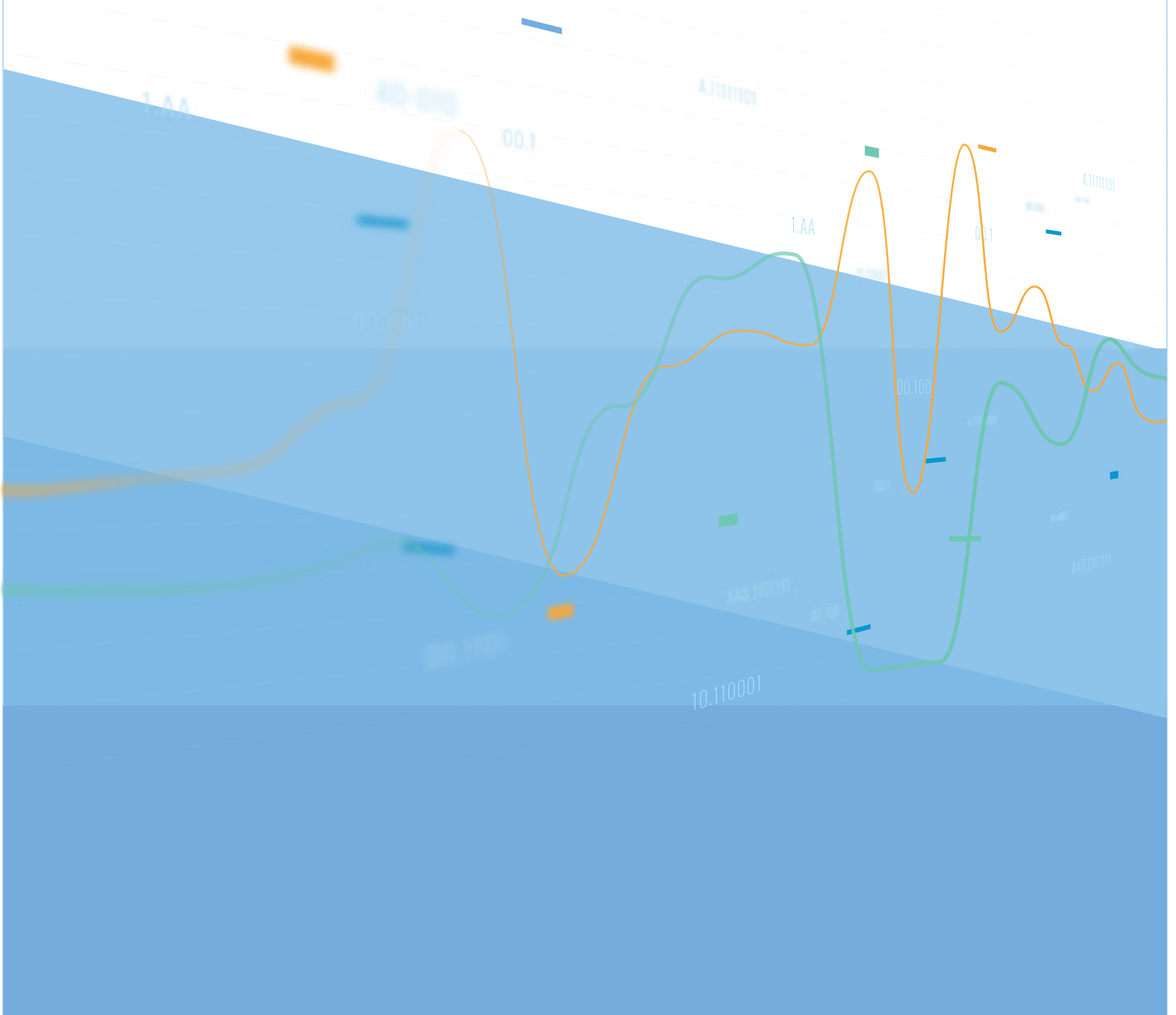


REPUBLIC OF BOTSWANA
Ministry of Finance

GOVERNMENT BORROWING STRATEGY FOR FISCAL YEAR 2025 /2026



The primary objective of Botswana's debt management is to ensure that the financing needs and payment obligations of Government are met at the lowest possible cost consistent with a prudent management, measured risk, and in coordination with fiscal policies. The secondary objective of the debt management is to support the development of the domestic capital market, enhancing liquidity and supply of high-quality investment instruments in the domestic market; thus development of the domestic financial system. These objectives guide the Government in responding to the need to finance future budget deficits.

The Government Borrowing Strategy for Fiscal Year 2025/2026 is being published to accompany the 2025/2026 Budget Speech of 10 February 2025 as well as the Ministry's Medium-Term Debt Management Strategy (MTDS). The main points, including operational aspects, are summarised below.

1. Ministry of Finance's Domestic Financing Requirement

The Budget Deficit for FY2025/2026 is forecast to be BWP22.12 billion; this, will be financed by bond sales of BWP8 billion and net Treasury bill sales of up to BWP2 billion, as well as through external borrowing from multi-lateral development agencies.

The planned gross bond sales will be met through a combination of issuance of short-dated conventional Bonds, longer-dated conventional Bonds and Inflation-Linked Bonds, with a planned split as follows:

- Short-dated Bonds at BWP 3 Billion in eleven (11) auctions; and
- Longer-dated Bonds and Index Linked at BWP5 Billion in eleven (11) auctions.

The net Treasury Bill issuance implies a stock of Treasury Bills at end FY2025 /2026 of up to BWP12 billion.

Any changes to this plan would be announced as part of any future revision to the FY2025/2026 remit.

The initially planned split of Treasury Bill and Bond issuance by maturity is set out in Table 1. However, in order to ensure successful delivery of the financing programme in FY2025/2026, the split of issuance may vary during the year. The overall split of issuance by maturity is likely to be affected by the Ministry of Finance issuance decisions in-year, taking account of market feedback. Consequently, the overall split of issuance by the end of the financial year may depart from the initial plans published in this remit.

The benchmark Bonds in the 2025/2026 fiscal year will remain:

- The 5-year benchmark -- the BOTSGB0929 and BOTSGB0931;
- The 10-year benchmark -- the BOTGB0635;
- The 20-year benchmark -- the BOTSGB0943;
- We plan to issue a 20-year Inflation Linked Bond (BOTSIL0246) and a 25-year nominal Bond (BOTSGB1150).

Any changes in the breakdown of planned securities issuance either by type or maturity will be reported in the normal way, including alongside updates to the financing remit (for example at future fiscal events) and at quarterly intervals. However, changes may also be announced at other times, including following any individual syndicated offerings.

2. The Securities Auction Programme

The planned securities Auction Calendar in FY2025/2026 is set out in Table 2. The Ministry will size auctions on a case-by-case basis taking into account the type and maturity of securities to be sold and prevailing market conditions. This is particularly relevant for the Inflation-Linked Bonds, whose auctions will be dictated by market conditions.

Switch auctions, first introduced in May 2023, will continue to be used periodically to manage upcoming maturities.

3. Changes to the Planned Auction Calendar

The Ministry's general intention will be to implement the planned auction calendar as published, whilst recognising the importance of allowing, through in-year adjustments to the calendar, scope to respond appropriately to unforeseen or changing circumstances. Hence, the planned securities auction calendar may be altered, for example, to accommodate the Ministry's decisions on the fiscal event timetable, any significant data releases or market sensitive events announced subsequently. The Ministry will provide the market with prior notice of any such alteration.

The planned securities Auction Calendar may also be changed on a quarterly basis following consultation with the market. Any such change(s) to the planned auction calendar for the forthcoming quarter would be set out as part of the planned Quarterly Issuance Update. The reason(s) for any change(s) to the Auction Calendar may include an alteration to the planned financing by security type and maturity in the forthcoming quarter.

4. Supplementary Information

- initially planned split of issuance by type and maturity is published on Table 1.
- The planned Auction Calendar for FY2025/2026 is published on Table 2.
- The financing arithmetic for FY2024/2025 and FY2025/2026 is published on Table 3. This takes account of any revisions to the numbers since the 2025 Budget Speech.
- Illustrative financing projections from FY2025/2026 to FY2027/2028 are published on Table 4.

Table 1: Initially Planned Split of Securities Issuance by Type and Maturity in FY2025/2026.

Type Of Security	2024-25		2025-26	
	Proportion	Amount, BWP millions	Proportion	Amount, BWP millions
Treasury bills (net)	28%	4,000	20%	2,000
Short-dated bonds (2-5 years)	23%	3,219	30%	3,000
Long-dated standard and inflation-linked bonds (6-25 years)	49%	7,067	50%	5,000
Total	100%	14,286	100%	10,000

Table 2 : Issuance Calendar: Auctions will normally be held on the final Friday of each month.

FY2024/25	Treasury Bills	Short-dated Bonds	Long-dated Bonds
March 27	3,6,12	-	-
April 25	3, 6	BOTSGB0527	BOTSGB0635; BOTSGB0640
May 24	3, 6	BOTSGB0929	BOTSGB0931; BOTSGB0943
June 27	3, 6	BOTSGB0527	BOTSGB0635; BOTSGB0940
July 26	3, 6, 12	BOTSGB0527	BOTSGB0931; BOTSGB0943
August 23	3, 6	BOTSGB0527	BOTSGB0931; BOTSGB0640
September 25	3, 6	BOTSGB0929	BOTSGB0635; BOTSGB0943
October 25	3, 6, 12	BOTSGB0527	BOTSGB0635; BOTSGB0943
November 22	3, 6	BOTSGB0929	BOTSGB0635; BOTSGB0940
December 29	3, 6	-	-
January 24	3, 6, 12	BOTSGB0929	BOTSGB0931; BOTSGB0943
February 21	3, 6	BOTSGB0527	BOTSGB0635; BOTSGB0943
March 28	3,6	BOTSGB0527	BOTSGB0931; BOTSGB0640

FY2025-26	Treasury Bills	Short-dated Bonds	Long-dated Bonds
April 25	3, 6	BOTSGB0929	BOTSGB0635; BOTSGB0640
May 23	3, 6	BOTSGB0527	BOTSGB0931; BOTSGB0943
June 26	3, 6	BOTSGB0929	BOTSGB0635; BOTSGB0940
July 25	3, 6, 12	BOTSGB0527	BOTSGB0931; BOTSGB0943
August 22	3, 6	BOTSGB0929	BOTSGB0931; BOTSGB0640
September 25	3, 6	BOTSGB0931	BOTSGB0635; BOTSGB0943
October 31	3, 6, 12	BOTSGB0929	BOTSGB0640; BOTSGB1150
November 28	3, 6	BOTSGB0931	BOTSGB0635; BOTSGB0943
December 24	3, 6	-	-
January 30	3, 6, 12	BOTSGB0931	BOTSGB0635; BOTSGB1150
February 27	3, 6	BOTSGB0929	BOTSGB0635; BOTSGB0943
March 27	3,6	BOTSGB0931	BOTSGB0640; BOTSGB1150

Table 3: Financing Arithmetic Forecast

BWP millions	2024-25	2025-26
Central government cash requirement	24,731	22,118
Maturities of pula bonds	1,689	0
Maturity of short-term Central Bank Advance	0	2,871
Maturities of foreign borrowing	1,932	2,416
Other (incl. IMF and short-term CB Advances)	118	228
Financing requirement (A)	28,470	27,632
Net treasury bill issuance	4,000	2,000
Short-dated bonds	3,219	3,000
Long-dated and IL bonds	7,067	5,000
Other Domestic Borrowing	5,871	0
New foreign borrowing	16,720	16,261
Total financing (B)	36,876	26,261
Change in MoF balance at Bank of Botswana (C)	8,407	-1,371
Memo: MoF balance at Bank of Botswana at end of period	13,119	11,748

Table 4: Illustrative Gross Financing Projections FY2025/2026 to FY2027/2028

BWP millions	FY2025/2026	FY2026/2027	FY2027/2028
Central government cash requirement (- indicates surplus)	22,118	19,495	18,718
Maturing Pula bonds	-	-	4,208
Maturity of short-term Central Bank Advance	2,871		
Maturing foreign borrowing	2,416	2,374	2,501
Other (inc. IMF)	228	90	90
Illustrative financing requirement	27,632	21,959	25,518



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