S&P Global Ratings

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Research Update:

Botswana Outlook Revised To Negative From Stable On External And Fiscal Pressures; 'BBB+/A-2' Ratings Affirmed

March 14, 2025

Overview

- Subdued global demand and prices for diamonds is weighing on Botswana's minerals-dependent fiscal revenues and exports.
- Absent a concerted fiscal effort by the government or substantial improvement in diamond prices and sales volumes, we project Botswana's fiscal consolidation efforts will remain challenging. We forecast government debt, net of liquid assets, to rise to 19% of GDP by 2028 from 3% in 2024.
- We therefore revised our outlook on Botswana to negative from stable and affirmed our 'BBB+/A-2' long- and short-term sovereign credit ratings.

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Rating Action

On March 14, 2025, S&P Global Ratings revised its outlook on Botswana to negative from stable. At the same time, we affirmed our 'BBB+' long-term and 'A-2' short-term foreign and local currency sovereign credit ratings on Botswana.

We equalize our ratings on the Bank of Botswana with our ratings on the sovereign. We therefore also revised our outlook on the Bank of Botswana to negative from stable, and affirmed our 'BBB+' long-term and 'A-2' short-term issuer credit ratings on the bank.

Outlook

The negative outlook reflects our view that weak global demand for diamonds and depressed prices will likely keep Botswana's export and fiscal flows subdued, complicating the government's fiscal consolidation agenda. The negative outlook also reflects that Botswana's external and public balance sheets could erode further.

Downside scenario

We could lower our ratings if Botswana's fiscal and external performance proved materially weaker than our forecast. This could happen, for instance, if diamond demand and GDP growth do not recover from their current lows, leading to further weakening of Botswana's fiscal and external buffers.

Upside scenario

We could revise the outlook to stable if global demand and prices for diamonds were to rebound, substantially improving Botswana's fiscal and external flows. Longer-term upside could also stem from a policy effort to diversify Botswana's commodity-concentrated export and tax base.

Rationale

Following real GDP growth of 3.2% in 2023, we estimate Botswana's economy to have contracted by 3.3% in 2024, primarily due to a significant drop in diamond demand and prices. A 3.3% contraction in the first three quarters of 2024 (last actual data) was driven by a steep 23.4% decline in diamond trading and mining activities amid weakened Chinese demand and increasing competition from lab-grown diamonds. This was despite continued growth of Botswana's non-diamond sector, which expanded by an estimated 3.7% in the first three quarters of the year.

Given the GDP contraction and sharp fall in diamond taxes and royalties--alongside sizable spending in the run up to Botswana's October 2024 general elections--we estimate the fiscal year 2024-2025 (ending March 31, 2025) has run a sizable deficit of 9.0% of GDP. Despite a very conservate spending growth target of 4%, the budget unveiled by the new government for fiscal 2025-2026 in February 2025 plans for a still-sizable overall deficit of about 7.6% of GDP.

Past fiscal surpluses allowed Botswana's government to build up sizable financial buffers and maintain a net asset position. However, in recent years, this has begun to erode, with the government having moved from a net asset position of 6% of GDP in 2023, to a net debt position of 3% of GDP in 2024, and we forecast net general government debt to rise to 19% of GDP by 2028. Despite its ambitious agenda, the new government is targeting broad fiscal consolidation. However, if the external environment remains weak, downsizing fiscal deficits is likely to prove challenging. Sizable public external assets are also important for Botswana's crawling pegged exchange-rate regime.

Botswana is the world's second largest producer of natural rough diamonds (after Russia), and the diamond sector represents about 70% of exports, approximately a third of the government's fiscal receipts, and about a quarter of GDP. We estimate Botswana's economy to have contracted in 2024, but we expect it to rebound to positive growth from 2025 as global diamond demand improves and domestic government expenditure supports domestic demand, with real GDP growth forecast to average 3.9% per year in 2025-2028.

Our ratings on Botswana are supported by the country's strong institutional framework, which has underpinned the prudent management of the country's natural resource wealth over years; its strong external balance sheet; and comparatively low, albeit rising, government debt burden. The ratings are constrained by the country's narrow economic base--it still relies heavily on the diamond sector and is therefore vulnerable to fiscal and external shocks.

We equalize our ratings on the Bank of Botswana (BoB) with our ratings on the sovereign because we consider monetary authorities to be analytically inseparable from the sovereign.

Institutional and economic profile: The opposition, Umbrella for Democratic Change (UDC), won the elections in October 2024 on the back of pledges to create jobs and diversify the economy away from the diamond sector, but diamond dependency remains high

- The smooth change of government after free and fair elections highlight the country's democratic strength and institutional checks and balances that support the rating.
- The new coalition's diversification strategy aims to reduce the economy's reliance on diamonds, but this will be a challenge.
- While diversification initiatives are underway, the diamond industry remains a dominant source of export and fiscal revenues, leaving Botswana vulnerable to global diamond market fluctuations in the next few years.

Botswana's recent October 2024 general election marked a pivotal shift in its political landscape and a maturing of its democracy. The opposition center-left UDC coalition defeated the center-right Botswana Democratic Party (BDP), which has ruled the country since independence in 1966. The UDC coalition won 36 of the 61 contested seats in the National Assembly, while the BDP's representation fell sharply; it retained only four of its former 38 seats. As a result, BDP did not retain enough seats to even be the official opposition party, a position taken by the Botswana Congress Party.

The UDC tapped into widespread discontent around high youth unemployment, the lack of economic diversification outside the diamond sector, as well as the BDP's internal conflicts. The smooth political transition underscores Botswana's long-standing strong institutions, characterized by effective checks and balances, a robust legal system, and a history of free and fair elections. This change also aligns with regional anti-incumbency trends, with populations unhappy with the status quo.

The new administration came to power on a promise to reduce unemployment, diversify the economy, and increase social spending, while maintaining Botswana's longstanding tradition of fiscal prudence. It plans to widen social support on pensions and health, enhance job creation, and implement tax reforms to fund the programs. The upcoming 12th National Development Plan (NPD12), which was due to start in April, but was postponed to July, is likely to focus on the above plans, as well as infrastructure investments aimed at diversifying the economy towards sectors, such as agriculture, manufacturing, and tourism by 2030.

Botswana's diamond sector has been facing the twin challenges of a slowdown in Chinese demand, due to sluggish GDP growth in China as well as a shift in appetite toward gold, alongside the worldwide challenge of lab-grown diamonds taking market share from natural stones. The lab-grown diamond industry has expanded rapidly in recent years and lab-grown diamonds can now be produced relatively cheaply using renewable electricity. As a result, they can also be sold as an environmentally friendly alternative to natural diamonds. In recent years the retail market has begun to significantly differentiate between lab-grown and natural stones on price and quality, with lab-grown now selling at much lower prices than natural stones. New scanning systems that can quickly differentiate lab-grown diamonds from natural ones can now be placed in retail establishments and are also helping to drive the price differentiation between lab-grown and natural stones. Nevertheless, lab-grown diamonds are cutting into overall demand for natural stones; lab-grown diamonds now account for about 20% of the $90 billion global diamond jewelry market per year, up from close to zero in 2015. Botswana's natural stones still dominate the global high-end market, with the country having recently discovered the second-largest diamond ever found globally, at 2,492 carats.

Sanctions and bans on the sale of Russian diamonds into the U.S., the EU, and Japan enacted on Jan. 1, 2024--in response to the Russia-Ukraine war--have added some volatility to the market. To ensure Russian diamonds do not enter these countries, the G7 and the EU, alongside Botswana, are implementing a diamond certification process, which involves a plan to certify rough diamonds larger than half a carat in the chosen "nodal locations" of Antwerp, Belgium, and Gaborone, Botswana. Diamonds will be traceable from country of origin, via cutter, to the market to ensure that they do not originate from Russia.

In February 2025, Botswana's government signed an agreement with the global mining firm De Beers, on extending mining and marketing rights. The deal will permit DeBeers, via Debswana (its 50/50 joint venture subsidiary with the government of Botswana), to continue mining in Botswana until 2054, well beyond its existing license that was due to end in 2029. The deal should improve terms for the Botswanan government, which, over time, will increase its share of the diamonds produced by Debswana and sold via the government-owned entity, Okavango Diamond Company, to 50% from 25%. Prioritized by the new President, Duma Gideon Boko after previous delays, the agreement ensures continued production for decades. Additionally, Debswana is investing in expanding the Jwaneng and Orapa mines, solidifying Botswana's position as a leading global diamond producer for the next few decades.

Alongside its 50% stake in Debswana, the Botswanan government also owns a 15% stake in De Beers. Global mining giant, Anglo American, owns the remaining 85% stake, but is planning to sell De Beers as it has chosen to focus on copper and iron ore and dispose of other minerals. The Botswanan government has said it is interested in raising its stake in De Beers, and discussions are ongoing.

Botswana also continues to diversify its economy beyond diamonds, with notable developments in the mining of other minerals, in particular copper, while also expanding tourism, meat, and other sectors. Recent investments in copper and iron ore, are promising alternatives to diamonds. The government is also focusing on critical infrastructure, including electricity and water access. Additionally, Botswana is strengthening its transportation, ICT, and tourism sectors. The construction sector is also projected to significantly contribute to non-mining GDP growth, bolstered by planned increased government spending under NDP12 and infrastructure investments, including power generation, which could enhance economic productivity. With ongoing investments in key industries, the non-diamond economy is projected to maintain growth.

Flexibility and performance profile: After fiscal slippage in 2024-2025 and 2025-2026, the new government will target a return to fiscal discipline

- Botswana experienced a significant fiscal deficit in the fiscal year 2024-2025, mainly due to lower diamond revenue and high pre-election spending.
- Absent the positive terms of trade shock or a stronger policy effort, wide twin current account and fiscal deficits will gradually erode the country's strong net external asset position and increase general government debt, albeit from a low base.
- Despite additional funding needs, Botswana will maintain its external creditor position over the forecast horizon.

Botswana is a longstanding member of the Southern Africa Custom Union (SACU). While the current downturn in diamond-related revenue hit diamond revenues in 2024-2025, SACU revenues have remained strong, which--alongside a budgeted increase in corporate and other tax rates in the 2025-2026 budget--should bolster future revenue generation. Mineral taxes and royalties combined typically account for about one-third of total government revenue. In 2024-2025, mineral royalties and dividends and mineral-related tax revenue declined sharply due to a drop in demand, but we expect this to recover over the next few years. Customs union revenue has surpassed mineral revenue, with SACU revenue projected to represent about 30% of total revenue in the 2025-2026 budget.

Botswana's gross general government debt, including public guarantees, is forecast to rise significantly, with gross general government debt averaging 34% in 2025-2028, up from 20% in 2023. To meet the larger funding needs in fiscal 2024-2025 and 2025-2026, the government plans to draw on savings from the Government Investment Account, as well as increase domestic debt issuance in the domestic market, potentially with longer tenors. The phased implementation of the Retirement Funds Act, which began to limit offshore investments by pension funds, is causing pension fund money to return to the country and providing liquidity for government debt issuance.

The high volume of government debt issuances will increase the government's interest burden, but the effective interest rate will remain broadly contained overall, partly due to the availability of repatriated pension funds. Foreign currency-denominated debt constitutes less than 50% of total government debt, with about 90% of external debt held by multilateral lenders with long tenors. Despite borrowing most of its external debt at variable rates, we believe Botswana's external interest costs will remain low, as most of this debt is concessional from multilateral and bilateral donors.

Following a small current account deficit of 0.6% of GDP in 2023, we estimate the deficit to have risen to 5.0% of GDP in 2024 due to weak diamond exports. However, we forecast exports will rebound and that the deficit will average 2.4% of GDP in 2025-2028. Balance of payments are set to be supported by increasing diamond exports and resilient SACU transfers, while financially, they will be supported by borrowing from multilaterals. Additionally, exports could benefit from a significant ramp-up in other mineral exports as well as tourism and meat, if recent reforms and investments in these sectors yield results.

Botswana will retain an overall net external creditor (stock) position, despite its net external credit position falling over the past two decades. The lack of external surpluses in recent years has eaten into Botswana's relatively strong net international investment position (NIIP). From a peak of 105% of GDP in 2007, the NIIP has declined to 19% of GDP in 2025. Botswana's foreign exchange reserves, including the Pula Fund, declined to an estimated $3.8 billion at end-2024. The Pula Fund is a fund established in 1994 with the intention of saving some diamond export receipts for future generations. Despite the fall, we project foreign exchange reserves to stand at over five months of current account payments in 2025-2028. Sizable external public sector assets are also important for maintaining Botswana's crawling pegged exchange-rate regime.

In December 2024, the BoB reduced the primary reserve requirement by 250 basis points, to zero, to address the liquidity crunch stemming from prolonged global diamond demand downturns and to stimulate the domestic credit market and economy. However, the effective transmission of monetary policy actions into the wider economy remains limited, necessitating further development of credit channels and the banking sector.

The pula depreciated by 4.4% year-on-year as of January 2025, aligning with the crawling peg arrangement. We expect the pula to continue within this framework, pegged to a basket comprising 50% South African rand and 50% of the IMF's special drawing rights. A notable decrease in inflation prompted the BoB to lower its policy rate to 1.9% in 2024. However, we do not anticipate further declines in inflation due to recent food price pressures; we project an average inflation rate of 3.6% from 2025-2028, which is close to the lower bound of the central bank's 3%-6% target. Botswana's banking sector remains well-capitalized, and profitable. Dominated by subsidiaries of South African banks, it does not pose a fiscal contingent liability for the government.

Key Indicators

Table 1

Botswana--Selected indicators

Mil. BWP	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Economic indicators (%)										
Nominal GDP (bil. LC)	180	171	208	251	264	258	277	297	320	345
Nominal GDP (bil. $)	17	15	19	19	19	19	20	21	22	23
GDP per capita (000s $)	7.3	6.4	7.8	8.0	7.8	7.5	7.6	7.9	8.2	8.5
Real GDP growth	3.0	(8.7)	11.9	5.5	3.2	(3.3)	3.3	3.7	4.0	4.0
Real GDP per capita growth	0.8	(10.6)	9.9	3.6	1.4	(5.0)	1.5	1.9	2.2	2.2
Real investment growth	10.2	(9.2)	0.3	(0.2)	4.2	(0.5)	2.3	3.6	3.8	3.6
Investment/GDP	33.0	30.4	30.1	30.1	32.1	33.6	32.5	32.2	32.0	31.8
Savings/GDP	26.1	20.1	28.3	28.9	31.5	28.7	29.3	29.3	29.8	30.5
Exports/GDP	37.1	31.3	41.9	43.5	32.2	28.9	29.4	28.8	28.1	27.4
Real exports growth	(8.8)	(18.6)	31.7	(5.4)	(12.4)	(8.1)	5.0	3.0	3.0	3.0
Unemployment rate	22.2	24.5	26.0	25.4	23.4	24.8	24.5	24.0	24.0	24.0
External indicators (%)										
Current account balance/GDP	(6.9)	(10.3)	(1.8)	(1.2)	(0.6)	(5.0)	(3.3)	(2.9)	(2.1)	(1.3)
Current account balance/CARs	(14.4)	(24.2)	(3.4)	(2.4)	(1.5)	(13.1)	(8.6)	(7.5)	(5.7)	(3.6)
CARs/GDP	47.7	42.5	51.1	50.9	43.3	37.8	38.3	38.2	37.5	36.3
Trade balance/GDP	(6.4)	(13.2)	(3.5)	2.7	(2.3)	(6.5)	(4.5)	(3.8)	(3.0)	(2.4)
Net FDI/GDP	0.7	0.7	(1.5)	3.4	3.4	1.2	1.2	1.2	1.2	1.2
Net portfolio equity inflow/GDP	(3.3)	(5.2)	(4.2)	3.2	(3.8)	(2.0)	(1.5)	(1.5)	(1.5)	(1.5)
Gross external financing needs/CARs plus usable reserves	68.0	71.2	72.2	73.6	72.4	75.3	80.2	80.9	80.6	77.7
Narrow net external debt/CARs	(51.5)	(66.1)	(40.4)	(37.6)	(41.6)	(28.3)	(20.6)	(15.4)	(16.1)	(17.7)
Narrow net external debt/CAPs	(45.0)	(53.2)	(39.0)	(36.7)	(41.0)	(25.0)	(19.0)	(14.3)	(15.2)	(17.1)
Net external liabilities/CARs	(65.1)	(97.4)	(76.0)	(58.2)	(65.6)	(58.4)	(49.8)	(42.5)	(41.4)	(41.6)
Net external liabilities/CAPs	(56.9)	(78.4)	(73.5)	(56.8)	(64.7)	(51.7)	(45.9)	(39.5)	(39.2)	(40.1)
Short-term external debt by remaining maturity/CARs	10.2	15.8	6.1	6.6	7.8	11.7	12.1	12.2	12.1	12.1

Table 1

Botswana--Selected indicators (cont.)

Mil. BWP	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Usable reserves/CAPs (months)	8.7	9.3	6.0	5.6	6.0	7.0	5.6	5.4	5.2	5.7
Usable reserves (mil. $)	6,141	4,946	4,770	4,268	4,746	3,793	3,791	3,789	4,117	4,464
Fiscal indicators (general government; %)										
Balance/GDP	(6.2)	(9.6)	(0.1)	(0.0)	(4.2)	(9.0)	(7.6)	(5.0)	(3.5)	(2.5)
Change in net debt/GDP	9.0	19.4	1.9	(0.6)	2.3	9.3	7.8	5.2	3.8	2.7
Primary balance/GDP	(5.5)	(8.9)	0.5	0.7	(3.3)	(7.9)	(6.3)	(3.5)	(2.0)	(1.1)
Revenue/GDP	30.2	28.8	33.0	29.5	28.1	26.6	27.2	28.0	29.5	31.0
Expenditures/GDP	36.4	38.4	33.0	29.5	32.3	35.6	34.8	33.0	33.0	33.5
Interest/revenues	2.2	2.4	1.7	2.5	3.2	4.1	4.7	5.2	5.2	4.6
Debt/GDP	16.2	19.7	19.7	17.3	19.7	27.7	32.1	34.2	34.8	34.5
Debt/revenues	53.8	68.3	59.7	58.8	70.2	104.2	118.0	122.2	118.1	111.3
Net debt/GDP	(32.5)	(14.6)	(10.1)	(9.0)	(6.3)	2.9	10.5	15.0	17.7	19.1
Liquid assets/GDP	48.7	34.3	29.8	26.4	26.1	24.9	21.6	19.2	17.1	15.4
Monetary indicators (%)										
CPI growth	2.8	1.9	6.7	12.2	5.2	2.8	3.9	3.4	3.6	3.6
GDP deflator growth	0.5	4.4	8.4	14.6	1.7	1.2	3.9	3.4	3.6	3.6
Exchange rate, year-end (LC/$)	10.62	10.79	11.74	12.78	13.42	13.95	14.25	14.50	14.80	15.00
Banks' claims on resident non-gov't sector growth	7.6	4.5	5.1	6.0	12.0	5.5	8.2	8.2	8.2	8.2
Banks' claims on resident non-gov't sector/GDP	34.9	38.2	33.2	29.1	31.0	33.4	33.7	34.0	34.1	34.3
Foreign currency share of claims by banks on residents	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Foreign currency share of residents' bank deposits	14.7	17.0	18.5	21.4	18.1	20.0	20.0	20.0	20.0	20.0
Real effective exchange rate growth	1.3	1.2	(2.4)	3.6	N/A	N/A	N/A	N/A	N/A	N/A

Sources: Bank of Botswana, IMF (Economic Indicators), Bank of Botswana (External Indicators), Bank of Botswana, Ministry of Finance and Economic Development (Fiscal Indicators), and Bank of Botswana, IMF, Bruegel (Monetary Indicators).
Adjustments: None
Definitions: Savings is defined as investment plus the current account surplus (deficit). Investment is defined as expenditure on capital goods, including plant, equipment, and housing, plus the change in inventories. Banks are other depository corporations other than the central bank, whose liabilities are included in the national definition of broad money. Gross external financing needs are defined as current account payments plus short-term external debt at the end of the prior year plus nonresident deposits at the end of the prior year plus long-term external debt maturing within the year. Narrow net external debt is defined as the stock of foreign and local currency public- and private- sector borrowings from nonresidents minus official reserves minus public-sector liquid claims on nonresidents minus financial-sector loans to, deposits with, or investments in nonresident entities. A negative number indicates net external lending. N/A--Not applicable. LC--Local currency. CARs--Current account receipts. FDI--Foreign direct investment. CAPs--Current account payments. The data and ratios above result from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information.

Ratings Score Snapshot

Table 2

Botswana--Ratings score snapshot

Key rating factors	Score	Explanation
Institutional assessment	3	Generally effective and prudent policymaking, promoting broadly sustainable public finances and macroeconomic stability. Cohesive civil society, although unemployment is high and youth unemployment is particularly high. Enforcement of contracts is generally unbiased and there is widespread respect for the rule of law. Statistics are published fairly regularly.
Economic assessment	5	Based on GDP per capita (US$) and growth trends as per Selected Indicators in Table 1.
		Middle-income country, despite the narrow economic base, with significant exposure to the diamond industry, which comprises more than 20% of GDP.
External assessment	1	Based on narrow net external debt and gross external financing needs/(CAP+ usable reserves) as per Selected Indicators in Table 1. The sovereign is in a net external asset position.
Fiscal assessment: flexibility and performance	5	Based on the change in net general government debt (% of GDP) as per Selected Indicators in Table 1.
		The sovereign has a volatile revenue base, with mineral revenue accounting for around 30% of revenue in years when global diamond demand is robust.
Fiscal assessment: debt burden	1	Based on net general government debt (% of GDP) and general government interest expenditure (% of general government revenues) as per Selected Indicators in Table 1.
		While general government debt stock is low, about 40% of gross government debt is denominated in foreign currency
Monetary assessment	4	The pula runs a crawling peg against the South African Rand and the IMF's SDRs. The central bank has operational independence to determine the policy rate and uses market-based instruments to transmit monetary policy to the banking sector and the economy. It is constantly reviewing the best way to effectively ensure monetary transmission to banks that rely on wholesale funding.
Indicative rating	bbb+	
Notches of supplemental adjustments and flexibility	0	
Final rating		
Foreign currency	BBB+	
Notches of uplift	0	Default risks apply indifferently to foreign- and local-currency debt, based on a soft peg and absence of developed capital markets.
Local currency	BBB+	

S&P Global Ratings' analysis of sovereign creditworthiness rests on its assessment and scoring of five key rating factors: (i) institutional assessment; (ii) economic assessment; (iii) external assessment; (iv) the average of fiscal flexibility and performance, and debt burden; and (v) monetary assessment. Each of the factors is assessed on a continuum spanning from 1 (strongest) to 6 (weakest). S&P Global Ratings' "Sovereign Rating Methodology," published on Dec. 18, 2017, details how we derive and combine the scores and then derive the sovereign foreign currency rating. In accordance with S&P Global Ratings' sovereign ratings methodology, a change in score does not in all cases lead to a change in the rating, nor is a change in the rating necessarily predicated on changes in one or more of the scores. In determining the final rating the committee can make use of the flexibility afforded by §15 and §§126-128 of the rating methodology.

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Governments | Sovereigns: Sovereign Rating Methodology, Dec. 18, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- General Criteria: Methodology: Criteria For Determining Transfer And Convertibility Assessments, May 18, 2009

Related Research

- Sovereign Ratings List, Feb. 19, 2025
- Sovereign Ratings History, Feb. 19, 2025
- Sovereign Ratings Score Snapshot, Feb. 6, 2025
- Global Sovereign Rating Trends 2025: Geopolitical Risk Is The Biggest Threat To Credit Quality, Dec. 18, 2024
- Sovereign Risk Indicators, Dec. 9, 2024. Interactive version available at http://www.spratings.com/sri
- Default, Transition, and Recovery: 2023 Annual Global Sovereign Default And Rating Transition Study, March 27, 2024

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see 'Related Criteria And Research'). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision.

After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts.

The committee's assessment of the key rating factors is reflected in the Ratings Score Snapshot above.

The chair ensured every voting member was given the opportunity to articulate his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see 'Related Criteria And Research').

Ratings List

Ratings Affirmed; Outlook Action

	To	From
Botswana		
Sovereign Credit Rating	BBB+/Negative/A-2	BBB+/Stable/A-2
Transfer & Convertibility Assessment	A	A
Bank of Botswana		
Sovereign Credit Rating	BBB+/Negative/A-2	BBB+/Stable/A-2
Short-Term Debt	A-2	A-2