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ANNUAL BUDGET SPEECH BULLETIN 2024/2025 FINANCIAL YEAR

On the 5th February 2024, the Minister of Finance and Economic Development, Honourable Ms. Peggy Serame, presented the Budget Proposals for the Financial Year 2024/2025 to the National Assembly.

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Budget Proposals for the Financial Year 2024/2025 signify the conclusion of the second Transitional National Development Plan (TNDP) and clears the path for the implementation of the Twelfth National Development Plan (NDP 12) theme, “Towards a High-Income Economy: Transformation Now and Prosperity Tomorrow”.

This Bulletin outlines the key Budget Proposals.

KEY STATISTICS

- In December 2023, headline inflation stood at 3.5%, comfortably within the Bank of Botswana’s medium-term target range of 3% to 6%. Over the course of 2023, the Bank observed a consistent decline in inflation, dropping from 1.5% in July to 1.2% in August.
- GDP growth averaged 2.9 percent, falling short of the projected 7.6 percent for the period. Consequently, this reduced growth resulted in a cumulative deficit of P27.50 billion during the review period.
- The estimated budget deficit for 2024/2025 is P8.7 billion which is equivalent to 9.3% of GDP.
- For the fiscal year 2022/2023, the total revenue generated from non-traditional sources through revised user fees and service charges amounted to P961.14 million. This indicates a growth of P314.56 million, equivalent to 48.6 percent, in comparison to the pre-COVID-19 level of P646.58 million.
- The unemployment rate, rose from 22.2 percent recorded in the fourth quarter of 2019 to 25.9 percent by the third quarter of 2023.
- The International Corruption Transparency Index report of 2023 ranks Botswana at a score of 5.9, placing it at 39 out of 180 countries. This is a slight decline from the 2022 score of 6.0, where Botswana was ranked 35 out of 180 countries.
- The total expenditure increased by 13.3 percent from P65.40 billion in the 2019/2020 financial year to P74.10 billion in the 2022/2023 financial year. The total expenditure and net lending for the Financial Year 2023/2024 is estimated at P88.79 billion which is to be financed through domestic and external borrowing in the upcoming financial year.
- Foreign exchange reserves amounted to P64.9 billion as at 31 October 2023 compared to P60.8 billion during the same period in the prior year.





- Preliminary data indicates that in the first 9 months of 2023, an overall balance of payments surplus of P5.1 billion was recorded compared to P5.4 billion in the corresponding period of 2022.

ACHIEVEMENTS

- After transferring the management of the Tertiary Education Financing tuition fees account to the Ministry of Finance, there has been an improvement in spending patterns. In the 2021/2022 financial year, expenditure amounted to P2.29 billion out of an approved budget of P2.41 billion. In the subsequent financial year 2022/2023, expenditure decreased to P1.38 billion out of an approved budget of P1.44 billion.
- The historic and transformative diamond sales deal between the Government of Botswana and De Beers Group in 2023 has increased the allocation for the Okavango Diamond Company from 25% to 50% over the span of a 10-year Agreement. This development is expected to create new jobs for Botswana across the diamond value chain in the new financial year.
- The successful completion of diverse infrastructure projects, including water supply and sanitation initiatives, electricity enhancements, and improvements to the road network.
- To highlight another significant achievement, Botswana has been delisted from the roster of countries with strategic Anti-Money Laundering, Combating the Financing of Terrorism and Proliferation (AML/CFT/PF) deficiencies. In order to prevent a recurrence of greylisting, Botswana is unwavering in its commitment to combat financial crimes, including money laundering and the financing of terrorism and proliferation.

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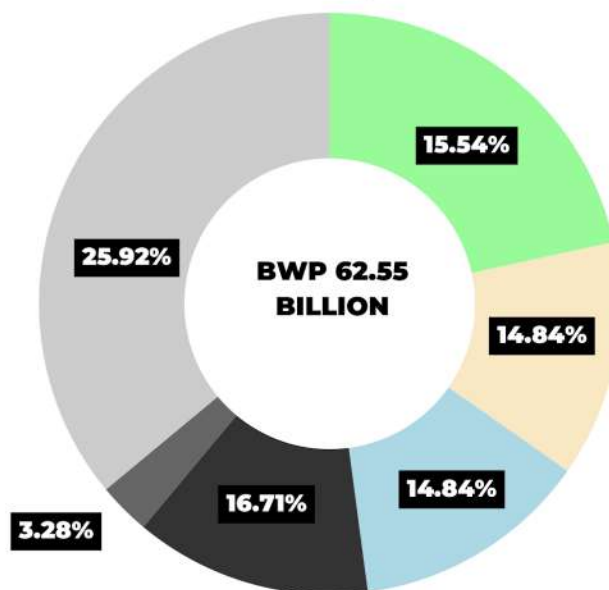
1. Development Budget Allocation

The proposed development budget for 2024/2025 Financial Year is P17.0 billion.

Ministry	BWP Billion	Percent %
Ministry of Land Management, Water and Sanitation Services	8.01	26.91
Ministry of Transport and Communications	3.95	13.27
Ministry of Defence, Justice and Security	2.78	9.34
Ministry of Local Government and Rural Development	2.89	9.71
Other Ministries	12.14	40.78

2. RECURRENT BUDGET ALLOCATION

- Ministry of Education and Skills Developm...
- Ministry of Defence, Justice and Security
- Ministry of Health and Wellness
- Ministry of Local Government and Rural
- Ministry of Transport and Communications
- Other Ministries and Departments





Fiscal Strategy Proposals

The Minister outlined the following ongoing initiatives:

- Reviewing tax laws to streamline, simplify, and update them to address the changing dynamics of the global business landscape. This will harmonise and pave way for enacting a new Tax Administrative Tax.
- Introducing a digital tax on electronic transactions.
- Implementing electronic invoicing (E-Billing) to enhance VAT collection efficiency, with completion slated for December 2024.
- Implementing a "track and trace" solution to identify and monitor excisable goods by July 2024.
- Enhancing e-services platforms to facilitate tax compliance and promote a business-friendly atmosphere.
- Government to set up a fund "Chema Chema Fund" to increase the potential contribution made by the informal sector and also create employment.
- The General Education Curriculum is set to undergo a review to align with outcome-based education principles, in accordance with the strategic plan.
- Petroleum storage and wastewater management projects are scheduled for implementation through the Public-Private Partnership (PPP) model.
- 'Temo Letlotlo' and 'Thuo Letlotlo' programmes to support farmers to be launched in 2024/2025.
- The establishment of the 'Intellectual Property (IP) Motshelo Scheme' and the 'Intellectual Property Ideas Incubation Centre' is planned to empower Batswana to assert ownership and safeguard their intellectual property assets.

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