Bank of Botswana

25 September 2026

PRESS RELEASE

MOODY'S UPGRADES BOTSWANA'S OUTLOOK TO STABLE AND ADJUSTS THE SOVEREIGN CREDIT RATING DOWNWARDS, WHILE AFFIRMING CONFIDENCE IN THE COUNTRY'S STRONG CREDIT FUNDAMENTALS

On 25 September 2026, Moody's Investors Service (Moody's) released its latest assessment of Botswana's sovereign credit rating.

The agency adjusted Botswana's long-term local and foreign currency issuer ratings down by one notch from Baa1 to Baa2, while the outlook was upgraded from negative to stable, reflecting balanced risks, with prospects for both stronger fiscal policy implementation and sustained recovery in mining activity offsetting potential revenue and financing pressures.

Importantly, Botswana's sovereign rating remains firmly within the investment-grade category and above that assigned by S&P Global Ratings. The outlook upgrade is a particularly encouraging development, as it reflects Moody's assessment that Botswana's strong institutional framework, prudent policymaking and sound economic governance remain firmly intact. Furthermore, it is a demonstration that the risks to the rating have eased, given that the measures being implemented by the Government are helping to strengthen fiscal and economic prospects over the medium term.

In that regard, Moody's observed that Botswana continues to benefit from strong credit fundamentals, including effective institutions, sound macroeconomic management, a resilient external position, affordable financing conditions, and a still moderate public debt burden relative to peers. This anchors durable confidence in the country's creditworthiness and long-term economic resilience, which supports the investment grade Baa2 rating.

In relation to impactful policy responses, the Agency acknowledged progress being made under the Government's fiscal consolidation programme. Notably that, recent revenue and expenditure measures are beginning to yield results, helping to moderate fiscal pressures while preserving fiscal sustainability. These range of reforms, aimed at strengthening domestic revenue mobilisation, include adjustments to personal and corporate income tax rates, the broadening of the VAT base, and improving tax administration through electronic invoicing and enhanced compliance monitoring.

On the expenditure side, initiatives, such as centralised procurement, strengthened spending controls and greater efficiency in public resource management were acknowledged as being impactful in containing expenditure growth and improving value for money. Overall, it is a demonstration of commitment by the authorities to restoring fiscal buffers while maintaining confidence in public finances.

It is important to observe that Botswana continues to pursue a balanced approach that safeguards fiscal sustainability while ensuring that critical investments in social services, infrastructure and other public goods are maintained. This approach reflects Government's commitment to addressing immediate development needs without compromising long-term debt sustainability and macroeconomic stability.

Looking ahead, Moody's highlighted positive prospects emanating from a likely recovery in diamond production, growth in other mining activities and ongoing economic diversification efforts. These developments, together with implementation of reforms under the Botswana Economic Transformation Programme, could further strengthen economic growth, enhance resilience and support improvements in fiscal performance over time.

Overall, in order to preserve and strengthen Botswana's investment-grade standing, it remains important to sustain momentum on fiscal consolidation, economic diversification, industrialisation and domestic resource mobilisation. Continued progress in these areas will help rebuild fiscal buffers, strengthen long-term fiscal sustainability, and position the economy for more inclusive and resilient growth.

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