

2025-26 BUDGET SPEECH HIGHLIGHTS

Highlights from the 2025-26 Budget
Speech by

His Honour the Vice President and
Minister of Finance

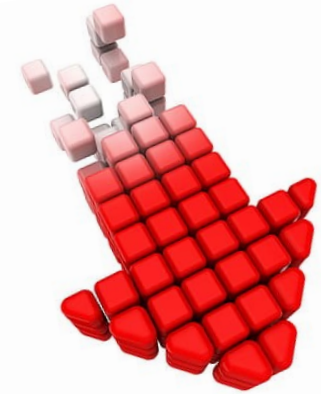
Hon. Ndaba Gaolathe

11 February 2025



FISCAL CHALLENGES

- **Continued decline in revenue particularly from diamonds on which the economy heavily relies.**
- **Increase in Government spending year on year.**



2025-26 BUDGET STRATEGY

The strategy of the budget is to improve Botswana's economic status and quality of life by:-

- ❑ Modernizing and transforming infrastructure
- ❑ Innovation and digital transformation
- ❑ Supporting private sector-led growth



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THE 2025-26 BUDGET SUMMARY

In the last six (6) fiscal years, Botswana ran on budget deficits and this trend is continuing in the current budget. The budget deficit for 2024-25 was BWP24bn while the maiden budget for the 2025-26 financial year is in deficit by BWP22bn.

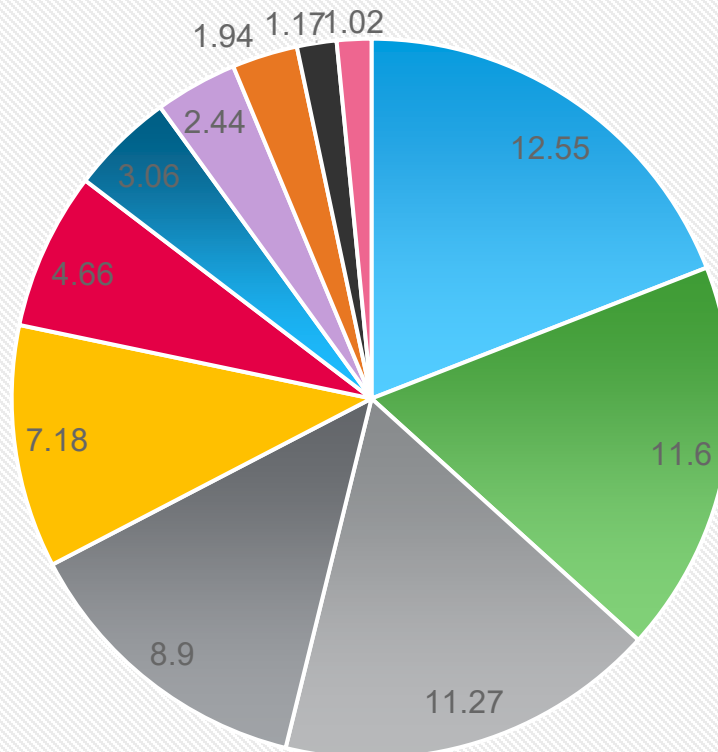
BWP23.75billion is set for the development budget, 48.6% of which is assigned to transforming and modernizing infrastructure.

	2024/25 Budget (Billion Pula)	2025/26 Budget (Billion Pula)
Revenue & grants	68.69	75.49
Expenditure & net lending	93.42	97.61
Deficit	24.73	22.12

Income Statement		Bls.
Description	Notes	Pula
Income	See Budget	75.49
Recurring Expenditure	See Budget	65.95
Surplus		9.54
Balance Sheet		
Infrastructure	See Budget	11.54
Net Lending		20.12
Total		31.66
Surplus as above	See as above	9.54
Budget Deficit	See Budget	22.12
Total		31.66

MINISTERIAL RECURRENT BUDGET ALLOCATIONS

Allocations BWP' billions



- Ministry of State President
- Min of Child Welfare & Basic Ed
- Min of Local Gov't & Traditional Affairs
- Ministry of Health
- Other ministries & departments
- Min of Higher Education
- Ministry of Finance
- Min of Lands & Agriculture
- Ministry of Transport & Infrastructure
- Ministry of Trade & Entrepreneurship
- Ministry of Justice & Correctional Services

OPPORTUNITIES TO EXPLOIT

- ✓ With 48.6% of the development budget going towards modernizing and transforming infrastructure, businesses in construction and innovation are expected to find opportunities.
- ✓ Improved service delivery from government entities – e-Governance startups.
- ✓ Opportunities around communications and IT
- ✓ Opportunities for public-private partnerships (PPP) deals
- ✓ Foreign direct investment in energy e.g. mining of copper and solar energy
- ✓ Innovative industrial investment using appropriate technology



THE BOTSWANA TAX INITIATIVES

TAX TYPE	CURRENT SITUATION	BUDGET INITIATIVES
Value added tax	14% (Compulsory registration from BWP1million turnover per year.)	A new tax invoicing system is to be implemented
Corporate income tax	22% resident, 30% non-resident, 15% approved manufacturing, 5% -10% in special economic zones.	An increase of 1.5% to resident company tax to 23.5%.
Personal income tax	0 to 25% on a structured basis.	An increase of 1.5% to those on the last bracket or top earners.
Dividend tax	10%	No change
Transfer duty	5% of the property value. 30% on agricultural land for non-citizens.	No change

OTHER BUDGET INITIATIVES

The budget is proposing the following fiscal changes:-

❖ **The review of Tax legislation**

The Government will enact a new Tax Administration Act, repeal and re-enact the VAT Act and repeal and re-enact the Income Tax Act, all in view to modernize and address global business trends and practices.

❖ **Public expenditure efficiency**

Reduced financial support to commercial state-owned entities and Local Authorities.

❖ **Public finance management reforms** – aimed at improving efficiency in the public sector.

❖ **Debt management**

❖ **Budget execution**

The Government aims to introduce mid-year budget statements, strengthen existing medium term fiscal framework e.t.c

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