



**REPUBLIC OF BOTSWANA**

**SECOND READING OF THE**

**Standard Chartered Bank Botswana Limited (Loan Authorisation)  
Bill, 2026 - Bill No. 7 of 2026**

**BY**

**NDABA N. GAOLATHE  
MINISTER OF FINANCE**

**MARCH 2026**



1. **Mr. Speaker,** I beg that the Second Reading of the “**Standard Chartered Bank Botswana Limited (Loan Authorisation) Bill, 2026 - Bill No. 7 of 2026**” be proceeded with under a certificate of urgency in terms of Standing Order 72.3 (1), a variation to the order of Public Business as it stands on today’s Order Paper.
2. **Mr. Speaker,** the reasons for the urgency are that:
  - i. Standard Chartered Bank Botswana Limited (Loan Authorisation) Bill, 2026 - Bill No. 7 of 2026, has not yet matured as it was published on 6 March 2026.
  - ii. The financing facility provided is urgently required to address the backlog of outstanding invoices that Government needs to settle.
3. **Mr. Speaker,** this facility has been contracted to finance critical budget related expenditure, including eligible infrastructure projects, as well as to support the financing of fiscal deficits arising from approved budgetary allocations.
4. This means that the resources will go directly towards sustaining the functioning of Government, ensuring that the commitments we have already made to our people are honoured. It is about ensuring that the services our citizens rely on are not disrupted.
5. **Mr. Speaker,** this facility has been secured specifically to respond to Government’s immediate liquidity challenges. It is expected to disburse swiftly, providing the much needed resources to sustain the day to day operations of Government. It is about ensuring that salaries are paid, services continue, and that businesses and citizens who depend on Government are not left in uncertainty.
6. **Mr. Speaker,** in my previous addresses to this Honourable House, I have indicated that the Ministry of Finance undertakes cash management on a daily basis. This involves closely monitoring the balances in the Government Investment Account (GIA) and making difficult decisions on which obligations can be met at any given time.

This is not a routine administrative exercise, it is a constant balancing act, where priorities must be set under constrained conditions.

7. It is important to note, **Mr. Speaker**, that SACU revenues are now the country's largest source of income, and these are received only on a quarterly basis. What this means, is that between these inflows, Government obligations continue to accumulate, suppliers must be paid, services must be delivered, and commitments must be honoured. However, when the SACU revenues are finally received, they often fall short of the total accumulated obligations. As a result, Government is once again faced with the difficult task of deciding which payments to prioritise, while others must wait.
8. **Mr. Speaker**, this cycle places strain not only on Government operations, but also on businesses and citizens who depend on timely payments. It is precisely this reality that necessitates interventions such as the facility before this House.
9. **Mr. Speaker**, this facility provides the breathing space we urgently need to keep Government functioning while we continue working towards restoring fiscal stability and economic recovery.
10. **Mr. Speaker**, similar to the facility I have just presented, this financing arrangement is also from Standard Chartered Bank Botswana Limited and amounts to P750 million (seven hundred and fifty million Pula).
11. The funding has been carefully structured and negotiated and I will now outline its key terms.
  - i. **Loan amount:** P750 million
  - ii. **Interest Rate:** fixed rate at 13.7 percent
  - iii. **Tenure:** 5 years
  - iv. **Grace Period:** 2.5 years
  - v. **Upfront fee:** 1.5 percent
  - vi. **Ratchet:** 0.5 percent

12. **Mr Speaker**, the Ministry found the terms to be reasonable and aligned with current market conditions. **Mr. Speaker**, you will note that the facility includes a provision known as a ratchet on the interest rate. In simple terms, this means that the cost of the loan is linked to the country's credit rating. Should the country experience a downgrade, the interest rate will increase by 0.5 percentage points. Conversely, if the country's credit rating improves, the interest rate will decrease by 0.5 percentage points.
13. **Mr. Speaker**, this feature creates a direct incentive for maintaining sound economic management, as improvements in our fiscal position and credit standing will translate into lower borrowing costs for Government.
14. **Mr. Speaker**, once again, I wish to emphasise that it has never been Government's intention to continuously rely on borrowing. Our clear and deliberate strategy is to pursue fiscal consolidation, with the objective of reducing the structural budget deficit over time.
15. **Mr. Speaker**, borrowing is not our destination, it is a temporary bridge. Our focus remains on restoring balance to the fiscus, strengthening revenue performance, and ensuring that, going forward, financing is directed primarily towards productive investments and critical infrastructure projects that drive growth and support economic diversification.
16. **Mr. Speaker**, this is about moving from survival to sustainability, and ultimately to prosperity.
17. **Mr. Speaker**, I therefore move that the **Standard Chartered Bank Botswana Limited (Loan Authorisation) Bill, 2026 - Bill No. 7 of 2026**, be read for the second time and proceeded with motion of urgency.
18. I thank you, **Mr. Speaker**.