



BANK OF BOTSWANA

13 March 2026

PRESS RELEASE

S&P GLOBAL RATINGS DOWNGRADES BOTSWANA'S LONG-TERM AND SHORT-TERM SOVEREIGN CREDIT RATINGS: ECONOMIC OUTLOOK REMAINS NEGATIVE

On 13 March 2026, S&P Global Ratings (S&P) released an update on Botswana's sovereign credit rating, downgrading the country's long-term foreign and local currency ratings from 'BBB' to 'BBB-'. Similarly, the short-term ratings for both foreign and domestic currency debt were lowered from 'A-2' to 'A-3', while the outlook remains negative. Despite the downgrade, Botswana's sovereign ratings remain within the investment-grade category.

According to S&P Global Ratings, the lower ratings reflect expectations of prolonged subdued global demand for diamonds, which continues to weigh down on Botswana's already constrained economy and public finances. The agency noted that weaker global demand and lower diamond prices are likely to adversely impact fiscal revenue and export earnings. S&P further stated that the fiscal pressures accumulated over recent years have been substantial and prospects for meaningful fiscal consolidation remain limited. With diamond revenue under strain and existence of spending needs, the agency projects continuation of relatively large general government deficits and increase in net

government debt. The negative outlook reflects the persistent weakness in diamond markets which is expected to challenge economic growth and fiscal stability, complicating the government's consolidation efforts and potentially eroding both external and public sector balance sheets.

S&P Global Ratings stated that Botswana's sovereign ratings continue to be supported by its strong institutional framework, which has underpinned prudent management of natural resource wealth, a relatively strong, net external asset position and a comparatively low, albeit rising, government debt burden. At the same time, the country's narrow, diamond-dependent economic base, which is vulnerable to fiscal and external shocks, constrains the ratings. The agency recognised government efforts to diversify the economy and promote social development through National Development Plan 12 and the Botswana Economic Transformation Programme (BETP), noting the focus on priority sectors such as agribusiness (to ensure food security), healthcare (to address drug shortages), renewable energy (to reduce external reliance) and technology (to foster knowledge-based industries and strengthen the financial sector through digitalisation and inclusion).

S&P further indicated that a revision of the outlook from negative to stable could occur if economic growth, fiscal performance and external balances improved significantly, particularly through a sustained rebound in diamond markets and effective implementation of diversification policies. Conversely, continued weakness in diamond demand, fiscal pressures and consolidation challenges could lead to a further downgrade.

The downward revision in ratings reinforces the importance of maintaining robust institutions and sound policy frameworks that support macroeconomic stability and sustainable economic growth. It also underscores the need for sustained implementation of economic structural reforms and the Government-led transformation efforts aimed at accelerating economic diversification and industrialisation; improving resource mobilisation (including tax coverage, administration and closing leakages); thus,

rebuilding buffers and enhancing fiscal sustainability. Progress in these areas would strengthen economic resilience and over time, could positively influence the Botswana's credit ratings and outlook.

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.