



# Anti-money laundering and counter-terrorist financing measures

## Uganda

**14<sup>th</sup> Enhanced Follow-up Report &  
6<sup>th</sup> Technical Compliance Re-Rating  
September 2024**

Follow-Up Report





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

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

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**This Report was approved by the ESAAMLG Task Force of Senior Officials through a written process in July 2024.**

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## UGANDA: 14<sup>th</sup> FOLLOW-UP REPORT & 6<sup>th</sup> REQUEST FOR RE-RATING

### I. INTRODUCTION

1. The Mutual Evaluation Report (MER) of Uganda was adopted by the Task Force in April 2016 and subsequently approved by the Council of Ministers in May 2016. This follow-up report assesses the progress made by Uganda to resolve the technical compliance shortcomings identified in its MER. New ratings are given when sufficient progress has been made. This report also assesses the progress made in implementing the FATF Recommendation 6 for the existing legal frameworks have been amended since adoption of the September 2018 FUR. In general, countries are expected to have corrected most or all of their technical compliance shortcomings by the end of the third year of follow-up at the latest. This report does not cover the progress made by Uganda in improving its effectiveness. Progress in this area will be assessed as part of a subsequent follow-up assessment. If sufficient progress has been made, the Immediate Outcome ratings may be reviewed.

### II. KEY FINDINGS OF THE MUTUAL EVALUATION REPORT

2. The MER<sup>1</sup> gave Uganda the following technical compliance ratings:

**Table 1. Technical compliance ratings<sup>2</sup>, April 2016**

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

<sup>1</sup> Mutual Evaluation Report (MER) on Uganda, April 2016, [https://esaamlg.org/reports/2ND-ROUND-MUTUAL-EVALUATION-REPORT-OF-THE-REPUBLIC-OF-UGANDA\\_1.pdf](https://esaamlg.org/reports/2ND-ROUND-MUTUAL-EVALUATION-REPORT-OF-THE-REPUBLIC-OF-UGANDA_1.pdf)

<sup>2</sup> Four technical compliance ratings are available: compliant (C), largely compliant (LC), partially compliant (PC), and non-compliant (NC).

3. In the light of these results, Uganda was placed in the enhanced follow-up process.<sup>1</sup>

### III. OVERVIEW OF PROGRESS IN TECHNICAL COMPLIANCE

4. Subsequent to the adoption of the 2016 MER, Uganda has submitted six (6) FURs with requests for rerating and taken measures aimed at addressing the technical compliance deficiencies identified in its MER. The FURs were published on the ESAAMLG website<sup>2</sup> with upgraded ratings as shown in Table 1(a) below:

**Table 1 (a): Technical compliance following revision of ratings, September 2023**

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

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

6. ESAAMLG welcomes the steps that Uganda has taken to improve its technical compliance with Recommendations 19, 24, 26 and 34. Following this progress, Uganda has been re-rated with the four Recommendations.

<sup>1</sup> Enhanced follow-up is based on the traditional ESAAMLG policy for members with significant shortcomings (in technical compliance or effectiveness) in their AML/CFT systems, and involves a more intense follow-up process.

<sup>2</sup> [https://www.esaamlg.org/index.php/Countries/readmore\\_members/Uganda](https://www.esaamlg.org/index.php/Countries/readmore_members/Uganda)

### 3.1.1. Recommendation 19- High Risk Countries (Originally PC – Rerated to C)

7. Under its Second Round MER, Uganda was rated Non-Compliant with the requirements of this Recommendation. The major deficiency was that the law does not provide for application of countermeasures proportionate to the risks when called to do so by the FATF and independently of any call by the FATF. There is no also mechanism for financial institutions in Uganda to be advised of concerns about weaknesses in the AML/CFT systems of other countries.
8. Under the 2018 FUR, Uganda has addressed the deficiencies against C19.1 identified in the MER<sup>1</sup>. However, the deficiencies against C 19.2 and 19.3 remain outstanding in the same FUR which seriously impacted the overall rating for this recommendation.
9. In the current reporting period, Reg. 44(5) of the Anti-Money Laundering Regulations as amended in 2023 provides that the Authority may, acting on its own initiative or on the advice of the Financial Action Task Force or such similar body, require an accountable person to apply countermeasures proportionate to any identified risks in any country. Reg. 44(6) lists the countermeasures to be applied by an accountable person in respect of high-risk. The Reviewers found that the listed counter measures are aligned with the FATF requirements. *Criterion 19.2 is therefore rated as Met.*
10. In practice, the FIA in February 2024 applied Regulation 44 to provide notification on countries, and prescribes measures to be undertaken by accountable persons in respect of the flagged countries after the 2024 FATF plenary. The FIA indicated that guidance on advising the weaknesses of jurisdictions and actions to be taken by accountable persons is sent through written notices/circulars, engagements with accountable persons via the goAML message board, email and other channels including website<sup>2</sup>, apart from the gazette. *Criterion 19.3 is therefore rated as Met.*

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<sup>1</sup> [https://www.esaamlg.org/reports/FUR\\_Uganda-%20September%202023.pdf](https://www.esaamlg.org/reports/FUR_Uganda-%20September%202023.pdf)

<sup>2</sup>

<https://www.fia.go.ug/sites/default/files/downloads/Circular%20on%20High%20Risk%20Jurisdictions%20-%20Feb.%202024.pdf>

### *Weighting and Conclusion*

11. Uganda has addressed the deficiencies against C 19.2 and 19.3. *The current Partially Compliant rating on R. 19 is therefore re-rated to Compliant.*

#### **3.1.2. Recommendation 24- Transparency & Beneficial Ownership of Legal Persons (Originally rated NC –rerated to LC)**

12. The main shortcoming identified in the MER includes: a) the ML/TF risks associated with all types of legal persons created in the Uganda has not assessed by the authorities; b) there are no specific provisions requiring companies to maintain and / or file beneficial ownership information with the URSB; c) there are no measures to prevent the abuse of share warrants for money laundering or terrorist financing; d) no provisions imposing obligations on companies to co-operate with competent authorities to the fullest extent possible in determining the beneficial owners of companies; and e) failure by the authorities to maintain records on requests made for information on beneficial ownership, or made and the quality of the information exchanged.
13. The legal persons ML risk assessment was finalized in March 2021. Uganda has also undertaken a separate TF risk assessment on the NPOs including on foundations and associations. Though not all types of legal persons are covered, the most important ones are considered. The risk assessment provides a broad assessment of the ML risk relating to these legal persons and sets out several recommendations to address identified risks. Uganda is also encouraged to cover also the risk assessment on TF. *Criterion 24.2 is Mostly Met.*
14. Reg. 35 of the Companies General Regulations 2016 provides that a company shall keep and maintain proper records of all the affairs of the company including the register of members, accounting records, agreements, memoranda, minutes, resolutions, decisions or other documents relating to the company for at least 7 years. This requirement is also applicable for a company to maintain the basic information listed under c.24.3. However, there is no requirement for this register to record: (i) the number of shares held by each shareholder; or (ii) the categories of shares, though this

information must be registered with the Companies Register pursuant to the same provision. Moreover, neither the Act nor regulations state where the shareholders' register must be kept. *Criterion 24.4 is Mostly Met.*

15. Section 116 of the Companies Act requires that any change in the location of the registered office and the registered postal address be communicated to the registrar within fourteen days and the same for change of company's name (Section 40). According to Section 119 (3), a company shall send notice to the registrar of the place where its register of members is kept and of any change of place. For other changes including in legal form and status of the company; basic regulation powers /articles of association; memorandum and articles of association; list of Directors; number or categories of shares held by each shareholder; and transfer of shares, the registrar should be notified with in thirty days (See Sections 10, 16, 30, 31(4), 33, 85-88, 119 (2-4) 150, and 195 of the Companies Act). However, it will take sixty days where is allotment of shares (Section 61) which is a longer duration. Further, Sections 132 and 133 require companies to file annual returns that contain updated information on the registered office of the company, registers of members and debenture holders, shares and debenture indebtedness, past and present members and directors and secretary. The operations and processes in URSB have been computerized and files digitized which now makes URSB able to ensure that up-to-date information is kept and an IT solution put in place to ensure companies comply and therefore timely to a large extent. *Criterion 24.5 is Mostly Met.*
16. Uganda was rated *Met* with Criteria 24.6 and 24.7 in the September 2023 FURR<sup>1</sup>.
17. The Companies (Beneficial Owner) Regulations 2023 were passed to provide for implementation of beneficial ownership provisions. Reg. 6 (1) provides that where any of the particulars of a beneficial owner specified in section 119A of the Act and regulation 3, and included in the register of beneficial owners change, the company shall amend the register of beneficial owners to reflect the change. Reg. 6(2) provides that the company shall give notice to

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<sup>1</sup> See Paras. 36 and 37, [https://www.esaamlg.org/reports/FUR\\_Uganda-%20September%202023.pdf](https://www.esaamlg.org/reports/FUR_Uganda-%20September%202023.pdf)

the registrar of any change referred to in sub regulation (1). Where a company defaults in complying with this regulation, the company and every officer of the company who is in default is liable to a default fine of twenty-five currency points. (Reg. 6(3)). In addition to the above provisions, Reg. 22 of the Companies General Regulations provides that a company shall notify by resolution, the registrar of any change in the register of members kept by the company under section 119 within 30 days after the change. company which does not notify the registrar of a change in the register of members is liable to default fine of 40 currency points & shall, in addition, be liable to a default fine of six currency points for every day on which the default continues after the 30 days. (Reg. 22(2)). **Criterion 24.7 is Met.**

18. The explanation provided by the authorities is not relevant to the requirement of this criterion. There are no requirements in the Companies Act or the Subsequent Regulations for companies to provide the authorities with information and to give further assistance. **Criterion 24.8 is not met.**<sup>1</sup>
19. Uganda was rated *Met* with Criterion 24.10 in the September 2023 FURR<sup>2</sup>.
20. Uganda outlawed bearer share companies. Sections 95, 97 and 121 of the Companies Act 2012 which relate to the issuance of share warrants were repealed by the Companies (Amendment) Act 2022. However, there is no clear guidance or requirement under the law for those bearer share companies in existence before the 2022 law in terms of whether they would now need to convert their shares to registered form or not. **This Criterion 24.11 is Mostly Met.**
21. Criterion 24.12 and 24.13 are *Met* under the September 2023 FUR<sup>3</sup>.

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<sup>1</sup> Regulation 6B of the Companies (Beneficial Owners) (Amendment) Regulations 2024, enacted in May 2024, include the duty of companies to cooperate with competent authorities and provide beneficial ownership information. However, the Review Group did not consider it since the new amendments to the Regulation came into force in May 2024 beyond the reporting period.

<sup>2</sup> See Para. 39, [https://www.esaamlg.org/reports/FUR\\_Uganda-%20September%202023.pdf](https://www.esaamlg.org/reports/FUR_Uganda-%20September%202023.pdf)

<sup>3</sup> See Para. 41 and 42, [https://www.esaamlg.org/reports/FUR\\_Uganda-%20September%202023.pdf](https://www.esaamlg.org/reports/FUR_Uganda-%20September%202023.pdf)



22. *Criterion 24.14 is Partly Met.* See the analysis made on Recs. 37 and 40 in the 2016 MER.
23. The submissions made on Criterion 24.15 are not relevant to the requirements of the Criterion and therefore do not show progress. *This Criteria is not Met.*

### *Weighting and Conclusion*

24. Uganda has addressed or largely addressed most of the deficiencies against the identified deficiencies on Recommendation 24. Uganda has largely addressed the outstanding deficiencies against Criteria 24.2, 24.4, 24.5 and 24.11. The authorities have now clarified the issues on C24.5 by citing the appropriate provisions. The outstanding deficiencies on Criteria 24.8, 24.10, 24.14 and 24.15 remain outstanding. *The Reviewers considered that the remaining shortcomings are minor and they therefore recommend that Uganda's rating for R. 24 be upgraded from NC to LC.*

#### *3.1.3 Recommendation 26 – Powers of supervisors (Originally rated NC – rerated to LC)*

25. Under its Second Round MER, Uganda was rated Non-Compliant with the requirements of this Recommendation. The major deficiency was that the current legal framework in Uganda does not designate any authorities for regulating and supervising financial institutions in terms AML/CFT requirements. There is no indication that the BoU inspections are ML/FT risk based or have that element, and that the supervisors review the assessment of the ML/TF risk profile of FIs supervised by it. The BoU carries out AML/CFT supervision as an integral part of prudential supervision, IRA and CMA do not conduct AML/CFT supervision in their respective sectors. The BOU inspections are not ML/FT risk based or have they that element, or that the supervisors review the assessment of the ML/TF risk profile of FIs supervised by it.
26. The AML Act 2013 as amended provides a definition for supervisory authority to mean a body that regulates or supervises any of the persons and businesses listed in paragraph 14 of the Second Schedule, and who, for the purposes of this Act, shall supervise those persons and businesses in matters

relating to anti-money laundering and countering the financing of terrorism;” Additionally, s.21A of the AML (Amendment) Act 2017, provides that supervisory authorities are charged with the responsibility of enforcing compliance with the provisions of AML framework by an accountable persons. Bank of Uganda approves the MVTS request for appointment an MVTS Agents in accordance with National Payments Systems (Agents) Regulation 2021. ***Criterion 26.1 is Met.***

27. The BoU and other financial supervisory authorities (IRA, CMA and Micro Finance) have started taking measures to establish beneficial owners in order to subject them to the vetting requirements. ***Criterion 26.3 is Met.***
28. All core principle and other FIs are “accountable persons” for AML/CFT purposes, under the AMLA (as amended), and are therefore subject to AML/CFT supervision by the BoU, CMA, IRA and UMRA through their respective special AML Divisions, which also exercise the work of prudential and AML/CFT supervisory activities.
  - a) The BoU, IRA, CMA and UMRA’s regulation and supervision of core principles institutions are in line with the core principles, including the application of consolidated group supervision for AML/CFT purposes. Bank of Uganda also has powers to undertake consolidated supervision that allows it to exercise supervision over all financial institutions that are a part of a banking group (*section 81 (1) & (2) of the Financial Institutions Act, 2004 and Reg. 9 of the Consolidated Supervision Regulations 2010*). Effective April 2022, Bank of Uganda implemented the Risk Based Approach for AML/CFT Supervision. The FIA is also complementing the supervisory activities of the BoU by conducting some risk focused inspections since July 2021. CMA has started implementing the Risk Based Approach for AML/CFT Supervision for the capital market in accordance with the procedures in the AML/CFT Risk Based Supervision (RBS) Manual (December 2022). Section 12 (1) (e) of the Insurance Act 2017 empowers the IRA to supervise licensees on an individual basis and, where appropriate, on a group wide and cross border basis. the IRA undertakes Risk Based AML/CFT Supervision in accordance with the IRA Risk Based Supervision Manual. A Risk-Based Supervision Manual was

approved by the Board and is in place for UMRA. In view of this, the AML/CFT Supervision of SFIs are conducted in line with the core principles relevant for AML/CFT for both solo and consolidated supervisions.

- b)** The information set out at (a) above, also applies to the BoU supervision of MVTS and forex bureaux. AML supervision is carried out on a risk-sensitive basis. The power for BoU to supervise and regulate non-core Financial Institutions including Foreign Exchange Bureaus (FXBs), Money Remitters (MRs) and Payment Service Provides (PSPs) is derived from Section 21A (1) of the AMLA (Amendment) Act, 2017.

*Therefore, Criterion 26.4 is Met.*

29. In order to address deficiencies identified in c.26.5 it is noted that the BoU and IRA and CMA determine the frequency and intensity of onsite and offsite risk-based supervision of financial institutions based on the NRA, sectoral and institutional risk assessments of banks, MVTS, forex, life insurance and capital markets. The BOU, CMA and IRA are guided by AML/CFT Supervision Manual. However, UMRA as an AML/CFT supervisor of SACCOS is still in the process of adopting RBA. **Hence, c.26.5 has been Mostly Met.**

30. The BoU and IRA have entity risk assessment tools which they apply on Banks, MVTS, Forex Bureaux and life insurance to assess and review the ML/TF risk profile of the entities or group, including the risk of non-compliance, periodically, and as and when there are major events or developments in the management and operations of the financial institution or group. However, CMA and UMRA are still in the process of reviewing the assessment of the ML/TF risk profile of the capital markets and SACCOS (including the risks of non-compliance) periodically during the reporting period. **Hence, c.26.5 has been Mostly Met.**

### *Weighting and Conclusion*

31. Uganda has addressed the deficiencies against Criteria 26.1, 26.2 and 26.3 and largely addressed Criteria 26.5 and 26.6 identified in the MER. In view

of this, Reviewers recommend that *Uganda's rating for R. 26 should be upgraded from NC to LC.*

**3.1.4 Recommendation 34- Guidance and Feedback (Originally rated PC – rerated to LC)**

32. The major shortcoming in the MER was there were not comprehensive guidelines to assist reporting institutions in such areas as ML/TF risks, CDD, detection of unusual and suspicious transactions.
33. The BoU, CMA, IRA and UMRA issued various sector-specific AML/CFT guidelines, circulars and other documents/information to assist compliance of FIs with AML/CFT requirements including STR filing, and hold various seminars and meetings with FIs. The FIA and NLGRB respectively issue sector-specific AML/CFT guidelines which contain the requirements on AML/CFT measures including CDD and record-keeping and STR filing, in accordance with the AMLA (as amended) to casinos, the real estate sector, Legal Professionals, Dealers in Precious Metals & Stones. However, similar sector specific guidance were not issued for the other DNFBPs including accountants and TCSPs.
34. The FIA provides feedbacks on STRs such as providing red-flag indicators on its website:  
[https://www.fia.go.ug/sites/default/files/downloads/Suspicious%20Transactions%20Guidelines%20on%20Indicators 0 0.pdf](https://www.fia.go.ug/sites/default/files/downloads/Suspicious%20Transactions%20Guidelines%20on%20Indicators%200%200.pdf)), and seminars to FIs and DNFBPs (including Real-estate and DPMS). The FIA's website has also an email ([fia@fia.go.ug](mailto:fia@fia.go.ug)) for inquiries and feedback. For accountable persons, a provision for feedback is provided in the goAML system. The FIA has further taken the initiative to hold quarterly engagements with Money Laundering Control Officers from reporting institutions with the objective of improving collaboration and efficiency of providing guidance and feedback on various issues, including; emerging regulatory trends and typologies, customer due diligence matters and indicators for detection of suspicious activities/transactions in the fight against money laundering and terrorist financing.  
**Hence, c.34.1 has been mostly met.**

*Weighting and Conclusion*

32. Uganda has largely addressed the deficiencies against Criterion 24.1 identified in the MER. In view of this, Reviewers recommend that *Uganda’s rating for R. 34 should be upgraded from PC to LC.*

**IV. CONCLUSION**

33. Uganda has made significant overall progress in resolving the technical compliance shortcomings identified in its MER and ratings for 4 Recommendations have been revised. The jurisdiction has addressed the deficiencies in respect of Recommendations 19 (PC), 24 (PC), 26 (NC) and 34 (PC). The reviewers recommend to upgrade the rating for R19 with Compliant (C) and the rest three with Largely Compliant (LC).

34. Given the progress made since adoption of its MER, Uganda’s technical compliance with the FATF Recommendations has been revised as shown in the table below:

**Table 2. Technical compliance following revision of ratings, June 2024**

<b>Recommendation</b>	<b>R19</b>	<b>R24</b>	<b>R26</b>	<b>R34</b>
<b>Previous Rating</b>	PC	PC	NC	PC
<b>Re-rated to</b>	<b>C</b>	<b>LC</b>	<b>LC</b>	<b>LC</b>

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

35. Overall, in light of the progress made by Uganda since the adoption of its MER, the re-ratings for its technical compliance with the FATF Recommendations should be considered and approved by the ESAAMLG Task Force of Senior Officials Plenary as follows:

**Table 3. Technical compliance following revision of ratings after the adoption of the Uganda MER, July2024**

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

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

36. Uganda will remain in enhanced follow-up and will continue to inform the ESAAMLG of the progress made in improving and implementing its AML/CFT measures.