



MINISTRY OF FINANCE

JUNE 2024

QUARTERLY DEBT UPDATE

Quarter 1 2024/25



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- **Budget Outturn for 2023/2024**

The preliminary budget outturn for 2023/2024 financial year shows a significant decrease from financial year 2022/2023. Total revenues and grants for the 2023/2024 period amounted to P73.76 billion approximately 90 percent of its budget estimate.

- **Customs & Excise**

An amount of P24.21 billion was collected in the form of Customs and Excise revenue making it the largest contributor to total revenue and grants, 101 percent of its revised budget.

- **Mineral Revenue**

Revenue from mineral operations for the April 2023 to March 2024 period amounted to P17.08 billion, this was lower than the previous year and mainly attributed to reduced prices and low rough diamond sales during the period. This consists of P4.77 billion in mineral tax and P12.31 billion in mineral royalties and dividends, only 64 percent of the revised budget estimate.

- **Non-Mineral Income Tax**

Non-Mineral Income Tax recorded P15.29 billion or 96 percent of the revised budget, the strong performance against the revised budget estimate is attributed to the 5 percent salary adjustments for public sector during the year.

- **VAT**

Value Added Tax (VAT) amounted to P13.99 billion or roughly 117 percent of revised budget, this was due to the readjustment of the VAT rate during the year from 12 percent to 14 percent. This amount entails P12.42 billion in Value Added Taxes, P1.44 billion in fuel levy, P22.24 million in plastic levy and P100.25 million in sweetened beverages levy.

- **Other Revenue**

Other revenue which is made up of other property income, sale of property and fees, charges and sundry collected P2.34 billion or 99 percent of the revised estimate, while revenue received from Bank of Botswana stood at 100 percent of the revised budget collecting P829 million by end of March 2024.

- **TOTAL EXPENDITURE and NET LENDING**

Total Expenditure and Net Lending amounted to P82.31 billion, lower than the set revised budget of P89.65 billion or 92 percent for the 2023/2024 financial year. Recurrent expenditure for the year amounted to P61.19 billion, attaining 90 percent of the revised budget of P67.93 billion, while development expenditure for the same period amounted to P21.02 billion or 96 percent of its revised budget estimate. There was also a loan afforded to Botswana Accountancy College from the Public Debt Service Fund of P100 million.

This performance resulted in an overall fiscal balance deficit of P8.55 billion or 3.1 percent of GDP for the period April 2023 to March 2024. The table below shows the Budget outturn as 31st March 2024.

Summary of Cash Flow Table as at March 2024

MARCH 2024 BUDGET OUTTURN	Revised Budget 2023/24	Actual March 2023/24	% of Budget
Total Revenues & Grants	81,668.72	73,762.91	90%
Mineral Revenue of which:	26,457.19	17,083.29	65%
Mineral Tax	7,356.59	4,773.77	65%
Mineral Royalties & Dividends	19,100.60	12,309.53	64%
Customs & Excise	23,929.73	24,212.74	101%
Non-Mineral Income Tax	15,910.24	15,286.65	96%
VAT	12,002.89	13,986.70	117%
BOB Revenue	829.00	829.00	100%
Other Revenue	2,369.21	2,338.58	99%
Grants	170.46	25.95	15%
Total Exp. & Net Lending	89,651.44	82,312.88	92%
Recurrent Expenditure	67,927.89	61,190.44	90%
Development Expenditure	21,864.86	21,022.44	96%
Government Equity	0.00	0.00	
PDSF/DF Loans	0.00	100.00	
Repayment of DF/PDSF loans	-141.31	0.00	0%
Overall Surplus/Deficit(-)	-7,982.72	-8,549.97	106%

Source: MoF

- **New foreign borrowing in FY2023/24:**

The following table illustrates foreign loan disbursements to the Government in 2023/2024.

Creditor	Purpose	Face Value (Foreign Currency)	BWP Million
African Development Bank	Budget Support	USD179.66 Million	2,451.58
International Bank for Reconstruction and Development	Budget Support	USD150 Million	2,024.70
Japan International Cooperation Agency	Budget Support	JPY15 Billion	1,387.50
International Bank for Reconstruction and Development	Water Infrastructure project*	USD145.5 Million	421.18
OPEC Fund for International Development	Budget Support	USD100 Million	1,302.22
			7,587.18

Source: MoF

*This is an on-going project, whose loan contract was signed in May 2017.

Government Securities Issuance Report Q1 FY 2024/2025

The government forecasted a budget deficit of P8 690 million for the Fiscal Year 2024/2025 (FY 2024/2025) to be financed through the sales of bonds amounting to P11 250 million and net sales of Treasury Bills (T-Bills) of P4 000 million in the domestic capital market. A smaller amount of the budget deficit

would be financed through external borrowing from multilateral development agencies. The issuance of bonds would be through a combination of issuing short-dated conventional bonds and longer-dated conventional bonds as well as inflation linked bonds.

The targeted sale of P11 250 million on bonds would be split into P3 500 million of short-dated bonds and P7 750 million of long-dated bonds while, the targeted net-sales of P4 000 million on T-Bills implies a stock of P10 000 million at the end of the current fiscal year. Table 3 depicts the issuance for Q1 FY 2024/25.

Table 3: Government Securities Issuance for Q1 FY 2024/2025

	SECURITIES P'MILLION		
	NET T-BILLS	SHORT-TERM BONDS	LONG-TERM BONDS
ISSUANCE TARGET 2024/25	4 000	3 500	7 750
TOTAL ISSUANCE	5 321	1 046	2 054
TOTAL MATURITY	(2 970)	-	-
NET ISSUE	2 351	1 046	2 054
REMAINING BALANCE TO ISSUE	1 649	2 454	5 696

Source: MoF

The total sales of government securities for Q1 was P8 421 million comprising P5 321 million of T-Bills, P1 046 million of short-term bonds and P2 054 million of long-term bonds. The demand for short term bonds was robust resulting in funds

being moved from the long-term bonds to capitalise on investor appetite for the short-term bonds. Out of the P2 200 million offered on the long-term bonds, P2 054 million was allotted.

Following the auctions conducted in Q1 of FY2024/25, outstanding government securities increased from P30 000 million to P35 451 million, comprising P8 351 million in T-Bills, P10 891 million in short-term bonds and P16 209 million in long-term bonds. Preparations are underway to introduce Inflation Linked Bonds (ILBs) which is targeted for in Q3 FY 2024/2025. The introduction of ILBs will help diversify the pool of securities offered by the government.



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