



BANK OF BOTSWANA

14 March 2025

PRESS RELEASE

S&P GLOBAL RATINGS AFFIRMS BOTSWANA'S SOVEREIGN CREDIT RATINGS BUT REVISES DOWN THE ECONOMIC OUTLOOK

On 14 March 2025, S&P Global Ratings (S&P) released an update of the sovereign credit rating for Botswana. The Rating Agency affirmed the country's 'BBB+' long-term and 'A-2' short-term foreign and domestic currency sovereign credit ratings but revised down the economic outlook from stable to negative.

Botswana's credit ratings, therefore, remain firmly investment grade. The negative outlook is on account of S&P's expectation that weak global demand for diamonds and depressed prices will continue to suppress Botswana's exports and fiscal position, therefore, delaying government's fiscal consolidation agenda and the rebuilding of buffers.

According to S&P, the credit ratings are supported by the country's strong institutional framework, highlighted by the smooth transition of government following free and fair elections in October 2024, demonstrating the strength of our democratic institutions and effective checks and balances. S&P also indicated that the commitment by Government to reducing unemployment, diversifying the economy and increasing social support, while maintaining fiscal prudence, also had a positive impact to the ratings. In addition, the Rating Agency expects the recently concluded deal between the Government and De Beers, extending mining rights to 2054, to significantly benefit Botswana. The strengthening of various sectors, including

transportation, information and communications technology, tourism, infrastructure, investments in agriculture and power generation, will further bolster the growth of non-mining sectors.

S&P indicated that a rating upgrade could occur if global demand and prices for diamonds rebound, leading to a sustainable improvement in the country's fiscal and external flows. Furthermore, a longer-term positive outlook could result from policy efforts aimed at diversifying Botswana's commodity-concentrated export and tax base. Conversely, a rating downgrade could arise if Botswana's fiscal and external performance proves materially weaker than anticipated. This scenario could materialise if diamond demand and GDP growth fail to recover from their current lows, further weakening Botswana's fiscal and external buffers.

These ratings highlight the importance of maintaining strong institutions and policy frameworks that deliver macroeconomic stability. The ratings also emphasise the need to ensure successful implementation of ongoing economic structural transformation and policy reforms by Government. These efforts are essential to accelerate economic diversification and industrialisation, rebuild fiscal buffers and, ultimately, strengthening economic stability and resilience. In this regard, it is imperative for Government and related institutions to remain steadfast in implementing structural and policy reforms and restoration of fiscal discipline.

For further information, please contact Dr Seamogano Mosanako, Head of Communications and Information Services, at mosanakos@bob.bw, +267 360 6083, 360 6382 and 360 6315 or visit the Bank website at www.bankofbotswana.bw.