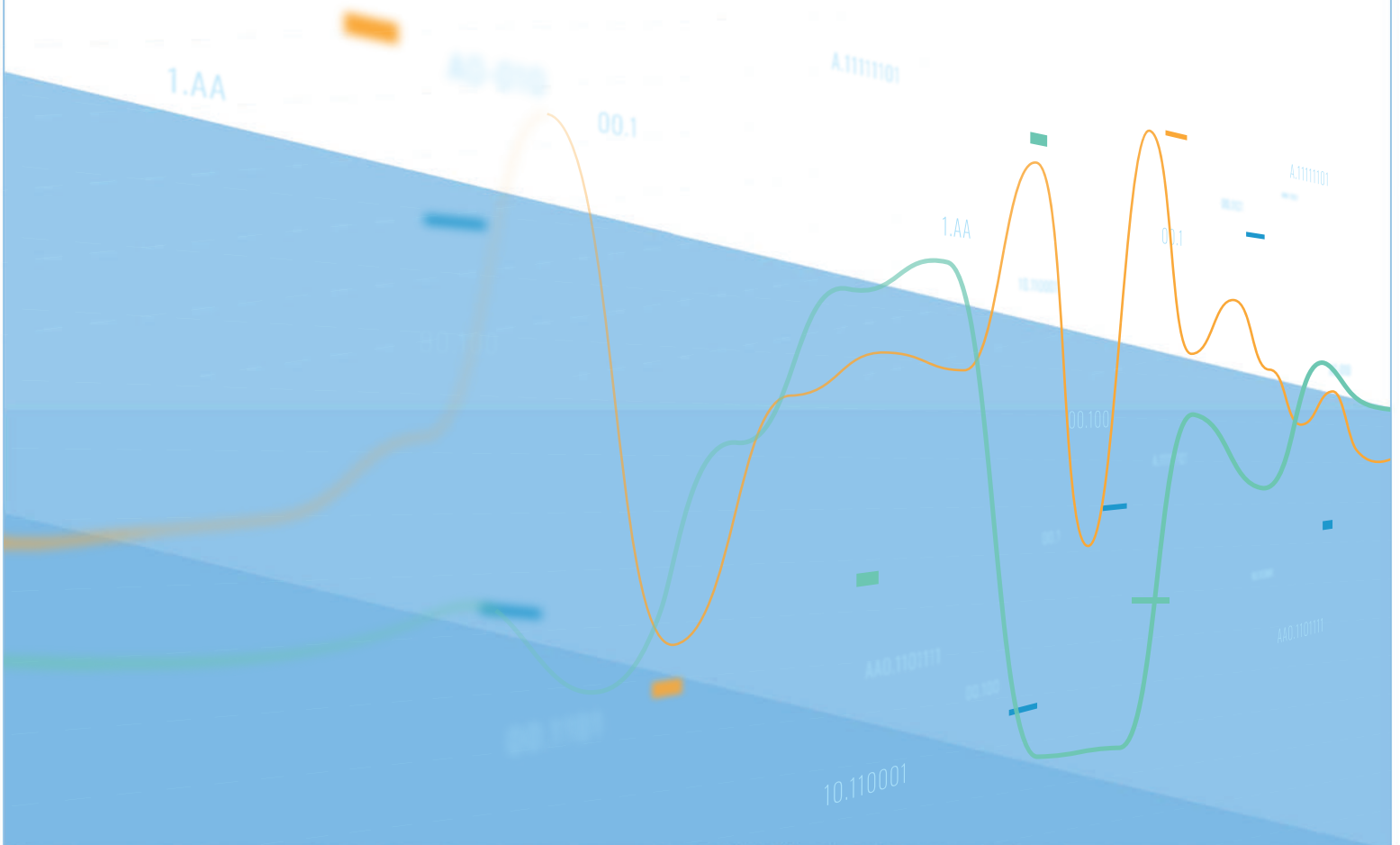


REPUBLIC OF BOTSWANA
MINISTRY OF FINANCE

GOVERNMENT BORROWING STRATEGY FOR FISCAL YEAR 2023 - 24



GOVERNMENT BORROWING STRATEGY FOR FISCAL YEAR 2023 - 24

The primary objective of Botswana's debt management is to ensure that the financing needs and payment obligations of Government are met at the lowest possible cost consistent with a prudent management, measured risk, and in coordination with fiscal policies. The secondary objective of the debt management is to support the development of the domestic capital market, enhancing liquidity and supply of high-quality investment instruments in the domestic market; thus development of the domestic financial system. These objectives guide the Government in responding to the need to finance future budget deficits.

The Ministry of Finance (MoF)'s financing requirement for FY2023 - 24 is being published to accompany the regular 2023 Budget Speech. The main highlights including operational aspects, are summarised below.

Domestic Financing Requirement

The Domestic Gross Financing Requirement for FY2023 - 24 is forecast to be BWP7.59 billion; this, together with the maturity of BOTSGB0623 in June 2023, will be financed by bond sales of BWP5 000 million and net Treasury Bill issuance of some BWP879 million, as well as through competitively priced foreign borrowings.

The planned gross bond sales will be met through a combination of issuance of short-dated conventional bonds, and longer-dated conventional bonds with a planned split as follows:

Short-dated BWP2 000 million in eight (8) auctions; and Longer-dated and Index Linked BWP3 000 million in ten (10) auctions.

The net Treasury Bill issuance implies a stock of Treasury Bills at end FY2023 - 24 of BWP6 billion.

Any changes to this plan would be announced as part of any future revision to the FY2023 - 24 remit.

The initially planned split of Treasury Bills and bond issuance by maturity is set out in Table 1. However, in order to ensure successful delivery of the financing programme in FY2023 - 24, the split of issuance may vary during the year. The overall split of issuance by maturity is likely to be affected by the MoF issuance decisions in-year, taking account of market feedback. Consequently, the overall split of issuance by the end of the financial year may depart from the initial plans published in this remit.

As existing benchmark bond series age, the benchmark bonds are expected to rotate, in the second half of the 2023 - 24 fiscal year:

- 5-year benchmark from the BOTSGB0527 to BOTSGB0929;
- A new bond, to become the 10-year benchmark, is planned with a maturity date in 2035;
- The 20-year benchmark will continue rotating from the BOTSGB0640 to the BOTSGB0943;

Any changes in the breakdown of planned securities issuance either by type or maturity will be reported in the normal way, including alongside updates to the financing requirement (for example at future fiscal events) and at quarterly intervals. However, changes may also be announced at other times, including following any individual syndicated offerings.

The Securities Auction Programme

The planned securities Auction Calendar in FY2023 - 24 is set out in Table 2. The MoF will size auctions on a case-by-case basis taking into account the type and maturity of securities to be sold and prevailing market conditions.

Switch auctions will be introduced in the near future and will initially be used to help manage the upcoming maturity in June 2023.

Changes to the Planned Auction Calendar

The MoF general intention will be to implement the planned auction calendar as published, whilst recognising the importance of allowing, through in-year adjustments to the calendar, scope to respond appropriately to unforeseen or changing circumstances. Hence, the planned securities Auction Calendar may be altered, for example, to accommodate the Minister of Finance's decisions on the fiscal event timetable, any significant data releases or market sensitive events announced subsequently. The MoF will provide the market with prior notice of any such alteration.

The planned securities Auction Calendar may also be changed on a quarterly basis following consultation with the market. Any such change(s) to the planned Auction Calendar for the forthcoming quarter would be set out as part of the planned Quarterly Issuance Update. The reason(s) for any change(s) to the Auction Calendar may include an alteration to the planned financing by security type and maturity in the forthcoming quarter.

Supplementary Information

- The initially planned split of issuance by type and maturity is published on Table 1.
- The planned Auction Calendar for FY2023-24 is published on Table 2.
- The financing arithmetic for FY2022-23 and FY2023-24 is published on Table 3. This takes account of revisions to the numbers since the 2023 Budget Speech.
- Illustrative financing projections from FY2023-24 to FY2026-27 are published on Table 4.

Table 1: Initially Planned Split of Securities Issuance by Type and Maturity in FY2023 - 24.

Type of security	Proportion (percent)	Amount, BWP millions	Proportion (percent)	Amount, BWP millions
	FY2022-23		FY2023-24	
Treasury bills (net)	4	152	15	879
Short-dated bonds (2 - 5 years)	26	937	34	2 000
Long-dated standard and inflation-linked bonds (6 - 25 years)	70	2 556	51	3 000
Total	100	3 645	100	5 879

Table 2: Issuance Calendar: auctions will normally be held on the final Friday of each month.

FY2022 - 23	Treasury bills	Short-dated bonds	Long-dated bonds
April 29	3, 6, 12	-	BOTSGB0931; BOTSGB0943
May 27	3, 6	BOTSGB0527	BOTSGB0931; BOTSGB0640
June 24	3, 6	BOTSGB0527	BOTSGB0931; BOTSGB0943
July 29	3, 6, 12	-	-
August 26	3, 6	BOTSGB0527	BOTSGB0931; BOTSGB0640
September 30	3, 6	BOTSGB0527	-
October 28	3, 6, 12	BOTSGB0527	BOTSGB0931; BOTSGB0640
November 26	3, 6	BOTSGB0527	BOTSGB0931
December 18	3, 6	-	-
January 27	3, 6, 12	BOTSGB0527	-
February 24	3, 6	BOTSGB0527	BOTSGB0931; BOTSGB0640
March 24	-	BOTSGB0527	BOTSGB0931; BOTSGB0943

FY2023-24	Treasury bills	Short-dated bonds	Long-dated bonds
March 31	3, 6, 12	-	-
April 28	3, 6	-	BOTSGB0931; BOTSGB0640
May 26	3, 6	BOTSGB0527	BOTSGB0635; BOTSGB0943
June 30	3, 6	BOTSGB0527	BOTSGB0635; BOTSGB0943
July 28	3, 6, 12	-	-
August 25	3, 6	BOTSGB0527	BOTSGB0931; BOTSGB0640
September 29	3, 6	BOTSGB0527	BOTSGB0635; BOTSGB0943
October 27	3, 6, 12	BOTSGB0929	BOTSGB0635; BOTSGB0943
November 24	3, 6	BOTSGB0929	BOTSGB0931; BOTSGB0640
December 29	3, 6	-	-
January 26	3, 6, 12	BOTSGB0929	BOTSGB0635; BOTSGB0943
February 23	3, 6	BOTSGB0929	BOTSGB0635; BOTSGB0943
March 22	3, 6		BOTSGB0931
March 29	3, 6, 12	-	-

Table 3: Financing Arithmetic Forecast

BWP millions	2022 - 23	2023 - 24
Central government cash requirement	1 000	7 590
Maturities of Government bonds	0	3 006
Maturities of foreign borrowing	1 522	1 778
Other (incl. IMF)	260	260
Financing requirement (A)	2 782	12 634
Net Treasury Bill Issuance	152	879
Short-dated Government bonds	937	2 000
Long-dated and Inflation Linked Bonds	2 556	3 000
New foreign borrowing	1 835	5 550
Total financing (B)	5 480	11 429
March 24	BOTSGB0527	BOTSGB0931; BOTSGB0943
Change in MoF balance at Bank of Botswana (C)	2 806	-1 205
Memo: MoF balance at Bank of Botswana at end of period	15 519	14 314

Table 4: Illustrative Gross Financing Projections FY2023 - 24 to FY2026 - 27

BWP millions	FY2023 - 24	FY2024 - 25	FY2025 - 26
Central government cash requirement (- indicates surplus)	7 590	5 059	524
Maturing bonds	3 006	3 817	0
Maturing foreign borrowing	1 778	1 817	2 291
Other	260	80	80
Illustrative financing requirement	12 634	10 673	2 895



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