

# **BANK OF BOTSWANA**

## **2026 MEDIA ECONOMIC BRIEFING**

### **Welcome Remarks**

by

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Governor

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**Distinguished media practitioners, here and those joining virtually;**

**Deputy Governors Doctor Masalila and Doctor Khunwana;**

**Members of the Senior Leadership Forum;**

**Colleagues here at the Bank, the CMS and Francistown Branch, A very good morning to you all.**

Let me thank you, Distinguished Members of the Media, for honouring the Bank's invitation to today's Economic Briefing, which also marks the launch of the 2025 Bank of Botswana Annual Report. The Bank of Botswana values greatly the critical role played by the Media in the dissemination of

financial, economic and other information to the nation; it is, therefore, not a coincidence that this economic briefing comes immediately after the briefing of The President and Members of the Cabinet. The media will be critical in Botswana's transformation agenda. You shape the narrative and what you write or say, whether true or false becomes the believable truth. I encourage you therefore to continue to be objective, honest and truthful in your reporting.

The Annual Report is published in compliance with the Bank of Botswana Act and, as a statutory requirement, contains a report on the Bank's operations and audited financial statements, that is to say, it is the primary vehicle for accountability to the nation on the operations and financial performance of the Bank. It also demonstrates our commitment to transparency and public education in relation to our mandates, manner of execution and performance outcomes; which are a big part of the Bank's value creation. In essence, reporting back as well as enabling feedback and dialogue on the stewardship of the public goods, licence to operate banking business and resources entrusted to the Bank.

Colleagues, you will recall that the public goods entrusted to our stewardship include, price and financial stability; currency management; the management of the foreign exchange reserves and related implementation of the nation's exchange rate policy; as well as maintenance of effective and trusted payments systems. Combined all, these collapse into preservation of integrity of the national currency and trust in the domestic financial system. In turn, we are also under obligation to ensure that, we put in place mechanisms, frameworks and support services that transmit attainment of our mandates to long-term, inclusive and sustainable increase in incomes and welfare for the nation and Botswana. I will leave the details in this regard to the presentations by my colleagues this morning.

Distinguished Media Practitioners, our DNA as the Bank, as Bank employees, and as reflected in our values is that economic, financial and policy developments, be they domestic or international, as well as related outlook, provide a base for honest diagnosis and analysis; secondly, they provide us to challenge our hitherto manner of operation; and, in turn they present a case to reform and transform, in order to

harness emerging opportunities, while effectively managing related risks. This perspective and approach, that entails honesty, transparency/openness, thoughtful engagement and collaboration, deep information seeking and knowledge gathering, is reflected in how we proffer advice and relate with our stakeholders. Again, my colleagues, in their presentations, will demonstrate elements of this, for example, our strategic repositioning and related initiatives and the value drivers.

Distinguish Ladies and Gentlemen, let me first preface my colleagues' presentations by briefly summarise and reflect on the current diagnosis and outlook, opportunities and related initiatives.

Distinguished Members of the Media, you will note that the prolonged weakness in global diamond demand, heightened geopolitical tensions, evolving trade arrangements, and persistent uncertainty in the global economy have continued to weigh down on Botswana's economic performance and fiscal position. These developments have exposed, once again, the vulnerabilities associated with a narrow export base and at a time when our buffers have been substantially eroded.

Notably, lower mineral revenue has put pressure on government finances and the foreign exchange reserves, reducing the policy space available to respond to economic shocks. Therefore, the importance of policy reforms to restore fiscal sustainability and rebuild buffers.

This diagnosis, therefore, underscores the urgency for the country to accelerate economic transformation. We at the Bank do see a way out in this regard and are steadfast in supporting beneficial reforms and structural transformation.

**First**, we observe that despite the current challenges, Botswana's economic fundamentals remain sound. The country continues to benefit from strong institutions, a stable financial system, prudent macroeconomic stewardship and management, and a longstanding reputation for policy credibility and good governance that underpin investment grade sovereign credit rating. These strengths have enabled Botswana to navigate difficult periods in the past and continue to provide a solid foundation for recovery and long-term prosperity.

**Second,** even as the diamond sector has faltered, there continues to be a market for our diamonds that can be rejuvenated even if not to the same extent as prevailing in the past. At the same time, other minerals and commodities appear to have good prospects in the new world and domestic economy. Moreover, the non-mining economy has continued to expand, albeit at a slower pace. In many respects, the slow growth reflects idle and spare capacity that, in some instances, entail quick wins to exploit. It is only that the pace of transformation, adaptation and implementation remains insufficient relative to the scale of the challenges confronting the economy, as well as the desired national development objectives.

**Third,** there is an opportunity and ripe prospects for institutional leadership across government, state owned enterprises and the private sector to commit to structural reforms, productivity enhancements and implementation discipline. The imperative is not merely to recover from cyclical weakness in the diamond market, but to build a more diversified, resilient and competitive economy capable of

generating sustainable, and inclusive growth, irrespective of developments in any single sector.

It is, therefore, notable, that Government leads in the pronouncement and commitment to the Botswana Economic Transformation Programme (BETP) and the priorities articulated in National Development Plan 12 (NDP 12). These provide an important framework for achieving economic diversification, resilience and inclusive economic and welfare outcomes. Indeed, the emphasis on private sector-led growth, human capital development, infrastructure modernisation and digital transformation is both timely and appropriate.

It should be noted, in this regard, that one of the key lessons emerging from recent economic developments, is that structural transformation cannot be postponed until conditions improve. Rather, periods of economic difficulty often provide the strongest impetus for reform. Thus, the saying, “never waste a crisis”

The current environment, therefore, presents an opportunity to accelerate initiatives that strengthen domestic productive

capacity, deepen export diversification, enhance participation in regional and global value chains, and unlock new sources of growth in, among others, agriculture, tourism, manufacturing, financial services, digital services, renewable energy and the broader knowledge economy. Again, a call for responsible ministries, related government departments and institutions to be deliberate and focused in implementing reforms. I can assure you that the Bank of Botswana is in the forefront of changes in the finance space, including the ease of doing banking business to support the transformative agenda. But business needs land, license and supporting infrastructure before they can look for finance. As a country, we must be aware that we are competing for investment capital with other countries and for investor to come here, we have to be more attractive than our competitors. There must be ease of accessibility and speed in processing business applications without compromising the required due diligence.

Diamond revenues have engendered an endemic leisure fare attitude in this country, where there is no sense of urgency in our approach to implementing or services for the economic

transformative initiatives. Our attitude to service delivery must change drastically across the economy.

On the macroeconomic policy front, we can also observe, with appreciation, efforts at fiscal consolidation, including improvements in revenue collection, broadly resource mobilisation; expenditure control and prioritisation; the adjustment of the exchange rate parameters to safeguard the foreign exchange reserves and sustain access to foreign currency reserves; and monetary policy recalibration and enhancements of monetary operations to improve liquidity management and policy transmission.

In addition, having earlier alluded to the Bank's approach to continuous renewal and adaptation to a changing operating environment, let me mention some of the related initiatives we are undertaking.

Distinguished Ladies and Gentlemen of the Media, the Bank is moving at speed to establish the National Retail Payments Switch; digitalisation of the government revenue collection; interoperability enhancements across different transaction

and payments platforms; as well as Botswana's participation in regional payments infrastructure. My colleagues will provide details on these and mention specific BETP initiatives already implemented. Collectively, these initiatives should contribute to a more inclusive and efficient economy, lower transaction costs, improved competitiveness and enhanced policy and transformation impact.

I can confidently say banking business has improved and is quite different from what it was a few years ago. You will see this in Mr Ngidi's presentation. So, we have changed and continue to reshape our industry.

Distinguished Ladies and Gentlemen, this morning's programme comprises four presentations covering key aspects of the economy and the Bank's operations and with a report back on performance in relation to our mandates and initiatives in support of national economic transformation.

The first presenter will be the Director of Strategic Planning and Risk Management Department, Ms Alice Boone Kgathola. She will highlight the Bank's mandates, strategy and initiatives,

significantly, demonstrate the Bank's value creation and impact.

The next presenter will address elements of the price and financial stability mandate, economic and financial performance, the external sector and exchange rate developments, as well as overview of the payments system and initiatives. This will be done by Dr Matlhodi M Serero, Acting Director of the Research and Financial Stability Department.

Following a short break, the Acting Director of the Financial Markets Department, Mr Otsile Moduka will present on the governance, management, performance and outlook for the country's foreign exchange reserves. This will be followed by a summary of the Bank's 2025 financial statements and performance, including updates, by the Chief Financial Officer, Mr Daniel Loeto.

I now invite Ms Kgathola to kick start the presentations.