

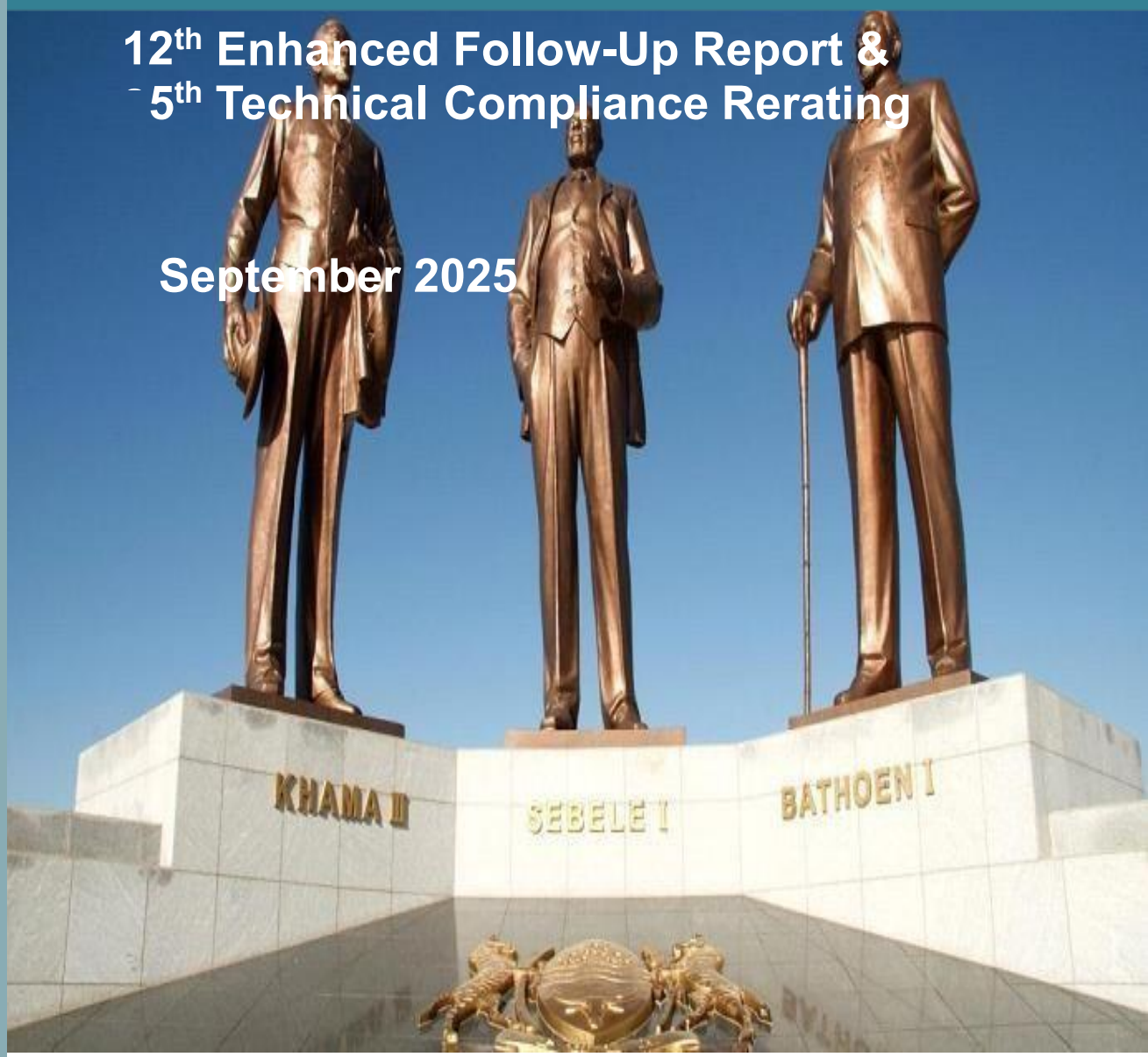
Anti-money laundering and counter-terrorist financing measures

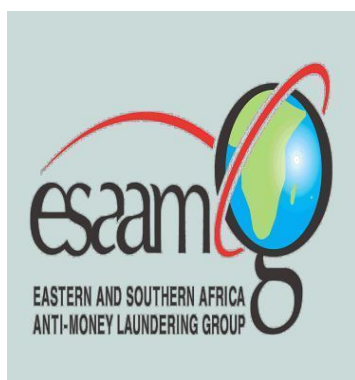
Botswana

12th Enhanced Follow-Up Report &
5th Technical Compliance Rating

September 2025

Follow-up Report





The Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) was officially established in 1999 in Arusha, Tanzania through a Memorandum of Understanding (MOU). As at the date of this Report, ESAAMLG membership comprises of 21 countries and includes a number of regional and international observers such as COMESA, Commonwealth Secretariat, East African Community, Egmont Group of Financial Intelligence Units, FATF, GIZ, IMF, SADC, United Kingdom, United Nations, UNODC, United States of America, World Bank and World Customs Organization.

ESAAMLG's members and observers are committed to the effective implementation and enforcement of internationally accepted standards against money laundering and the financing of terrorism and proliferation, in particular the FATF Recommendations.

For more information about the ESAAMLG, please visit the website: www.esaamlg.org

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This report was approved by the ESAAMLG Task Force of Senior Officials at its meeting held in August 2025.

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BOTSWANA'S 12th ENHANCED FOLLOW-UP REPORT & 5th REQUEST FOR RE-RATING

I. INTRODUCTION

1. The mutual evaluation of Botswana was conducted by the ESAAMLG, and the mutual evaluation report (MER) was approved by the ESAAMLG Council of Ministers in May 2017. This follow up report analyses the progress of Botswana in addressing the technical compliance (TC) deficiencies identified in its MER. Re-ratings are given where sufficient progress has been made. Overall, the expectation is that countries will have addressed most if not all TC deficiencies by the end of the third year from the adoption of their MER. This report does not address what progress Botswana has made to improve its effectiveness. The assessment of Botswana's request for TC re-ratings and the preparation of this report was undertaken by the following experts (supported by the ESAAMLG Secretariat: Mr. Tom Malikebu, Ms. Catherine Ampairwe, Mr. Valdane Joao and Ms. Vanevola Otieno):
 - Mr. Evans Siziba (Zimbabwe).
 - Mr. Toka Mashoai (Lesotho).
 - Ms. Motseng Tsolo (Lesotho).
 - Mr. Paulo Munguambe (Mozambique).
 - Ms. Julia Tloubatla (South Africa).
 - Ms. Nokwazi Mtshali (South Africa), and
 - Ms. Cynthia Ngwane (South Africa).
2. Section III of this report highlights the progress made by Botswana and the analysis undertaken by the Reviewers. Section IV sets out the conclusion and a table showing which Recommendations have been recommended for re-rating.

II. KEY FINDINGS OF THE MUTUAL EVALUATION REPORT.

3. The MER¹ rated Botswana's technical compliance as set out in Table 2.1 below. In light of these results, Botswana was placed in the enhanced follow-up process².

¹ Mutual Evaluation Report (MER) on Botswana, May 2017, <https://esaamlg.org/reports/MER%20of%20Botswana%20-%20Council.pdf>

² Enhanced follow-up is based on the traditional ESAAMLG policy for members with significant shortcomings (in technical compliance or effectiveness) in their AML/CFT systems, and involves a more intense follow-up process.

Table 2.1 Technical compliance ratings³, May 2017

R 1	R 2	R 3	R 4	R 5	R 6	R 7	R 8	R 9	R 10
NC	PC	PC	PC	NC	NC	NC	NC	NC	NC
R 11	R 12	R 13	R 14	R 15	R 16	R 17	R 18	R 19	R 20
NC	NC	NC	NC	NC	NC	N/A	PC	NC	PC
R 21	R 22	R 23	R 24	R 25	R 26	R 27	R 28	R 29	R 30
NC	NC	PC	NC	NC	NC	LC	NC	NC	PC
R 31	R 32	R 33	R 34	R 35	R 36	R 37	R 38	R 39	R 40
PC	PC	NC	PC	NC	PC	LC	PC	PC	PC

III. OVERVIEW OF PROGRESS IN TECHNICAL COMPLIANCE

4. Progress in resolving the technical compliance deficiencies identified in the MER/FUR 4. Since the adoption of its MER in May 2017, Botswana has taken measures aimed at addressing the technical compliance deficiencies identified in its MER. As a result of this progress, 28 Recommendations were re-rated (upgraded) to LC and C as highlighted in the Table below.

Table 3.1: MER and FUR re-ratings, September 2022

Recommendations and Corresponding Ratings													
1	2	3	4	5	6	7	8	9	10	11	12	13	14
LC	PC	C	LC	C	LC	LC	NC	C	LC	LC	LC	LC	NC
15	16	17	18	19	20	21	22	23	24	25	26	27	28
PC	LC	N/A	LC	PC	C	LC	LC	LC	PC	PC	PC	C	PC
29	30	31	32	33	34	35	36	37	38	39	40		
LC	LC	LC	LC	LC	PC	PC	C	LC	C	LC	LC		

5. This section of the report summarizes further progress made by Botswana to improve its technical compliance by addressing the TC deficiencies identified in its MER.

³ Four technical compliance ratings are available: compliant (C), largely compliant (LC), partially compliant (PC), and non-compliant (NC).

6. ESAAMLG welcomes further steps that Botswana has taken to improve its technical compliance with Recommendations 2, 8, 14, 15, 24, 28, and 35. Following this progress, Botswana has been re-rated Compliant with R.2 and 14 and largely compliant with Recommendation 8, 24, 28 and 35. The PC rating for Recommendations 15 is retained.

Recommendation 2 - National Cooperation and Coordination (Previously rated PC, now re-rated to C)

	Year	Rating
R	2017	PC
2.1	2019	PC (Not re-rated)
2.2	2020	PC (Not re-rated)
2.3	2021	PC (Not re-assessed)
2.4	2022	PC (Not re-assessed)
2.5	2025	↑C (re-rated from PC)

7. **The FUR. 2 Criteria 2.1, 2.2, 2.3 and 2.4 were rated as Met.** As there have been no changes to the law and mechanisms regarding these criteria, the ratings remain 'Met'.
8. **Criterion 2.5 -(Met)- This Criterion was rated as Partly Met** in the 2nd FUR with Technical Compliance Re-Rating, as there was no evidence that data-protection authorities coordinated with AML/CFT stakeholders to ensure compatibility of AML/CFT requirements with data protection and privacy rules. To address this deficiency, Botswana enacted the Data Protection Act, No. 1 of 2018 (commenced by SI No. 86 of 2021), establishing a data protection framework applicable to government agencies, AML/CFT competent authorities, and the private sector. Furthermore, Section 15(b) states that personal data may be processed “as may be authorized by any written law,” in line with section 15 of the Financial Intelligence Act 2022, which ensures the compatibility between the AML/CFT/CPF measures and the provisions of the Data Protection Act.
9. Botswana has demonstrated cooperation among competent authorities. This is evidenced by Memoranda of Understanding (MoUs) signed between relevant institutions, including the Registrar of Societies, Botswana Police Service, Directorate of Intelligence and Security, Financial Intelligence Agency, and the Directorate on Corruption and Economic Crime, to ensure cooperation and coordination mechanisms that align AML/CFT obligations with data protection and privacy requirements. Additionally, the Non-Bank Financial Institutions Regulatory Authority (NBFIRA) appointed a Data Protection Officer (DPO) in December 2024. Among other responsibilities, the DPO ensures that information exchange

between NBFIRA and relevant authorities is compatible with AML/CFT requirements. **As a result of these measures, c 2.5 is now rated Met.**

Weighing and Conclusion

10. Botswana has addressed all the outstanding deficiencies. Based on the above, the rating on Recommendation 2 is re-rated from **PC** to **C**.

Recommendation 8 - Non-Profit Organisations (Originally rated NC, now re-rated to LC)

	Year	Rating
2017	2017	NC
2018	2019	NC (Not re-rated)
2019	2020	NC (Not re-assessed)
2020	2021	NC (Not re-assessed)
2021	2022	NC (Not re-rated)
2022	2025	↑LC (re-rated)

11. *Criterion 8.1 (- Met)-*

- (a) **This Criterion was rated as Not Met** in the 4th FUR with Technical Compliance Re-Rating. To address the requirements of this criterion, Botswana carried out its second risk assessment of the NPO sector in December 2024, which enabled the authorities to identify subset of NPOs which fall within the FATF definition of NPO. From the assessment, Botswana identified 399 NPOs primarily engaged in raising or disbursing funds for charitable, religious, cultural, educational, social, or fraternal activities, or for other types of good work. The identified organizations included charitable, community-based, religious, art, music, entertainment, educational, and commerce-promoting entities. The assessment also identified and analyzed activities and characteristics which place them at risk of TF abuse such as reliance on cash transactions, receiving or remitting funds to high-risk jurisdictions, NPOs with operations in high-risk jurisdictions etc. The assessment also considered Botswana's exposure to terrorist organizations or actors operating in neighbouring states such as (ISIS-DRC, ISCAP/ISIS-Mozambique, Al-Shabaab, the Islamic State and Al-Sunna wa Jama'ah (ASWJ)) which may seek to generate, move or use funds garnered through multiple financial channels. Most of the variables were rated low, resulting in an overall conclusion that the risk of TF abuse is low. **Hence, c.8.1(a) is re-rated Met.**
- b) The sectoral risk assessment, conducted using both quantitative and qualitative information, including data from Suspicious Transaction Reports and data on financial inflows and outflows of NPOs. From the assessment the authorities were able to identify the same threats highlighted in (a) above but noted that no incidents of abuse have been identified or reported. **Hence, c.8.1(b) is re-rated as Met.**

- c) Based on the identified risks, Botswana amended the Financial Intelligence (FI) Act to include all types of NPOs at risk of TF abuse and amended the Societies Act to incorporate provisions on information sharing. Section 49(c) of the FI Act empowers the NPO regulator to conduct targeted supervision and monitoring of high-risk NPOs. Furthermore, Section 51(1)(a)(iv) allows for the application of specific measures proportionate to the risk identified. The risk assessments involve a review of the effectiveness of measures and the results guide Botswana on proportionate and risk-based frameworks required to fully address the risks identified in the assessment. **Hence, c.8.1(c) is re-rated Met.**
- (d) To ensure effective implementation of measures, Botswana periodically reassesses the sector by reviewing new information on vulnerabilities to terrorist activities. After conducting the first sectoral risk assessment in 2020, the second assessment in 2024 led to the enactment of new laws and regulations to better supervise the sector. **Hence, c.8.1 is re-rate Met.**

12. **Overall, based on the foregoing analysis and conclusions, c.8.1 is re-rated as Met.**

13. **Criterion 8.2 (Mostly Met)-**

- (a) **This Criterion was rated as Partly Met** in the 4th FUR with Technical Compliance Re-Rating. Botswana implemented a clear policy through the Financial Intelligence (Amendment) Act of 2025, aimed at enhancing accountability, integrity, and public confidence in the administration and management of the NPO sector. Some of the legal provisions include the requirements for NPOs to prepare financial accounts and records which show how much they receive and how they are utilised. NPOs are also required to file annual returns in a prescribed format. In addition to this, NPOs are subject to supervision and supervisors have powers to demand any information from NPOs. Failure to comply provide the requested information attracts penalties. **Hence, c8.2(a) is now re-rated Met.**
- (b) **The 4th FUR with Technical Compliance Re-Rating rated c.8.2 (b) as Met** based on section 49(3) of the FI Act, which obliges the NPO regulator to conduct outreach and educational programmes in Botswana, and the evidence of awareness raising activities was provided by the authorities. The legal provision has not changed, and the authorities have continued engaging the sector. **Hence, c.8.2(b) is still rated as Met.**
- (c) In relation to c.8.2(c), the 4th FUR with Technical Compliance Re-Rating, noted the legal obligation for authorities to work with NPOs to develop and refine best practices to address commission of a financial offence risks and vulnerabilities, to

protect such a non-profit organization from financial offence abuse. However, there was no evidence that this was put into action. **Hence, c.8.2(c) remains Partly Met.**

- (d) Section 51(1) of the Financial Intelligence Act requires NPOs to conduct transactions through regulated financial and payment channels wherever feasible, considering the varying capacities of financial sectors in different countries and the risks associated with the use of cash. **Hence, c.8.2(d) is now re-rated as Met.**

14. **Overall, based on the foregoing analysis and conclusions, c.8.2 is re-rated as Mostly Met.**

15. **Criterion 8.3 -(Mostly Met)-** This Criterion was rated as **Partly Met** in the 4th FUR with Technical Compliance Re-Rating because the scope of 49(3)(c) of FI Act 2022 which required the supervisors to conduct targeted supervision and monitoring was very broad as it included ML risk. During this cycle, Botswana has amended the provision and taken steps to promote effective supervision or monitoring of NPOs at risk of TF abuse. To demonstrate the steps, Botswana carried out its second sectoral risk assessment of the NPO sector in December 2024 which concluded that all NPOs were at low risk of TF abuse. In addition, the country amended Section 49(3)(c) of the Financial Intelligence (Amendment) Act, 2025, which provides powers to supervisory authorities to conduct targeted supervision and monitoring of NPOs at risk of TF abuse. It also amended the Societies Act to facilitate exchange of information with competent authorities (FIA, LEAs and supervisory authorities) and the Trust Property Control Act (Section 19 (b)) to provide for information sharing with foreign counterparts. The above measures build on the existing supervision and monitoring activities by the Registrar of Societies, CIPA and the Master. These are general measures which apply to all NPOs regardless of the risk and they include registration requirements, obligation on financial record keeping, and filing annual returns. The supervisory authorities also work with NPOs to develop and refine best practices to address TF vulnerabilities and monitor compliance with provisions with various NPOs laws, including applying risk-based measures to such NPOs. Furthermore, the Registrar of Societies and Master conducted 43 outreach programs to raise awareness among NPOs and donors (total of 1,164) about the risks of TF abuse. Since currently all NPOs are at low risk of TF abuse these existing supervisory/ monitoring measures are considered sufficient. However, considering that risk is dynamic, Botswana is at the stage of developing measures for medium and high risk NPOs. **Therefore, c.8.3 is now re-rated Mostly Met.**

16. **Criterion 8.4 -(Mostly Met)-**

- (a) **The FUR 4 rated c.8.4(a) as Partly Met** because there was no evidence that appropriate authorities were monitoring compliance of NPOs with the requirements of this Recommendation including risk-based measures applied under criterion 8.3. To address this, Botswana has established a legal framework to monitor NPOs' compliance with focused, proportionate, and risk-based measures where necessary (section 49(3) (c) and (d) of FI Act. Currently, Botswana monitors general compliance with provisions of various NPO laws, including registration requirements, obligations

on financial record keeping, and filing annual returns. However, the country has not developed supervisory and monitoring tools for NPOs at medium to high risk of TF abuse. **For this reason, c.8.4(a) remains as Partly Met.**

- (b) **This Criterion was rated as Partly Met** in the 4th FUR with Technical Compliance Re-Rating. The FUR noted that Botswana was able to impose sanctions under section 51(4) of the Financial Intelligence Act 2022. However, the range of sanctions was considered limited in scope as it covered only administrative fines, deregistration, and/or de-licensing. In addition, the sanctions did not apply to persons acting on behalf of these NPOs. To address the deficiencies in this criterion, Botswana amended Section 51, which now broadens the scope and provides powers for the legal authority to apply effective, proportionate, and dissuasive sanctions for violations committed by NPOs or persons acting on their behalf. NPOs that fail to comply with the provisions are subject to an administrative fine up to P500,000 and/or cancellation of their registration or license, as applicable. **Hence, c.8.4(b) is now re-rated as Met.**

17. **Therefore, the rating for c.8.4 has been re-rated as Mostly Met.**

18. **Criterion 8.5 (Met)-**

- (a) **This Criterion was rated as Partly Met** in the 4th FUR with Technical Compliance Re-Rating. To address the remaining deficiencies, Botswana has entered an inter-agency Memorandum of Understanding (MoU) to facilitate information sharing among competent authorities. Additionally, Section 29 of the amended Societies Act grants competent authorities' full access to information on the administration and management of registered societies, including financial and details obtained during investigations. **Hence, c.8.5(a) is now re-rated as Met.**
- (b) **The 4th FUR rated c.8.5(b) as Partly Met** because the authorities did not provide evidence showing that Botswana had investigative expertise and capability to examine those NPOs suspected of either being exploited by or actively supporting terrorist activities or organisations. Under this FUR, the Botswana Police Service is responsible for terrorist financing (TF) investigations, and has now developed the necessary expertise to address NPOs that are at risk of being exploited by, or actively supporting, terrorist activities or organizations. **Hence, c.8.5(b) is now re-rated as Met.**
- (c) Furthermore, Botswana amended the Societies Act, and Section 29, which now empowers the competent authority to have full access to information on the administration and management of registered societies, including financial and programmatic details. **Hence, c.8.5(c) is now re-rated as Met.**

- (d) **The 4th FUR rated c.8.5(d) as Not Met** since mechanisms alluded to in addressing c.8.5(d) were not relevant for prompting sharing of information with competent authorities but for compliance with R. 6. In assessing the current FUR, it is noted that there are various mechanisms available in Botswana to facilitate urgent action when there is suspicion or reasonable grounds to suspect that a particular NPO is involved in TF abuse or is a front for terrorist fundraising activities or is being exploited as a conduit for terrorist financing (including to evade asset freezing measures). For instance, the FIA receives reports on currency transactions and STRs from reporting entities. If such reports relate to NPOs, they are processed, and findings disseminated to LEAs are prioritised. In addition, if supervisory authorities in the course of their work identify any suspicious activities, they are under obligation to share the information with the LEAs. Furthermore, the coordination mechanisms discussed above also ensure that LEAs, FIA, Supervisory, and intelligence authorities are alerted about possible involvement in terrorism or TF activities being carried out by NPOs. **Hence, c.8.5(d) is now re-rated as Met.**

19. **Therefore, the rating for c.8.5 is now re-rated as Met.**

20. **Criterion 8.6 -(Met)- This Criterion was rated as Partly Met** in the 4th FUR with Technical Compliance Re-Rating. In order to address the remaining deficiencies, Botswana amended the Societies Act, with Section 3 now empowering the Minister responsible for Labour and Home Affairs to appoint an officer as the point of contact to respond to international requests for information. This improvement is further demonstrated by the cooperation among relevant institutions, including the Registrar of Societies, Botswana Police Service, Directorate of Intelligence and Security, Financial Intelligence Agency, and the Directorate on Corruption and Economic Crime. These agencies have signed MoUs to ensure effective cooperation and coordination. Furthermore, the MoU provides procedures to respond to international requests for information regarding particular NPOs suspected of TF or other forms of terrorist support. **As a result, the rating of c.8.6 is now re-rated as Met.**

Weighing and Conclusion

21. Botswana has made significant progress in addressing the deficiencies identified in the MER and previous FURs. This includes carrying out risk assessments and amending laws which provide powers to FIA to conduct targeted supervision and monitoring of NPOs at risk of TF abuse. While it has been noted that Botswana is at the stage of developing measures for medium and high risk NPOs, the existing regulatory and supervisory measures are considered adequate given that all NPOs in Botswana have been determined as at low risk of TF abuse. The outstanding deficiency is therefore considered minor in view of the low risk of TF abuse. **Therefore, Recommendation 8 is upgraded from NC to LC.**

Recommendation 14 - Money or value transfer services (Previously rated PC, now re-rated to C)

	Year	Rating
R	2017	NC
1	2019	NC (Not re-assessed)
2	2020	NC (Not re- assessed)
3	2021	NC (Not re- assessed)
4	2022	NC (Not re- assessed)
5	2025	↑C (re-rated)

22. **Criterion 14.1 -(Met)- This Criterion was rated as Not Met** in the 2017 MER because both the Banking Act and other financial sector laws did not require MVTs providers to be licensed or registered. In order to address this, Botswana amended the Bank of Botswana Act in 2022. Section 43B (1) of the Bank of Botswana (Amendment) Act, 2022, now requires MVTs providers to be registered and licensed by the central bank. In addition, MVTs providers which are not commercial banks, are also required to be licenced (Regulation 4 the Electronic Payment Services Regulations). According to the Act “licensee” means a company that is licensed to operate an electronic payment service under these Regulations. **Consequently, the rating for criterion 14.1 is now re-rated as Met.**
23. **Criterion 14.2 -(Met)- This Criterion was rated as Not Met** in the 2017 MER because Botswana had not put in place any measures to identify unregistered MVTs providers and had not applied sanctions against unregistered entities. To address the deficiencies, Botswana has implemented measures to identify individuals or entities providing MVTs without the necessary registration or licensing. Botswana, through their central bank now uses information from the public, onsite examinations, and leads from social media platforms to detect such activities. In terms of sanctions, section 43 B (3) of the Bank of Botswana (Amendment) Act, 2022 provides that any person who does not comply with the Regulations shall be liable to criminal sanctions of up to five years' imprisonment and/or fines of up to Botswana Pula 1,000,000 for non-compliance. **As a result, the rating for criterion 14.2 is now re-rated as Met.**
24. **Criterion 14.3 -(Met)- This Criterion was rated as Met** in the 2017 MER based on Section 4((2)(d) of the Financial Intelligence Act. As there have been no changes to the law regarding this criterion, **the rating remains 'Met'.**
25. **Criterion 14.4 -(Met)- This Criterion was rated as Not Met** in the 2017 MER because there was no requirement to licence Agents of MVTs providers and no requirement for MVTs

providers to maintain a list of agents. To address the deficiencies under this criterion, Botswana amended Section 43B (1) of the Bank of Botswana (Amendment) Act, 2022, requiring MVTs providers to maintain a current list of agents accessible to competent authorities in both Botswana and the countries where the agents operate. This provision aligns with Section 18(1)(b) of the Financial Intelligence Act, 2022, which requires MVTs providers to maintain a current list of agents, which must be accessible to competent authorities in the countries where the specified party and the agent operate. **Based on this, c14.4 now being re-rated as Met.**

26. **Criterion 14.5 -(Met)- This Criterion was rated as Not Met** in the 2017 MER. The deficiency was the absence of requirements for MVTs providers that use agents to include them in their AML/CFT programmes and monitoring. In order to address this, Botswana enacted Section 18(1)(c) of the Financial Intelligence Act, which requires MVTs providers that use agents to include them in their AML/CFT programmes and to monitor their compliance with these programmes. This amendment addresses the previous deficiency, and **14.5 is now re-rated as Met.**

Weighing and Conclusion

27. Given that Botswana has addressed all the requirements related to Recommendation 14, **Recommendation 14 is upgraded from PC to C.**

Recommendation 15 New Technologies - (Previously rated PC, retained as PC)

	Year	Rating
2017	2017	NC
2019	2019	PC (re-rated)
2020	2020	PC (not re-rated)
2021	2021	PC (Not re-assessed))
2022	2022	PC (Not re-rated)
2025	2025	PC (retained)

28. **Criterion 15.1 -(Partly Met)- This Criterion was rated as Partly Met** in the 4th FUR with Technical Compliance Re-Rating because Botswana, as a country, had not identified and assessed the ML/TF risks related to the development of new products and new business practices, including new delivery mechanisms, and the use of new or developing technologies for both new and pre-existing products. Subsequently, Botswana amended Section 13(1)(c) of the Financial Intelligence Act, 2022, which now requires financial institutions to identify and assess risks related to money laundering, terrorist financing, and proliferation financing arising from new products, procedures, and technologies. Botswana has shared sample reports which demonstrates that FIs carry out the risk assessments. However, Botswana, as a country, has not identified and assessed the ML/TF risks related to the development of new products and new business practices, including new delivery

mechanisms, and the use of new or developing technologies for both new and pre-existing products. **Therefore, the rating for criterion 15.1 remains Partly Met.**

29. **Criterion 15.2 -(Met)-** This Criterion was rated as Met in the 4th FUR with Technical Compliance Re-Rating. As there have been no changes to the law regarding this criterion, **the rating remains 'Met'.**
30. **Criterion 15.3 -(Partly Met)-** The Methodology for assessing Recommendation 15 was significantly amended after the publication of Botswana's MER (2018) and its FUR (2019). This criterion was first assessed in the 4th FUR and **was rated as Not Met.**
- (a) While Section 49(1)(g) of the Financial Intelligence Act, 2022 requires supervisory authorities to assess ML/TF risks related to virtual asset activities and the operations of Virtual Asset Service Providers (VASPs), Botswana has not yet identified and assessed the ML/TF risks associated with virtual asset activities and VASPs. **Hence, c.15.3(a) remains Partly Met.**
 - (b) While Botswana has internally profiled the VASP sector as high-risk for ML/TF, the authorities have not provided sufficient evidence or rationale to support this classification. The risk-rating is said to be based on 'an internal assessment' and not a formal sectoral risk assessment. It is therefore difficult to appreciate that the risk-based approach being implemented by NBFIRA is based on a reliable and correct understanding of the ML/TF risks. In the absence of a risk assessment, Reviewers are of the view that Botswana is unable to apply a risk-based approach and implement risk-based measures. **Hence, c.15.3(b) remains not met.**
 - (c) On a positive note, Botswana has introduced legal requirements for VASPs to assess ML/TF risks and consider factors such as customers, countries or geographical areas, as outlined in Section 13(1)(e) of the Financial Intelligence Act, 2022. **Hence, c.15.3(c) is now upgraded to Met.**
31. **Therefore, the rating for criterion 15.3 is upgraded to Partly Met.**
32. **Criterion 15.4 -(Met)-** The 4th FUR with Technical Compliance-Re-rating rated criterion 15.4 as Mostly Met because the legal provision on suitability of shareholders and senior management did not include preventing associates of criminals from owning or holding a management function in a VASP. Botswana has addressed this by amending Section 49 of the Financial Intelligence Act to include "criminals" and the phrase "or their associates." This amendment ensures that criminals or their associates are prevented from holding significant

or controlling interests, or management functions, within VASPs. **Consequently, the rating for criterion 15.4 is now re-rated as Met.**

33. **Criterion 15.5 -(Met)- The 8th Enhanced Follow-up Report & 4th Technical Compliance Re-Rating rated criterion 15.5 as Not Met** because Botswana had not taken action to identify natural or legal persons that carry out VASPs activities without the requisite licence. To address these deficiencies, Botswana has implemented measures to identify and address VASPs operating without registration. These measures include leveraging information from the Financial Intelligence Agency (FIA), suspicious transaction reports, and open-source platforms like Chainalysis. Additionally, Section 1 of the Virtual Assets Act, 2022, imposes criminal sanctions on those engaging in unlicensed activities, including penalties of up to five years' imprisonment or a fine of up to P1,000,000. **Therefore, the rating for criterion 15.5 is now re-rated as Met.**
34. **Criterion 15.6 -(Mostly Met)- The 4th FUR with Technical Compliance Re-Rating, rated criterion 15.6 as Partly Met.** The FUR noted that NBFIRA is designated to regulate and supervise VASPs (as specified parties) in terms of section 49(1)(b) of the Financial Intelligence Act, 2022. However, there was no evidence that NBFIRA started conducting risk-based supervision or monitoring VASPs' compliance with national AML/CFT requirements.
- (a) NBFIRA has developed an RBS Manual which outlines the scope and frequency of supervision- showing the level of engagement commensurate with the nature and level of risk (although the document is relatively basic and brief). It also indicates intervals for updating risk profiles of VASPs and requires updating the risk profiles when there are major developments in the management and operations of the VASPs. The sector is new and as a result no evidence was provided showing that NBFIRA reviews risk profile of the VASPs. **Hence, c.15.6(a) is now Partly Met.**
 - (b) NBFIRA has powers to supervise or monitor compliance by VASPs with requirements to combat ML and TF including conducting onsite inspections, compelling production of information and imposing a range of sanctions (Section 49(1)(b) of the Financial Intelligence Act, 2022). Section 36(1) grants supervisory authorities' access to VASP records. On sanctions, Sections 46(1)(a-b) and 49(2)(b) allow for sanctions such as fines of up to P5,000,000 or suspension/revocation of licenses for non-compliance while 38 of the Virtual Assets Act, 2025 provides for administrative sanctions. **Hence, c.15.6(b) is now Met.**
35. **Based on the above findings, the overall rating for criterion 15.6 is now re-rated as Mostly Met.**
36. **Criterion 15.7 -(Met)- The 4th FUR with Technical Compliance Re-Rating, rated c.15.7 as Not Met** because there was no evidence that competent authorities and supervisors had established guidelines and had provided feedback to VASPs. Botswana has now issued two sets of guidelines: one to outline obligations for entities, including those involved in virtual asset businesses, to detect and prevent financial crimes such as ML, TF, and PF; and another to provide procedures for identifying and mitigating ML/TF/PF risks under Section 13(1) of

the Financial Intelligence Act. Furthermore, VASPs now receive case-by-case feedback to help them apply national measures to combat ML/TF. Both guidelines provide guidance for detection and reporting of suspicious transactions. **Based on this criterion 15.7 is now re-rated Met.**

37. **Criterion 15.8 -(Met)-** The 4th FUR with Technical Compliance Re-Rating, rated criterion 15.8 as **Partly Met** because there were no corresponding sanctions for non-compliance with some obligations in the Financial Intelligence Act. The deficiencies have now been addressed as follows:

- (a) Supervisory authorities have the mandate to apply a range of sanctions for non-compliance with FATF Recommendations 10-21. These sanctions include civil and administrative penalties, as set out in section 100 of the NBFIRA Act, 2023, and Sections 46(1), 48, and 49(2)(a) of the Financial Intelligence Act 2022.
- (b) The sanctions are applicable to directors and senior management (for detailed analysis, see c.35.2) since sanctions application to FIs are also relevant for VASPs. **As a result, criterion 15.8 is now re-rated as Met.**

38. **Criterion 15.9 -(Met)-** The 4th FUR with Technical Compliance Re-Rating, rated criterion 15.9 as **Partly Met**. Botswana has taken the following measures to address the deficiencies:

- (a) **Sub-criterion 15.9(a) rated as Met** in the 4th FUR. The legal provision has not changed- The minimum threshold to conduct CDD for specified party (VASP) is still P10,000 (USD 837).
- (b) To address the deficiency in sub-criterion 15.9(b), Botswana introduced Section 26(2) (a-b) of the Virtual Asset Act, 2025, which mandates that VASPs obtain and maintain accurate information about the beneficiary of a virtual asset transfer and submit this information to the Regulatory Authority (i). Furthermore, the VASPs that receive into or sends out of Botswana, virtual assets equal to or in excess of the amount prescribed under the Financial Intelligence Act, through a transfer, on behalf of or on the instruction of a customer or any person, shall submit a report on the transaction to the Financial Intelligence Agency (ii). Moreover, Section 42 of the FI Act of 2022 was amended by FI Amendment 2025 to designated VASPs as financial institution, therefore they are required to comply with the requirements under Recommendation 16 (iii). Financial institutions are required to comply with the same obligation when sending or receiving virtual assets transfer on behalf of customers to report (iv). **With this measure, sub-criterion 15.9(b) is now Met.**

39. **Criterion 15.10 -(Met)-** The 4th Technical Compliance Re-Rating, **rated criterion 15.10 as Partly Met**. The FUR noted that there were no legal requirements to ensure that specified parties and accountable institutions comply with targeted financial sanctions measures in criteria 6.5(d), 6.5(e), 6.6(g), 7.2(d), 7.2(e) and 7.4(d) based on Regulations 10(3), 11(5) and 15(4) of Financial Intelligence (Implementation of United Nations Security Council Resolutions) Regulations, 2022. However, the FUR found that deficiencies noted in Recommendation 35 in respect of imposing a range of sanctions for non-compliance with the Act or regulations made under the Act had a cascading effect on c.15.10. This deficiency has been addressed in relation to FIs as discussed in R.35. Since VASPs are also defined as FIs, the finding under R.35 applies to VASPs. In relation to this criterion, no progress has been made concerning c.7.3, this remains part of the broader supervisory duties under the Financial Intelligence Act, 2022. **Therefore, the rating for criterion 15.10 is re-rated as Met.**
40. **Criterion 15.11 -(Met)-** The 4th FUR with Technical Compliance Re-Rating, **rated criterion 15.11 as Met** because measures in Recommendations 36-40 apply in respect of c.15.11 and that NBFIRA has the legal basis to exchange financial services information with similar agencies outside Botswana. The relevant provisions have not changed and **therefore c.15.11 remains Met.**

Weighting and Conclusion

41. Botswana has made some progress in addressing several deficiencies, such as implementing measures to identify and address VASPs operating without registration, issuing guidelines to VASPs. Nevertheless, moderate shortcomings remain regarding the assessment of the ML/TF risks related to the development of new products and new business practices, including new delivery mechanisms, and the use of new or developing technologies for both new and pre-existing products. In the absence of a risk assessment, Botswana is unable to effectively apply a risk-based approach and implement risk-based measures. Moreover, there is no evidence that NBFIRA started conducting risk-based supervision or monitoring VASPs' compliance with national AML/CFT requirements. **Therefore, the rating for Recommendation 15 remains Partially Compliant (PC).**

Recommendation 24 Transparency and beneficial ownership of legal persons - (Previously rated PC, now re-rated LC)

	Year	Rating
R	2017	NC
1	2019	PC (re-rated)
2	2020	PC (Not re-assessed)
3	2021	PC (Not re-assessed)
4	2022	PC (Not re-rated)
5	2025	LC (re-rated)

42. **Criterion 24.1 -(Met)-** This Criterion was rated as Met in the 4th FUR with Technical Compliance Re-Rating. As there have been no changes to the law regarding this *criteria*, *the rating remains 'Met'*.
43. **Criterion 24.2 -(Partly Met)- This Criterion was rated as Partly Met** in the 4th FUR with Technical Compliance Re-Rating. The major deficiency related to the ML & TF risk assessment for legal persons and arrangements in Botswana, at the time the report had limited information/analysis on whether assessment covered associated ML/TF risk of all types of companies that can be created under Companies Act and/or whether its scope was intended to cover all types of legal persons that can be created and operate in Botswana. Botswana has not conducted another risk assessment of legal persons. The position remains that associations (societies) were not included during the 2020 assessment. However, it is important to note that there are three types of legal persons which can be created in Botswana: companies, societies and cooperatives. Notwithstanding this omission, the number of societies is small relative to the total of all legal persons. The total number of legal persons consisted of 323 cooperatives (page 12 of Cooperative sector risk assessment), 69,133 companies (page 18 of the legal persons risk assessment) and 9,639 societies at (page 13 of 2020 NPO Risk Assessment). The number of societies constitutes 6% of the total. Accordingly, the omission of assessing ML risk assessment for societies is not materially significant. **Hence, the criterion remains Partly Met.**
44. **Criteria 24.3, 24.4, 24.5, 24.6, and 24.7** were all rated as Met in 4th FUR with Technical Compliance Re-Rating. There have been no changes to the law regarding obligations set out in these criteria. Hence, **the rating remains 'Met'**.
45. **Criterion 24.8 -(Met)- This Criterion was rated as Mostly Met** in 4th FUR with Technical Compliance Re-Rating. The major deficiency was related to the absence of a provision requiring a company secretary or accountant to be resident in Botswana, as no further information was provided in this regard. To address this, Botswana now requires a director who is resident in the country or the Secretary to the company to provide all basic and BO information of the company to any competent authority within 3 days. The director is also obliged to cooperate with any competent authority, and this also includes an obligation to facilitate access to information [Section 27 of the Companies (Amendment) Act, 2022]. **Therefore, criterion is re-rated Met.**
46. **Criterion 24.9 -(Met)- This Criterion was rated as Met** in the 4th FUR with Technical Compliance Re-Rating. As there have been no changes to the law regarding obligations set out in this criterion, **the rating remains Met.**

47. **Criterion 24.10 -(Met)- This Criterion was rated as Mostly Met** in the 4th FUR with Technical Compliance Re-Rating. At the time, the FUR noted that competent authorities are readily allowed access to basic and beneficial owner information held by the Registrar (section 3 of the Companies (Amendment) Act 2022). The deficiency was that it was not explicitly stated how timely this information can be obtained by law enforcement from other relevant parties other than the Registrar. The Act has been amended by making basic and BO information to be publicly accessible. The Online Business Registration System (OBRS), the company registry allows any user, including competent authorities and LEAs, access to both basic and beneficial ownership information of all registered companies. Moreover, the Companies Act requires all Legal entities, FIs and DNFBPs to be registered by the company registry. There are numerous legislations allowing LEAs to have access in a timely manner to basic and beneficial ownership information held by legal entities, FI, and DNFBPs. For instance, the DCEC has powers to request information or reports from any person, including the FIA which may be useful in its investigations (section 7(1) of the Corruption and Economic Crime Act). LEAs can get ex-parte production orders to get documents/information from FIs and DNFBPs (see R 31 in Botswana FUR 2019). Based on these channels, LEAs can access basic and BO information in a timely manner. **Therefore, the rating is upgraded to Met.**
48. **Criterion 24.11 -(Met)- This Criterion was rated as Not Met** in the 4th FUR with Technical Compliance Re-Rating. The major deficiencies were that the law did not define bearer securities and absence of requirements to convert these bearer securities into registered shares, to hold them with regulated institutions, or to apply other safeguards identified by Botswana. In response, Botswana has taken important steps to address the deficiency, including the amendment of the Collective Investment Undertakings Act (Act No. 23 of 2021), which commenced on 28 February 2022, eliminating the issuance of bearer shares. Additionally, Section 14 of the Companies (Amendment) Act, 2022, amended Section 50 of the Companies Act to explicitly prohibit the issuance of bearer shares or shares to unidentified shareholders. Companies whose constitutions previously allowed the issuance of such shares are now required to amend their constitutions and submit the revised documents to the Registrar within one month of the amendment's commencement. Furthermore, Section 37 of the Companies (Amendment) Act of 2022 requires all companies to have a constitution, which is reviewed by the Registrar at registration, and when changes occur. If the constitution allows bearer shares, the Registrar will reject it and require the company to revise it to comply with the ban on bearer shares. **As a result of these legal changes, criterion 24.11 is now re-rated as Met.**
49. **Criterion 24.12 -(Met)- This Criterion was rated as Partly Met** in the 8th Enhanced Follow-up Report & 4th Technical Compliance Re-Rating. The major deficiencies were related to the absence of a definition of the term 'Director' and the lack of an explicit legal requirement for

nominee shareholders and directors to be licensed. To address these deficiencies, Botswana has amended the Companies Act to introduce Section 2 (ii) (b), which define term director as individual or legal entity that routinely exercises the function of a director in a company on behalf of, and subject to, the direct or indirect instructions of the nominator, and such a director is never the beneficial owner of the legal entity. Furthermore, Section 329A(1), of the same law requires that nominee shareholders and directors disclose the identity of their nominator to the Director for inclusion in the official register. This legislative development addresses the identified deficiency, **leading to an upgrade in the rating for criterion 24.12 to Met.**

50. ***Criterion 24.13 -(Met)- This Criterion was rated as Met*** in the 4th Enhanced Follow-up Report. As there have been no changes to the law regarding this criterion, the rating **remains 'Met'.**
51. ***Criterion 24.14 -(Met)- This Criterion was rated as Mostly Met*** in the 4th FUR. Botswana has further strengthened its legal framework to facilitate the exchange of information with foreign counterparts:
 - (a) Foreign competent authorities can also access basic company information online as noted under c.24.10 above.
 - (b) Competent authorities are empowered under their respective laws to exchange information on shareholders with foreign counterparts, in accordance with Section 3 of the Police Act, Section 55(3) of the Financial Intelligence Act, 2022, and Section 10(c) of the Counter-Terrorism (Amendment) Act; and
 - (c) Botswana also has legal authority to obtain and share beneficial ownership information on behalf of foreign counterparts, in line with their domestic laws.
52. **As a result of these legislative developments, the rating for criterion 24.14 is now re-rated as Met.**
53. ***Criterion 24.15 -(Partly Met)- This Criterion was rated as Not Met*** in the 4th FUR Technical Compliance Re-Rating. Since then, Botswana has made no significant progress in addressing the deficiencies, particularly in terms of monitoring the quality of assistance received from other countries regarding requests for basic and beneficial ownership information or assistance in locating beneficial owners residing abroad. **Therefore, the rating for criterion 24.15 remains Partly Met.**

Weighting and Conclusion

54. Botswana has made significant progress in addressing several deficiencies, particularly amending key laws to prohibit bearer shares and shares. Furthermore, the country amended

the Companies Act to require nominee shareholders and directors to disclose their nominators to the Director for official registration. Despite this progress, minor deficiencies remain. Notably, Botswana does not monitor the quality of international assistance received concerning beneficial ownership information or efforts to locate beneficial owners abroad. Additionally, the risk assessment of legal persons did not include societies (associations). However, societies constitute a small percentage of the total number of legal persons incorporated in Botswana such that the deficiency does not have a significant weight on the overall conclusion. Due to these minor outstanding deficiencies, **the rating for Recommendation 24 is re-rated to LC.**

Recommendation 28: Regulation and supervision of DNFBPs- (Previously rated PC, now upgraded to LC)

	Year	Rating
R	2017	NC
1	2019	PC (re-rated)
2	2020	PC (Not re-assessed)
3	2021	PC (Not re-rated)
4	2022	PC (Not re-rated)
	2025	↑ LC

55. **Criterion 28.1 -(Met)- This Criterion was rated as Met** in the 4th FUR with Technical Compliance Re-Rating. As there have been no changes to the law regarding this criterion, **the rating remains 'Met'.**
56. **Criterion 28.2 -(Met)- This Criterion was rated as Met** in the 3rd FUR with Technical Compliance Re-Rating. As there have been no changes to the law regarding this criterion, **the rating remains 'Met'.**
57. **Criterion 28.3 -(Met)- This Criterion was rated Met** in the 1st FUR with Technical Compliance Re-Rating. As there have been no changes to the law regarding this criterion, **the rating remains 'Met'.**
58. **Criterion 28.4 -(Met)- This Criterion was rated as Partly Met** in the 4th FUR with Technical Compliance Re-Rating. The major deficiencies were related to the absence of a definition for the term 'fit and proper, and the lack of measures to prevent criminals or their associates from holding, being the beneficial owner of, having a controlling interest in, or performing a management function within the real estate profession. To address this, Botswana amended sub-section 4 of the section 20 of Real Estate Professionals (Amendment) Act to define the term fit and proper. In addition, the following legislations were also amended: Section 49 of the Financial Intelligence Act (FI Act) and Section 8(2) of the Precious and Semi-

Precious Stones (Protection) (Amendment) Act, 2022. These amendments introduced the phrase “or their associates” to ensure that competent authorities have the necessary legal or regulatory measures to prevent criminals and their associates from holding a controlling interest, performing management functions, or being beneficial owners of an applicant. Furthermore, Schedule I of the Financial Intelligence Act (FI Act) designates accountants, lawyers, casinos, dealers in precious metals and stones, and TCSPs as DNFBPs, subjecting them to AML/CFT requirements. The FI (Amendment) Act also designates the Company Intellectual Property Authority (CIPA) as the supervisor for TCSPs. **In conclusion, criterion 28.4 is now re-rated as Met.**

59. ***Criterion 28.5 -(Mostly Met)- This Criterion was rated as Partly Met*** in the 8th Enhanced Follow-up Report & 4th Technical Compliance Re-Rating. According to the report, sub-criterion 28.5(b) was met. The deficiency was related to sub-criterion 28.5(a), as there was no indication that the frequency and intensity of AML/CFT supervision of DNFBPs is determined based on an understanding of ML/TF risks that considers the characteristics of the DNFBPs. To address the identified deficiency related to sub criterion 28.5 (a), the Real Estate Advisory Council (REAC), the Gaming Authority (casinos), the Botswana Institute of Chartered Accountants (BICA), and the Botswana Accountancy Oversight Authority (BAOA) developed risk assessment tools and risk-based supervision procedures for monitoring AML/CFT compliance by their supervised entities. The above supervisory authorities now risk-profile their entities and develop and implement supervisory plans informed by the assessed risk profiles. The authorities did not provide any information on the progress made by the other DNFBPs (lawyers, TCSPs, and DPMS). As a result, the rating for sub criterion 28.5(a) is now **Partly Met**.
60. **As a result, the rating for criterion 28.5 is now re-rated as Mostly Met.**

Weighting and Conclusion

61. Botswana has addressed almost all the requirements related to Recommendation 28. However, the deficiency related to the absence of risk profiling of their entities, and the failure to develop and implement supervisory plans informed by the assessed risk profiles for lawyers, TCSPs, and DPMS, has a moderate impact on the rating. Therefore, **Recommendation 28 is upgraded from PC to LC.**

Recommendation 35 Sanctions - (Previously rated PC, now upgraded to LC)

	Year	Rating
R	2017	NC
1	2019	re-rated as PC
2	2020	PC (Not re-rated)
3	2021	PC rating retained
4	2022	PC rating retained
5	2025	↑ LC

62. **Criterion 35.1 -(Partly Met)- This Criterion was rated as Partly Met** in the 4th Technical Compliance Re-Rating. The main deficiency was the lack of penalties for entities that fail to comply with the AML/CFT requirements under Recommendations 6 and 8. To address the deficiencies identified, Botswana introduced legal reforms requiring FIs and DNFBPs that violate targeted financial sanctions (TFS) obligations under the relevant regulations to face proportionate and dissuasive penalties. Under the Financial Intelligence Act, 2022, and the Financial Intelligence (Implementation of United Nations Security Resolutions) Regulations, 2022, administrative sanctions may include fines not exceeding BWP 100,000,000 while criminal sanctions may include fines up to BWP 100,000,000 or imprisonment for a term not exceeding five years [Section 63(3) of the Financial Intelligence Act, 2022]. In relation to sanctions against non-compliance with requirements of Recommendation 8, these are set out in Section 8 (9) of Societies Act, Sections 48 and 51 (4). These range from administrative fines of not more than B Pulla 500,000 to cancellation of registration. Despite the progress, the changes made by Botswana do not address the deficiency related to NPOs registered under Trust Property Control Act. **Hence, criterion c.35.1 remains Partly-Met.**
63. **Criterion 35.2 -(Met)- This Criterion was rated as Met** in the 8th Enhanced Follow-up Report & 4th Technical Compliance Re-Rating. As there have been no changes to the law regarding this criterion, **the rating remains 'Met'.**

Weighting and Conclusion

64. Botswana has addressed almost all the requirements related to Recommendation 35. The only outstanding deficiency relates to the absence of penalties for entities that fall under Trust Property Control Act. However, taking into account materiality of the MPOs under this Act and the TF risk profile of Botswana (see R 8), this deficiency is considered to be minor. **Therefore, Recommendation 35 is upgraded from PC to LC.**

IV. CONCLUSION

65. Overall, Botswana has made progress in addressing the technical compliance deficiencies identified in its Mutual Evaluation Report (MER) and Follow-Up Reports (FURs), justifying the re-rating of Recommendations 2 and 14 to Compliant, and Recommendations 8, 24, 28 and 35 to Largely Compliant (PC). However, the progress registered under Recommendation 15 does not warrant an upgrade at this stage.
66. Considering the progress made since the adoption of its MER, Botswana's technical compliance with the FATF Recommendations has been revised as shown in Table 4.1 below.

Table 4.1. Technical compliance ratings, August 2025

Recommendations and Corresponding Ratings													
1	2	3	4	5	6	7	8	9	10	11	12	13	14
LC	PC C	C	LC	C	LC	LC	NC LC	C	LC	LC	LC	LC	NC C
15	16	17	18	19	20	21	22	23	24	25	26	27	28
PC PC	LC	N/A	LC	LC	C	LC	LC	LC	PC LC	LC	LC	C	PC LC
29	30	31	32	33	34	35	36	37	38	39	40		
LC	LC	LC	LC	LC	LC	PC LC	C	LC	C	LC	LC		

67. Botswana will continue reporting progress under the ESAAMLG enhanced follow up process.