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LIST OF ACRONYMS

AML	Anti-Money Laundering
BDC	Botswana Development Corporation
BURS	Botswana Unified Revenue Service
CEDA	Citizen Entrepreneurial Development Agency
CDD	Customer Due Diligence
CFT	Counter Financing of Terrorism
CTR	Cash Transaction Report
CFP	Counter Financing of Proliferation
DNFBPs	Designated Non-Financial Businesses and Professions
FATF	Financial Action Task Force
EFT	Electronic Funds Transfers
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group
FIA	Financial Intelligence Agency, also referred to as the "Agency"
FI Act	Financial Intelligence Act, 2022
FIU	Financial Intelligence Unit
ICRG	International Co-operation Review Group
LEAs	Law Enforcement Agencies
ME	Mutual Evaluation
MER	Mutual Evaluation Review
NRA	National Risk Assessment
STR	Suspicious Transaction Report
RBS	Risk Based Supervision
UNSCR	United Nations Security Council Resolutions

DIRECTOR GENERAL'S OVERVIEW

Bopelokgale Soko
Director General

I am delighted to present the first Annual Report of the Financial Intelligence Agency (FIA) for the year ended 31st March, 2023. This year marks the 10th anniversary since FIA commenced its operations in June 2013. The Agency started with a small staff complement, most of whom were seconded from related institutions. As at 31st March, 2023, FIA has grown to a staff complement of 58, which compares well with other Financial Intelligence Units in the region. Similarly, growth has been attained in other areas of business operations. During the year under review, FIA assumed the AML/CFT/CFP national coordination role, in addition to its statutory role of receiving, analysing and disseminating intelligence, thus broadening its mandate.

Critical to the fight against money laundering, terrorism financing and proliferation financing (ML/TF/PF) is the effective domestic and international cooperation. It is in this regard that the Agency has proactive collaboration with domestic and international partners and stakeholders enabled by signing of Memorandums of Understanding (MoUs). To date, the Agency has signed a total of 16 MoUs with both international and national entities. The latest MoUs to be signed were with Madagascar and Rwanda FIUs , which were signed on 1st December 2022 and 30th March 2023, respectively.

FIA continued to receive Suspicious Transaction Reports (STRs) and other reports from reporting entities as required by the law. The total number of reports received showed an upward trend. Notably, the number of STRs received increased significantly to 565 during the period under review, recording a 64.2 per cent increase compared to the preceding year.

Looking ahead, FIA will continue to play a key role in the fight against ML/TF/PF. To achieve this, FIA commits to invest in both human and technology resources and to ensure wider public awareness through education and training initiatives.

Gratitude goes towards the FIA staff who continue to work hard to achieve the mandate of the FIA. I acknowledge the support we receive from the Government of Botswana to ensure continuous improvement of the country's AML/CFT/CFP regime. Appreciation goes to our partners in the private and public sector for the cordial relationships which support collaboration and cooperation endeavours in the fight against crime. Lastly, I would also like to thank the Minister of Finance, Honourable Peggy Onkutule Serame for her continued leadership and guidance.

KEY STATISTICS
2022/2023

565
Suspicious Transaction Reports

P2,000,686,066
Pula Value of Suspicious Transaction Reports

37
Suspicious Activity Reports

2
Voluntary Information Reports

P151,882,719
Pula Value of Cross Border Cash Declarations

1,683,997
Cash Transactions

3,605,300
Electronic Funds Transfer Transactions

382,113
International Funds Transfer Transactions

72
Domestic Information Requests

10
Foreign Information Requests

4
Outgoing Foreign Requests

3
Common Suspected Predicate Crimes (Fraud, Tax Crimes, Corruption)

115
Disseminations to Competent Authorities

1.0 ABOUT FIA

1.1 Role of FIA

In line with FATF Recommendation 29, the Financial Intelligence Agency (FIA) was established in 2009 by the Financial Intelligence Act, CAP 08:07. FIA's core mandate as stipulated under Section 4 of the Financial Intelligence Act, 2022 is to receive, analyse and disseminate intelligence reports for purposes of preventing, deterring and detecting incidents of ML/TF/PF. FIA as an administrative Financial Intelligence Unit (FIU) has no powers to investigate, arrest nor prosecute but rather to produce useful financial intelligence to support investigations and prosecution of ML/TF/PF and related crimes.

In addition to the above, Section 2 of the FI Act gives the FIA supervisory responsibility for specified parties without a designated AML/CFT/CFP supervisor. Currently, there are two sectors that are under FIA's supervision, being Car Dealerships and Government owned Development Financial Institutions (DFIs).

The Agency is also charged with the following responsibilities:

- Overseeing the implementation of targeted financial sanctions imposed by the United Nations Security Council (UNSC);
- Communicating the list of high-risk countries to specified parties, accountable institutions, and supervisory authorities; and
- Interrupting transactions suspected to involve the commission of a financial offence.

1.2 Strategic Overview

Mission

We protect the integrity and stability of Botswana's financial system through the effective coordination and implementation of the anti-money laundering and counter-financing of terrorism regime.

Vision

To provide unparalleled financial intelligence to fight financial crime in Botswana and beyond.

Values

Accountability **Confidentiality** **Integrity** **Timeliness** **Excellence**

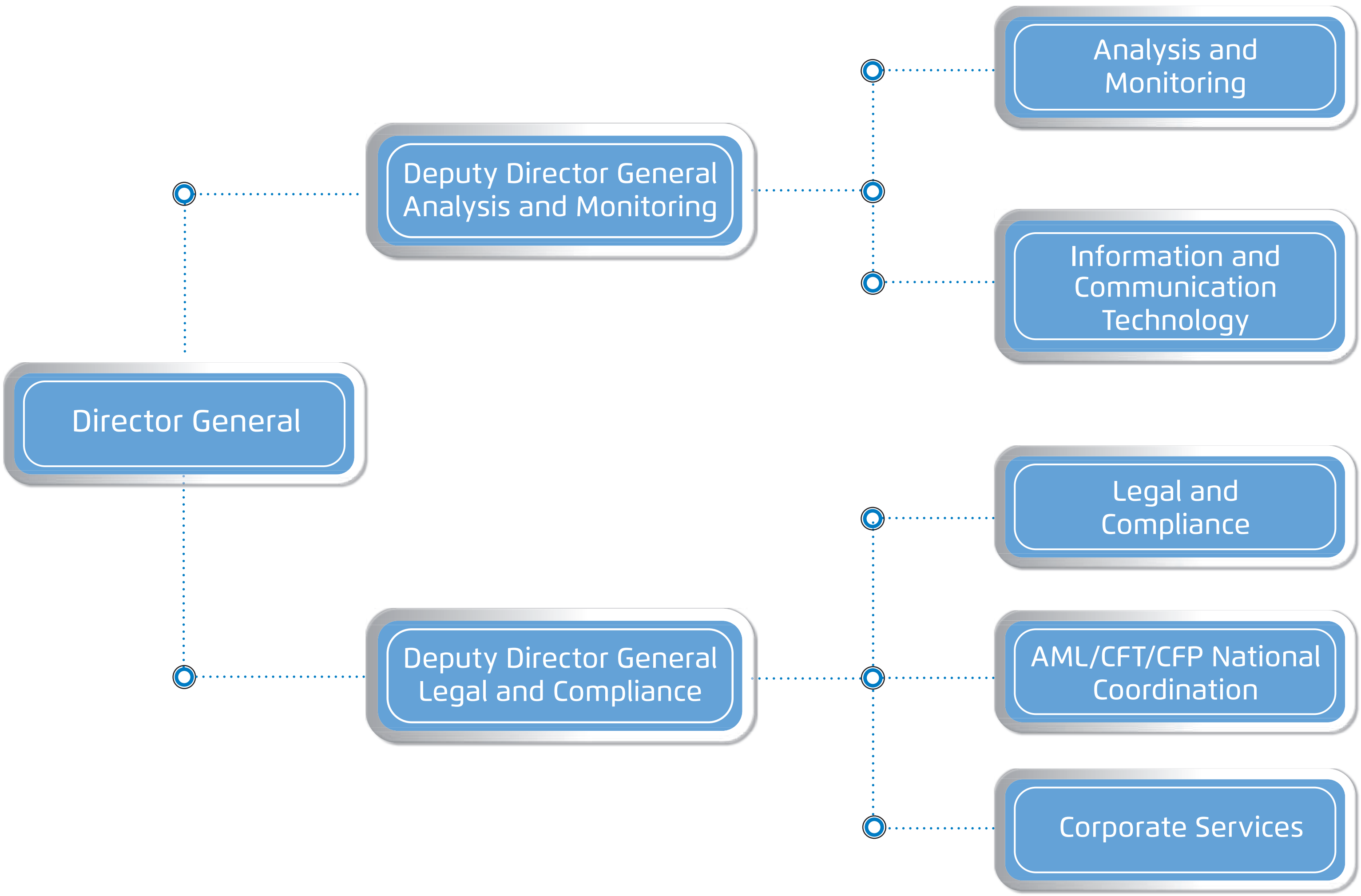
Strategic Objectives:

- To ensure that the FIA maintains the organisational structure and capabilities adequate to operate efficiently and effectively in order to discharge its core functions and comply with international standards.
- To identify money laundering, terrorist and proliferation financing risks, emerging threats and patterns.
- To improve the effectiveness of financial intelligence to identify and tackle economic and financial crime both domestically and internationally.
- To establish public and private partnerships to fight organised crimes.

1.3 Organisation Structure

The FIA structure comprises of the Director General's office and 5 Divisions (Figure 1).

Figure 1: FIA Organisational Structure



Office of the Director General

The office of the Director General comprises of the Director General and two (2) Deputy Director Generals; one responsible for Legal and Compliance and the other responsible for Analysis and Monitoring. The office is responsible for the strategic direction and the overall operations of the FIA.

AML/CFT/CFP National Coordination Office

The AML / CFT / CFP National Coordination Office is responsible for coordinating national AML/CFT/CFP projects. The function also acts as a liaison Office between regional and international stakeholders.

Legal and Compliance

The Legal and Compliance Division supervises relevant entities to ensure their compliance to the AML/CFT/CFP legislation. The Division also provides legal advice, conduct outreach and awareness activities and coordinate implementation of the UNSC Sanction lists.

Analysis and Monitoring

The Analysis and Monitoring Division is responsible for requesting, receiving and analysing disclosures of financial information. It is also responsible for disseminating intelligence reports to investigatory authorities, supervisory authorities, comparable bodies (other FIUs) or competent authorities (public authorities with designated responsibilities for combating financial offences). Furthermore, it conducts research and produces strategic financial intelligence on trends and techniques used in financial crimes.

Information & Communication Technology

The primary responsibility of the ICT Division is to provide and maintain the Agency's ICT infrastructure through acquisition of business applications, databases and management of the data centre services. It also provides technical user support, project management services and facilitates ICT procurement. Furthermore, it maintains both the physical and IT security of the Agency.

Corporate Services

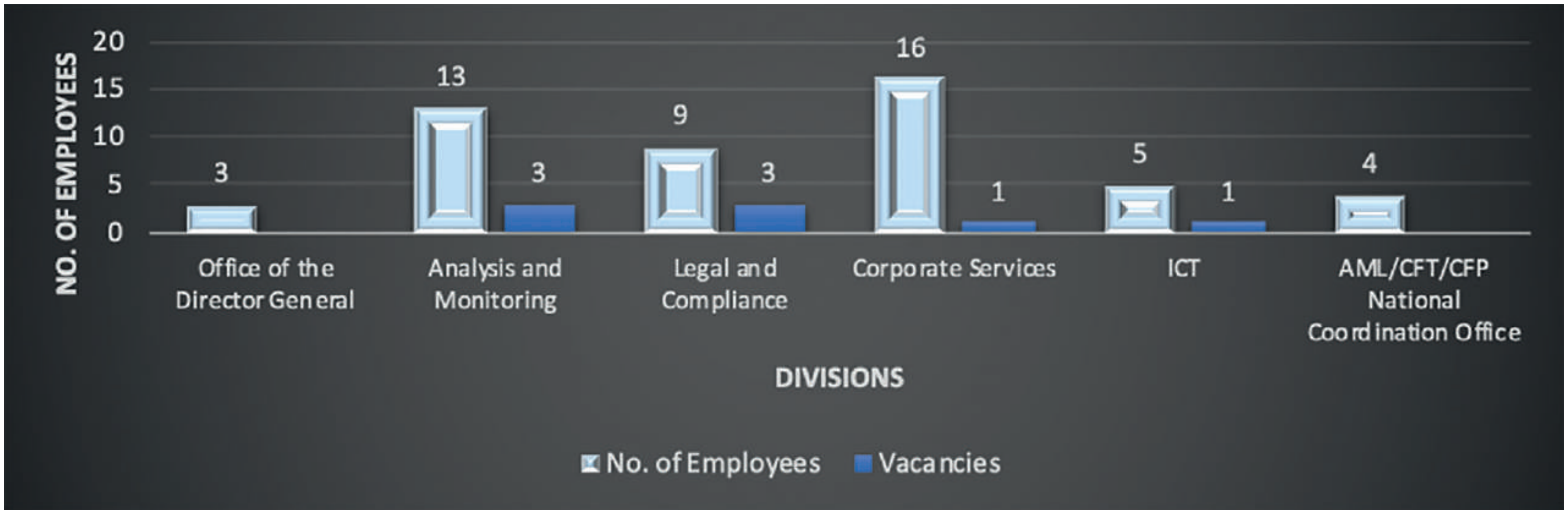
The Corporate Services Division provides support to the core mandate of the Agency to ensure, timeliness, and efficiency in the delivery of business activities.

1.4 The FIA Team

FIA has a dedicated and experienced team who take pride in contributing towards the Agency's efforts to protect the integrity of the financial system in Botswana. As at 31st March, 2023 FIA had a staff compliment of 58 and 8 vacancies.

The table below shows the number of staff members and the vacancies in each division for the financial year under review.

Chart 1: Number of officers and vacancies as at 31st March, 2023



FIA recognises that staff members are fundamental in ensuring delivery of its mandate. In this regard, training and capacity development is one of the Agency's key priorities. The aim is to equip staff members with relevant knowledge and skills required to perform their tasks. During the financial year 2022/2023, officers were trained in different fields as shown in Table 1 below. While staff members were trained in an array of courses, the emphasis was on financial intelligence, which is the core mandate of the Agency.

Table 1 : Long and Short Term Training

No	Type of Training	Programme	Number of Officers
1.	Long Term	Masters' Degree	2
2.	Short Term	Leadership and Management Courses	3
		Financial Intelligence Courses	24
		AML/CFT Regulation and Compliance	13
		ICT Courses	3

1.5 Financial Budget 2022/2023

FIA is fully funded by the Government of Botswana for both development and recurrent budgets. The development budget is used to finance the capital expenditure while the recurrent budget is used to finance the operations of the Agency. During the period under review, FIA's development budget stood at BWP32 Million. The budget was earmarked for the construction of the FIA office building. The total recurrent budget for the same period was P25,462,910 a decrease of 8.7 per cent from the P27,900,090 allocated during the previous financial year. Figure 4 below shows a recurrent budget allocation for the past five (5) years.

Chart 2: Recurrent budget from 2018/2019 to 2022/2023

2.0 AML/CFT/CFP **LEGAL FRAMEWORK**

The Financial Intelligence Act, CAP 08:07 is the main legislation that provides for AML/CFT/CFP framework. The Act designates specified parties and accountable institutions to implement AML/CFT/CFP obligations. The Act also designates supervisory authorities to ensure that specified parties and accountable institutions implement AML/CFT/CFP obligations effectively.

There is an array of AML/CFT/CFP legislations (about fifty) which collectively make up the AML/CFT/CFP legal framework of the country. Key among them are:

Proceeds and Instruments of Crime Act	Anti-Human Trafficking Act
Counter Terrorism Act	Arms and Ammunition Act
Corruption and Economic Crime Act	Mutual Assistance in Criminal Matters Act
Criminal Procedure and Evidence Act	Extradition Act
Penal Code	Chemical Weapons (Prohibition) Act
Cybercrime and Computer Related Crimes Act	Customs Act
Non-Bank Financial Institutions Regulatory Act	Banking Act

During the 2016 mutual evaluation, Botswana was found to have significant deficiencies in its AML/CFT/CFP regime. As a result, a number of laws were amended, re-enacted and new laws enacted in order to address the deficiencies identified and to align the AML/CFT/CFP statutes with international standards (FATF Recommendations). In 2022, Parliament enacted, amended or commenced 17 AML/CFT/CFP legislations, including the FI Act. The list of the country's AML/CFT/CFP legislations is given in Appendix 1.

3.0 COOPERATION AND PARTNERSHIPS

3.1 Local Cooperation

At national level, the AML/CFT/CFP policy issues are coordinated by the National Coordinating Committee on Financial Intelligence (NCCFI), a body established under the FI Act and chaired by the Permanent Secretary to the President. The committee formulates national AML/CFT/CFP policies and initiatives, plays the advisory role and sets out the strategic direction for national AML/CFT/CFP regime. There are currently 19 members of the NCCFI consisting of Ministries and Government agencies from supervisory/regulatory authorities, law enforcement agencies and policy-making ministries. The Office of General Counsel is the secretariat to the Committee. Members of the NCCFI include:

(a) The Commander Botswana Defence Force as Deputy Chairperson,

(b) Permanent Secretaries and Heads of Institution from the following entities:

- The Ministry responsible for Finance,
- The Ministry responsible for Presidential Affairs and Public Administration,
- The Ministry responsible for International Cooperation,
- The Ministry responsible for Immigration,
- The Ministry responsible for Defence,
- The Ministry responsible for Trade,
- The Attorney General's Chambers,
- The Directorate of Public Prosecutions,
- The Directorate of Intelligence and Security
- The Directorate on Corruption and Economic Crime,
- The Botswana Police Service,
- The Chemical, Biological, Nuclear, Radiological Weapons Management Authority,
- The Office of the Receiver,
- The Non-Bank Financial Institution Regulatory Authority,
- The Companies and Intellectual Property Authority,
- The Botswana Unified Revenue Service,
- The Bank of Botswana,
- The Financial Intelligence Agency

3.2 International Affiliations

International cooperation is important in the fight against ML/TF/PF. To this end, Botswana affiliates with FATF by virtue of her membership to ESAAMLG. The FIA is also a member of the EGMONT Group of Financial Intelligence Units (EGMONT).

The country, being a member to ESAAMLG and EGMONT, and in adherence to the required standards, is able to develop and implement its legal framework and specific set of measures to mitigate the risk and threats to ML, TF and PF. The membership also affords the country a wider global network of countries for international cooperation in combatting cross-border organised crimes.

ESAAMLG Membership

Botswana is a founding member of ESAAMLG, a Financial Action Task Force Styled - Regional Body (FSRB) established in 1999. ESAAMLG is a regional body which subscribes to the global standards to combat ML/TF/PF. Botswana benefits from the mutual evaluations of the country conducted by ESAAMLG which assess the effectiveness of the country's AML/CFT/CFP regime and recommends remedial actions. Other areas where the country benefits is in the development of institutional and human resource capacities and information on emerging regional typologies, among others.

EGMONT Membership

The EGMONT Group is an international network of FIUs around the world designed to improve interaction among FIUs in the areas of communication, information sharing and training. Currently, membership stands at 166 FIUs. Membership to EGMONT also affords the country a wider global network of states for international cooperation in combatting cross-border organised crimes. The FIA was admitted to EGMONT membership in July 2021.

FINANCIAL ACTION TASK FORCE (FATF)

FATF is an inter-governmental global standard-setter and promoter of policies for prevention and combatting money laundering, financing of terrorist and the proliferation of arms of mass destruction in order to protect the international financial system. FATF has issued 40 Recommendations which set out a framework of measures which countries should implement in order to combat money laundering and terrorist financing as well as the financing of proliferation of weapons of mass destruction.

3.3 Technical Compliance Level to the FATF Recommendations

Botswana Mutual Evaluation Review (MER), which was conducted to assess the country's compliance to the FATF Standards was done in 2016. Following the assessment, the country was found to have strategic deficiencies in the AML/CFT/CFP regime and was consequently grey listed by the International Co-operation Review Group (ICRG). Botswana with assistance from the ICRG developed and implemented some reforms to improve its compliance to the FATF standards. Table 2 below shows the 2016 MER ratings compared with the current ratings. In 2016, Botswana had 37 Recommendations rated Non-Compliant (NC) and Partially Compliant (PC) compared to 6 in the current ratings.

> The ICRG is an organ of the FATF responsible for identifying and working with Jurisdictions where significant AML/CFT/CFP deficiencies have been identified. The objective is to assist countries improve their AML/CFT/CFP regime and comply with FATF standards.

Table 2: Botswana Technical Compliance Ratings with the 40 FATF Recommendations

FATF RECOMMENDATIONS	MER RATINGS	CURRENT RATINGS
R 1. Assessing Risks and Applying a Risk-Based Approach	NC	LC
R 2. National Co-operation and Co-ordination	PC	PC
R 3. Money Laundering Offence	PC	C
R 4. Confiscation and Provisional Measures	PC	LC
R 5. Terrorist Financing Offence	NC	C
R 6. Targeted Financial Sanctions Related to Terrorism and Terrorist Financing	NC	LC
R 7. Targeted Financial Sanctions Related to Proliferation	NC	LC
R 8. Non-profit Organisations	NC	NC
R 9. Financial Institutions Secrecy Laws	NC	C
R 10. Customer Due Diligence	NC	LC
R 11 Record keeping	NC	LC
R 12. Politically Exposed Persons	NC	LC
R 13. Correspondent Banking	NC	LC
R 14. Money or Value Transfer Services	NC	NC
R 15. New technologies	NC	PC
R 16. Wire Transfers	NC	LC

R 17. Reliance on Third Parties	N/A	N/A
R 18. Internal Controls and Foreign Branches and Subsidiaries	PC	LC
R 19. Higher Risk Countries	NC	LC
R 20. Reporting of Suspicious Transactions	PC	C
R 21. Tipping-Off and Confidentiality	NC	C
R 22. Designated Non-Financial Businesses and Professions (DNFBPS): Customer Due Diligence	NC	LC
R 23. DNFBPD: Other Measures	PC	LC
R 24. Transparency and Beneficial Ownership of Legal Persons	NC	PC
R 25. Transparency and Beneficial Ownership of Legal Arrangements	NC	LC
R. 26 Regulation and Supervision of Financial Institutions	NC	LC
R 27. Powers of Supervisors	LC	C
R 28. Regulation and Supervision of DNFBPS	NC	PC
R 29. Financial Intelligence Units	NC	LC
R 30. Responsibilities of Law Enforcement and Investigative Authorities	PC	LC
R 31. Powers of Law Enforcement and Investigative Authorities	PC	LC
R 32. Cash Couriers	PC	LC
R 33. Statistics	NC	LC
R 34. Guidance and Feedback	PC	LC
R 35. Sanctions	NC	PC
R 36. International Instruments	NC	C
R 37. Mutual Legal Assistance	LC	LC
R 38. Mutual Legal Assistance: Freezing and Confiscation	PC	C
R 39. Extradition	PC	LC
R 40. Other Form of International Cooperation	PC	LC

Technical compliance ratings key

Compliant (C)	There are no shortcomings.
Largely compliant (LC)	There are only minor shortcomings.
Partially compliant (PC)	There are moderate shortcomings.
Non-compliant (NC)	There are major shortcomings.
Not applicable (N/A)	A requirement does not apply, due to the structural, legal or institutional features of a country.

3.4 Memorandums of Understanding (MoUs)

FIA has signed MoUs with various FIUs to facilitate cooperation and smooth information exchange. As at 31st March, 2023, FIA had signed MoUs with 12 FIUs in the region and four (4) domestic institutions. In addition, the Agency had signed two (2) multilateral MoUs with local institutions. Details of the MoUs are shown in Table 3 below:

Table 3: Domestic and International MoUs

No.	Memorandum of Understanding	Date signed
MoUs with Other FIUs		
1	Zimbabwe	30/03/2015
2	Namibia	21/07/2011
3	South Africa	28/10/2011
4	Swaziland	25/05/2015
5	Lesotho	25/05/2015
6	Uganda	25/05/2015
7	Angola	04/09/2014 27/05/2015
8	Zambia	14/09/2014
9	Malawi	12/04/2019
10	Tanzania	12/04/2019
11	Madagascar	01/12/2022
12	Rwanda	30/03/2023
Bilateral MoUs		
1	Bank of Botswana	07/09/2011
2	Non-Bank Financial Institutions Regulatory Authority	05/10/2015
3	Bank of Botswana	19/12/2016 12/10/2017
4	Chemical, Biological, and Nuclear, Radiological Weapons Management Authority (CBNRWMA)	25/03/2021
Multilateral MoUs		
5	Botswana Police Services Botswana Unified Revenue Services Directorate on Corruption and Economic Crime Directorate of Intelligence and Security Services	26/11/2018
6	Registrar of Societies Botswana Police Services Directorate of Intelligence and Security Services Counter Terrorism and Fusion Agency Directorate on Corruption and Economic Crime	12/03/2021

4.0 RISK MANAGEMENT

A robust knowledge and awareness of risks, allows for the capacity to mitigate and address risk proportionately and is crucial for the effective implementation of FATF standards. FATF recommends a risk-based approach to managing ML/TF/PF risks. A risk-based approach allows countries, competent authorities, financial institutions and DNFBPs to identify, assess and understand the ML/TF/PF risks which they are exposed to and apply appropriate mitigation measures commensurate with the level of risks.

Risk-based approach's flexibility allows for efficient use of resources as countries and institutions can decide on the most effective way to mitigate the risks identified. It enables application of enhanced and simplified measures where risks have been identified to be higher and lower, respectively. This risk assessment is crucial in ensuring policy and law makers remain abreast of potential risks and can therefore attempt to pre-emptively take on the risks with relevant policies and laws.

The FI Act provides for conducting the National Risk Assessment (NRA), Sector Risk Assessment (SRA) and Institutional Risk Assessment (IRA).

4.1 National Risk Assessment (NRA)

The National Risk Assessment (NRA) for money laundering, terrorist and proliferation financing is a process to identify, assess and understand the money laundering, terrorist and proliferation financing risks in the country. The NRA is conducted in line with Recommendation 1 of the FATF as well as Section 9 (2) (f) of the FI Act. In November 2022, Botswana officially launched its second NRA which is expected to end in August 2023

NCCFI Chairperson and Permanent Secretary to the President at the launch of the National Risk Assessment

4.2 Sector Risk Assessment

The sector risk assessment is conducted by a supervisory authority to understand the ML/TF/PF risks facing its regulated entities. Since 2019, a total of 7 sectors conducted the following sectorial risk assessments;

01 Real Estate Sector, 2019

02 The Precious Stones and Metals Sector, 2019

03 Legal Persons and Arrangements, 2020

04 Non-Profit Organisations sector (Terrorism Financing), 2020

05 Trusts, 2020

06 Savings and Credit Co-operatives Society, 2021

07 Car Dealership, 2022

4.3 Institutional Risk Assessment

Section 13 of the FI Act obligates specified parties to conduct institutional risk assessment and take appropriate measures to manage and mitigate the identified risks relating to their business relationships and transactions, products and services, new technologies and delivery channels amongst others. The two (2) Government owned Development Financial Institutions under FIA's supervision, Botswana Development Corporation and Citizen Entrepreneurial Development Agency, have conducted their institutional risk assessments and demonstrated understanding of the ML/TF/PF risks in their respective businesses.

National Risk Assessment
Conducted at a national level by a multi-sectorial team of private and public sector participants

Sector Risk Assessment
Conducted by supervisory authorities for their respective sector

Institutional Risk Assessment
Conducted by the Insitution

4.4 Car Dealership Sectorial Risk Assessment

The FIA conducted a sectorial risk assessment for the car dealership industry in October 2022. This exercise was done in accordance with Section 49(1) (g) of the FI Act which requires supervisory authorities to identify, assess, and understand ML, TF and PF risks in the sector. The risk assessment revealed that money laundering vulnerability in the car dealership sector was medium-high, with the imported preowned car dealerships showing more signs of vulnerability than the new car dealerships. This was mainly due to weak entry controls, limited knowledge on AML/CFT/CFP issues by officers and ineffective compliance functions.

The terrorism financing threat and vulnerability were both rated low resulting in an overall low rating for terrorism financing risk. The rating was based on the strength of the TF legal framework controls and the absence of TF related cases.

Proliferation financing risk was rated medium-low considering the absence of positive matches on the implementation of United Nations Security Council Resolutions (UNSCRs) and the unsatisfactory implementation of such by motor dealers during the period under review.

1. Director General launching Car Dealership Sector Risk Assessment Report.
2. Senior Assistant Director, Legal and Compliance officiating at the launch of the Report.

The table below provides a summary of the results of the risk profile in the sector:

Table 4: Risk Assessment Rating for the Car Dealerships

Risk	Threat	Vulnerability	Overall rating
ML Risk	Medium-High	Medium-High	Medium-High
TF Risk	Low	Low	Low
PF Risk	Low	Medium	Medium-Low

5.0 SUPERVISION AND MONITORING

FIA is an AML/CFT/CFP supervisor of two (2) sectors namely car dealership and development finance institutions (DFIs). In pursuant of its supervisory role, the Agency undertakes sector risk assessment, offsite and onsite monitoring, awareness raising activities, issuance of guidance notes and where applicable, takes enforcement actions against non- compliant entities.

5.1 Issuance of Guidance Notes

Section 6 (2) (d) of the FI Act, 2022, mandates the Agency to give guidance to specified parties, in order to enhance their understanding of their responsibilities under the Act. Pursuant to this, during the period under review, the FIA issued the following Guidance Notes:

i. **Guidance Note on Customer Due Diligence (October, 2022)** - Provides direction to specified parties in understanding the application of customer due diligence requirements as provided for in the FI Act.

ii. **Guidance Note on Suspicious Transaction Reporting (October, 2022)** - It guides reporting entities on how to recognise a suspicious transaction as well as guide on when and how to file STRs.

iii. **Guidance Note for Detection of COVID-19 Related Crimes (February, 2022)** - The note was intended to alert financial institutions of fraud, corruption, and other predicate crimes pertaining to money laundering trends observed during the period of the COVID-19 pandemic.

iv. **Guidance Note for Attorneys (November, 2021)** - Informs Attorneys of the risk of misuse of their business services by criminals.

v. **Terrorism Financing Guidance Note with STR form (2021)** - Provides terrorism financing indicators or red flags to assist specified parties and accountable institutions to identify transactions and events that might be linked to terrorism financing activities.

vi. **Guidance Note for Specified Parties and Accountable Institutions in Detecting Terrorist Financing (November, 2021)** - Assists entities in developing and implementing effective, risk-based compliance programs that enable adequate identification and reporting of suspicious transactions involving TF.

vii. **go-AML Registration Guidance Note (December, 2020)** - Provides guidance on goAML registration.

viii. **Counter-Proliferation Financing Guidance Note (September, 2020)** - Assists specified parties supervised by FIA to understand their obligations in the fight against proliferation financing.

ix. **go-AML Suspicious Transaction Reporting Guidance Note (July, 2020)** - Provides guidance on the submission of statutory reports such as STRs and CTRs to FIA using the go-AML system.

x. **Counter proliferation financing Guidance Note 12 of 2020** - Assists specified parties understand their obligations in the fight against proliferation financing.

xi. **Risk Assessment Guidance Tool (September, 2019)** - Guides FIA supervised entities in conducting institutional risk assessment.

5.2 Communication of High Risk Countries

Section 6 (2) (h) of the FI Act gives the FIA the responsibility to communicate the list of high-risk countries to specified parties, accountable institutions and supervisory authorities. The list includes jurisdictions which are under increased monitoring (grey listed) and the list of high-risk jurisdictions subject to a call for action (blacklisted) by FATF. To this end, between the years April 2021 – March 2023, FIA issued the following notices on high-Risk Jurisdictions:

Table 5: Notices issued on High Risk Jurisdictions

YEAR	NOTICES
2021	• **Two (2) notices issued (July & October)** • On jurisdictions under increased monitoring and those subject for call for action. • On threat of terrorism as it remains serious with a series of terrorist attacks globally including Africa
2022	• **Two (2) notices issued (June & October)** • On jurisdictions under increased monitoring and those subject for call for action
2023	• **One (1) notice issued (February)** • On jurisdictions under increased monitoring and those subject for call for action.

FIA Exhibition Stall at the Business Botswana Northern Trade Fair

5.3 Public Awareness and Outreach

During the review period, the FIA provided a wide range of awareness and outreach activities to reporting entities to assist them in complying with their AML/CFT/CFP obligations. Table 5 below provides information on outreach activities undertaken for different sectors.

Table 6: Public Awareness and Outreach

<table>
<tr><th>NO.</th><th>DATE</th><th>SECTOR</th><th>TOPIC</th><th>No. of PARTICIPANTS (Individuals)</th></tr>
<tr><td>1</td><td>22 June 2021</td><td rowspan="2">Car dealerships</td><td rowspan="2">Implementation of the compliance programme and risk assessment templates.</td><td>9</td></tr>
<tr><td>2</td><td>02 July 2021</td><td>25</td></tr>
<tr><td>3</td><td>05 August 2021</td><td>Car dealerships</td><td rowspan="3">Targeted Financial Sanctions covering the following sub-topics:
• Common measures imposed by the UNSCR;
• Botswana Legislation on implementation of UN sanctions;
• Process of circulating UN Sanctions lists;
• Obligations of specified parties and accountable institutions under the Counter Terrorism (Implementation of UNSCR) Regulation; and Proliferation Financing red flag indicators</td><td>32</td></tr>
<tr><td>4</td><td>19 August 2021</td><td>Precious Metals and Semi-Precious Stone dealers</td><td>11</td></tr>
<tr><td>5</td><td>18 October 2021</td><td>Accountable institutions – Government Parastatals</td><td>14</td></tr>
<tr><td>6</td><td>19 – 21 October 2021
&
24 November 2021</td><td>Accountable institutions – government parastatals</td><td>AML/CFT obligations:
• Compliance programmes;
• Suspicious transaction reporting;
• Threshold reporting and record keeping.</td><td>89</td></tr>
<tr><td>7</td><td>12 May 2022</td><td>Casinos</td><td>Identification of STRs and how to file reports through the goAML</td><td>13</td></tr>
<tr><td>8</td><td>18 May 2022</td><td>Car dealerships</td><td>• Obligations of specified parties;
• Implementation of UN sanctions and
• Rolling out of the AML/CFT/CFP compliance progamme and the institutional risk assessment (IRA) workbook templates</td><td>12</td></tr>
<tr><td>9</td><td>01 June 2022</td><td>Car dealerships</td><td>Implementation of Targeted Financial Sanctions (TFS).</td><td>27</td></tr>
</table>

5.4 Stakeholder Engagement

FIA recognises that combating financial crimes is a shared responsibility that requires the engagement of all stakeholders. In this regard, the Agency has been engaging its key stakeholders on different subjects regarding their role in the fight against ML/TF/PF. Table 6 shows stakeholder engagement activities undertaken during the period under review:

Table 7: Stakeholder Engagement

<table>
<tr><th></th><th>DATE</th><th>AUDIENCE</th><th>TOPIC</th></tr>
<tr><td>1</td><td>21 June 2022</td><td>Lobatse Town Council</td><td rowspan="7">Mandate of FIA
Stakeholder obligation as per FI Act</td></tr>
<tr><td>2</td><td>23 June 2022</td><td>Kweneng District Council</td></tr>
<tr><td>3</td><td>27 June 2022</td><td>Gaborone City Council</td></tr>
<tr><td>4</td><td>28 June 2022</td><td>Southern District Council</td></tr>
<tr><td>5</td><td>25 August 2022</td><td>Mahalapye District Council</td></tr>
<tr><td>6</td><td>13 -14 September 2022</td><td>South East District Council</td></tr>
<tr><td>7</td><td>26 October 2022</td><td>Ntlo ya Dikgosi</td></tr>
<tr><td>8</td><td>06 Oct October 2022</td><td>Banking Sector</td><td>FATF Process – Technical and Effectiveness compliance</td></tr>
<tr><td>9</td><td>10 November 2022</td><td>General Public through Radio</td><td rowspan="2">Mandate of FIA
Stakeholder obligation as per FI Act</td></tr>
<tr><td>10</td><td>11 November 2022</td><td>General Public through Botswana Television</td></tr>
</table>

Stakeholders from the Banking Sector at one of FIA's Stakeholder Engagement Forums

5.5 goAML Training

During the period under review, FIA conducted training sessions for 10 sectors on the use of goAML as shown below:

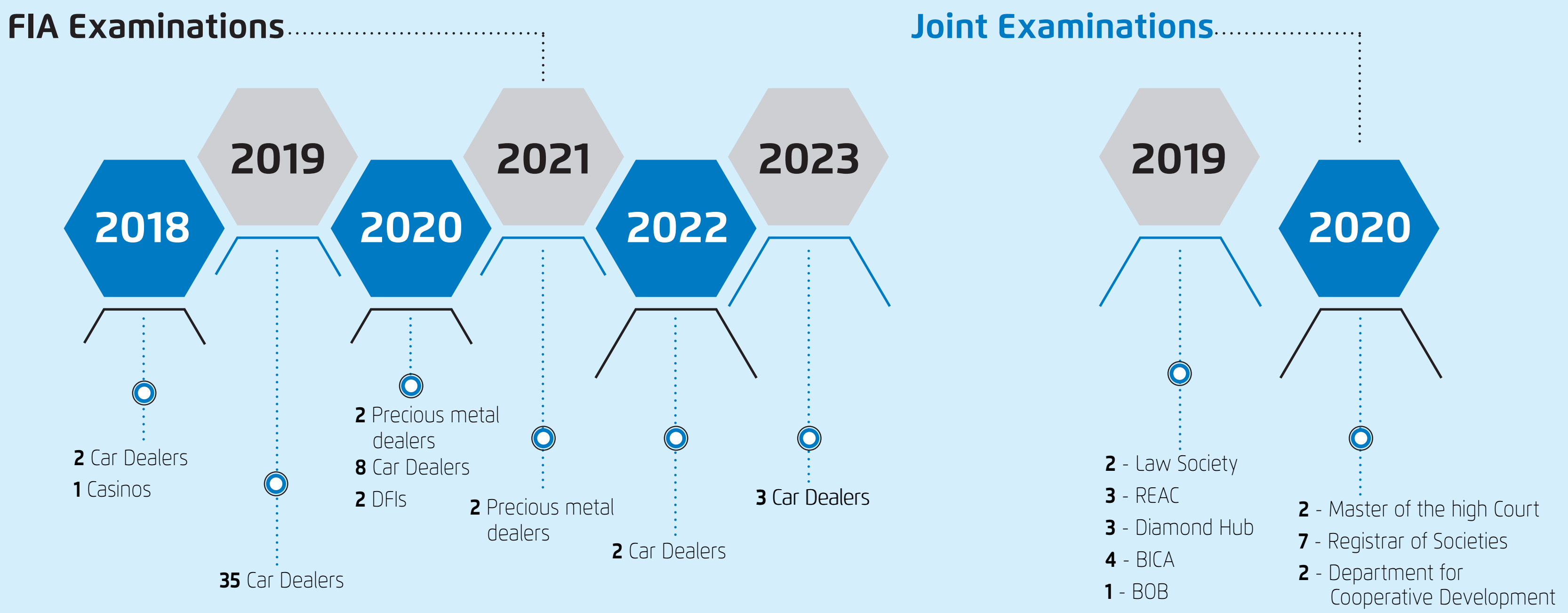
Table 8: Sectors Trained

Stakeholder	No. of Participants trained
Money or Value Transfer Services Providers / Electronic Payments Service Providers	18
Non-Bank Financial Institutions	58
Car Dealers	68
Attorneys	22
Precious Stones Dealers	32
Accountants	187
Real Estate Professionals	122
Savings and Credit Cooperatives	71
Bureau de Change	35
Trustees and Trust Service Providers	8

5.6 Examinations

As an AML/CFT/CFP supervisor, FIA conducts examinations on its supervised entities to assess compliance to the AML/CFT requirements. From 2018 to 2023, the FIA conducted a total of 81 examinations, 24 of which were conducted jointly with other supervisory authorities. Following the examinations, and depending on the nature and gravity of the deficiencies, enforcement actions were taken against the entities and action plans drawn to ensure timely rectification of the identified deficiencies.

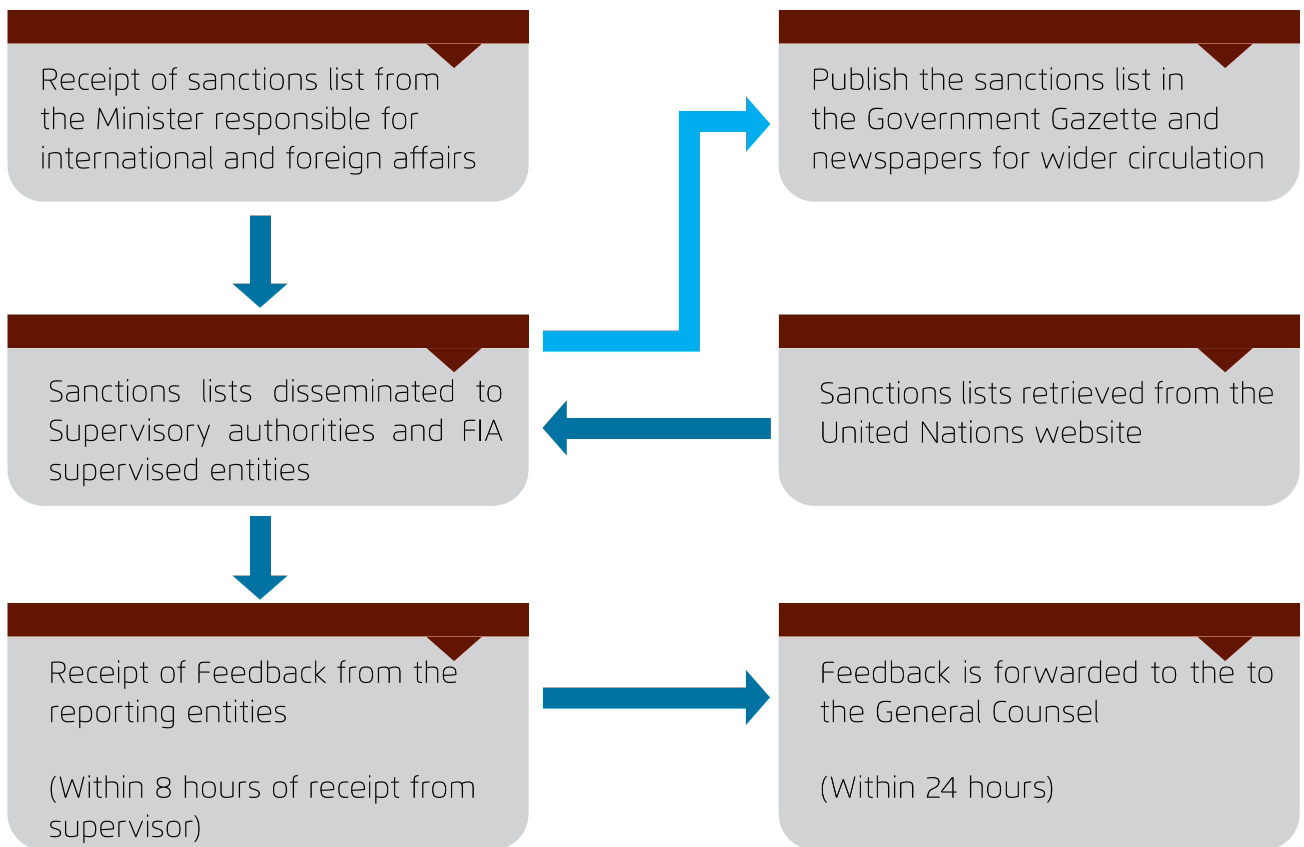
Figure 2 Examinations Conducted: 2018-2023



5.7 Implementation of the UNSCR Sanctions List

Botswana has domesticated the United Nations Security Council Resolutions (UNSCR) relating to the prevention and suppression of terrorism, terrorism financing and disruption of weapons of mass destruction and its financing through the Financial Intelligence (Implementation of the UNSC Resolutions) Regulations, 2022. The targeted financial sanction (TFS) regimes are aligned to Financial Action Task Force (FATF) Recommendations 6 and 7 and they require countries to freeze without delay the funds or other assets that are owned or controlled by a person or an entity listed in the UNSC or domestic sanction list. Figure 3 below illustrates the process of disseminating UNSC sanction list.

Figure 3: Process of Disseminating of UNSC Sanctions List

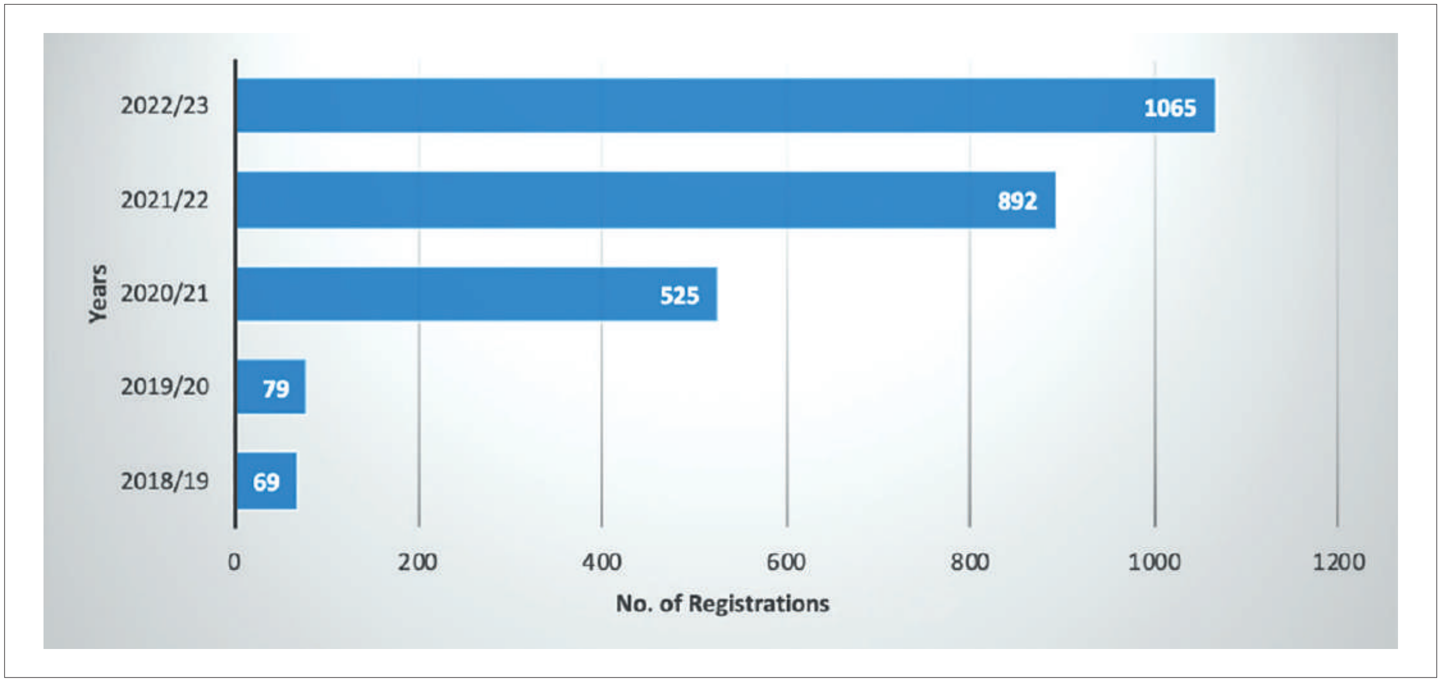


6.0 STATUTORY REPORTING

6.1 Registration

The FI Act places obligations to report certain types of transactions on specified parties. FIA uses the goAML system to monitor compliance with reporting requirements. Entities report through the goAML system and in instances where the entity does not have technological capacity, manual reporting is provided for. Entities are expected to register on goAML to submit the statutory reports. The following chart represents registration of reporting entities over the past five (5) years.

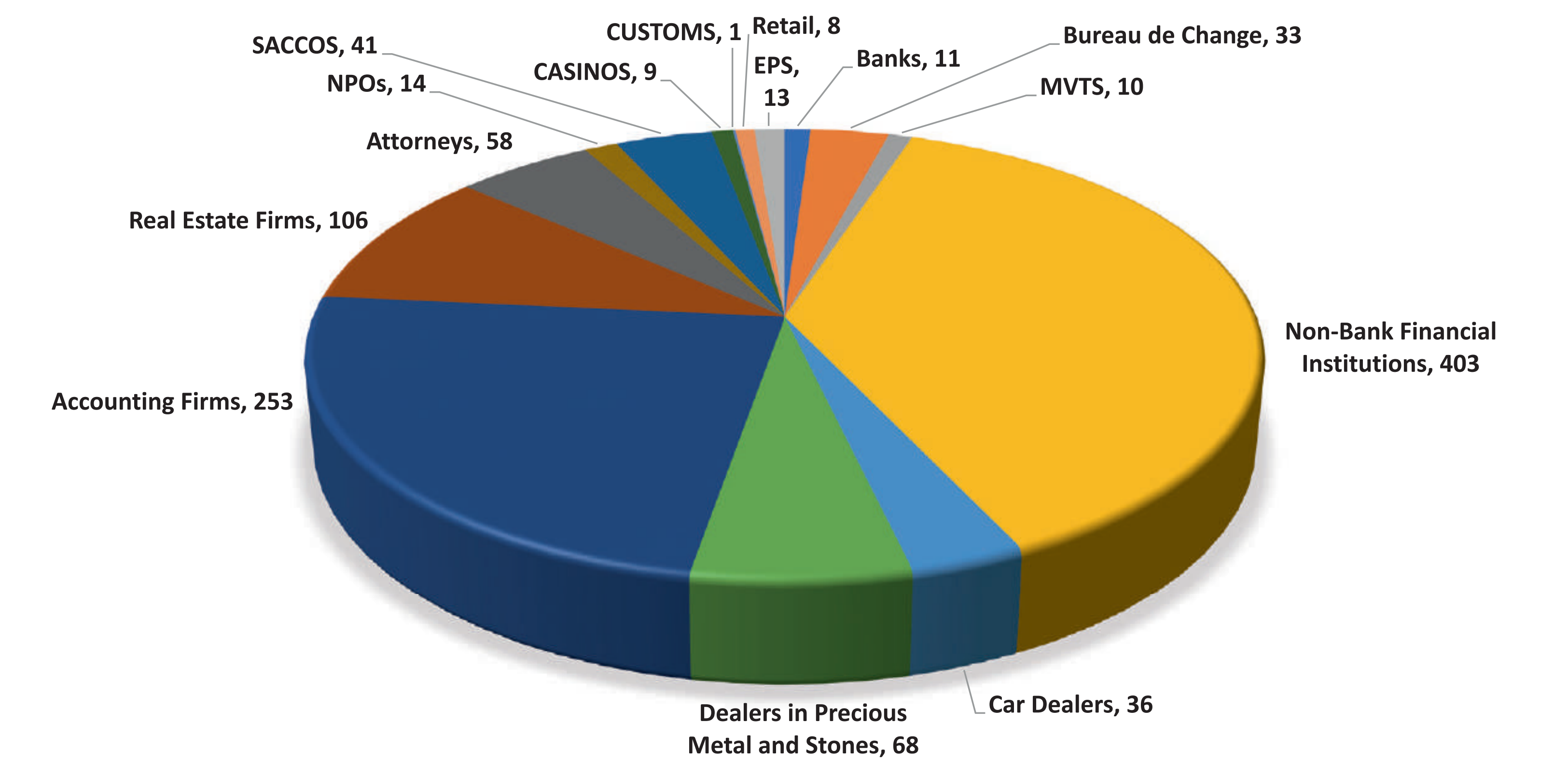
Chart 3 : goAML Registration



The chart shows that the number of registered entities has been increasing since 2018. The sharp increase between 2019/2020 and 2020/2021 (84 per cent) may be attributable to intensified training of the different sectors which was in some instances conducted in collaboration with other supervisory authorities.

The registration of reporting entities increased to include the diverse mix of sectors. For the period 2018/19, there were six (6) sectors registered on the goAML and as at 31st March, 2023, the sectors had increased to fifteen (15). The pie chart below shows the diversity of sectors registered as at 31st March, 2023.

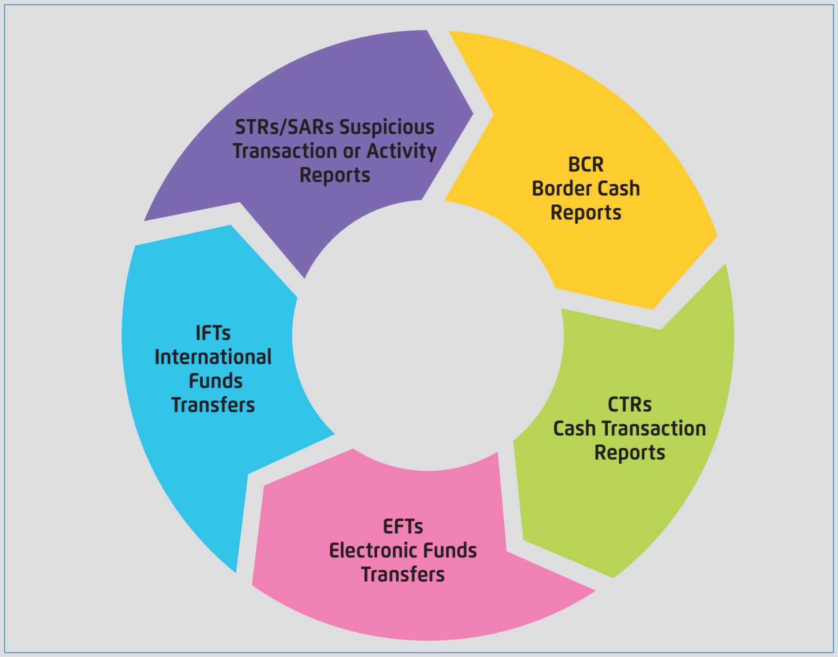
Chart 4: goAML Registration 2022/2023



6.2 Statutory Reports

Pursuant to Part VI of the FI Act, specified parties and accountable institutions are required to submit Suspicious Transaction Reports (STRs), Cash Transaction Reports (CTRs) and Electronic Funds Transfer (EFT) reports to the FIA. In addition, the Act requires Botswana Unified Revenue Services (BURS) to submit declared border currency reports. Figure 7 below shows the types of statutory reports received by the FIA.

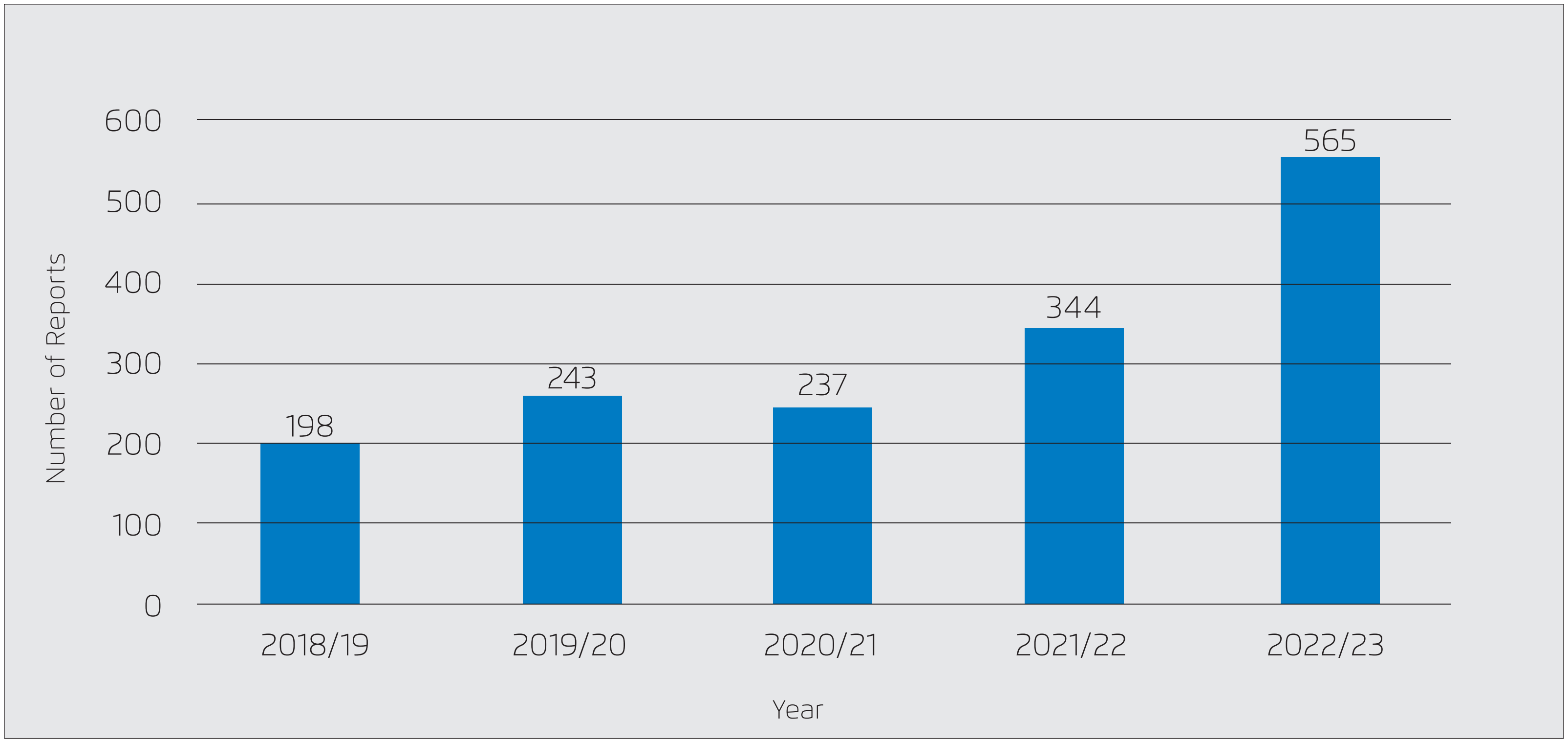
Figure 4: Statutory Reports Received by FIA



i. Suspicious Transaction Reports

Section 38 of the FI Act obligates reporting entities to file suspicious transaction reports with the Agency within a prescribed time. A suspicious transaction is a one that gives rise to a reasonable suspicion that it may involve the commission of a financial offence. A suspicious transaction report can be filed by a financial institution, Designated Non-Financial Businesses and Professions (DNFBPs) or by a concerned citizen to the FIA if they have reasonable grounds to believe that a transaction is related to criminal activity. Chart 5 shows the of number of STRs filed with FIA for the last five (5) years.

Chart 5: STRs Received from 2018 – 2023



As shown in Chart 5, the number of filed STRs increased every year. Between the years 2021/2022 and 2022/2023, the STRs filed increased by 64 per cent. The increase can be attributed to a number of reasons including increase in the number of registered reporting entities and increase in awareness and understanding as a result of the awareness activities undertaken in the past five (5) years.

Table 9 : Number of filed STRs by Sectors

Sector	2021/22		2022/23	
	No. of Reports	Amount (BWP)	No. of Reports	Amount (BWP)
Banking	151	399,189,759.78	393	1,702,048,301.25
Bureau de Change	137	869,217.23	57	1,419,796.49
Money Value Transfer Services (MVTs)	7	991,048.20	33	554,470.72
Car dealers	16	3,581,167.26	22	5,840,673.02
Casinos	7	369,782.00	15	693,461.00
Credit Unions	2	38,600.00	14	3,223,066.20
Customs	5	156,520.08	8	313,901.24
Insurance Brokers	6	151,070.99	6	60,790.72
Accountants	0	0	4	280,456,233.00
Legal practitioners	4	1,030,000.00	3	427,246.00
Pawnshop	0		3	227,924.00
Insurance Company	1	1,210,555.13	2	4,911,668.82
Micro lenders	4	904,500.00	2	10,000.00
Security dealers	3	79,450.00		
Virtual Asset Service Provider	0		1	474,054.25
Development Financial Institutions (DFs)	1	168,700.00	0	
Real Estate			1	22,400.00
Medical Aid	0		1	2,080.00
Total	**344**	**9,550,610.89**	**565**	**2,000,686,066.71**

The banking sector has submitted the highest number of STRs during the years 2021/2022 and 2022/2023. The number of STRs submitted by the banking sector increased exponentially from 151 in 2021/2022 to 393 in 2022/2023, denoting an increase of 160 per cent. This significant increase is attributable to the increased economic activity following the COVID-19 period which was characterised by a stagnation in the economy. For the year under review, the banking sector accounted for 70 per cent of total STRs received.

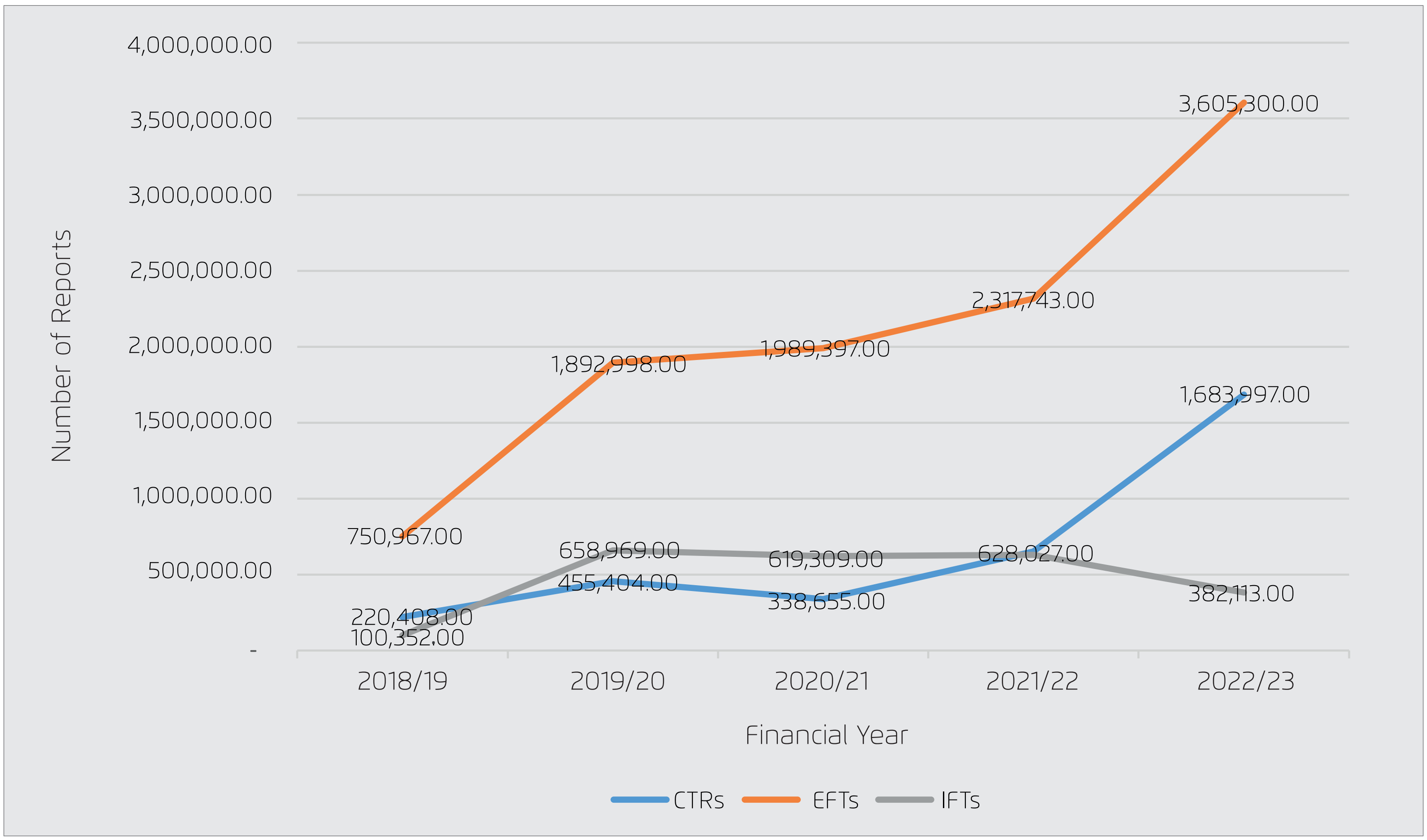
ii. Threshold Reports

A threshold report is one that financial institutions and DNFBPs are required to file with the FIA for each cash deposit, cash withdrawal, electronic funds transfer, foreign exchange by or to the institution which involves an amount equal to or in excess of P10,000.00

A Cash Transaction Report (CTR) is a collection of all transactions equal to or in excess of P10,000.00 made in hard currency. Electronic Funds Transfer (EFT) report must include all domestic wire transfers equal to or exceeding P10,000.00 while International Funds Transfer (IFT) reports should include all cross-border wire transfers equal to and in excess of P10,000.00.

The Table below shows a summary of statistics for threshold reports being CTRs, EFTs and IFTs for a period of five (5) years.

Chart 6: Number of Threshold Transactions Submitted



The above chart shows the number of transactions for each type of report submitted in the last five (5) years. The number of transactions received have been steadily growing over the years with an average growth rate of 83 per cent, 57 per cent and 122 per cent respectively. However, the number of IFT reports has declined by 41.34 per cent in the 2022/2023 financial year.

Table 10: Threshold Transactions in monetary value

REPORT TYPE	2018/19	2019/20	2020/21	2021/22	2022/23
CTR (BWP)	7,844,875,924.75	15,758,673,512.10	24,021,686,414.87	25,507,986,986.55	61,657,180,192.65
EFT (BWP)	234,445,952,617.04	362,291,657,606.52	386,112,739,467.49	430,297,014,251.34	637,687,373,760.66
IFT (BWP)	141,231,355,006.28	329,938,104,949.15	279,752,094,860.12	365,329,040,305.01	646,835,701,439.06
TOTAL (BWP)	383,522,183,548.07	707,988,436,067.77	689,886,520,742.48	821,134,041,542.90	1,346,180,255,392.37

The above figures show that there was an overall increase in both the number of CTR transactions and the associated value between 2021/2022 and 2022/2023. The value of cash transactions grew from P25 billion to about P62 billion, with a corresponding increase in the number of transactions from 0.65 million to 1.68 million transactions. This pattern shows an increasing preference for use of cash over the years. It is important to note that an increase in cash transactions has a significant bearing on the ML vulnerabilities of a jurisdiction as a cash intensive economy tends to allow for easier laundering of illicit proceeds.

iii. Cash Transaction Reports (CTRs)

Section 39 of the FI Act requires financial institutions and DNFBPs to file reports on transactions of P10, 000 and above or an equivalent amount in foreign currency. During the period under review, the Agency received a total of 24,711 reports, 77 per cent of which were reported by the banking sector. MVTS come in second at about 8 per cent, followed by Casinos and Bureau de changes at 6 per cent and 5 per cent, respectively. The Table below shows the number of CTRs received per sector for the 2022/2023 financial year.

Table 11: CTRs submissions per sector during 2022/2023

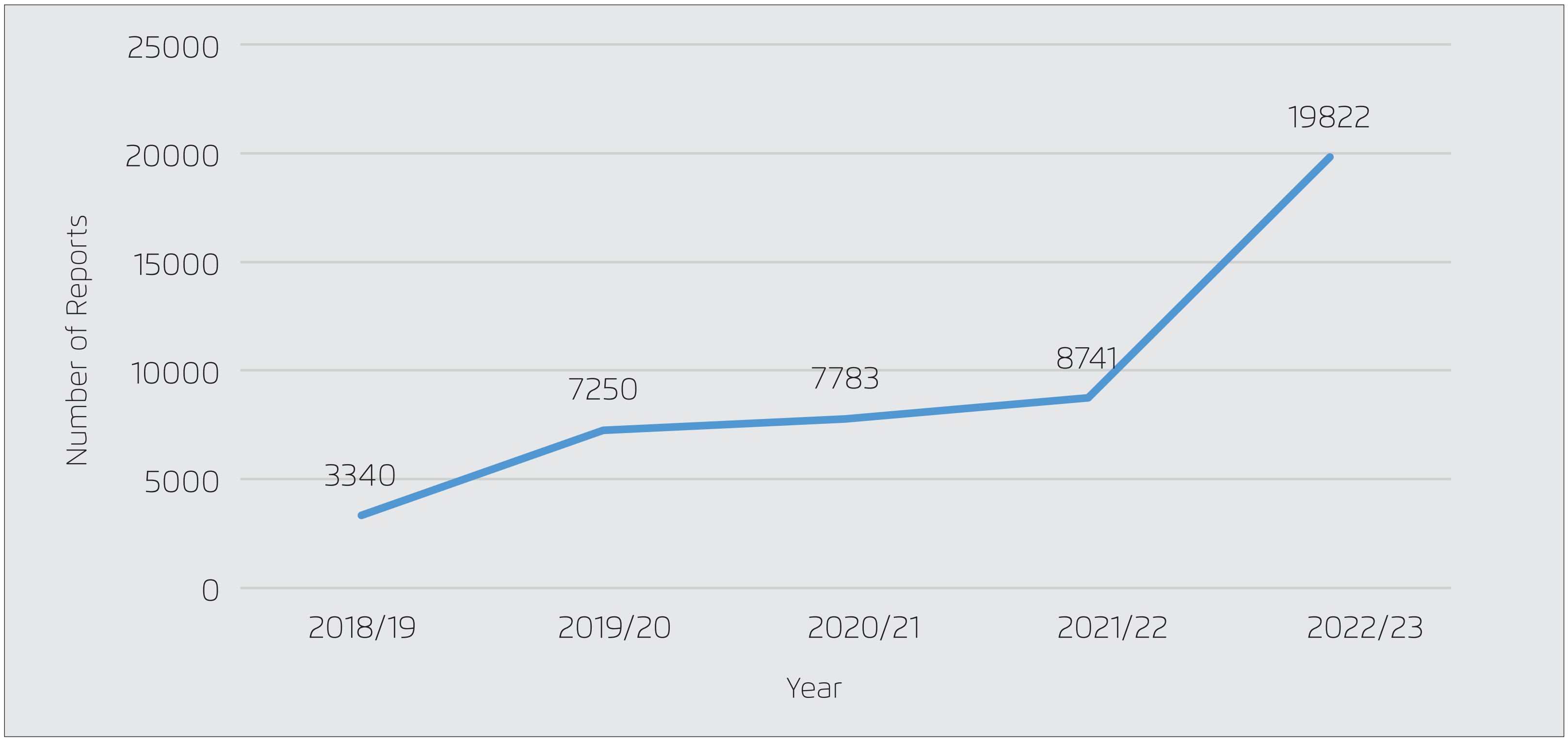
SECTOR	NUMBER OF REPORTS
Banks	19123
MVTs	1940
Casinos	1491
Bureau De Changes	1249
Car Dealerships	331
Micro Lenders	231
Insurance Brokers	180
Credit Unions	50
Attorneys	47
Electronic Payment Service Providers	31
Development Finance Institutions	21
Retails	8
Insurances	5
Customs	4
TOTAL	**24711**

iv. Electronic Funds Transfer Reports

The EFTs are required in terms of Section 42 of the FI Act. These reports capture transactions conducted by means of wire transfers of an amount equal to or in excess of P10,000.00 within Botswana. EFT reports are reported primarily by the banking sector as the main sector for processing payments.

The chart below shows the number of EFT Reports between the years 2018/2019 and 2022/2023.

Chart 7: EFT Reports submitted from 2018 – 2023

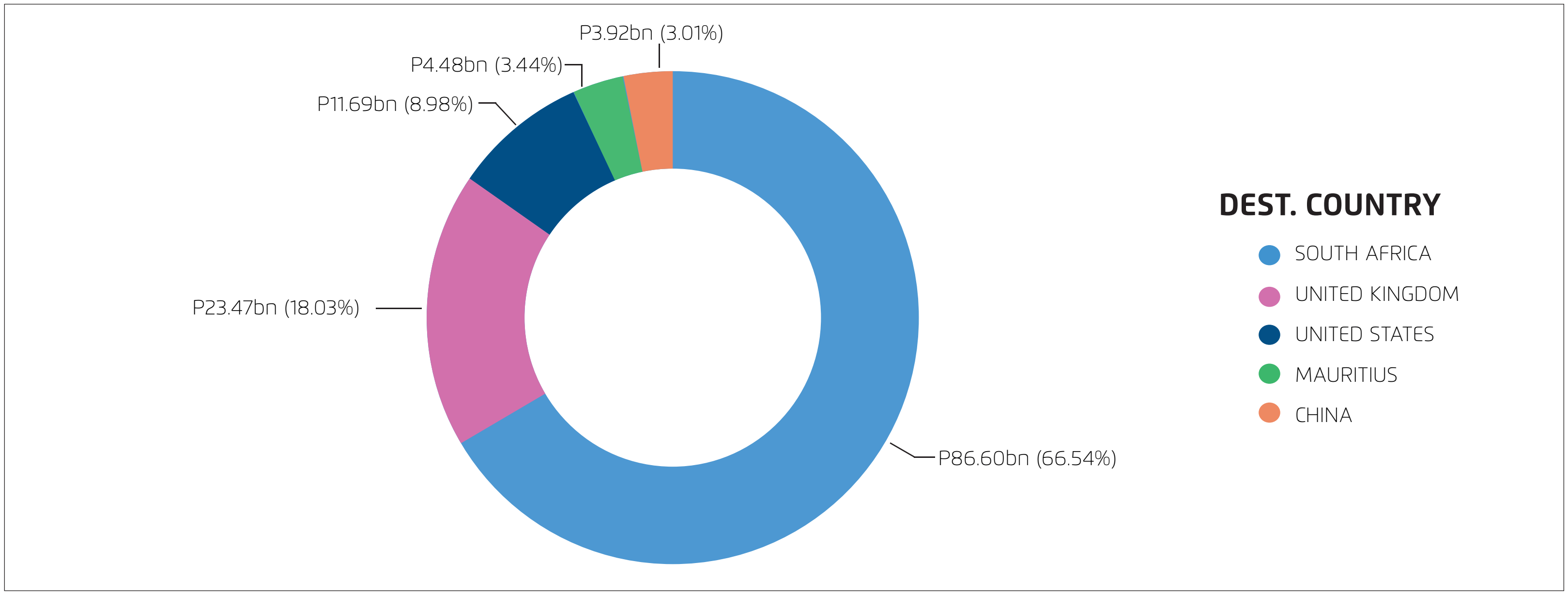


The chart shows an increase in the number of reports received since 2018/2019. Minimal increase in EFTs was observed from 2019 to 2022 consistent with the reduced economic activity due to the COVID pandemic. The increase in EFTs during the financial year 2022/2023 corresponds to the increase in economic activity post the pandemic.

V. International Funds Transfer Reports

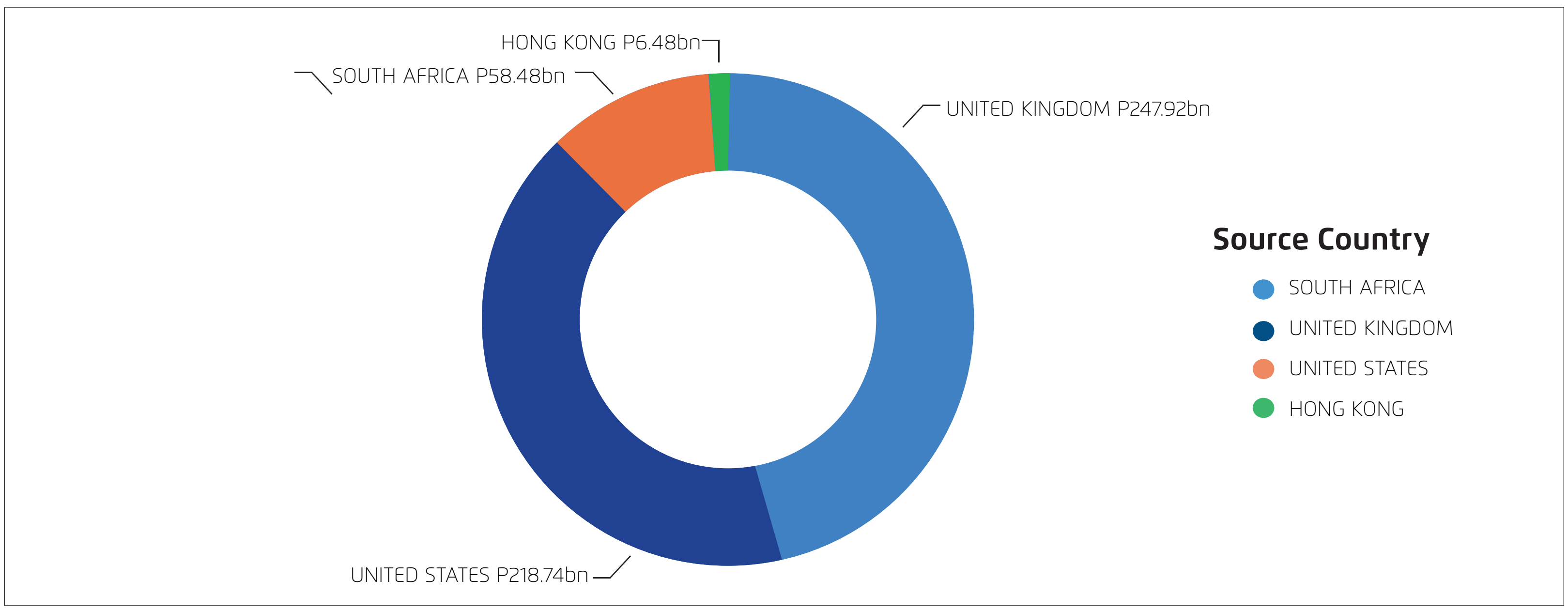
IFT reports capture cross border transactions conducted by means of wire transfers of an amount equal to or in excess of P10,000.00. The figure below shows the top five (5) destinations for IFTs during 2022/2023.

Chart 8: Top Destinations for IFTs in 2022/2023



The figure shows top IFTs destination countries for the 2022/2023 financial year. During the review period, 66.54 per cent of the IFTs were destined to South Africa, which corresponds to the country's trading pattern as Botswana imports heavily from South Africa. The second largest destination of IFTs for the review period was the United Kingdom which compared to other regions, received a sizeable number of financial flows from Botswana.

Chart 9: Top Source Countries for IFTs in 2022/2023

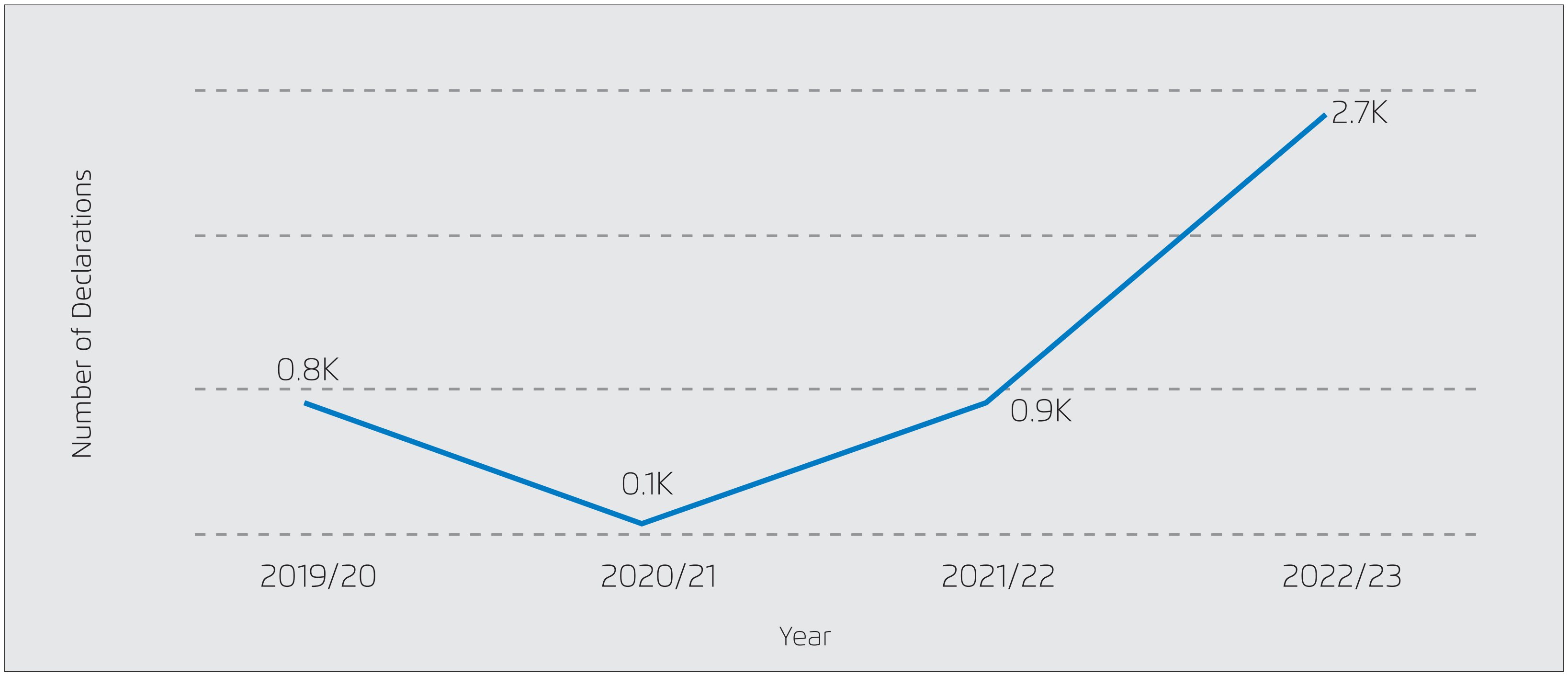


The top source countries for IFTs in the 2022/2023 financial year were the United Kingdom with transactions amounting to P92.78 billion followed by the United States of America with P72.56 billion. This can be attributed to sales proceeds of diamond and beef proceeds from those regions.

Vi. Border Cash Reports (BCRs)

These are declarations of currency or any bearer negotiable instruments in excess of P10, 000.00 conveyed into or out of Botswana by travellers. The Chart below illustrates the number of BCRs received by the FIA between financial years 2019/2020 and 2022/2023.

Chart 10: BCRs Received by FIA for Years 2019/2020 to 2022/2023



The above Chart shows a decline in the number of reports received in 2022/2021 compared to the number of BCRs received in 2019/2020 due to COVID 19 cross-border movement restrictions. As expected, the number of reports received in 2022/2023 rose steeply as cross border movement restrictions were ultimately removed.

Table 12: BCRs by Port of Entry

	2021/22		2022/23	
Port of Entry	No. of Declarations	Amount Declared	No. of Declaration	Amount Declared
Francistown Airport	0	0	7	1,545,601.64
Kasane Airport	17	518,180.56	53	2,130,685.27
Kazungula	19	4,596,259.08	45	14,408,650.07
Maitengwe	0	0	7	86,347.26
Mamuno	256	14,350,752.05	779	36,716,555.62
Martins Drift	106	5,770,953.78	102	7,428,538.99
Matsiloje	0	0	19	354,431.78
Maun Airport	269	8,926,998.06	1004	61,316,865.52
Mohembo	10	389,795.11	26	961,402.35
Ngoma	12	3,071,522.35	38	2,964,597.07
Orapa Airport	0	0	1	23,015.00
Pioneer Gate	0	0	10	637,692.77
Plaatjan	0	0	2	68,634.12
Ramatlabama	10	255,020.67	31	1,278,652.06
Ramokgwebana	42	2,906,167.23	154	9,143,934.36
Ramotswa	0	0	3	38,692.42
SSKA	80	7,019,129.89	175	11,132,584.39
Tlokweng	10	1,193,142.12	60	1,645,838.43
Total	831	48,997,920.90	2516	151,882,719.12

The Table above shows the number and amount of BCRs by port of entry. Mamuno border post and Maun Airport maintained their first and second spots respectively in terms of leading number of declarations during the 2022/2023. Mamuno lies on the busy Tran-Kalahari Corridor, a highway that provides a direct route from Walvis Bay and Windhoek in Namibia, through Botswana, to Pretoria in South Africa. Maun being the tourism hub, it is expected that most tourists would travel with and declare cash in hand.

As is depicted in the table, both number of declarations and value of declarations have increased significantly between 2021/2022 and 2022/2023. As previously stated, this could be attributed to the easing of movement restrictions and the reopening of sectors such as the tourism sector. The number of BCRs received and the value of those declarations each increased by just over 200 per cent, from 831 to 2, 516 and from P49 Million to P151 Million respectively.

Vii. Suspicious Activity Reports (SAR)

These are reports made to the Agency where a transaction has not been completed but there is a suspicious activity. The most common activities or behaviours that gave rise to a suspicion during the last five (5) years included the following:

- ✓ Customer not proceeding with a transaction upon being requested to furnish certain information
- ✓ Customer attempting to open an account or apply for a loan using fraudulent documents
- ✓ Customer attempting to open an account because they are expecting large sums of money from a purported Investor, but abandons the process when asked to provide certain pertinent information
- ✓ Customer refusing to update customer due diligence information

The Table below shows the number of SARs from 2018/2019 to 2022/2023 financial years.

Table 13 : Number of SARs from 2018 - 2023

Reporting Entity	2018/19	2019/20	2020/21	2021/22	2022/23
Bank	15	44	13	17	19
Insurance Company	-	1	5	3	8
Micro lender	-	-	3	5	-
Pawnshop	-	-	1	-	-
Asset Management	-	-	-	1	-
Insurance Broker/Agent	-	-	-	2	-
Real Estate	-	-	-	1	-
Accountant	-	-	-	-	1
Attorney	-	-	-	-	1
Bureau de Change	-	-	-	-	1
Casino	-	-	-	-	1
Electronic Payment System	-	-	-	-	2
Money Value Transfer Services	-	-	-	-	4
Grand Total	**15**	**45**	**22**	**29**	**37**

6.3 Dissemination of Intelligence Reports

i. Proactive Intelligence Reports

Proactive intelligence reports are developed by FIA after generating some insights in suspected transactions. The suspected transactions may reveal the predicate offence and inform which Authority to be disseminated to. The Agency analysed and disseminated 82 proactive intelligence reports in 2022/2023, compared to 134 in 2021/2022.

Table 14 : Proactive Intelligence Disseminated from 2018 - 2023

RECIPIENT	2018/19	2019/20	2020/21	2021/22	2022/23
Law Enforcement Agencies	32	28	89	131	75
Supervisory Authorities	1	0	0	1	1
FIUs	0	0	3	2	4
Other Government Departments	1	1	0	0	2
TOTAL	**34**	**29**	**92**	**134**	**82**

ii Reactive Intelligence Reports

Reactive intelligence reports are produced following a request from a competent authority or other FIUs. The year 2022/2023 saw an increase in the number of requests for information filed by competent authorities, from 37 requests in 2021/2022 to 72, denoting a 95 per cent increase. Of the 72 requests, 50 intelligence reports were disseminated whilst others remain as work in progress. Turnaround time is impacted by factors such as complexity of the request, number of subjects of investigation in the report and information sourced from foreign jurisdictions.

Table 15 : Reactive Intelligence Disseminated from 2018 - 2023

RECIPIENT	2018/19	2019/20	2020/21	2021/22	2022/23
Law Enforcement Agencies	3	16	27	29	47
Supervisory Authorities	0	0	0	0	0
FIU	1	1	2	0	2
Other Government Departments	0	5	8	2	1
TOTAL	**4**	**22**	**37**	**31**	**50**

6.4 Predicate Offences

A number of suspected predicate offences were observed during the period under review. The most common were fraud, obtaining by false pretences, corruption, and tax crimes. For the year under review and the preceding year, the largest consumer of the FIA intelligence products was BPS because fraud and obtaining by false pretence were the largest recorded suspected predicate offences.

Table 16 : Common Suspected Predicate Offences

PREDICATE OFFENCE	2021/22	2022/23
Tax crimes • Use of personal account for business dealings and non-declaration of business proceeds • Externalisation of business proceeds before taxation • Eligible businesses not registered for tax	39%	22%
• Fraud • Obtaining by false pretences • Stealing by servant • Illegal possession of wildlife trophies • Possession of illicit drugs • Computer aided scams • Pyramid schemes	47%	70%
Corruption • Procurement / tender corruption • Undue benefit	14%	8%

6.5 Strategic Analysis

The Agency produces strategic reports based on emerging predicate offences trends. The reports are disserminated to the relevant LEA or supervisory authority according to the nature of the trend observed. This allows for effective deployment of investigative resources to high risk areas and provides REs and LEAs with current criminal patterns to monitor.

During the year under review, FIA produced one (1) strategic report which was disseminated to the relevant authorities. Observed patterns and trends from the strategic analysis included the following:

- **Structuring** – intentionally transacting money in smaller amounts below the threshold for statutory reporting in order to avoid detection.
- **Use of Money Mules** - Money mules are people who knowingly or unknowingly help criminals launder their illicit profits. In this case money mules were used to send money on behalf of others.
- **Pyramid scheme** - Pyramid schemes usually offer a victim the opportunity to "make" money by recruiting more people into the scam.
- **Faith and Love scams** – Faith scams also called affinity frauds is where scammers target victims through a common bond, most often religion while love scams occur when a criminal adopts a fake online identity to gain a victim's affection and trust. The scammer then uses the illusion of a romantic or close relationship to manipulate and/or steal from the victim.
- **Obtaining by False Pretence** - when the acquisition results from the intentional misrepresentation of a past or existing fact.
- **Online Investment Scams** - often presented as a "high return/low risk" opportunity. The purported "investment" opportunities were all designed to defraud the Investors.

Illicit Wildlife Trade

At the national level, the Agency participated in the Illicit Wildlife Trade typology led by the Botswana Police Service's Narcotics, Flora and Fauna Investigations Unit. The typology report is awaiting finalisation by the lead Agency.

Gold, Diamonds and Rubies

The Agency also participated in the ESAAMLG typology project on Gold, Diamonds and Rubies and their associated ML/TF risks in the ESAAMLG Region. The report can be accessed from the ESAAMLG website, https://www.esaamlg.org.

6.6 Information Sharing

The FIA provides financial intelligence to competent authorities and comparable bodies upon request to assist them in conducting investigations on ML/TF/PF. During the year under review, FIA received 72 requests for information from LEAs, compared to 37 in 2021/2022. The following Table shows the number of requests received by FIA from LEAs, during the period 2018-2023. The highest number of requests were from the Botswana Police Service followed by the Directorate on Intelligence and Security.

Table 16 : Domestic Requests for Information

	2018/19	2019/20	2020/21	2021/22	2022/23
Law Enforcement Agencies	14	25	44	37	72

In addition to domestic requests, the Agency received ten (10) international requests for information in 2022/2023 from other FIUs compared to six (6) received in the previous year. During the same period, the Agency sent four (4) requests to foreign FIUs, as opposed to seven (7) in 2021/2022.

Table 17 : Incoming Requests

Year	No. of Requests	Requesting Country
2018/19	3	Mauritius, Zimbabwe, South Africa
2019/20	4	Turkey, Sierra Leone, South Africa, Namibia
2020/21	3	Mozambique, Zimbabwe, Namibia
2021/22	6	Netherlands, South Africa, Rwanda, Namibia, Syrian Arab Republic (2)
2022/23	10	Namibia, Zimbabwe, Algeria, South Africa (4), Montenegro, Jersey, Syria

Table 18 : Outgoing Requests

Year	No. Of Requests	Requested Country
2018/19	2	Namibia, Zimbabwe
2019/20	10	South Africa (4), Zambia (2), Zimbabwe (2), Cayman Islands, Switzerland
2020/21	8	Namibia, South Africa (2), Tanzania, Australia, Seychelles, Mauritius, Spain
2021/22	4	South Africa, Zambia, Mauritius, Zimbabwe
2022/23	4	Zimbabwe (2), South Africa (2)

6.7 Voluntary Information Reports (VIRs)

FIA received Voluntarily Information Reports (VIR) from members of the public regarding suspicions on ML activities. VIRs can be sent by post, fax or hand delivery. During the period under review, two (2) voluntary reports were filed with the Agency. From 2018/2019 to 2022/2023, the Agency received a total of nine (9) voluntary information reports.

6.8 Interruption of Transactions by the Agency

Section 45 of the Financial Intelligence Act, 2022 gives the Director General of the FIA powers to direct specified parties to interrupt transactions if there are reasonable grounds to suspect that a transaction may involve commission of a financial offence. The interruption can be made for 15 working days. During the 2021/2022 and 2022/2023 financial years, 18 such orders were issued to some banks and Money or Value Transfer Service providers.

7.0 INFORMATION TECHNOLOGY

Technology continues to play a major role in support of daily, operational and strategic objectives of the FIA. Given the pivotal role that the FIA plays in the fight against financial crime, the Agency continues to enhance its network and physical infrastructure. This is in alignment with information security requirements set by the EGMONT group, and to provide assurance regarding the security of information in its custody. The FIA uses the goAML system in undertaking its core mandate of receiving, analysis and dissemination of financial information The Government Office Anti Money Laundering (goAML) is an integrated software solution specifically designed by the United Nations Office on Drugs and Crime (UNODC) for use by Financial Intelligence Units (FIUs) throughout the world. The system is used for registration, reporting, data collection, analysis, case management and secure communications required for the FIA's daily operational functions and requirements.

8.0 HIGHLIGHTS FOR FINANCIAL YEARS 2021/2022 AND 2022/2023

8.1 Exiting the FATF Grey-List

Botswana was assessed for compliance with the FATF standards in 2016 under the ESAAMLG Second Round of Mutual Evaluations. Strategic deficiencies were identified in the country's AML/CFT/CFP regime which led to the country being placed under increased monitoring by the FATF commonly known as grey-listing.

Following Botswana's grey listing, the International Co-operation Review Group (ICRG) developed an Action Plan with timelines, to assist the country to address the deficiencies identified by the MER.

Botswana was ultimately removed from the grey listing in October 2021 after the country had substantially completed its Action Plan and had made significant progress in improving the AML/CFT/CFP regime.

8.2 Re-enactment of the FI ACT

The Financial Intelligence Act was re-enacted in 2022 to address outstanding deficiencies identified by the mutual evaluation and align some provisions with the FATF standards.

8.3 Attainment of EGMONT membership

The EGMONT Group is an international network of Financial Intelligence Units (FIUs) around the world, currently with 166 FIU members. The Group is designed to improve interaction among FIUs in the areas of communication, intelligence sharing and training. The goal is to provide a forum for FIUs around the world to enhance support to their respective governments in the fight against money laundering, financing of terrorism and other financial crimes.

Botswana applied for and was granted EGMONT membership in July 2021. Admission into the EGMONT Group is a significant development which complies with Section 55 of the Financial Intelligence Act 2022 which requires the FIA to attain membership to enable financial information exchange with other members and comparable bodies in a secure manner. In addition, it satisfies Recommendation 29.8 of the FATF which requires FIUs to seek membership in the EGMONT Group.

8.4 Presidency and Chairmanship of the ESAAMLG by Botswana

Botswana was handed over the Presidency of Council of Ministers, taking over from Zambia, for the term September 2022 to September 2023 at the 22nd Council of Ministers Meeting which was held in Livingstone, Zambia. The Minister of Finance, Ms. Peggy O. Serame represents Botswana as the President of ESAAMLG.

The Council of Ministers, which meets once a year (August/September) is the key decision-making body of the ESAAMLG and consists of at least one ministerial representative from each member country. It is headed by a President who holds office for a period of one year. The Presidency of the Council of Ministers rotates among member countries, currently on the basis of alphabetical order.

The ESAAMLG decision making structure also include the Task Force which consists of senior government officials from legal, financial and law enforcement agencies in the ESAAMLG region responsible for AML/CFT matters. The Task Force is headed by a Chairperson, who is drawn from the country holding the Presidency. The Director General of FIA, Ms. Bopelokgale Soko is the current Chairperson of the Task Force.

9.0 LOOKING AHEAD

9.1 AML/CFT/CFP National Risk Assessment Project

Botswana officially launched its second AML/CFT/CFP National Risk Assessment (NRA) in November 2022. The assessment is expected to be completed by 31st August, 2023. The first NRA was conducted in March 2015 and covered a five-year period from 2010 to 2014.

The NRA comes at the right time, following the largest public health crisis in modern times, COVID-19 pandemic, which has significantly accelerated the transition from in-person financial activities to online account opening, payments and lending. It is noted that the effects of the pandemic have led to an increase in fraud risk for online financial services and general commerce.

The NRA report will identify ML/TF/PF risks and recommend best ways to implement policies to counter new threats of money laundering, terrorist financing a well as create an opportunity to enhance efforts in curtailing identified risks which arose from the Coronavirus pandemic.

9.2 Hosting of the ESAAMLG Task Force and Council of Ministers' Meetings

The ESAAMLG holds two (2) annual meetings in March/April and August/September. The March/April meetings, which are for the Task Force of Senior Officials, are held in the host country Tanzania while the August/September meetings, for the Council of Ministers and Task Force of Senior Officials, rotate among member countries. Being President of the Council of Ministers accords a member country the opportunity to host the August/September meetings. The 2023 September meetings will be hosted by Botswana under the leadership of Honourable Peggy Onkutule Serame. The meetings are scheduled for the 1st – 9th September, 2023 in Kasane.

Appendix 1 – AML/CFT/CFP LEGISLATIONS

a.	Financial Intelligence Act, 2022,
b.	Financial Intelligence Regulations, 2022
c.	Financial Intelligence (Implementation of United Nations Security Council Resolutions) Regulations, 2022
d.	Counter Terrorism (Amendment) Act, 2022
e.	Companies (Amendment) Act, 2022
f.	Extradition Amendment Act, 2022
g.	Mutual Assistance in Criminal Matters (Amendment) Act, 2022
h.	Precious and Semi-Precious Stones (Protection) (Amendment) Act, 2022
i.	Real Estate Professionals (Amendment) Act, 2022
j.	Societies Act, 2022
k.	Trust Property Control Act, 2022
l.	Proceeds and Instruments of Crime (Amendment) Act, 2022
m.	Criminal Procedure and Evidence (Amendment) Act, 2022
n.	Biological and Toxin Weapons (Prohibition) (Amendment) Act, 2022
o.	Chemical Weapons (Prohibition) (Amendment) Act, 2022
p.	Nuclear Weapons (Prohibition) (Amendment) Act, 2022
q.	Virtual Assets Act, 2022
r.	Virtual Assets Regulations, 2022
s.	Movable Property (Security Interests) Act, 2022
t.	Collective Investments Undertakings Act, 2021
u.	Collective Investment Undertakings (Amendment) (Date of Commencement) Order, 2022

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