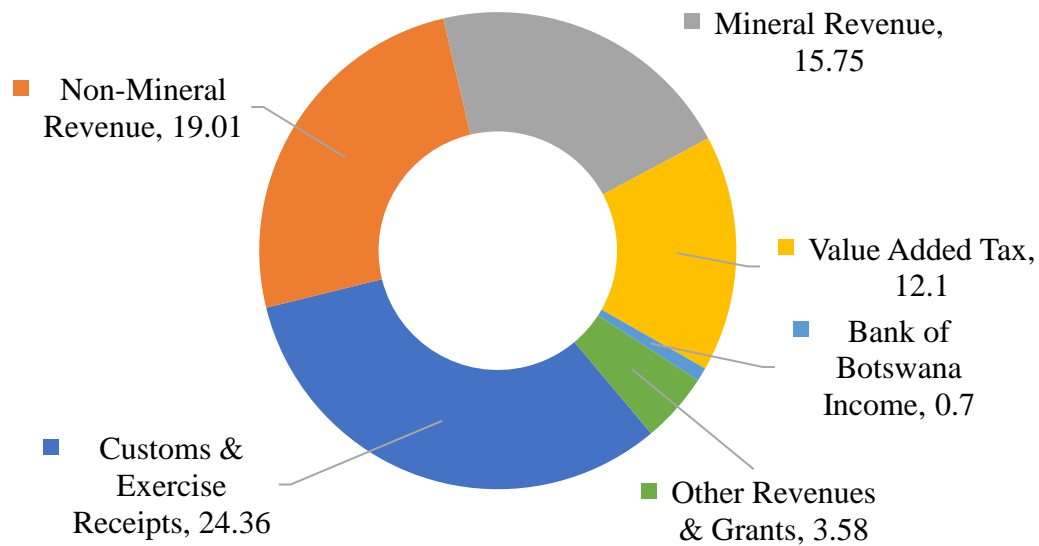
Figure 1: Budget Changes 2022-2026



Source: Botswana Ministry of Finance

Total Revenue and grants showed a slight increase from P74.10 billion in 2022/23 to P74.26 billion in 2023/24. However, revenue growth remained subdued due to declining diamond demand. In 2024/25, total revenue and grants are estimated to decrease further to P68.69 billion, primarily due to a substantial downward revision in mineral revenue from P25.19 billion to P8.70 billion. Projections for 2025/26 indicate a recovery, with total revenues and grants expected to reach P75.49 billion. The largest contributor is the Southern African Customs Union (SACU) at P24.36 billion, followed by non-Mineral income tax (P19.01 billion), Mineral revenue (P15.75 billion), VAT collections (P12.10 billion), Bank of Botswana income (P700 million), and other revenues and grants (P3.58 billion).

**Figure 2: 2025/26 Revenue Breakdown
(Pula Billions)**



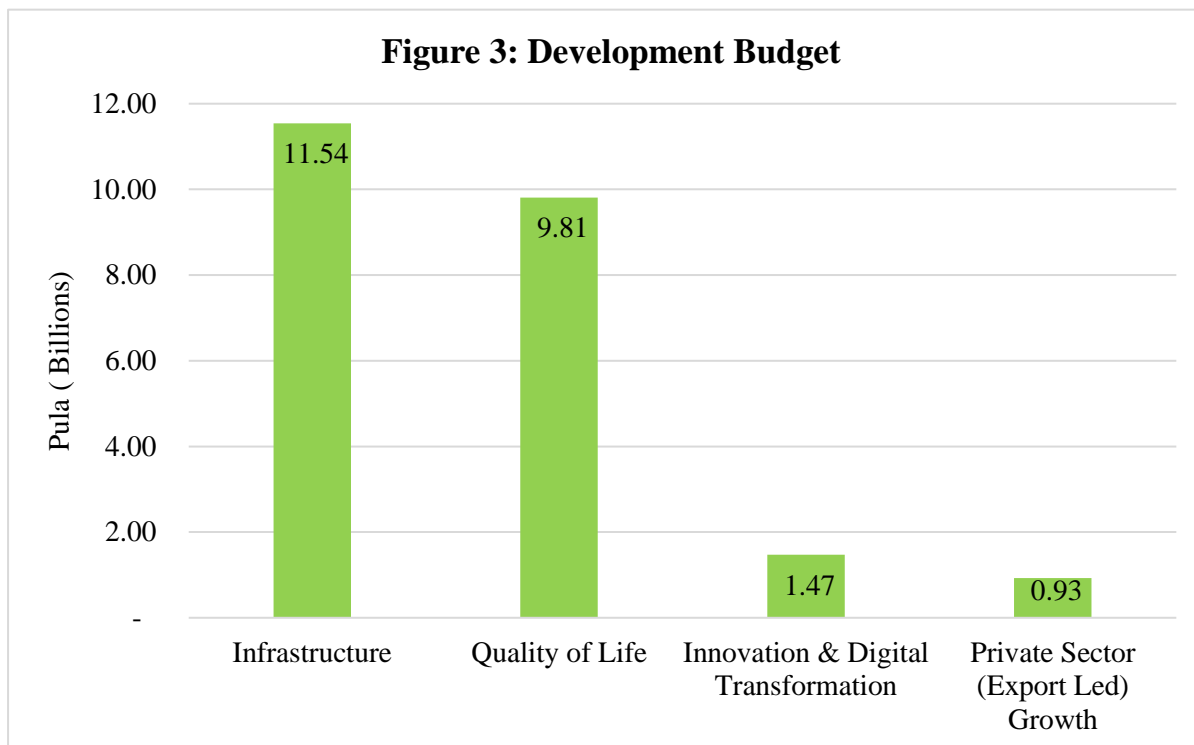
Source: Botswana Ministry of Finance

Total expenditure and lending saw a significant increase from P74.10 billion in 2022/23 to P85.37 billion in 2023/24, though this remained below the revised budget estimate of P88.79 billion. For 2024/25, expenditure is expected to rise further to P93.42 billion, albeit lower than the original estimate of P102.58 billion. By 2025/26, total expenditure and net lending are projected to reach P97.61 billion, consisting of recurrent expenditure (P72.61 billion), development expenditure (P23.75 billion), and net lending (-P140.21 million).

Expenditure Allocation:

Development Budget

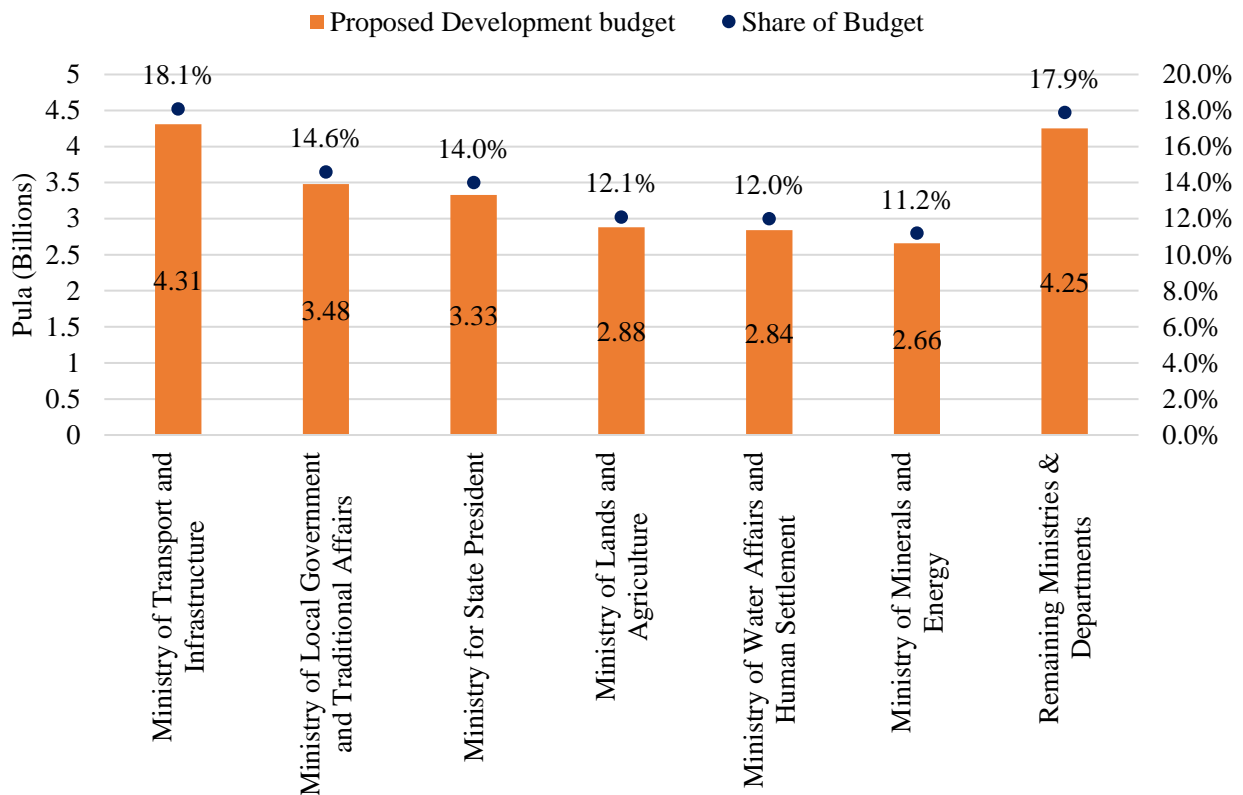
Minister Gaolathle presented various changes to the budget in terms of Development budget but also a few changes/revisions in policies and Initiatives. The Minister stated the Development Budget would be attributed to 4 key reasons.



Source: Botswana Ministry of Finance

The Minister also announced:

- P570 increase in the Tandabala Allowance (Old Age Pension)
- P300 monthly allowances for New born Babies until their First Birthday
- A proposal for free sanitary pads for female students

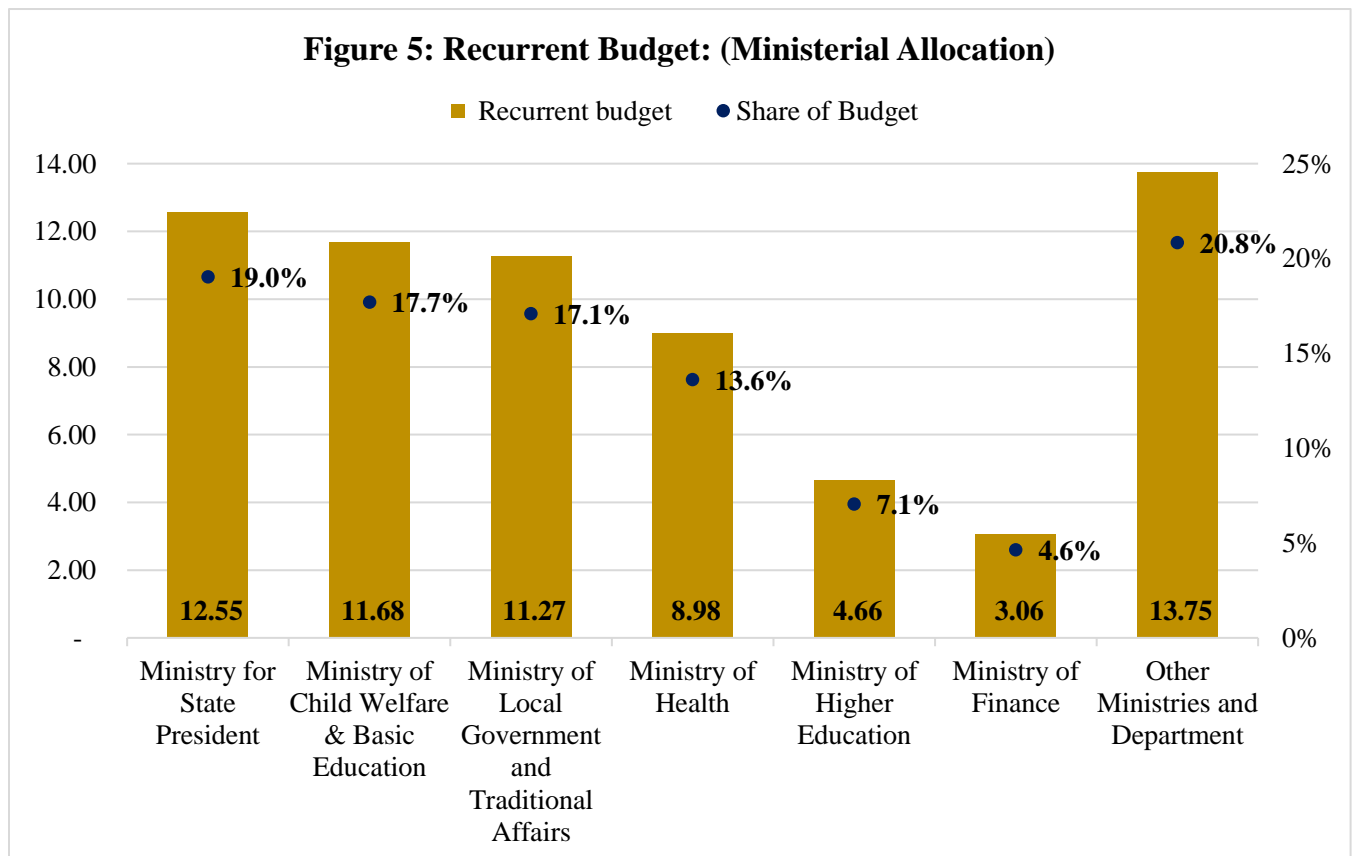
Figure 4: Development Budget (Ministerial Allocation)


Source: Botswana Ministry of Finance

The proposed development budget for 2025/26 is P23.75 billion. The funds will be allocated across key sectors: P11.54 billion for infrastructure, P9.81 billion for quality of life, P1.47 billion for digital transformation, and P0.93 billion for private sector growth. The Ministry of Transport and Infrastructure receives the largest share (P4.31 billion) for road and aviation projects, followed by Local Government (P3.48 billion) and the State President's Ministry (P3.33 billion) for security, digital connectivity, and creative industries. Other major allocations include agriculture (P2.88 billion), water and sanitation (P2.84 billion), and energy (P2.66 billion) to support renewable energy projects. The remaining P4.25 billion covers education, health, tourism, and innovation initiatives.

Recurrent Budget:

The proposed Recurrent budget for the 2025/26 is P65.95 billion. The Ministry for State President receives the largest allocation at P12.55 billion, primarily funding law enforcement and governance activities. The Ministry of Child Welfare and Basic Education follows with P11.68 billion to enhance early education and child welfare programs. Local Government and Traditional Affairs, with P11.27 billion, will focus on service delivery improvements and cultural preservation. Other major allocations include the Ministries of Health (P8.98 billion), Higher Education (P4.66 billion), and Finance (P3.06 billion), supporting public health, tertiary education, and financial governance. Ministries related to agriculture, transport, trade, and justice also receive substantial funding, with a focus on food security, infrastructure maintenance, entrepreneurship, and legal services.



Source: Botswana Ministry of Finance

Fiscal Strategy

The minister announced three key Bills in the 2025/26 financial year: a new Tax Administration Act, a revised VAT Act, and an updated Income Tax Act. These reforms aim to harmonize tax rules, reduce compliance burdens, and adapt to global business trends. The VAT Act will be expanded to cover modern business practices, while the Income Tax Act will address international tax issues, ensuring the system remains efficient and competitive.

Additionally, revenue maximization efforts are being strengthened through initiatives such as VAT on digital trade, an Electronic VAT Invoicing Solution, and a track-and-trace system for excisable goods. Border trade facilitation is also a priority, with infrastructure improvements and negotiations with neighbouring countries to ease trade flow. To support domestic revenue mobilization, corporate tax and the highest personal income tax bracket will see a modest **increase of 1.5 percent**. These measures, combined with technology-driven solutions and international collaboration, are designed to enhance compliance, safeguard government revenue, and support economic growth.