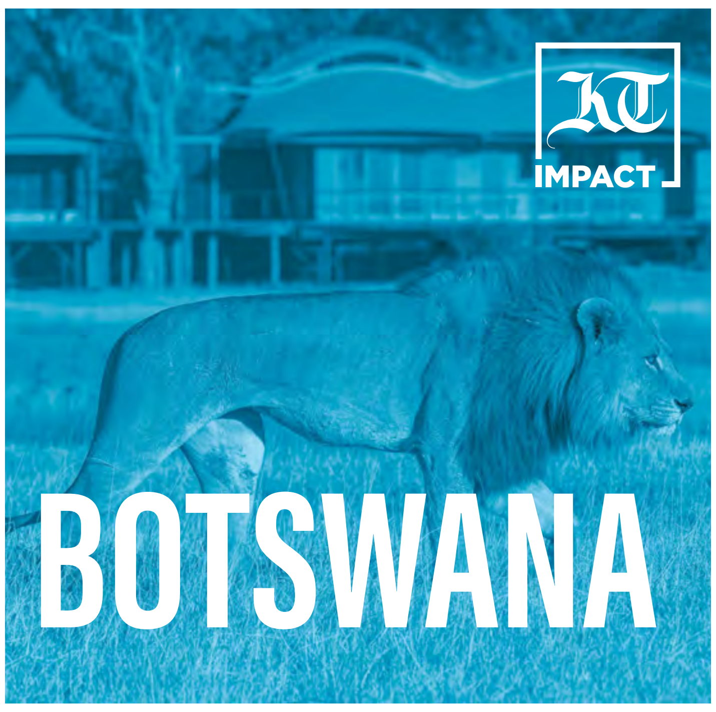
Diamonds may be forever, but Botswana is diversifying to ensure long-term success

One of Sub-Saharan Africa's biggest success stories, Botswana is diversifying away from diamonds and into other forms of mining including copper and rare-earth metals



Botswana has been one of Africa's greatest economic success stories. Since independence, the country has transformed itself from one of the world's poorest nations into an upper-middle-income economy, largely on the back of a thriving mining industry. Diamonds, in particular, have provided the foundation for growth, enabling investments in infrastructure, education, healthcare and public services while helping Botswana establish a reputation for stability, transparency and prudent economic management.

Today, mining remains central to the national economy. Yet Botswana is increasingly focused on ensuring that future prosperity is built on a broader foundation. While minerals continue to generate revenue, employment and investment, policymakers are pursuing an ambitious strategy aimed at diversification, industrialisation and the development of high-value sectors such as tourism, renewable energy and advanced mineral processing.

Xigera Safari Lodge is pioneering a path of luxury and environmental conservation for maximum guest satisfaction

The sector remains a pillar of economic development. Diamonds continue to dominate exports, while copper, coal, soda ash and emerging battery minerals are attracting growing attention. The government sees significant untapped potential in the country's geological resources and is actively encouraging exploration and investment. According to Minister of Minerals and Energy Bogolo Kenewendo, mining must play a broader role in national development: "Our focus is on how to make the economy more inclusive and productive, creating not only direct employment, but also strong economic linkages. A key part of our strategy is using the mining sector as an anchor for industrialisation and for building value and supply chains."

That approach reflects a shift in thinking. Rather than simply exporting raw materials, Botswana is seeking to capture more value domestically through downstream industries, manufacturing and local procurement.

Recent reforms have been designed to support that objective with moves to encourage broader participation in the sector and strengthen local economic benefits. "We recently amended the Mines and Minerals Act to capture more value locally and increase citizen participation. A key shift is opening up small-scale mining, as our sector has traditionally focused on large operators. We know there are commercially viable deposits that can be developed through small-scale mining and deliver real value to the economy," Kenewendo explains.

The government's ambitions extend well beyond extraction. In diamonds, Botswana has already developed cutting and polishing capabilities, but officials believe there is significant room for further advancement. "On value chains, we have made progress in diamonds through cutting and polishing, but we now want to move further into jewellery making and craftsmanship so Botswana participates across the full value chain," says Kenewendo.

Similar thinking is being applied to other minerals. "We are also looking to move beyond exporting soda ash by developing downstream products, including glass and sodium-based batteries for EVs and are seeking partners to help bring these projects to life." This highlights a broader economic vision. Botswana recognises that while mining will remain a cornerstone of growth, long-term prosperity requires the development of complementary sectors capable of generating employment and attracting investment.

Low risk, high success

Few industries illustrate this diversification strategy more effectively than tourism. Over the past two decades, Botswana has established itself as one of the world's premier luxury safari destinations. The country's low-volume, high-value tourism model has helped preserve fragile ecosystems while generating significant economic benefits. The Okavango Delta, one of Africa's most extraordinary natural wonders, has become synonymous with exclusive, conservation-focused travel experiences while reinforcing Botswana's international brand.

> "Our focus is on how to make the economy more inclusive and productive, creating not only direct employment, but also strong economic linkages."
>
> BOGOLO KENEWENDO, MINISTER OF MINERALS AND ENERGY

Among the country's flagship tourism developments is Xigera Safari Lodge, which has gained international recognition for combining luxury hospitality, conservation and African artistic expression. As general manager Ben Seager explains, "Born from legacy and shaped by vision, it is not just a luxury safari lodge, it is a handcrafted love letter to the Okavango Delta: to its wildlife, its people and its future. The idea that nothing is scripted. Everything is felt. From the moment of arrival, the experience is shaped to allow the Delta to reveal itself; quietly, powerfully, unmistakably."

The success rests on sustainability. Protecting natural habitats is not just an environmental objective; it is an economic imperative. At Xigera, sustainability has been embedded into operations from the outset. "Sustainability here isn't a feature, it's a foundation. The lodge runs on 92 per cent solar power. Hot water is heated by thermodynamic geysers. Drinking water is purified through reverse osmosis and remineralised. Single-use plastics are eliminated. Organic waste nourishes gardens in the nearby Habu Village, where Xigera also supports education, sustainable farming, clean energy and skills training."

This emphasis on environmental stewardship reflects Botswana's wider development philosophy, which seeks to balance economic growth with conservation. It also aligns closely with the country's increasing focus on renewable energy and green development.

Tourism is just as important from a socio-economic perspective. While mining remains highly productive, it is capital intensive. Tourism, though, creates opportunities across a broad range of skills and communities. As Seager notes: "Luxury hospitality in Botswana has the opportunity to empower people and enrich communities. At Xigera, people are at the heart of everything we do."

He points to the Xigera Citizen Employee Trust, which gives local employees a direct ownership stake in the business, as well as extensive investments in training, professional development and skills transfer.

The country's diversification agenda is taking shape across multiple fronts. Mining continues to provide revenues, foreign exchange and investment opportunities. At the same time, tourism, manufacturing and value-added mineral processing are expanding Botswana's economic base.

The future lies in identifying where the greatest value can be created. "Botswana has long been a diamond-led economy, but diversification is about the future we want to leave to the next generation. With only about 30 per cent of the country explored, there is significant untapped potential. If we have minerals that can drive industrialisation and support technologies like EVs, we want to be part of that transition," Kenewendo says.

That statement captures Botswana's economic strategy. Mining remains essential, but it is increasingly viewed as a platform for broader development rather than an end in itself. As the country enters a new age of growth, its success will be defined not only by what lies beneath the ground, but also by how effectively it transforms those resources into opportunities for future generations.

Building a new and better Botswana with more banking for more businesses

Absa Bank sees a future beyond the numbers. The overall improvement of Botswana is the goal in its sights

Policymakers and business leaders increasingly agree that the future of Botswana depends on inclusive growth. At the centre of this transition is Absa Bank Botswana, one of the country's leading financial institutions, working to support investment, empower entrepreneurs and expand access to modern banking services.

Under the leadership of Keabetswe Pheko-Moshagane, the bank is positioning itself as a key partner in the country's economic transformation, where success is not defined solely by financial performance, but also on balanced, sustainable growth that contributes to the broader economy. "The success of Absa has to be strengthened in terms of how we maintain our balance sheet by writing quality assets. How do we become deliberate in the way we deploy capital, especially by aligning our credit growth to the key sectors that the government has prioritised for diversification?" she says.

This approach positions Absa as more than a traditional lender. The bank aims to play a strategic role in financing infrastructure and development projects that stimulate economic activity. One area of focus is the collaboration between government and private investors to unlock large-scale projects. "I foresee us playing a key role in financing some of the country's major projects through a Triple P model," she notes.

Another priority for Absa is expanding access to financial services across Botswana. While the country has a strong banking system, financial inclusion remains a challenge in rural areas where connectivity and infrastructure are limited.

Keabetswe Pheko-Moshagane
Managing Director
Absa Bank

"I always associate financial inclusion with accessibility and affordability," she says. "The population we want to reach is largely based in rural areas, so internet connectivity plays a fundamental role."

Rather than relying solely on traditional branch networks, Absa is investing in digital solutions to reach underserved communities. One example is Mobi-Tap, a compact payment device designed for informal traders. "This product enables small businesses and street vendors to move away from cash and start collecting money directly into their bank accounts," Pheko-Moshagane explains. "That improves their financial records and helps us better understand their income patterns."

The solution is already finding applications across the economy, including public transport, where commuters can increasingly pay fares using cards or digital wallets. "We are moving away from situations where people physically carry cash," she explains. "Technology is making financial services safer and more efficient."

Pheko-Moshagane sees technology as a powerful enabler of efficiency, security and convenience for customers. "For me, smarter payments stand out," she says. "Customers are now able to conduct almost all their payment transfers — whether cross-border or local — from the comfort of their homes."

Beyond innovation and growth, sustainability is a key pillar of Absa's long-term strategy. The bank has already taken a leading role in Botswana's green finance market by launching sustainable bonds and introducing products designed to support renewable energy adoption. "We offer a green loan for retail customers who want to convert their homes to run on renewable energy," Pheko-Moshagane says. "If you want to move from conventional power to solar energy, we can finance that transition."

The bank is also working closely with farmers to promote sustainable agricultural practices, including efficient water usage and soil preservation. "Botswana is a very stable country. The fundamentals remain strong, from our currency stability to our relatively low debt levels." Equally important, she notes, is the country's welcoming business environment. "Botswana is a small country and that often makes it easier to navigate business relationships and establish operations quickly," she explains.

As Botswana moves toward a more diversified future, institutions like Absa will play a vital role in financing progress, empowering entrepreneurs and building the financial infrastructure for the next generation of opportunity.

The Protea Hotel by Marriott leverages its strategic position in Gaborone to welcome business and leisure guests

Welcome one, welcome all

Protea Hotel by Marriott Gaborone Masa Square can be anything its guests want it to be, underscoring its success

In the heart of Botswana's capital, Protea Hotel by Marriott Gaborone Masa Square stands as a hub where business efficiency meets warm African hospitality. The hotel has positioned itself as a gateway for both corporate and leisure guests exploring one of Africa's most stable and respected tourism destinations.

Botswana's hospitality industry is enjoying strong momentum. According to Andrew Kamanga, COO of Protea Hotel, this growth is being felt across the market: "Botswana's hospitality sector is experiencing steady, healthy growth, driven by continued investment in tourism and the country's strong international reputation for conservation-led tourism."

This expansion is fuelled by two distinct yet complementary segments, as Kamanga explains: "Demand is growing in both business and leisure segments, although for different reasons: business travel is supported by developments in mining, financial services and government activity, while leisure demand remains strong due to Botswana's position as a premier safari destination," he says.

This dual demand shapes every aspect of the guest experience. The hotel blends internationally recognised standards with a distinctly local sense of place. For corporate guests, the focus is on efficiency and reliability, with well-equipped rooms, strong connectivity and professional service that supports productivity. For leisure travellers, this shifts to comfort and cultural authenticity.

Andrew Kamanga
COO, Protea Hotel

"For business travellers, we focus on practicality, dependable service and high-quality facilities that support productivity," Kamanga notes. "For leisure guests, we prioritise warm hospitality, comfortable spaces and locally inspired experiences that complement Botswana's natural attractions."

As part of the global Marriott International network, the hotel benefits from internationally recognised standards and the reach of the Marriott Bonvoy loyalty programme, giving travellers confidence in both quality and value. At the same time, the property remains closely aligned with Botswana's national tourism philosophy, integrating energy-efficient systems, water-saving technologies and responsible sourcing practices while supporting local employment and suppliers.

All this increases the importance of Botswana for Marriott's regional outlook. "Botswana serves as an important anchor market, complementing our portfolio across Southern and East Africa and reinforcing our commitment to responsible, long-term growth on the continent," Kamanga says. Collaboration with investors, tourism operators and government partners will continue to shape the next phase of growth with the hotel as the centre of it all.

Jindal Mmamabula Energy Project is a 700 megawatt coal-based power plant in Botswana.

Domestic and international demand met

Botswana can use traditional and renewable energy sources to meet all its needs and those of its neighbours

As Botswana accelerates its drive toward economic diversification and industrial expansion, energy security is a central pillar of its long-term vision. At the forefront of this transformation is Jindal Power, whose investments are helping unlock the country's vast natural resources while building the infrastructure needed for sustained growth. Putting this in simple terms is Neeraj Saxena, the company's country director and project head in Botswana, who says: "Coal has not always been fully valued in the West, but in Botswana it is a strategic natural resource. The country has around 200 billion tons of coal reserves, enough to support generations of development,"

Central to this effort is the delivery of reliable, affordable electricity. "Reliable energy infrastructure is essential for Botswana's development. The priority is to ensure stable power supply for the country, with any surplus available for export," Saxena notes. "Affordable and dependable electricity will help attract investment in SMEs and MSMEs, especially given Botswana's young and well-educated population."

Neeraj Saxena
Country Director and Project Head
Jindal Energy Botswana

Jindal's project is not only about power generation — it is catalysing a broader industrial ecosystem. Thousands of jobs have already been created, while local businesses are benefiting from substantial procurement opportunities. At the same time, the company is positioning Botswana as a regional energy hub. "There is strong demand for reliable power across Botswana and the wider region and 24/7 baseload energy — supported by modern, cleaner coal technologies — remains essential," Saxena says. "While Botswana is often described as landlocked, we see it as 'land-linked.'"

Importantly, Jindal Power is also advancing a balanced and responsible approach to energy. "The UK, the US, Europe, India and China all relied on coal during their industrial growth. For many African nations, that development phase is still ahead and the focus should be on using coal responsibly, efficiently and with cleaner technologies," Saxena emphasises. "Our project is designed to operate about 20 per cent below World Bank emission guidelines, with a long-term goal of reducing emissions by up to 50 per cent," he notes, highlighting how sustainability and industrialisation can go hand in hand.

Innovation plays a role in this too. "To address evaporation losses, our engineering team designed a floating solar plant on top of the reservoir — the first of its kind in this context." He concludes with an outlook for Botswana: "With land, water, manpower and power resources available, Botswana is well positioned to become an attractive investment destination. Jindal Power is proud to support this transformation journey, helping Botswana become energy-secure, efficient and self-sufficient." Watch this space, a new energy dynamic is coming soon.

To the Gulf and beyond

Processing raw materials into their finished product is a cornerstone of any diversified economy. Botswana plans to do this while pursuing closer relationships with its main markets

For nearly 60 years, precious stones have underpinned Botswana's economic success, rendering it one of Africa's most stable and prosperous nations. Still diamonds are the backbone of the sector, with the UAE being one of Botswana's most important trading partners, serving as a major destination for its diamonds and a gateway to Asian markets.

The long-standing partnership between Botswana and global diamond markets continues to be vital. However, the country is increasingly focused on broadening the scope of its mining industry and creating new sources of growth beyond diamonds alone.

According to Minister of Minerals and Energy Bogolo Kenewendo, diversification is central to Botswana's long-term strategy. That vision is driving investment into copper, graphite, coal and minerals linked to the global energy transition. Botswana is supporting the expansion of major copper projects while exploring opportunities in battery-related minerals and downstream processing industries.

Bogolo Kenewendo
Minister of Minerals and Energy

At the same time, it is seeking to deepen relationships with Gulf partners. Kenewendo notes that "we are very excited about our growing relations with the Gulf," highlighting cooperation in renewable energy, infrastructure and broader economic development. She adds that Botswana is "engaging directly with investment funds in the UAE, Saudi Arabia, Kuwait and Bahrain to channel capital through the Botswana Stock Exchange and the Botswana Mercantile Exchange. Often, investment is not about greenfield projects but about having capital ready for expansions."

Botswana's appeal lies in its reputation for stability, transparency and investor confidence. As Kenewendo emphasises: "As Gulf-based companies expand into Africa, Botswana offers a credible entry point: a trusted jurisdiction, a functioning financial market, a stable currency and proven democratic transitions. Botswana is ready to build long-term partnerships and is truly a place to invest."

While diamonds may be the heart of the industry, Botswana is demonstrating that its future lies in diversification, value addition and a broader mineral economy capable of supporting sustainable growth for decades to come.

At the heart of Botswana's future

Diversification driving sustainable growth

As Botswana continues diversifying its economy, chemical company Botash is unlocking the potential of non-diamond minerals. The company is helping to reshape the country's industrial landscape, from extraction to value-added growth.

"Expanding into a diversified mineral portfolio will help mitigate risks and stabilise revenue streams," says Othusitse Seokamo, acting managing director of Botash. "Minerals such as soda ash and salt present strategic opportunities to strengthen Botswana's economic resilience."

Othusitse Seokamo
Acting Managing Director
Botswana Ash (Pty) Ltd (Botash)

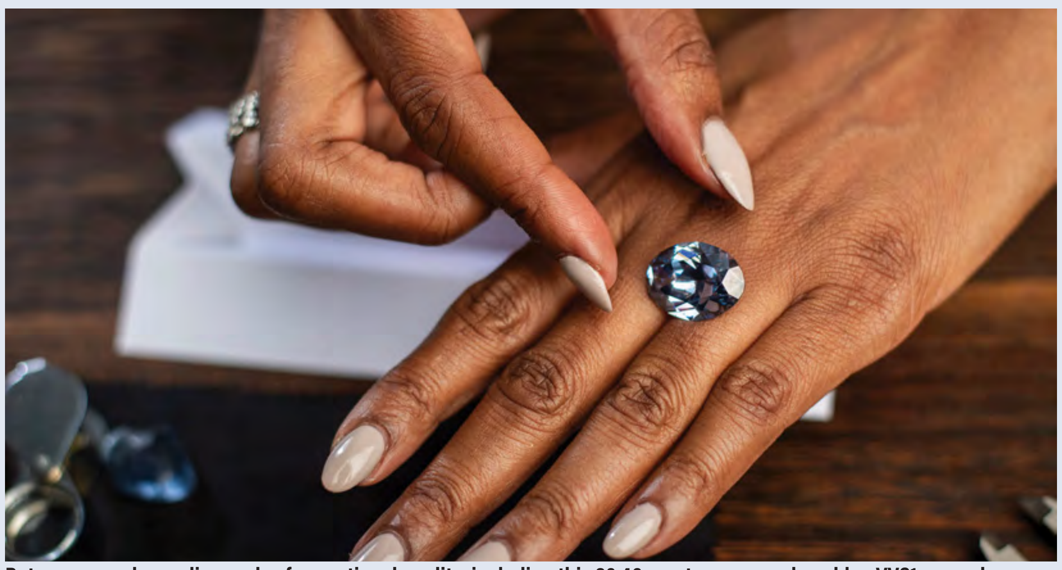
Producing around 300,000 tonness of soda ash and over 400,000 tonnes of salt annually, Botash is already a major contributor to Botswana's export base. Additionally, through ongoing R&D, Botash is exploring downstream opportunities, from fertilisers to chemical products, while supporting the development of Sowa Town as a hub for chemical manufacturing. Operating in the sensitive Makgadikgadi ecosystem, Botash ensures its operations are responsible. "We recognize our responsibility to preserve this environment," Seokamo notes, highlighting water stewardship and biodiversity protection.

A global marketplace

He expects partnerships and infrastructure development to be key enablers of future growth. "We operate in a global space and partnerships with international players offer significant synergies," he explains. "They support export-oriented production and the development of value-added industries."

With a strong resource base, Botash is positioning itself and Botswana to lead a more diversified and resilient mining future.

Botswana is the world's leading producer of diamonds by value and now more are being cut in the country too



Botswana produces diamonds of exceptional quality, including this 20.46 carat, very rare deep blue VVS1 example

A prime example for the world to see on how to manage natural resources

Botswana and diamonds are synonymous. Perhaps less well known is how the country has used the stones for good

For more than half a century, diamonds have been the cornerstone of Botswana's economic success. Since the first major discoveries in the late 1960s, the country has transformed itself from one of the world's poorest nations into an upper-middle-income economy, thanks in large part to the responsible management of its mineral wealth.

At the centre of this stands the Okavango Diamond Company (ODC), Botswana's state-owned rough diamond sales and marketing company. Established to complement the country's broader beneficiation ambitions, ODC has become an important pillar in Botswana's vision of evolving from a mining economy into a fully fledged global diamond hub. For decades, Botswana's diamonds were marketed internationally through De Beers. While that partnership helped establish the country as the world's leading producer of high-value diamonds, policymakers recognised that bringing more commercial activity into the country would strengthen long-term economic resilience.

Lipalesa Makepe
CFO and Acting Managing Director, ODC

According to Lipalesa Makepe, ODC's CFO and acting managing director: "Establishing local trading was a first step toward beneficiation and toward positioning Botswana as a global diamond centre, since a true diamond hub requires active trading," she explains. ODC was created to sell a portion of Botswana's rough diamond production independently, enabling the government to deepen its understanding of market dynamics and pricing structures. This approach aligns with Botswana's broader philosophy of centralised mineral governance. The country has long maintained a system in which natural resources are owned by the state and developed through partnerships or regulated concessions. "What has worked well for Botswana is a centralised approach to mineral management. All minerals belong to the government and companies operate either in partnership with the state or by paying royalties. This ensures that revenues are consolidated and reinvested in national infrastructure and economic development," Makepe says.

This model has allowed Botswana to channel diamond revenues into roads, schools, healthcare and public services, creating one of Africa's most widely recognised examples of successful resource management.

Since its inception, ODC has developed a reputation for transparency in diamond sales. The company initially relied heavily on auction systems, allowing global buyers to compete openly for parcels of rough diamonds. By publishing the results of these auctions, ODC strengthened price discovery and built confidence among international buyers. But the diamond market is cyclical and fluctuations in global demand can create volatility in auction outcomes.

The global diamond industry has faced significant shifts in recent years. Economic uncertainty, evolving consumer preferences and the rise of lab-grown diamonds have all influenced market dynamics. Yet demand for natural diamonds remains resilient, particularly at the high end of the market. "Demand has strengthened in the last quarter, particularly for large stones and luxury jewellery. We are seeing positive margins for diamonds of two carats and above, while smaller stones remain under pressure — a 'K-curve' effect where margins rise for larger goods but decline for smaller ones," Makepe explains.

This dynamic highlights one of the industry's key obstacles. "The challenge is to supply more high-value stones while finding more profitable ways to sell smaller goods," she adds.

ODC's sales platform allows the company to closely monitor these trends and adjust supply strategies accordingly. By engaging directly with mines and customers, the company should be able to align production profiles with market demand — a crucial factor in maintaining Botswana's competitiveness in the global diamond market.

> "About 65 per cent of total diamond sales are expected to be manufactured in the country under the beneficiation program."
>
> LIPALESA MAKEPE, CFO AND ACTING MANAGING DIRECTOR, ODC

ODC also plays an important role in strengthening Botswana's domestic diamond ecosystem. Historically, most value-added activity in the industry — cutting, polishing and jewellery manufacturing — took place outside the country. Botswana is now working to change that by encouraging local beneficiation and supporting citizen-owned businesses. ODC has introduced citizen tenders, which allow Botswana entrepreneurs to participate in diamond trading and build expertise needed to move further down the value chain.

"We are keen to see the sector move beyond trading into manufacturing. We have also invested in skills development of local citizens. In partnership with the De Beers Academy, we have sponsored 18 members of the Teemane Dealers Association to attend training programmes," Makepe says.

Botswana already has strong capabilities in certain segments of diamond processing. "Botswana's workforce in local factories is already capable of polishing larger stones profitably. However, for smaller diamonds, international manufacturers in Botswana often export them to India where labour costs are competitive," she explains.

Developing a fully integrated domestic industry — from rough diamonds to finished jewellery — is therefore a key strategic priority. Encouragingly, progress is already visible. "In Botswana itself, we have seen encouraging progress — about 65 per cent of total diamond sales are expected to be manufactured in the country under the beneficiation programme. This is the kind of growth we want to continue."

As the ODC continues to evolve, it is helping ensure that Botswana's most famous natural resource remains a powerful engine for national development and global partnership.