

Botswana

RISK & COMPLIANCE REPORT

DATE: October 2018

Executive Summary - Botswana

Sanctions:	None
FATF list of AML Deficient Countries	Yes
Higher Risk Areas:	Non - Compliance with FATF 40 Recommendations Not on EU White list equivalent jurisdictions Compliance of OECD Global Forum's information exchange standard
Medium Risk Areas:	Weakness in Government Legislation to combat Money Laundering Corruption Index (Transparency International & W.G.I.) Failed States Index (Political Issues) (Average Score)
Major Investment Areas: Agriculture - products: livestock, sorghum, maize, millet, beans, sunflowers, groundnuts Industries: diamonds, copper, nickel, salt, soda ash, potash, coal, iron ore, silver; livestock processing; textiles Exports - commodities: diamonds, copper, nickel, soda ash, meat, textiles Imports - commodities: foodstuffs, machinery, electrical goods, transport equipment, textiles, fuel and petroleum products, wood and paper products, metal and metal products	
Investment Restrictions: There are no known practices by private firms to restrict foreign investment participation or control in domestic enterprises. Private firms are not permitted to adopt articles of incorporation or association which limit or prohibit foreign investment, participation or control.	

Contents

Section 1 - Background.....	3
Section 2 - Anti – Money Laundering / Terrorist Financing	4
FATF status.....	4
Compliance with FATF Recommendations.....	4
Key Findings from latest Mutual Evaluation Report (2008):	7
US Department of State Money Laundering assessment (INCSR)	8
Report	12
International Sanctions.....	14
Bribery & Corruption.....	15
Corruption and Government Transparency - Report by US State Department	15
Section 3 - Economy.....	17
Banking.....	17
Stock Exchange.....	18
Section 4 - Investment Climate	19
Section 5 - Government.....	36
Section 6 - Tax.....	38
Methodology and Sources.....	40

Section 1 - Background

Formerly the British protectorate of Bechuanaland, Botswana adopted its new name upon independence in 1966. More than four decades of uninterrupted civilian leadership, progressive social policies, and significant capital investment have created one of the most stable economies in Africa. Mineral extraction, principally diamond mining, dominates economic activity, though tourism is a growing sector due to the country's conservation practices and extensive nature preserves. Botswana has one of the world's highest known rates of HIV/AIDS infection, but also one of Africa's most progressive and comprehensive programs for dealing with the disease.



Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

Botswana is on the FATF List of Countries that have been identified as having strategic AML deficiencies

Latest FATF Statement - 19 October 2018

In October 2018, Botswana made a high-level political commitment to work with the FATF and ESAAMLG to strengthen the effectiveness of its AML/CFT regime and address any related technical deficiencies. Botswana will work to implement its action plan to accomplish these objectives, including by: (1) assessing the risks associated with legal persons, legal arrangements, and NPOs, and developing and implementing a risk-based comprehensive national AML/CFT strategy; (2) developing and implementing risk-based AML/CFT supervisory manuals; (3) improving its analysis and dissemination of financial intelligence by the FIU, and enhancing the use of financial intelligence among the relevant law enforcement agencies; (4) developing and implementing CFT strategy, and ensuring the TF investigation capacity of the law enforcement agencies; (5) ensuring the implementation without delay of targeted financial sanctions measures related to terrorist financing and proliferation financing, and (6) applying a risk-based approach to monitoring non-profit organisations.

Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Botswana was undertaken by the Financial Action Task Force (FATF) in 2017. According to that Evaluation, Botswana was deemed Compliant for 0 and Largely Compliant for 2 of the FATF 40 Recommendations.

Key Findings

Generally, Botswana's AML/CFT regime is not yet developed, with competent authorities still in the process of understanding their responsibilities and building capacity to deal with ML/TF.

Botswana's level of domestic coordination and cooperation is generally good, although that can get better with the presence of shared understanding of ML/TF risks of the country among all stakeholders, and signed MoUs among competent authorities to facilitate information sharing.

The money laundering legal framework in Botswana has major deficiencies arising from limited scope of predicate offences and absence of essential elements of the offence of ML. There is inconsistency between the minimum threshold of a serious offence as defined in the PICA and the penalty provisions provided for most of the offences, which do not fall under

the threshold thereby disqualifying them from being categorised as predicate offences for ML purposes.

Competent authorities in Botswana have varied capacity and understanding of their AML/CFT responsibilities. The DPP has insufficient resources and is not in control of the resources. The BPS and BURS do not have specialised units to conduct ML/TF investigations. Although the DCEC has commenced investigating ML cases, it still needs more capacitation in conducting specialised ML investigations. The FIA has sufficient resources to carry out its core functions. However, it requires capacity to carry out its supervisory role. The BoB demonstrated limited understanding and lack of implementation of its AML/CFT supervisory role. NBFIRA demonstrated an emerging understanding of its AML/CFT supervisory role but it has limited implementation due to inadequate specialised human resource.

In general, Botswana has a sound legal framework on confiscation of proceeds of crime. However, there is very limited implementation of the provisions mostly because more attention is being given to investigation and prosecution of predicate offences.

The TF legal framework in Botswana has major deficiencies arising mainly from noncriminalisation of individual terrorists, the penalty is not proportionate and does not cover legal persons. Competent authorities responsible for investigating and prosecuting TF have different levels of understanding of the TF offences and risks.

The authorities have not determined which NPOs in Botswana could be vulnerable to TF risk and the kind of measures to take to mitigate such risks. Further, the authorities have not carried out any awareness to this sector on its possible exposure to TF risks.

Botswana is currently conducting its first NRA which involve of different public and private sector entities with a view to developing a National Strategy to facilitate implementation of AML/CFT measures on a risk-sensitive basis. Therefore, currently there is no common understanding of ML/TF risks at national level by the authorities.

The FIA's receipt of reports from financial institutions is limited. It only receives STRs and other reports mainly from banks, and does not receive cross-border cash and BNI declaration reports from the BURS.

There is very low usage of financial intelligence by BPS, DCEC and BURS to initiate or support ML investigations, with the LEAs preferring to pursue predicate offences.

The BoB and FIA have not demonstrated an understanding of ML/TF risks applying to their regulated entities. NBFIRA has demonstrated an emerging understanding of ML/TF risks applying to its regulated entities. The regulated entities demonstrated a varied understanding of ML/TF risks with the large foreign-owned banks and non-bank financial institutions demonstrating a better understanding of their ML/TF risks.

The FI Act does not provide for a risk sensitive approach to implementation of AML/CFT obligations. In addition, the FI Act has major deficiencies as it does not cover most of the AML/CFT obligations. As a result, there is little or no application and implementation of mitigating controls.

In general, Botswana's legal framework does not provide for a requirement to identify and verify the identity of legal persons and legal arrangements; a requirement to obtain and retain information on beneficial ownership. The authorities have not determined nor are they

aware of the ML/TF risks which are associated with the legal persons and arrangements in Botswana.

Supervisory bodies have powers to issue sanctions under the FI Act for non-compliance with AML/CFT obligations. However, the sanctions are not dissuasive and proportionate, and have not been applied.

Botswana has a legal system in place to facilitate international cooperation in mutual legal assistance and extradition matters which they have applied on a few cases of ML. However, non-criminalisation of all predicate offences limits the scope of international cooperation provided.

Risks and General Situation

At the time of the on-site visit, Botswana was in the process of carrying out a National Risk Assessment (NRA) and the preliminary findings of the exercise were not shared with assessors. There are no sectoral risk assessments by the competent authorities which were shared with the assessors in the absence of a completed NRA. As a result, the assessors had to determine the ML/TF risks facing Botswana based on the information gathered during the Technical Compliance review process, information provided by the authorities in preparation for the on-site visit and the information gathered during the interviews with the authorities during the on-site. The assessors mostly based their assessment of the ML/TF risks of Botswana on the major crimes identified to be generating most of the proceeds which were likely to be laundered and the vulnerabilities in both the public and private sectors through which the risks may manifest. The crimes identified included: obtaining by false pretences, stealing by persons in public service, corruption in the construction industry involving contractors of mega-projects (with the bulk of the offences committed by public officials), theft of motor vehicles, and dealing in imported second hand vehicles and real estate. The BPS, BURS and DCEC reported cases of wildlife trafficking being of low risk at the time of the on-site visit due to measures which had been put in place by the authorities. They also accorded the decline in such cases due to the cooperation in enforcing requirements and control of movement of wildlife and wildlife products by LEAs in the SADC Region on exit and entry points. This view is also supported by the findings of the typologies study on "Poaching, Illegal Trade in Wildlife & Wildlife Products & Associated Money Laundering in the ESAAMLG Region" carried out by the ESAAMLG in 2015, which indicated that Botswana had only two rhinos killed in the period between 2006 -2013 compared to the statistics of other neighbouring countries during the same period.

Although, the offence of ML was criminalised under the repealed "Proceeds of Serious Crime Act", from the interviews with the authorities and criminal cases cited, the repealed Act had not been extensively used to charge offenders with the offence of ML. The enactment of the Proceeds and Instruments of Crime Act (PICA) in 2014 brought in a new regime of the offence in terms of scope posing new challenges in terms of skills to identify, investigate and prosecute such cases as well as implementing an effective confiscation regime of proceeds of crime. The PICA complemented by the Financial Intelligence Act (FI Act), enacted in 2009 have strengthened the AML/CFT regime of Botswana and has also increased the list of specified parties (hereinafter referred to as "reporting entities") which are obliged to implement AML/CFT preventive measures. Whilst the large foreign-owned financial institutions (FIs), in general, had a good understanding of their AML/CFT obligations including their inherent ML/TF risks, the same could not be said about the majority of the other FIs.

Designated Non-Financial Businesses and Professions (DNFBPs) have no understanding of their AML/CFT obligations and ML/TF facing them.

The FI Act designates AML/CFT supervisors for FIs and DNFBPs. Most supervisors are in the process of developing capacity to ensure compliance with AML/CFT obligations by their regulated entities. The supervisors are yet to develop and implement a risk-based approach (RBA) to supervise and monitor compliance for AML/CFT purposes. Generally, the supervisory framework is still emerging as most of the supervisors are focusing on raising awareness on AML/CFT obligations and developing internal capacity to effectively implement compliance monitoring programmes.

In 2003, Botswana formed the International Financial Services Centre (IFSC) which was later merged with the Botswana Export Development and Investment Authority in 2012 to form the Botswana Investment and Trade Centre (BITC). Amongst the functions of the BITC is to promote investment and sustainable business opportunities in the country through special tax arrangements with the Government primarily for employment creation and economic growth. Investors (mainly from the region) may invest in any sector of the economy (mining, manufacturing and services industries) but must first be licensed as an IFSC-entity by the BITC, and thereafter obtain a business license from the responsible competent authority. In the financial sector, there are seven IFSC-regulated entities providing non-bank financial products and have been licensed by NBFIRA under its legal and regulatory licensing framework. These entities are subject to the AML/CFT supervisory powers of the NBFIRA as prescribed under the FI Act. In practice however, there has not been any AML/CFT supervision which has been carried out by the supervisor, as it is in the process of setting up internal capacity to do so. To the extent that the IFSC-regulated entities are foreign-owned financial institutions and are not being supervised for AML/CFT purposes, the assessors view this sector as high risk for ML.

There is generally a low understanding of ML/TF risks in Botswana. The reporting entities and their supervisors are still familiarising themselves with requirements of the FI Act. There have been very few ML cases investigated and two cases prosecuted (using the repealed Proceeds of Serious Crime Act). Despite some of the officers having received training in ML investigations, they do not pursue ML cases but predicate offences. There is need for the investigators to apply skills gained so far, in addition provide more specialised training on ML investigations and prosecution. There is low understanding of ML/TF risks across the spectrum. Whilst the DIS has good understanding of the TF risks, the same cannot be said about the other LEAs.

Key Findings from latest Mutual Evaluation Report (2008):

Botswana has set up the key fundamental components of an AML regime, through various legislative and regulatory instruments, though there are some inconsistencies between these instruments. Notwithstanding the fact that several of these components fall short of meeting the international standards, the key challenge for Botswana is to implement effectively its current regime. The legal and regulatory instruments encompass in particular criminalization of ML, confiscation of proceeds of crime, preventive measures, and suspicious transaction reporting. However, the AML preventive regime does not cover some of the financial activities set out by FATF, nor any of the Designated Non-Financial Businesses and

Professions. Transparency issues relating to legal entities, legal arrangements and non-profit organizations are also of concern.

Botswana has ratified the United Nations Convention on the Suppression of the Financing of Terrorism but has not criminalized the financing of terrorism. As such, it lacks a legal framework allowing it to effectively fight against terrorist financing. Botswana should expedite the criminalization of terrorism financing and set up an appropriate legal framework to enable it to comply with its international obligations in respect of terrorist financing. The country also suffers from some restrictions to Mutual Legal Assistance and administrative forms of international cooperation.

The key components of the institutional framework for AML (law enforcement, prosecution, supervisory bodies) are in place. However, only the Central Bank has been enforcing the AML requirements. All actors need more training and enhanced resources to effectively play their role in the AML regime. Fostering domestic coordination and cross-fertilization is also central to achieving greater impact.

The priority in the short run should be to significantly enhance the implementation of the current legal framework, which would enable it to better realize its potential. Only then will Botswana be in a better position to address the existing gaps in its AML framework and to customize it to the reality of the threat which it faces. In that respect, recent efforts by the authorities (preparation of a national strategy, set-up of a domestic coordination committee, preparation of draft AML/CFT law 1) are going in the right direction and need to be deepened and enlarged.

US Department of State Money Laundering assessment (INCSR)

Botswana was deemed a 'Monitored' Jurisdiction by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

Perceived Risks:

Botswana aspires to be a regional financial center under its national Economic Diversification Drive strategy. Although money laundering in Botswana is not primarily related to narcotics, there has been an increase in drug trafficking in recent years, as well as in the sophistication and level of organization of cross-border crime. The presence of organized criminal groups continues to grow as does the trade in second-hand cars, which present certain risks related to money laundering. Fraud perpetrated against large organizations, e.g., banks or government departments, typically with the collusion of an employee, continues, and money laundering prosecutions have centered on these types of criminal activity. Law enforcement officials report an upsurge of cigarette smuggling in 2015. Botswana is a cash-based society and has an insufficient framework for addressing money laundering and terrorism financing.

Botswana supplies many of the world's diamonds. The stringent institutional framework for the mining and processing of diamonds affords limited opportunity for organized diamond smuggling. The smuggling that does occur is not believed to be linked to terrorism financing or the laundering of criminal proceeds. The DeBeers' diamond trading facility relocated from London to Gaborone in 2013, and the Government of Botswana continues to pursue expansion of its downstream diamond manufacturing. The growth of this industry presents an increased risk of money laundering and illicit financing activity.

Botswana operates the International Financial Service Center (IFSC), an organization authorizing entities to provide offshore financial services. IFSC-accredited companies provide a range of financial services, including fund management, banking, international insurance, and intermediary services. Those services must be provided to clients outside Botswana and in currencies other than the pula. The supervisory standards applied to domestic financial service providers are also applicable to IFSC-authorized entities. Shell companies and anonymous directors are prohibited.

The Botswana Authorities believe there is a low risk of terrorist activity in the country, but they remain concerned about the potential for terrorists to focus on Botswana as a soft target.

DO FINANCIAL INSTITUTIONS ENGAGE IN CURRENCY TRANSACTIONS RELATED TO INTERNATIONAL NARCOTICS TRAFFICKING THAT INCLUDE SIGNIFICANT AMOUNTS OF US CURRENCY; CURRENCY DERIVED FROM ILLEGAL SALES IN THE U.S.; OR ILLEGAL DRUG SALES THAT OTHERWISE SIGNIFICANTLY AFFECT THE U.S.: NO

CRIMINALIZATION OF MONEY LAUNDERING:

"All serious crimes" approach or "list" approach to predicate crimes: All serious crimes
Are legal persons covered: criminally: YES civilly: YES

KNOW-YOUR-CUSTOMER (KYC) RULES:

Enhanced due diligence procedures for PEPs: Foreign: NO Domestic: NO
KYC covered entities: Banks, building societies, collective investment undertakings, the Botswana Savings Bank, post offices, registered stockbrokers, long-term insurance businesses, foreign exchange dealers, and the IFSC certification committee

REPORTING REQUIREMENTS:

Number of STRs received and time frame: Not available
Number of CTRs received and time frame: Not available
STR covered entities: Banks, building societies, collective investment undertakings, the Botswana Savings Bank, post offices, registered stockbrokers, long-term insurance businesses, foreign exchange dealers, and the IFSC certification committee

MONEY LAUNDERING CRIMINAL PROSECUTIONS/CONVICTIONS:

Prosecutions: Not available
Convictions: Not available

RECORDS EXCHANGE MECHANISM:

With U.S.: MLAT: NO Other mechanism: YES
With other governments/jurisdictions: YES

Botswana is a member of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), a FATF-style regional body.

ENFORCEMENT AND IMPLEMENTATION ISSUES AND COMMENTS:

In 2015, three key laws related to AML/CFT entered into force: the Proceeds and Instruments of Crime Act (PICA) and the Anti-Human Trafficking Act (AHTA) on January 1, 2015; and the Counter-Terrorism Act (CTA) on May 1, 2015. The PICA introduces a system for identifying and forfeiting assets. Previously, the Directorate of Public Prosecution's Asset Forfeiture Unit had seized assets before trial but they could only be forfeited or confiscated after conviction. The CTA criminalizes the financing of terrorism, makes it a crime not to report suspected terrorist financing, and introduces the ability to freeze terrorist assets without delay. The AHTA criminalizes human trafficking and supporting human trafficking. It creates a victims support fund and establishes a steering group to coordinate anti-human trafficking activities.

The Government of Botswana is now pursuing several legislative amendments with the goal of obtaining parliamentary approval in 2016. The proposals include criminalizing the financing of an individual terrorist, providing for effective implementation of UNSCRs 1267 and 1373, covering additional money laundering-related offenses, strengthening cross-border currency reporting requirements, removing Financial Intelligence Agency Act (FIA Act) exemptions for certain entities, and adding customer due diligence obligations to the FIA Act. The proposals also would introduce requirements related to politically exposed persons (PEPs).

An amendment to the Firearms and Ammunition Act addressing arms proliferation remains pending. An amended version of the bill geared to improve corporate governance was submitted to Parliament for consideration in November 2015.

Capacity-building training and technical assistance will be key to the Financial Intelligence Agency's (FIA) successful performance. The FIA is preparing its first annual report and is developing its information release policies. In 2015, the FIA continued training workshops for lawyers, police, and real estate agents.

The Non-Bank Financial Institutions Regulatory Authority is responsible for AML oversight of non-financial institutions. However, there is no legal provision in Botswana for a covered entity, other than a bank, to monitor complex, unusually large transactions or unusual patterns of transactions with no apparent lawful purpose.

The Directorate on Corruption and Economic Crime is investigating corruption cases, but the Directorate of Public Prosecutions is under-resourced and lacks the training and experience to obtain convictions in those cases.

Botswana continued to improve its AML/CFT regime in 2015, although further steps are needed to bring it fully in line with international standards. The FIA is working to complete its National Risk Assessment in 2016. This process will provide insights into the strengths and weaknesses of Botswana's AML/CFT regime and clarify next steps and priority issues.

Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):

According to the US State Department, Botswana does not conform with regard to the following government legislation: -

System for Identifying/Forfeiting Assets - The jurisdiction has enacted laws authorizing the tracing, freezing, seizure, and forfeiture of assets identified as relating to or generated by money laundering activities.

Arrangements for Asset Sharing - By law, regulation or bilateral agreement, the jurisdiction permits sharing of seized assets with third party jurisdictions that assisted in the conduct of the underlying investigation.

Ability to freeze assets without delay - The government has an independent national system and mechanism for freezing terrorist assets in a timely manner (including but not limited to bank accounts, other financial assets, airplanes, autos, residences, and/or other property belonging to terrorists or terrorist organizations)

Criminalised Financing of Terrorism - The jurisdiction has criminalized the provision of material support to terrorists and/or terrorist organizations.

Reports Suspected Terrorist Financing - By law or regulation, banks and/or other covered entities are required to record and report transactions suspected to relate to the financing of terrorists, terrorist groups or terrorist activities to designated authorities.

EU White list of Equivalent Jurisdictions

Botswana is not currently on the EU White list of Equivalent Jurisdictions

World Governance indicators

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

Failed States Index

[To view Failed States Index Ctrl + Click here](#)

Offshore Financial Centre

Botswana is not considered an Offshore Financial Centre

US State Dept Narcotics Report

No report available

US State Dept Trafficking in Persons Report 2016 (introduction):

Botswana is classified a Tier 2 country - a country whose government does not fully comply with the Trafficking Victims Protection Act's minimum standards, but is making significant efforts to bring themselves into compliance with those standards.

Botswana is a source, transit, and destination country for women and children subjected to forced labor and sex trafficking. Residents of Botswana most vulnerable to trafficking are unemployed women, the rural poor, agricultural workers, and children. Some parents in poor rural communities send their children to work for wealthier families as domestic servants in cities or in agriculture and cattle farming in remote areas, increasing their vulnerability to forced labor. Young Botswana serving as domestic workers for extended family may be denied access to education and basic necessities or subjected to confinement or verbal, physical, or sexual abuse—conditions indicative of forced labor. Botswana girls and women are possibly exploited in prostitution within the country, including in bars and along major highways by truck drivers. Some women may be subjected to trafficking internally or transported from neighboring countries and subjected to sexual exploitation. Officials confirmed for both adults and children of the San ethnic minority group labor conditions on private farms and cattle posts in Botswana's rural west might rise to the level of forced labor. Undocumented migrant children might be vulnerable to trafficking in Botswana. There has been no comprehensive international or domestic study of trafficking trends within the country.

The Government of Botswana does not fully meet the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. During the reporting period, the government investigated five trafficking cases and prosecuted seven traffickers under the 2014 Anti-Human Trafficking Act, in comparison with none reported the previous reporting period. The cases were ongoing at the end of the reporting period. The government did not convict any traffickers. The government established the Anti-Human Trafficking Committee, in accordance with the Anti-Trafficking Act, in January 2016; it held two meetings during the reporting period. The government identified six trafficking victims and provided them food, amenities, and basic assistance, including medical and psycho-social care. The government provided social service personnel with formal written procedures to guide them in identifying potential trafficking victims among vulnerable populations; other officials remained without formal identification and referral procedures. The government launched a nationwide public awareness campaign, which also served to educate local government officials in 16 districts. It conducted a train-the-trainers event for law enforcement and immigration officials on anti-trafficking efforts. The government did not provide anti-trafficking training for its diplomatic personnel.

US State Dept Terrorism Report 2009

Botswana has a National Counterterrorism Committee to address issues pertaining to terrorism and weapons of mass destruction. Botswana established its first intelligence agency in 2008, with responsibility for both domestic and foreign intelligence gathering. In April, Botswana's Parliament passed legislation to create a Financial Intelligence Unit (FIU), which will harmonize Botswana's anti-money laundering and counterterrorist financing regime. While the legislation for this has been enacted, the FIU was not yet established at year's end. Until the FIU is functioning, the Directorate on Corruption and Economic Crimes has a dedicated unit that will continue investigating suspicious transactions. One goal of this legislation is to decrease the likelihood that terrorist financing could move through Botswana's financial institutions. Terrorist financing is not criminalized as a specific offense in Botswana. However, acts of terrorism and related offenses, such as aiding and abetting, can be prosecuted under the Penal Code and under the Arms and Ammunitions Act.

International Sanctions

None applicable

Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	61
World Governance Indicator – Control of Corruption	80

Corruption is a moderate risk in Botswana. The country is considered to be the least corrupt country on the African continent, and petty corruption is not a risk for businesses. Nevertheless, nepotism and patronage pervade the government sector, which makes corruption a very high risk for public tenders. The Penal Code and the Corruption and Economic Crime Act criminalize active and passive bribery in the public and private sector. The maximum penalties include imprisonment for up to ten years, or a fine of BWP 500,000, or both, and corporations as well as individuals can be held liable. **Information provided by GAN Integrity.**

Corruption and Government Transparency - Report by US State Department

Botswana has a reputation for a relative lack of corruption and a willingness to prosecute corrupt officials. Transparency International ranks Botswana as the least corrupt country in Africa (30th overall), and a 2013 report by the World Justice Project ranked Botswana number one on its regional rule of law index. Investors with experience in other developing nations describe the relative lack of obstruction or interference by law enforcement or other government agents as among the country's most important assets.

The major corruption investigation body is the Directorate on Corruption and Economic Crimes (DCEC). Overall, the DCEC is regarded as an active and independent organization. The DCEC has embarked on an education campaign to raise public awareness about the cost of corruption and is also working with Government departments to reform their accountability procedures.

Corruption or "cheating for valuable consideration" is punishable by a prison term of up to 10 years, a fine of 500,000 Pula (USD 64,000), or both. The DCEC received 1800 reports of corruption in 2011, a 3% decrease over the previous year. The DCEC investigated 433 allegations in 2012, and the government typically obtains 16-20 convictions per year for corruption-related crimes. High level officials have been prosecuted.

The 2000 Proceeds of Serious Crime Act expanded the DCEC's mandate to include money laundering. The 2009 Financial Intelligence Act provides a comprehensive legal framework to address money laundering and establishes a financial intelligence agency (FIA). The FIA, which operates under the Ministry of Finance and Development Planning, cooperates with various institutions, such as Directorate of Public Prosecutions (DPP), Botswana Police Service,

Bank of Botswana, the Non-Banking Financial Institutions Regulatory Authority (NBFIRA), the DCEC, and foreign FIAs to uncover and investigate suspicious financial transactions. Botswana is a member of the Eastern and Southern Anti-Money Laundering Group (ESAAMLG), a regional standards-setting body for ensuring appropriate laws, policies and practices to fight money laundering and the financing of terrorism.

In 2011, ESAAMLG issued a report placing Botswana under enhanced monitoring due to its lack of progress in implementing key AML/CFT regulations. The ESAAMLG report states that Botswana continues to have deficiencies in the areas of anti-terrorism legislation, anti-money laundering laws that provide for civil forfeiture, and a lack of regulations allowing the FIA to receive and review suspicious transaction reports (STRs) from the banking sector and certain other financial institutions.

Botswana is not a party to the OECD Anti-bribery Convention but is a party to the 2005 UN Anticorruption Convention.

Section 3 - Economy

Botswana has maintained one of the world's highest economic growth rates since independence in 1966. Diamond mining has fuelled much of the expansion and currently accounts for one quarter of GDP, approximately 85% of export earnings, and about one-third of the government's revenues. Tourism is the secondary earner of foreign exchange and many Batswana engage in subsistence farming and cattle raising. Through fiscal discipline and sound management, Botswana transformed itself from one of the poorest countries in the world to a middle-income country with a per capita GDP of \$17,700 in 2015. Two major investment services rank Botswana as the best credit risk in Africa.

Botswana's economy is highly correlated with global economic trends because of its heavy reliance on a single luxury export. According to official government statistics, unemployment is 19.5%, but unofficial estimates run much higher. De Beers, a major international diamond company, signed a 10-year deal with Botswana in 2012 and moved its rough stone sorting and trading division from London to Gaborone in 2013. The move was geared to support the development of Botswana's nascent downstream diamond industry.

Following the 2008 global recession Botswana's economy recovered in 2010. However, the Government of Botswana estimates the economy grew by only 1% in 2015. This was primarily due to the downturn in the global diamond market; water and power shortages also played a role. In October 2015 President Ian KHAMA announced a stimulus plan to boost the economy through projects in agricultural production, construction, manufacturing, and tourism development. In 2016, Botswana entered its fourth year of drought, detrimental to Botswana's small, but vital agriculture sector.

The prevalence of HIV/AIDS is second highest in the world and threatens the country's impressive economic gains.

Agriculture - products:

livestock, sorghum, maize, millet, beans, sunflowers, groundnuts

Industries:

diamonds, copper, nickel, salt, soda ash, potash, coal, iron ore, silver; livestock processing; textiles

Exports - commodities:

diamonds, copper, nickel, soda ash, meat, textiles

Imports - commodities:

foodstuffs, machinery, electrical goods, transport equipment, textiles, fuel and petroleum products, wood and paper products, metal and metal products

Banking

Botswana's banking sector consists of a central bank (Bank of Botswana) and seven commercial banks: Barclays Bank Botswana, Standard Chartered Bank Botswana, First

National Bank Botswana, Bank of Baroda Botswana Ltd., Stanbic Bank Botswana, Capital Bank, African Banking and Bank Gaborone.

There are a growing number of investment and corporate finance institutions, including Investec Group, Andisa Bank, and the African Banking Corporation of Botswana, which specialize in structured trade finance, treasury operations, and investment banking. All are geared towards financing for existing and new businesses. However, a lack of adequate local corporate financing, partially as a result of over-concentration on asset-based as opposed to cash flow lending practices, has presented some problems for local and international businesses. The financial institutions are now improving the range of services they provide, including a new emphasis on small and medium-sized enterprises. In 2008 Government established the Non Banking Financial Institution Regulatory Authority to ensure that the non banking financial sector operates in an efficient and orderly manner. The newly-emerging group of international financial institutions that are entering Botswana under the umbrella of the International Financial Services Center (IFSC) should augment these efforts. The total number of Botswana IFSC certified companies now stands at 35.

The Bank of Botswana is responsible for monetary policies, central banking services, supervision of financial institutions, issuing of bank notes, implementing exchange rate policies, administering exchange controls and foreign exchange reserves management. The bank's financial statements comply with international standards.

Short-term finance, including pre-and-post-shipment credit, is readily available through the commercial banking system at market rates of interest. Export credit insurance is available through the Botswana Export Credit Insurance (BECI) agency.

The provisions for foreign firms borrowing in Botswana are liberal while local banks remain highly liquid. The country's commercial banks, however, have difficulty making long-term credit available due to the short maturity nature of their deposits and small capital bases.

Stock Exchange

The Botswana Stock Exchange (BSE) enjoyed spectacular growth between 2000 and 2006. In 2010, still reeling from the effects of the recession, the market capitalization of the domestic firms listed on the exchange fell to its lowest level since 2006. The Foreign Company Index, however, increased by 23% during 2010. The number of foreign companies listed in the exchange was unchanged at 11. Six of these are mining-related operations. The BSE is set to shift to automated trading in 2011.

Executive Summary

Botswana is a land-locked country located in Southern Africa. Botswana has historically enjoyed high economic growth rates and its export-driven economy is highly correlated with global economic trends. Development has been driven mainly by revenue from the diamond industry, which has enabled Botswana to provide infrastructure and social services. In 2015, however, Botswana's economy grew by only an estimated 1% and inflation remained at the bottom end of the central bank's 3 to 6% spectrum. Lower than predicted economic growth was a result of reduced diamond sales. According to the Government of Botswana (GOB), investments within Botswana totaled \$5.5 billion in 2013. Botswana is classified as an upper middle income country by the World Bank based on its per capita income of \$7,240.

The World Bank ranked Botswana 72 out of 189 economies in the category of Ease of Doing Business in 2016. Government procurement is a major economic driver and the GOB has a \$4.8 billion budget for the 2016/17 fiscal year. It plans to implement major water, electricity, transportation, and telecommunications infrastructure projects. Economists have noted Botswana's considerable investment potential in mining, mineral processing, energy, cattle, tourism, and financial services sectors. The GOB has launched initiatives to promote foreign investment to diversify its economy beyond diamond mining. It created the Botswana Investment and Trade Centre (BITC) to assist foreign investors, offers low tax rates, and abolished foreign exchange controls. The GOB's topline economic goals are to diversify the economy, create employment, and transfer skills to Botswana citizens. GOB entities, including BITC, use these criteria in determining whether to provide assistance to foreign investors.

Botswana is a stable, democratic country with an independent judiciary system. It maintains a sound macroeconomic environment, fiscal discipline, a well-capitalized banking system, and a crawling peg exchange rate system. Moody's and S&P rate Botswana's sovereign debt as A2 and A-, respectively. Botswana has minimal labor strife. It is a member state to both the ICSID convention and the 1958 New York convention. Corruption in Botswana remains less pervasive than in other parts of Africa; nevertheless, foreign and national companies have commented on increasing tender-related corruption.

The Ministry of Investment, Trade and Industry (MITI) is working to develop a consolidated legal framework that clarifies the protections and incentives afforded to investors as recommended by the 2014 OECD Investment Policy Review. The GOB has also recognized the need to address bureaucratic hurdles in order to facilitate investment. In 2015, Parliament approved a Special Economic Zones (SEZ) law to streamline investment in sector-targeted geographic areas in the country including two Gaborone area SEZs (multi-use, diamond processing, and financial services); two Selibe-Phikwe SEZs (mineral processing and horticulture); and additional SEZs in Lobatse (beef, leather, biogas); Palapye (energy); Pandamatenga (agriculture); and Francistown (mining and logistics). In 2015, the GOB also announced a business reform roadmap designed to improve GOB services for businesses, streamline business-related procedures, and remove bureaucratic impediments based on World Bank recommendations.

Foreign and local business managers noted increasing difficulty obtaining work permits for foreign skilled workers and managers in 2015. They assess this, combined with local skills

deficits and constrained labor productivity, to be the foremost business constraints in Botswana. Electricity and water service shortages also pose a challenge, most notably with severe water shortages in Gaborone, the country's capital and manufacturing center. Limitations on foreign participation in the market exist and institutionalized preferences of procuring goods and services from local sources are increasing in Botswana. Local preferences arise from numerous sources. Most recent additions include a program MITI introduced in 2015 to give locally-based small companies a 15% preferential price margin in GOB procurement, with mid-sized companies receiving a 10% margin, and large companies 5%. The directive applies to 27 categories of goods and services ranging from textiles, chemicals, and food, in addition to a broad range of consultancy services. In 2014 the GOB and the Chamber of Mines created a committee to oversee the purchase of mining supplies with a 10% preference towards those produced locally. By law 35 service sectors are restricted to Botswana citizens. MITI has historically granted exceptions for large foreign-owned chain stores but in 2015 two new applications for this exception were reportedly denied.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2015	28 of 168	http://www.transparency.org/cpi2015
World Bank's Doing Business Report "Ease of Doing Business"	2015	72 of 189	doingbusiness.org/rankings
Global Innovation Index	2014	90 of 141	globalinnovationindex.org/content.aspx?page=data-analysis
World Bank GNI per capita	2014	\$7,240	data.worldbank.org/indicator/NY.GNP.PCAP.CD

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

The GOB publicly emphasizes the importance of attracting foreign direct investment. The GOB has launched initiatives to promote economic activity and foreign investment in specific areas, including the establishment of hubs to promote economic growth in the agriculture, diamond, education, health and transportation sectors. Additional investment opportunities in Botswana include large water, electricity, transportation, and telecommunication infrastructure. Economists have also noted Botswana's considerable potential in the mining, mineral processing, energy, cattle, tourism, and financial services sectors. BITC, the GOB's investment and trade promotion authority, assists foreign investors with projects that will diversify Botswana's economy away from diamond mining, create employment, and transfer skills to Botswana citizens.

Other Investment Policy Reviews

In December of 2014, the Organization for Economic Cooperation and Development (OECD) released an Investment Policy Review on Botswana. (http://www.oecd-ilibrary.org/finance-and-investment/oecd-investment-policy-reviews-botswana-2014_9789264203365-en).

Botswana has been a World Trade Organization (WTO) member since 1995. As a member of the Southern African Customs Union, the WTO last conducted a trade policy review in 2009. (https://www.wto.org/english/tratop_e/tp_e/tp322_e.htm)

Laws/Regulations on Foreign Direct Investment

Under Botswana's Company Act, foreigners who wish to operate a business are required to register as well as obtain the relevant licenses and permits as prescribed by the Trade Act of 2008.

Licenses are required for a wide spectrum of businesses, including banking, non-bank financial services, transportation, medical services, mining, energy provision, and alcohol sales. Although amendments to the Trade Act have eliminated the catch-all miscellaneous business license category, investors have reported on local authorities insisting a business apply for a license even when it does not fall within the established categories. In addition, some businesses have observed the enforcement of licenses, as well as the time taken for inspections to comply with licensing requirements, varies widely across local government authorities. Botswana's processes to obtain a construction permit are lengthy (an average of 110 days) and comprise 19 separate steps. The U.S Embassy continues to engage with the GOB to highlight these and other licensing challenges.

Business Registration

To operate a business in Botswana, one needs to register a company with Companies and Intellectual Property Authority (CIPA). The registration forms can be downloaded online from the MITI website: <http://www.mti.gov.bw/display-companies-forms>. According to CIPA the company registration process takes about 14 days, and it takes approximately 48 days to complete additional required registrations such as tax registrations, opening bank accounts, and obtaining necessary licenses and permits. The World Bank ranked Botswana 72 out of 189 for ease of starting a business.

BITC, the GOB's investment promotion agency, was designed to serve as a one-stop shop to assist investors to set up a business and find a location for operation. BITC's ability to streamline procedures varies based on GOB entity and bureaucratic requirements. Its website is: www.bitc.co.bw. BITC's criteria for support for investment projects is whether the project will diversify the economy away from dependence on diamond mining, and whether it will create jobs for and transfer skills to Botswana citizens.

Botswana has a number of incentives and preferences for both citizen-owned and locally-based companies. Foreign-owned companies can benefit from local procurement preferences which are usually required for government tenders. MITI instituted a program in 2015 to give locally-based small companies a 15% preferential price margin in GOB procurement, with mid-sized companies receiving a 10% margin, and large companies a 5% margin. Under this policy, MITI defines large companies as having less than 5 million Pula in annual turnover reflected in their financial statements, medium companies with 5,000,001 to 19,999,999 Pula in turnover, and large companies with 20 million Pula or more. The directive

applies to 27 categories of goods and services ranging from textiles, chemicals, and food, in addition to a broad range consultancy services.

For Companies Act registration purposes, enterprises are classified as follows: Micro Enterprises —less than 6 employees including owner and annual turnover of up to 60,000 Pula; Small Enterprises — less than 25 employees and annual revenue between 60,000 and 1,500,000 Pula; Medium Enterprises — less than 100 employees and an annual revenue between 1,500,000 and 5,000,000 Pula; Large Enterprises —more than 100 employees and an annual revenue between 5,000,000 Pula or more. This classification is used for the purposes of permitting foreigner participation as minority shareholders in medium-sized enterprises in the 35 business sectors reserved for citizens.

Industrial Promotion

The GOB's National Export Strategy identifies eight priority sectors for growth: (1) arts and crafts; (2) garments; (3) textiles; (4) jewelry; (5) mineral processing (including diamonds); (6) glass and glass products; (7) leather and leather products; and, (8) beef. The Economic Diversification Drive, a government program used to implement a strategy to diversify the economy beyond diamond industry, added five additional areas: (9) renewable energy; (10) recycled material products; (11) auxiliary support services; (12) banking, finance and insurance; and, (13) construction/building.

Limits on Foreign Control and Right to Private Ownership and Establishment

Botswana's 2003 Trade Act reserves licenses for 35 sectors for citizens, including butcheries, general trading establishments, gas stations, liquor stores, supermarkets (excludes chain stores), bars (other than those associated with hotels), certain types of restaurants, boutiques, auctioneers, car washes, domestic cleaning services, curio shops, fresh produce vendors, funeral homes, hairdressers, various types of rental/hire services, laundromats, specific types of government construction projects under a certain dollar amount, certain activities related to road and railway construction and maintenance, and certain types of manufacturing activities including the production of furniture for schools, welding, and bricklaying. The law allows foreigners to participate in these sectors as minority joint venture partners in medium sized businesses. Foreigners can hold the majority share if they obtain written approval from the trade minister.

The MITI, which administers the citizen participation initiative, has taken an expansive interpretation of the term chain stores, so that it encompasses any store with more than one outlet. This broad interpretation has resulted in the need to apply exemptions to certain supermarkets, simple specialty operations, and general trading stores. These exceptions have generally been granted in the past and many large general merchandise markets, restaurants, and grocery networks are owned by foreigners as a result. However, two new applications for exceptions for a large foreign-owned chain store were reportedly denied in 2015.

Privatization Program

The GOB has committed to privatization on paper. It stood up a task force in 1997 to privatize all of its state-owned companies and formed a Public Enterprises Evaluation and Privatization Agency (PEEPA) to oversee this process. Implementation of its privatization commitments has been limited to the January 2016 sale offer of 49% of the stock of the state-owned Botswana

Telecommunications Corporation to Botswana citizens only. Conversely, the GOB has significantly expanded its SOEs in recent years. In 2012, the GOB created the Okavango Diamond Company and the Mineral Development Company Botswana in order to oversee their mineral industry holdings. In 2014, the GOB acquired operations to form a mining hub under a grand economic diversification strategy dubbed Polaris II and launched Botswana Oil Limited to manage the country's fuel supply. The ability of PEEPA to manage the privatization of state-owned enterprises is hampered by the lack of corresponding legislation to enforce the process.

Screening of FDI

BITC screens foreign direct investment in Botswana when evaluating whether to provide assistance to investors. However, there is no GOB screening to approve the entry of investment.

Competition Law

Botswana has developed anti-trust legislation and policies to ensure appropriate competition in the business environment. Under the Competition Act, the Competition Authority is now monitoring mergers and acquisitions. During the year 2014/2015 the Authority dealt with a number of cases to address the non-competitive business conduct and these included bid rigging cases. The Competition Authority is empowered to reject mergers when they are deemed not to be in the public best interest. It has interpreted this ability to mean that it can prohibit mergers when the end result is the concentration of a majority of shares in the hands of foreign investors.

2. Conversion and Transfer Policies

Foreign Exchange

There are no foreign exchange controls in Botswana or restrictions on capital outflows through financial institutions. Commercial banks are required to ensure customers complete basic forms indicating name, address, purpose and other details prior to processing funds transfer requests or loan applications. The Ministry of Finance monitors data collected on the forms for statistical information on capital flows, but the form does not require government approval prior to the processing of a transaction and does not delay capital transfers.

To encourage portfolio investment, develop domestic capital markets, and diversify investment instruments, non-residents are able to trade in and issue Botswana Pula-denominated bonds with maturity periods of more than one year, provided such instruments are listed on the Botswana Stock Exchange (BSE). Botswana's Letlole Saving Certificate (equivalent to a U.S. Treasury bond) can be purchased only by Botswana citizens. Foreigners can hold shares in BSE-listed Botswana companies.

Travelers are not restricted to the amount of currency they may carry, but they are required to declare to customs at the port of departure any cash amount in excess of 10,000 Pula (\$1,200). There are no quantitative limits on foreign currency access for current account transactions.

Bank accounts denominated in foreign currency are allowed in Botswana. Commercial banks offer accounts denominated in U.S. Dollars, British Pounds, Euros and South African Rand. Businesses and other bodies incorporated or registered domestically may open

accounts without prior approval from the Bank of Botswana. The government also permits the issuance of foreign currency denominated loans.

Upon disinvestment by a non-resident, the non-resident is allowed immediate repatriation of all proceeds including profits, rents, and fees.

The Botswana Pula has a crawling peg exchange rate and is tied to a basket of currencies comprised of the South African rand, weighted at 50%, with the IMF's Special Drawing Rights (consisting of the U.S. dollar, the Euro, British pound, and Japanese yen) comprising the other 50%. The Bank of Botswana reduced the weighting of the South African rand from 55 to 50% in January 2015. The Pula continues to be heavily influenced by movements of the South African rand against the U.S. dollar. There is no difficulty in obtaining foreign exchange. Shortages of foreign exchange that would lead banks to block transactions are highly unlikely.

In 2014, the Ministry of Finance's Financial Intelligence Agency (FIA) began processing suspicious transaction reports. The FIA is set to assist the Botswana Police Service, Directorate on Corruption and Economic Crime, and Department of Public Prosecution to identify and investigate money laundering offenses. Under the FIA's oversight, banks have begun improving anti-money laundering practices by introducing AML compliance systems. In addition, in 2014 the parliament passed the Counter-Terrorism Act and Proceeds and Instruments of Crime Act, meeting the Eastern and Southern Africa Anti-Money Laundering Group's (ESAAMLG) requirements. Botswana was previously under enhanced monitoring by ESAAMLG before they introduced these reforms.

Remittance Policies

There are no restrictions or limitations placed on foreign investors in converting, transferring, or repatriating funds associated with an investment.

3. Expropriation and Compensation

Section 8 of the country's Constitution prohibits the nationalization of private property. The GOB has never pursued a policy of forced nationalization and is highly unlikely to adopt one. The Acquisition of Property Act provides a process for any expropriation, including parameters to determine market value and receive compensation. The 2007 Amendment to the Electricity Supply Act allows the GOB to revoke an Independent Power Producer's license and confiscate the operations with compensation for public interest purposes.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

The local Constitution provides for an independent judiciary system. The legal system of Botswana is based on Roman-Dutch law as influenced by English common law. This type of system cohabits with legislation, judicial decisions and local customary law. The courts enforce commercial contracts, and the judicial system is widely regarded as being fair. Both foreign and domestic investors have equal access to the judicial system. Botswana does not have a dedicated commercial court. The Industrial Court set up by the Trade Dispute Act of 2004 primarily addresses labor matters.

As part of the December 2014, reforms packet that the MITI presented to the National Doing Business Committee, the GOB is planning to create a corps of commercially specialized judges within the civil court system. Under the new system, commercial cases will be overseen by these commercial judges in order to expedite handling and ensure relevant expertise. The GOB plans to implement these changes by the end of 2016; however implementation of GOB-planned reforms has historically lagged.

U.S. litigants have complained that the time taken to obtain and enforce a judgment in a commercial dispute is unreasonably long. The turnaround time for civil cases is approximately two years. In an effort to create more efficient adjudications, the government has established land tribunal, industrial, small claims and corruption courts. During the past several years, some dockets have improved but progress has been uneven.

Local laws are accessible through the Botswana Attorney General's Office web site (www.laws.gov.bw). It can take up to 24 months for a law, once passed, to appear on the web site.

Bankruptcy

Botswana's commercial and bankruptcy laws are comprehensive. Secured and unsecured creditors enjoy similar rights under bankruptcy proceedings to those they would enjoy in the United States.

Investment Disputes

There are no known investment disputes involving U.S. persons.

International Arbitration

Botswana accepts international arbitration to settle investment disputes.

ICSID Convention and New York Convention

Botswana has ratified the convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention). It is also a member state to the International Centre for the Settlement of Investment Disputes (ICSID convention), and the Multilateral Investment Guarantee Agency (MIGA).

Duration of Dispute Resolution – Local Courts

The time needed to resolve an investment dispute depends on a number of factors. Local courts will usually call the aggrieved parties and recommend that they try to settle their differences out-of-court. If negotiations fail, the matter will be assigned to a judge who will place the case on his docket. There is also an option to label the matter as urgent in order to speed up the process but this too requires a subsequent judicial assessment to determine if the matter is truly urgent.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

Botswana is a World Trade Organization (WTO) member since 1995. Botswana has not reported any policies as being inconsistent with WTO TRIMS requirements.

Investment Incentives

Botswana has several mechanisms in place to attract foreign direct investment (FDI). The BITC provides assistance to local and foreign investors. BITC is responsible for promoting foreign direct investment, investor aftercare, and the promotion of locally-manufactured goods in export markets. It assists investors with company registration, land acquisition, factory shells, utility connections, and work and residence permits for essential staff. Requests by investors for investor support from BITC and other agencies are evaluated based on the extent to which the proposed project assists in the government's diversification efforts, contributes to the growth of priority sectors, and provides employment and training to Botswana citizens. The government also makes grants available to investors who partner with citizens and will extend credit to investors presenting proposals that have undergone appropriate due diligence and that have completed a feasibility study. Foreign investors are encouraged to transfer technology to Botswana and skills to Botswana citizens with a view to preparing them for promotion into management positions.

Botswana offers a relatively low tax rate of 22% on corporate taxable income and 7.5% withholding tax on all dividends distributed. The MITI can grant manufacturing companies the reduced level of 15% taxable income. Companies can pay the reduced rate of 15% of profit with accreditation from the Innovation Hub or the International Financial Services Centre on approved operations.

The Minister of Finance and Development Planning has the authority to issue development approval orders which are used for specific projects, which include providing tax holiday and education and training grants. The Minister must be satisfied that the proposed project will be beneficial to Botswana's economy. Any firm, local or foreign, may apply for a Development Approval Order through the Permanent Secretary for Finance and Development Planning. Applications will be evaluated against the following criteria: job creation for Botswana citizens; the company's training plans for Botswana citizens; the company's plans to localize non-citizen positions; Botswana citizen participation in company management; amount of equity held by Botswana citizens in the company; the location of the proposed investment; the project's effect on the stimulation of other economic activities; and the project's effect on reducing local consumer prices. The MITI also offers rebates on imported materials for manufactures that produce products for export.

Research and Development

GOB grants are generally restricted to Botswana citizens and citizen-owned organizations. Botswana-registered companies that are affiliates of foreign companies can receive benefits such as access to incubator office space from the GOB's Botswana Innovation Hub. Some GOB entities have expressed interest in partnering with U.S. companies and research institutions in order to transfer U.S. technology to Botswana.

Performance Requirements

Performance requirements are not imposed as a condition for establishing, maintaining, or expanding an investment in Botswana, or for access to tax and investment incentives. Foreign investors are encouraged, but not compelled, to establish joint ventures with citizens or citizen-owned companies.

Foreign investors wishing to invest in Botswana are required to register the company in accordance with the Companies Act and comply with other applicable legislation. Investors are encouraged, but not required, to purchase from local sources. The GOB does not require investors to locate in specific geographical areas, use a specific percentage of local content, permit local equity in projects, manufacture substitutes for imports, meet export requirements or targets, or use national sources of financing for private-sector investments. However, GOB entities, including BITC, use the criteria of diversifying the economy, creating employment, and transferring skills to Botswana citizens in determining whether to provide assistance to foreign investors.

As a matter of policy, the GOB encourages foreign firms to hire qualified Botswana nationals rather than expatriates. The granting of work permits for foreign workers may be made contingent upon establishment of demonstrable localization efforts. The government may additionally require evidence that a local is being trained to assume duties currently being fulfilled by a foreign worker, specially focused at the middle-management level. The GOB offers incentives to companies that train local employees, including the deduction of 200% of training expenses when training is carried out by an accredited institution. The government has introduced a range of policy initiatives intended to mitigate the impending loss of diamond revenue and decrease government spending, including an Economic Diversification Drive, which employs government purchases to stimulate local production and consumption, as well as a wage freeze to reduce the size of the public sector wage bill.

Foreign and local business managers noted increasing difficulty obtaining work permits for foreign skilled workers and managers in 2015. They assess this, combined with local skills deficits and constrained labor productivity, to be the foremost business constraints in Botswana. In 2012, Botswana implemented a Points Based System to evaluate work permits, in response to complaints that immigration authorities lacked the necessary expertise to properly evaluate applications for individuals with certain skill sets. This resulted in immediate and widespread complaints the system was too stringent. Foreign expatriates report the Ministry of Labor and Home Affairs applies inconsistent procedures and requirements for work permits. BITC reports the investors they support have high approval rates and are afforded priority in the permitting process. MITI has instituted a work permits appeal process in an effort to encourage investment and address the work permit challenge.

Select grants are available to foreign investors who partner with Botswana citizens. The Citizen Entrepreneurial Development Agency has established a venture capital fund to provide equity to citizens and ventures between citizens and foreign investors. The majority of Botswana government loans and grants are designed specifically for citizen-owned contracting firms or for small enterprises and are therefore not available to foreign investors.

The government, the largest procuring entity in the country, has directed central government, local authorities and state-owned enterprises to purchase all products and services from locally-based manufacturers and service providers if the goods and services are locally available, competitively priced, and meet tender specifications in terms of quality standards as certified or recognized by the Botswana Bureau of Standards. Local preferences arise from numerous sources. In 2015 MITI instituted a program in 2015 to give locally-based small companies a 15% preferential price margin in GOB procurement, with mid-sized companies receiving a 10% margin, and large companies a 5% margin. The directive applies to 27 categories of goods and services ranging from textiles, chemicals, and food, in addition to a broad range of consultancy services. In 2014 the GOB and the Chamber

of Mines created a committee to oversee the purchasing of mining supplies with a 10% preference towards those produced locally. The 2012 Citizen Economic Empowerment Policy also emphasized the preference for local companies and the GOB's Public Procurement and Asset Disposal Board registers citizen-owned companies for preference purposes.

In order for a foreign firm to qualify with the Department of Industrial Affairs as a locally-based manufacturer or service provider to sell goods or services to the government of Botswana, the firm first must be registered with the Registrar of Companies and possess a relevant license or waiver letter. Few of these procedures can be completed online and in practice companies see the need to hire an agent on the ground to handle registrations. Tenders are generally designed based on the products available in the local market and with locally-based companies in mind. In addition, many tenders require local registration as a prerequisite for bids and the GOB frequently breaks up large scale projects into a series of tenders. All of these factors make it difficult to compete for tenders from outside Botswana.

Data Storage

There are no requirements to store data within the country.

6. Protection of Property Rights

Real Property

As part of the December 2014 reforms packet that the MITI presented to the National Doing Business Committee, the GOB plans to streamline and standardize property registration procedures by the end of 2016. Botswana is ranked 70 out of 189 by the World Bank in the Registering Property category. There are three main categories of land in Botswana: freehold, state land, and tribal land. Tribal and state land cannot be sold to foreigners. There are no restrictions on the sale of freehold land, but only about 5% of land in Botswana is freehold. In the capital city of Gaborone, the number of freehold plots is limited.

State land represents about 25% of land in Botswana. On application to the Department of Lands, both foreign-owned and local enterprises registered in Botswana may lease state land for industrial or residential use. Commercial use leases are for 50 years and residential leases are for 99 years. Waiting periods tend to be long for leasehold applications, but subleases from current leaseholders are available. In 2014, the GOB changed its implementing regulation to allow companies with less than five employees to operate in residential areas if their operations do not pose a health or safety risk to residents.

Tribal land represents 70% of land in Botswana. To obtain a lease for tribal land, the investor must approach the relevant local Land Board. Processes are unlikely to be streamlined or consistent across Land Boards.

Since independence, the trend in Botswana has been to increase the area of tribal land at the expense of both state and freehold land. Landlord-tenant law in Botswana tends to be moderately pro-landlord.

In addition to helping investors who meet its criteria obtain appropriate land leaseholds, BITC has also built factory units for lease to industrialists with the option to purchase at market value.

Intellectual Property Rights

Botswana's legal Intellectual Property Rights (IPR) structure is adequate, although some improvements are needed. The key challenge facing the GOB is effective implementation. The Companies and Intellectual Property Authority (CIPA) was established in 2014 in order to strengthen Botswana's IPR regime, and has established improved interagency cooperation and implementation as a priority. IPR infringement does occur in Botswana, primarily through the sale of counterfeit items in low-end sales outlets. In June 2014 GOB authorities worked with Namibian authorities and Interpol to seize 644,000 counterfeit items valued over \$3 million in Botswana and Namibia. The U.S government is continuing working with the GOB to modernize and improve enforcement of IPR.

IPR are protected under the Industrial Property Act of 2010, which provides protections on patents, trademarks, utility designs, handicrafts, traditional knowledge and geographic indicators. The 2000 Copyright & Neighboring Rights Act also protects art and literary works and the 1975 Registration of Business Names Act oversees corporate name and registration procedures. Other IPR-related Laws include the Competition Act, the Value Added Tax Act, the Botswana Penal Code, the Customs and Excise Duty Act, the Monuments and Relics Act, the Broadcasting Act, and the Societies Act.

Botswana is a signatory to the Beijing Treaty on Audiovisual Performances, the Hague Agreement Concerning the International Deposit of Industrial Designs, the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, the Convention establishing the World Intellectual Property Organization (WIPO), the WIPO Copyright Treaty, the WIPO Performances and Phonograms Treaty, the Patent Cooperation Treaty, the Berne Convention for the Protection of Literary and Artistic Works and the Paris Convention for the Protection of Industrial Property.

Intellectual Property is registered through CIPA. This Authority comprises of three offices: the Companies and Business Office, the Industrial Property Office and the Copyright Office. For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Resources for Rights Holders

Goitseone Montsho
Economic/Commercial Specialist
MontshoG@state.gov
+267 373-2431

Chansonette Yun
Economic/Commercial Officer
YunCR@state.gov
+267 373-2354

Local lawyer's list: <http://botswana.usembassy.gov/attorney-firms-and-lawyer-information.html>

7. Transparency of the Regulatory System

Bureaucratic procedures necessary to start and maintain a business tend to be open, though slow, and regulatory procedures can be cumbersome to navigate. Foreign investor complaints generally focus on the inefficiency and/or unresponsiveness of mid-level and low-level bureaucrats in government. The government has introduced a Performance

Management System to improve the service and accountability of government employees, but its effectiveness has not yet been evaluated. Unfair business practices or conduct can be reported to the Competition Authority which seeks to level the playing field for all business operators and foster a conducive environment for business. Bills in Botswana, including investment laws, go through a public consultation process and are made available for public comment. Bills are also debated in Parliament whose sessions are open to the public.

The Companies Act of 2004 requires all companies registered in Botswana to prepare annual Financial Statements on the basis of generally accepted accounting principles. It further requires that every public company including non-exempt private companies, prepare their Financial Statement in accordance with the International Financial Reporting Standards.

The Public Procurement and Asset Disposal Board (PPADB) oversees all government tenders. Prospective government contractors are required to register with the PPADB. The PPADB maintains a process by which tender decisions can be challenged, and a bidder can also challenge a tender procedure in the courts. The PPADB publishes its decisions concerning awarded tenders, prequalification lists, and newly registered contractors.

The PPADB Act calls for preferential procurement of citizen-owned contractors for works, service and supplies, as well as specific, disadvantaged women's communities, though it states that such preferences must be time-bound, phased in and out as necessary, and consistent with the country's external obligations and its "market-oriented, macroeconomic framework." When a procuring entity wishes to reserve a tender for citizen-only participation, it is required to publish a notice to that effect either in the bid document or the pre-qualification notice.

Health and safety laws, embodied in the Factories Act of 1973, provide basic protection for workers from unsafe working conditions. Minimum working conditions required on work premises include cleanliness of the premises, adequate ventilation and sanitation, sufficient lighting and the provision of safety precautions. Health inspectors and the Botswana Bureau of Standards carry out periodic checks at both new and operating factories.

8. Efficient Capital Markets and Portfolio Investment

The government encourages the establishment of new and diverse financial institutions to support increased foreign and domestic investment and to fill existing gaps where finance is not commercially available. There are eight commercial banks, one merchant bank and one offshore bank, one statutory deposit-taking institution and one credit union operating in Botswana. All have corresponding relationships with U.S. banks. Additional financial institutions include various pension funds, insurance companies, microfinance institutions, stock brokerage companies, asset management companies, statutory finance institutions, collective investment undertakings, and statutory funds. Historically, commercial banks have accounted for 92% of total deposits and 98% of total loans in Botswana. A large portion of the population does not participate in the formal banking sector.

Money and Banking System, Hostile Takeovers

The Non-Bank Financial Institutions Regulatory Authority (NBFIRA) was established in 2008 and provides regulatory oversight for the non-banking sector. It extends know-your-customer practices to non-banking financial institutions and is intended to help deter money laundering and terrorist financing. NBFIRA is also responsible for regulating the International

Financial Services Centre, a hub charged with promoting the financial services industry in Botswana.

The central bank, the Bank of Botswana, acts as banker and financial advisor to the government and is responsible for the management of the country's foreign exchange reserves, the administration of monetary and exchange rate policies, and the regulation and supervision of financial institutions in the country. Monetary policy in Botswana is widely regarded as prudent and the government has successfully managed to maintain a sensible exchange rate and a stable inflation rate, generally within the target of 3 to 6%.

Banks may lend to non-resident controlled companies without seeking approval from the Bank of Botswana. Foreign investors usually enjoy better access to credit than local firms do. In July 2014 USAID's Development Credit Authority, in collaboration with the Barclays Bank of Botswana, implemented a program to allow Small and Medium Enterprises (SME) to access up to \$15 million in loans in an effort to diversify the current economy.

The local Stock Exchange (BSE) has 36 publicly traded companies. As of 2015, 22 companies on the Domestic Board and 12 companies on the Foreign Equities Board. In addition, three exchange traded funds are listed on the exchange. The total market capitalization for listed companies, as of March 2015 was \$41.95 billion though most of that is taken up by one company, Anglo-American Plc, which has a market capitalization of some \$35 billion. The BSE is still highly illiquid compared to larger African markets and is dominated by mining companies which adds to index volatility. Laws prohibiting insider trading and securities fraud are still under development.

The government has legitimized offshore capital investments and allows foreign investors, individuals and corporate bodies, and companies incorporated in Botswana to open foreign currency accounts in specified currencies. The designated currencies are U.S. Dollar, Pound Sterling, Euro and the South African Rand. There are no known practices by private firms to restrict foreign investment participation or control in domestic enterprises. Private firms are not permitted to adopt articles of incorporation or association which limit or prohibit foreign investment, participation or control.

In general, Botswana exercises careful control over credit expansion, the Pula exchange rate, interest rates, and foreign and domestic borrowing. Banking legislation is largely in line with industry norms for regulation, supervision, and payments, and its anti-money laundering and combating the financing of terrorism regime is improving (see section two).

9. Competition from State-Owned Enterprises

State-owned enterprises (SOEs), known as "parastatals," are majority or one 100% owned by the Government. There is a published list of SOEs at the GOB portal (www.gov.bw) with profiles of financial and development SOEs. Some SOEs are state-sanctioned monopolies, including the Botswana Meat Commission, the Water Utilities Corporation, Botswana Railways, and the Botswana Power Corporation.

Private and government-owned enterprises are governed by the same business registration and licensing laws. No law or regulation prohibits or restricts private enterprises from competing with SOEs. Botswana law requires SOEs to publish annual reports and, depending on how they are constituted, SOEs are audited by private sector accountants or the Auditor General. In 2011, Parliament began overseeing SOEs, and now compels Presidents and

Chairmen to appear before Parliamentary committees to provide reports and answer questions regarding their performance. Some SOEs are not performing well and have been embroiled in scandals involving alleged fraud and mismanagement. One former CEO and several employees of the BTC were indicted on corruption charges in 2012. In 2013, the Parliamentary Committee investigated allegations of corruption and mismanagement at the Botswana Meat Commission.

Botswana is not party to the Government Procurement Agreement within the framework of the WTO.

OECD Guidelines on Corporate Governance of SOEs

SOEs appoint a CEO, who reports to a Board of Directors, which reports to the relevant government Ministry. Board members are appointed by line ministers and are drawn from both the government and the private sector. Corporate governance is still a new phenomenon in Botswana, but most SOEs are moving towards implementing it. CEOs of some SOEs, i.e. Bank of Botswana, Public Procurement & Asset Disposal Board, are still holding the Chairman positions of their boards while the OECD guidelines good practice calls for separation of duties. Appointment of Board members and CEO is very much politically motivated. Nominated candidates for these positions are submitted to the parliament for approval and they can either accept or reject a candidate. Court processes related to SOEs are generally transparent and non-discriminatory.

Sovereign Wealth Funds

The Bank of Botswana maintains a long-term sovereign wealth fund, known as the Pula Fund, in addition to a regular foreign reserve account providing basic import cover. The Pula Fund, with an estimated value of some \$7 billion, was established under the Bank of Botswana Act and forms part of the country's foreign exchange reserves, which are primarily funded by diamond revenues. The Pula Fund is wholly invested in foreign currency-denominated assets and is managed by the Bank of Botswana Board with input from recognized international financial management and investment firms. All realized market and currency gains or losses are reported in the Bank of Botswana's income statement. Botswana is among the founding members of the International Forum of Sovereign Wealth Fund and was one of the architects of the Santiago Principles in 2008. More information is available at [http://www.bankofbotswana.bw/assets/uploaded/BOTSWANA%20PULA%20FUND%20-%20SANTIAGO%20PRINCIPLES%20\(2\).pdf](http://www.bankofbotswana.bw/assets/uploaded/BOTSWANA%20PULA%20FUND%20-%20SANTIAGO%20PRINCIPLES%20(2).pdf).

10. Responsible Business Conduct

Responsible Business Conduct (RBC) is recognized and embraced by government, some foreign and local firms, and customers, although Botswana is not an adherent of the OECD's RBC Guidelines for Multinational Enterprises and has not specified its definition of RBC. Large companies in the mining, communications technology, food supply, and financial services sectors have established RBC programs, sponsor projects and support local nonprofit concerns. However, the ethos has not taken hold in many smaller firms. The U.S. Embassy worked with the local chamber of commerce, Business Botswana, on the issue of corporate social responsibility and ethical compliance to help enlist companies to sign onto a Corporate Code of Conduct that covers, among other things, conflicts of interest, bribery, political interference, political party funding, procurement and bidding and issues

surrounding residence and work permits. To date more than 300 firms have signed the Code of Conduct.

The Companies Act also sets out the expectations of business conduct and governance for directors and shareholders for both private and public companies. Botswana is not a member of the Extractive Industries Transparency Initiative. Mineral contracts and licenses are governed under the Botswana's Mines and Minerals Act and associated regulations. Botswana's laws and procedures for awarding mining contracts are fairly well developed. Mining licenses are required to undergo a public comment period before they are awarded, and that rule is followed.

11. Political Violence

The threat of political violence is considered low in Botswana. Public demonstrations are rare and seldom turn violent. The most recent large-scale strike, which involved public sector employees, occurred in April to June 2011 and was not violent. In September 2015, roughly 200 people participated in a peaceful march organized by an opposition political party to protest water shortages in the capital. In 2015-2016, some student-led protests occurred at tertiary institutions necessitating police deployment, but were not overtly political. With the exception of a few minor instances, demonstrations were historically peaceful.

12. Corruption

Botswana has a reputation for a relative lack of corruption and a willingness to prosecute corrupt officials. Transparency International ranks Botswana as the least corrupt country in Africa (31st worldwide). Investors with experience in other developing nations describe the relative lack of obstruction or interference by law enforcement or other government agents as among the country's most important assets. Nevertheless, private sector representatives now note rising corruption levels in government tender procurements.

The major corruption investigation body is the Directorate on Corruption and Economic Crimes (DCEC), which is led by Director Rose Seretse, a cousin of President Ian Khama. Anecdotal reports on the DCEC's effectiveness vary. The DCEC has embarked on an education campaign to raise public awareness about the cost of corruption and is also working with Government departments to reform their accountability procedures.

Corruption is punishable by a prison term of up to 10 years, a fine of \$50,000, or both. High level officials have been prosecuted. Allegations that the Director of Intelligence and Security Services escaped corruption charges because of his personal connections have circulated widely in Botswana media since 2014. The Directorate of Public Prosecutions applied for a withdrawal of corruption charges against Minister of Investment, Trade and Industry Vincent Seretse in March 2015 citing the grounds that key witnesses were unavailable. The charges stemmed from alleged tender manipulation in 2008 when he was CEO of SOE Botswana Telecommunication Company.

The 2000 Proceeds of Serious Crime Act expanded the DCEC's mandate to include combatting money laundering. The 2009 Financial Intelligence Act provides a comprehensive legal framework to address money laundering and establishes a financial intelligence agency (FIA). The FIA, which operates under the Ministry of Finance and Development Planning, cooperates with various institutions, such as Directorate of Public

Prosecutions, Botswana Police Service, Bank of Botswana, the Non-Banking Financial Institutions Regulatory Authority, the DCEC, and foreign FIAs to uncover and investigate suspicious financial transactions. Botswana is a member of the Eastern and Southern Anti-Money Laundering Group, a regional standards-setting body for ensuring appropriate laws, policies and practices to fight money laundering and the financing of terrorism.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Botswana is not a party to the OECD Anti-bribery Convention but is a party to the 2005 UN Anticorruption Convention.

Resources to Report Corruption

Contacts for agencies responsible for combating corruption:

Name: Ms. Rose Seretse

Title: Director

Organization: Directorate on Corruption and Economic Crime

Address: Madirelo Extension 6, Gaborone, Botswana

Telephone Number: +267 3914002/+267 3604200

Email: dcec@gov.bw

Name: Ms. Bridget John

Title: Executive Director

Organization: Public Procurement & Asset Disposal Board

Address: Private Bag 0058, Gaborone, Botswana

Telephone Number: +267 3602000

Email: webmaster@ppadb.co.bw

Name: Mr. Abraham Sethibe

Title: Director

Organization: Financial Intelligence Agency

Address: Private Bag 0190, Gaborone, Botswana

Telephone Number: +267 3998400

Email: asethibe@gov.bw

One can also reach out to the Minister of the relevant Ministry for a particular tender and provide a copy of the complaint to the Public Procurement & Asset Disposal Board Executive Director.

13. Bilateral Investment Agreements

The U.S. and the Southern Africa Customs Union (SACU), which includes Botswana, signed a Trade, Investment, and Development Cooperative Agreement (TIDCA) in 2008. The TIDCA establishes a forum for consultative discussions, cooperative work, and possible agreements on a wide range of trade issues, with a special focus on customs and trade facilitation, technical barriers to trade, sanitary and phytosanitary (SPS) measures, and trade and investment promotion.

SACU has Free Trade Agreements with Iceland, Liechtenstein, Norway, Switzerland, and the European Free Trade Association. The preferential trade agreement between SACU countries and MERCOSUR (Argentina, Brazil, Paraguay and Uruguay) was signed by MERCOSUR and

SACU States in December 2008 and April 2009 respectively. The PTA establishes fixed preference margins as a first step towards the creation of a free trade area between SACU and MERCOSUR. Botswana has ratified the Agreement and is awaiting remaining Member States to complete ratification for the agreement to be implemented.

For more information on SACU's tariff regime see the World Trade Organization (WTO) document:http://www.wto.org/english/tratop_e/tpr_e/s222-00_e.doc.

Botswana is also a member of the Southern African Development Community (SADC), and is currently implementing the SADC Protocol on Trade. For more information about SADC, visit: www.sadc.int.

In 2014, Botswana concluded an Economic Partnership Agreement (EPA) with the European Union as part of SADC EPA Group. The EPA guarantees access to the EU market without any duties or quotas for Botswana, and gives asymmetric access to the SADC EPA Group.

Botswana has a trade agreement with Zimbabwe which provides duty-free access for goods that meet the 25% local content requirement.

Botswana's trade regime is more open than that of an average sub-Saharan Africa country. According to the 2012 World Trade Indicators published by the World Bank, Botswana's MFN Tariff Trade Restrictiveness Index (TTRI) was 5.2%, as compared to 7.4% in 2011 for sub-Saharan Africa (the lower percentage indicates fewer trade restrictions). Nevertheless customs procedures remain a challenge for businesses in Botswana. Botswana ranked 51 out of 189 in trade in the World Bank's 2016 Doing Business Report because it takes \$496 for border and documentary compliance and 32 hours of procedure to export a container and \$165 for border and documentary compliance and 8 hours for import procedures. Botswana's improved trade across border ranking is largely a result of the World Bank's change in methodology, but the introduction of a scanner and an upgrade of the South African's customs declaration system at the Kopfontein and Tlokweng Border post also contributed.

In 2015, the GOB Cabinet approved the establishment of Botswana's National Single Window which enables international traders to submit regulatory documents at a single location in order to facilitate trade. The Botswana Unified Revenue Services is consulting with the private sector on a draft to amend the Customs and Excise Duty Act with the view of streamlining procedures and lowering importing and exporting costs.

Botswana has erected some non-tariff barriers to trade, including import permit requirements for a variety of food products, seasonal trade bans on selected agricultural goods, and a state monopoly on beef exports.

Bilateral Taxation Treaties

Botswana has not signed a double taxation treaty with the United States.

14. Foreign Trade Zones/Free Ports/Trade Facilitation

Botswana currently has no domestic free trade zones or free ports. In 2015, Parliament approved a Special Economic Zones (SEZ) law to streamline investment in sector-targeted geographic areas in the country including two Gaborone area SEZs (multi-use, diamond processing, and financial services); two Selibe-Phikwe SEZs (mineral processing and horticulture); and additional SEZs in Lobatse (beef, leather, biogas); Palapye (energy);

Pandamatenga (agriculture); and Francistown (mining and logistics). The Special Economic Zones Act is available for sale in hard copy at the GOB bookshop and BITC is acting as the interim SEZ secretariat as the GOB prepares to stand up the SEZ authority.

15. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

Economic Data	Host Country Statistical source		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$B USD)	2014	14.19	2014	15.81	www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	2014	107	2014	44	BEA
Host country's FDI in the United States (\$M USD, stock positions)	N/A	N/A	2014	-1	BEA
Total inbound stock of FDI as % host GDP	2014	0.75%	2014	0.28%	N/A

Table 3: Sources and Destination of FDI

IMF Coordinated Direct Investment Survey data are not available for Botswana.

Table 4: Sources of Portfolio Investment

Portfolio investment data is not available for Botswana.

Section 5 - Government

Chiefs of State and Cabinet Members:

For the current list of Chiefs of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments](#)

Legal system:

mixed legal system of civil law influenced by the Roman-Dutch model and also customary and common law

International organization participation:

ACP, AfDB, AU, C, CD, FAO, G-77, IAEA, IBRD, ICAO, ICRM, IDA, IFAD, IFC, IFRC, ILO, IMF, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC (NGOs), MIGA, NAM, OPCW, SACU, SADC, UN, UNCTAD, UNESCO, UNIDO, UNWTO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO

Section 6 - Tax

Exchange control

There are no foreign exchange controls in Botswana.

Treaty and non-treaty withholding tax rates

Botswana has signed **22 agreements** (14 DTC and 8 TIEA agreements) providing for the exchange of information.

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Barbados	DTC	23 Feb 2005	25 Aug 2005	No	No	
China	DTC	11 Apr 2012	not yet in force	Unreviewed	Yes	
Denmark	TIEA	20 Feb 2013	not yet in force	Unreviewed	Yes	
Faroe Islands	TIEA	20 Feb 2013	not yet in force	Unreviewed	Yes	
Finland	TIEA	20 Feb 2013	not yet in force	Unreviewed	Yes	
France	DTC	15 Apr 1999	14 Jun 2003	No	No	
Greenland	TIEA	20 Feb 2013	not yet in force	Unreviewed	Yes	
Guernsey	TIEA	10 May 2013	not yet in force	Unreviewed	Yes	
Hong Kong, China	DTC	13 May 2013	not yet in force	Unreviewed	Yes	
Iceland	TIEA	20 Feb 2013	not yet in force	Unreviewed	Yes	
India	DTC	8 Dec 2006	30 Jan 2008	No	No	
Isle of Man	TIEA	14 Jun 2013	not yet in force	Unreviewed	Yes	
Mauritius	DTC	26 Sep 1995	16 Mar 1996	No	No	
Namibia	DTC	16 Jun 2004	not yet in force	No	No	
Norway	TIEA	20 Feb 2013	not yet in force	Unreviewed	Yes	
Russian Federation	DTC	8 Apr 2003	1 Jan 2010	No	No	
Seychelles	DTC	26 Aug 2004	22 Jun 2005	No	No	
Seychelles	DTC Protocol	12 Mar 2013	not yet in force	Unreviewed	Yes	
South Africa	DTC	7 Aug 2003	20 Apr 2004	No	No	
Sweden	DTC	19 Oct 1982	18 Dec 1992	No	No	
Sweden	DTC Protocol	20 Feb 2013	not yet in force	Unreviewed	Yes	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
United Kingdom	DTC	9 Sep 2005	4 Sep 2006	No	Yes	
Zambia	DTC	9 Mar 2013	not yet in force	Unreviewed	Yes	
Zimbabwe	DTC	16 Jun 2004	not yet in force	No	No	

Methodology and Sources

Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
FATF List of Countries identified with strategic AML deficiencies	Not Listed	AML Deficient but Committed	High Risk
Compliance with FATF 40 + 9 recommendations	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
US Dept of State Money Laundering assessment (INCSR)	Monitored	Concern	Primary Concern
INCSR - Weakness in Government Legislation	<2	2-4	5-20
US Sec of State supporter of / Safe Haven for International Terrorism	No	Safe Haven for Terrorism	State Supporter of Terrorism
EU White list equivalent jurisdictions	Yes		No
International Sanctions UN Sanctions / US Sanctions / EU Sanctions	None	Arab League / Other	UN , EU or US
Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network	>69%	35 – 69%	<35%
World government Indicators (Average)	>69%	35 – 69%	<35%
Failed States Index (Average)	>69%	35 – 69%	<35%
Offshore Finance Centre	No		Yes

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD Global Forum on Transparency and Exchange of Information for Tax Purposes](#) [PKF International](#))

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