

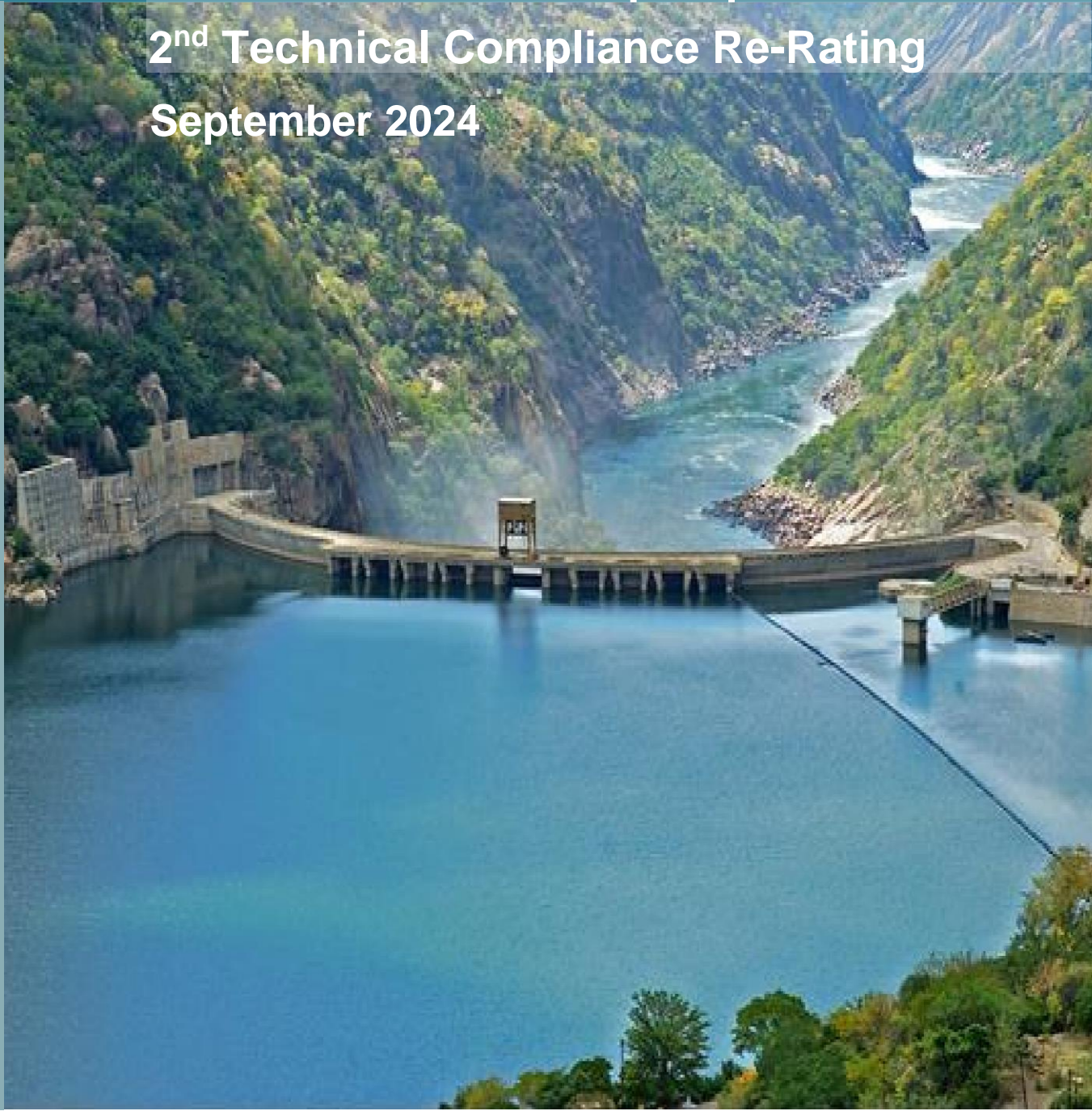


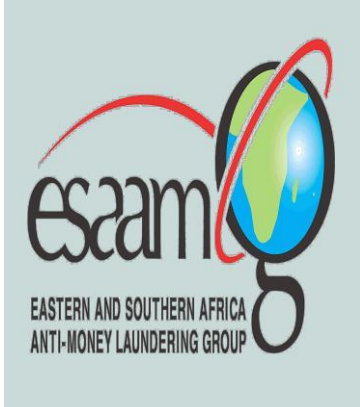
Anti-money laundering and counter-terrorist financing measures

Mozambique

4th Enhanced Follow-up Report &
2nd 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 20 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.

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

This document and/or any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

This report was approved through a written process by the ESAAMLG Task Force of Senior Officials in August 2024.

Citing reference:

ESAAMLG (2023), *Anti-money laundering and counter-terrorist financing measures - Mozambique, 4th Enhanced Follow-up Report & 2nd Technical Compliance Re-Rating*, ESAAMLG, Dar es Salaam

<http://www.esaamlg.org>

© 2024 ESAAMLG. All rights reserved.

No reproduction or translation of this publication may be made without prior written permission. Applications for such permission, for all or part of this publication, should be made to:

The ESAAMLG Secretariat, P. O. Box 9923, Dar es Salaam, United Republic of Tanzania

P. O. Box 9923, Dar es Salaam, United Republic of Tanzania

Tel: +255 22 2221350/51

Email: executivesec@esaamlg.org

Mozambique 4th Enhanced Follow-Up Report with Request for Re-rating

Mozambique 4th Enhanced Follow- Up Report & 2nd Request for Re-rating

I. INTRODUCTION

1. The ESAAMLG evaluated the Anti-Money Laundering and Countering the Financing of Terrorism and Proliferation Financing (AML/CFT/CPF) regime of the Republic of Mozambique under its 2nd Round of Mutual Evaluations (MEs) from 25 November to 6 December 2019. The Mutual Evaluation Report (MER) was adopted by the ESAAMLG Council of Ministers in June 2021¹. This draft Follow-up Report (FUR) analyses Mozambique's progress in addressing the technical compliance deficiencies identified in its MER relating to 7 Recommendations. Re-ratings have been made where sufficient progress has been made.
2. Overall, the expectation is that countries will have addressed most, if not all, technical compliance deficiencies by the end of the third year from the adoption of their MER. This report does not consider progress that Mozambique has made to improve its effectiveness.

II. FINDINGS OF THE MER

3. According to the MER, 30 out of the 40 Recommendations of the FATF were rated Partially Compliant (PC) and Non-Compliant (NC) representing 75% for Technical Compliance. Details of the ratings are provided in the Table below:

TABLE 2.1: Technical Compliance ratings, June, 2021

R 1	R 2	R 3	R 4	R 5	R 6	R 7	R 8	R 9	R 10
PC	PC	PC	PC	PC	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
LC	LC	LC	NC	NC	PC	C	LC	NC	PC
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	PC	PC	LC	PC
R 31	R 32	R 33	R 34	R 35	R 36	R 37	R 38	R 39	R 40
PC	PC	PC	PC	PC	PC	PC	PC	LC	LC

4. In view of the above ratings, Mozambique was placed under enhanced follow up in terms of Paragraph 105 of Procedures for the ESAAMLG 2nd Round of AML/CFT Mutual Evaluations and Follow Up Process. Following the adoption of the MER in June 2021, Mozambique has made some progress to address deficiencies outlined in the Report. The following experts (assisted by Chris Likomwa and Vanevola Otieno

¹ <https://www.esaamlg.org/reports/MER%20of%20Mozambique-June%202021.pdf>

from the Secretariat) assessed Mozambique's request for TC re-ratings and prepared its follow-up report:

- Zenobia Barry (Namibia);
- Vilho Nkandi (Namibia);
- Susan Mangori (Botswana);
- Refilwe Nasha (Botswana);
- Kapaletswe Chikhwa Somolekae (Botswana);
- Motsisi Mongati (Botswana);
- Patrick Okettayot (Uganda);
- Erivelto Teixeira Moreira Bastos (Angola);
- Minervina inglês Lopes (Angola); and
- Haja Lalao Razanamanana (Madagascar).

5. Section III of this report summarises Mozambique's progress made in improving technical compliance. Section IV sets out conclusions and a table showing Recommendations that have been re-rated.

III. OVERVIEW OF PROGRESS IN TECHNICAL COMPLIANCE

6. This section summarises Mozambique's progress made in improving its technical compliance by addressing some of the TC deficiencies identified in the MER.

3.1. Progress to address technical compliance deficiencies identified in the MER

7. Mozambique has made progress to address the technical compliance deficiencies identified in the MER in relation to Recommendations 2, 3, 5, 6, 7, 8 and 10. As a result of this progress, Mozambique has been re-rated in all these Recommendations, as detailed below.

3.1.1 Recommendation 2 – National Cooperation and Coordination (Originally rated PC- Re-rated to C)

8. In its **Second Round MER, Mozambique was rated Partially Compliant (PC) with the requirements of Recommendation 2.** The primary deficiencies were the absence of national AML/CFT policies and the lack of cooperation mechanisms to ensure compatibility with data protection and privacy rules. Additionally, there were no mechanisms to facilitate coordination in combating the financing of the proliferation of weapons of mass destruction.
9. **The June 2021 MER rated c.2.1 as Not Met.** The major deficiency was the absence of national AML/CFT policies which are informed by identified risks and are regularly reviewed. To address this deficiency, Mozambique's national AML and CFT policy was approved on August 23, 2022. It was updated on December 29, 2023, following the stand-alone Terrorism Financing Risk Assessment conducted between April and November 2023. Additionally, Mozambique conducted a sector risk assessment on non-profit organizations. The AML/CFT policy/Strategy is informed by the identified risks. The AML/CFT Policy was developed in 2022 and updated in 2023 which demonstrate that they are regularly reviewed. *Therefore c2.1 is considered Met.*

10. **The June 2021 MER rated c.2.2 and c.2.3 as Met.** No part of the Regulations against the sub-criteria has been changed. The Coordination Council is responsible for institutional coordination on issues of AML/CFT policies and strategies. Art. 7(1) of Decree No. 49/2019 provides for the powers of the Coordinating Board of the Coordinating Council and Art 8 of the same Decree, provides for creation of the National Task Force which technically supports the Coordinating Council. *Hence, the ratings for these criteria remain Met.*
11. **The June 2021 MER rated c.2.4 as Not Met.** At the time, the country lacked mechanisms to facilitate cooperation and coordination amongst competent authorities to combat the financing of the proliferation of weapons of mass destruction. Based on this finding, Law 14 of 2023 incorporated CPF and extended the cooperation and coordination mechanisms that existed for AML/CFT (See MER c.2.2 and c.2.3) to include PF. *Therefore c.2.4 is considered Met.*
12. **The June 2021 MER rated c.2.5 as Not Met.** The main issue was related to the absence of co-operation and co-ordination mechanisms in place to ensure the compatibility of AML/CFT requirements with Data Protection and Privacy rules and other similar provisions. To address this, Mozambique amended the AML/CFT Laws, subject to professional secrecy, to contain provisions related to data protection and privacy rules (Articles 67). Article 67 clarifies that professional secrecy cannot be invoked as an excuse for complying with the obligations arising from the AML/CFT/PF Law, when information is requested, or the production of a related document is ordered by the judicial, supervisory and GIFiM authorities. In addition, Executive Coordination Committee was established in 2022 to ensure a structured approach to promoting reforms and facilitating coordination among different ministries. Additionally, various competent authorities have signed MOUs amongst them regulating various areas of cooperation. The MoUs indicate a commitment to inter-institutional cooperation. *Therefore, Mozambique has cooperation and coordination between relevant authorities that ensures the compatibility of AML/CFT requirements with data protection and privacy rules and other similar provisions. Consequently, c.2.5 is considered Met.*

Weighting and conclusion

13. Under its **Second Round MER adopted in 2021**, it was established that even though Mozambique had established a National Committee responsible for AML/CFT policies, there were no national AML/CFT policies in place, nor mechanisms to ensure compatibility with data protection and privacy rules, or to facilitate coordination against the proliferation of weapons of mass destruction. Mozambique's national AML and CFT policy was approved in 2022 and updated in 2023 following a Terrorism Financing Risk Assessment. **Mozambique has addressed all the requirements related to Recommendation 2. Therefore, the rating of recommendation 2 is upgraded from PC to C.**

3.1.2 Recommendation 3 – Money Laundering Offence (Originally rated PC – Re-rated to C)

14. In its **Second Round MER**, Mozambique was rated **Partially Compliant (PC) with the requirements of Recommendation 3**. The deficiencies noted included the lack of criminalization for offenses such as migrant smuggling, illicit trafficking in stolen goods, insider trading, and market manipulation. Additionally, the definition of money laundering (ML) in the AML Law glossary was limited to financial or commercial transactions introduced into a financial system. Furthermore, the law did

not cover ancillary crimes such as instigating, assisting, inciting, or counselling (see c. 3.11 below).

15. **In June 2021, the MER rated criterion 3.1 as 'Mostly Met.'** At that time, the law did not cover the ancillary crimes of instigating, assisting, inciting, or counselling. To address this deficiency, Mozambique amended Article 6 of the AML/CFT/CPF Law to include these ancillary crimes. Consequently, *critterion 3.1 is now considered Met.*
16. **The June 2021 MER rated criterion 3.2 as 'Partly Met.'** The assessment team identified that migrant smuggling, illicit trafficking in stolen and other goods, insider trading, and market manipulation were not recognized as predicate offenses for money laundering (ML) under Mozambican law. To rectify this deficiency, Article 7 of the AML Law No. 14/2023 provide a comprehensive list (which meets the minimum as listed in the FATF Glossary) of predicate offenses. It stipulates that any crime with a sentence exceeding six months is considered a predicate offense for ML. Furthermore, Article 7 of the AML/CFT Law explicitly includes migrant smuggling, illicit trafficking in stolen and other goods, insider trading, market manipulation, and any other criminal offense punishable by more than six months imprisonment as predicate offenses for ML. *Therefore c3.2 is considered Met.*
17. **The June 2021 MER rated criterion 3.3 as 'Met.'** Although the AML/CFT Law has changed, Article 7, which rendered this criterion met, has been retained with amendments, *hence, the rating for this criterion remains Met.*
18. **The June 2021 MER rated criterion 3.4 as 'Met.'** Although the AML/CFT Law has changed, the definitions of 'assets' and 'funds and assets' in the glossary of the new AML/CFT Law, which rendered this criterion met, have been retained. *Hence, the rating for this criterion remains Met.*
19. **The June 2021 MER rated criterion 3.5 as 'Met.'** Although the AML/CFT Law has changed, Article 6 (7) (c) of Law No. 14/2023 (the new AML/CFT Law) provides for money laundering and predicate offences as two separate offences that are prosecutable independently of each other. Therefore, proving that property is proceeds of crime does not rely on a conviction for a predicate offence under AML Law 14/2023. *Hence, the criterion remains Met.*
20. **The June 2021 MER rated criterion 3.6 as 'Met.'** Although the law has changed, Article 6 (7) (a) of AML Law No. 14/2023 ensures that the offence of money laundering fully covers predicate offences that occur outside the jurisdiction of Mozambique. *Hence, the criterion remains Met.*
21. **The June 2021 MER rated criterion 3.7 as 'Partly Met.'** The scope of ML under the AML Law Glossary was limited to a financial or commercial transaction introduced into a financial system. Article 6 of the AML/CFT Law, requires that the offence applies to persons who commit the predicate offence of ML and then engages in any of the prohibited conduct outlined in Article 6. *Hence, criterion 3.7 is considered Met.*
22. **The June 2021 MER rated criterion 3.8 as 'Met.'** Although the law has changed, pursuant to Article 6 (4) of AML Law No. 14/2023, the knowledge, intention, or purpose required as constituent elements of the crime can be inferred from factual and objective circumstances. *Hence, the criterion remains Met.*

23. The **June 2021 MER rated criterion 3.9 as 'Met.'** Although the law has changed, pursuant to Article 6 (5) of AML Law No. 14/2023, as read with provisions of the Penal Code, dissuasive and proportionate sanctions are provided for against natural persons, who can be liable to imprisonment for two to twelve years. *Hence, the criterion remains Met.*
24. The **June 2021 MER rated criterion 3.10 as 'Partly Met.'** Mozambique has proportionate and dissuasive sanctions in place. Article 6 (2-6) of the AML/CFT Law provides sanctions for the commission of money laundering offenses. Legal persons or similar entities are required to pay a penalty ranging from 2 to 10 million meticaís. The administrative and civil sanctions do not preclude parallel criminal, civil or administrative proceedings with respect to legal persons. *Therefore, criterion 3.10 is considered Met.*
25. The **June 2021 MER rated criterion 3.11 as Partly Met.** At that time, the law did not cover the ancillary crimes of instigating, assisting, inciting, or counseling. To rectify this, Art. 6 (1), and (5), of the AML/CFT Law No. 14/2023, covers the ancillary offences to ML including attempt, instigates, incites, complicity and counsel. *Therefore, criterion 3.11 is now considered Met.*

Weighting and conclusion

26. Under its **Second MER conducted in 2021**, Mozambique had deficiencies relating to the offences of migrant smuggling, illicit trafficking in stolen and other goods, insider trading and market manipulation which had not been criminalised under the Mozambican law. Additionally, the scope of ML under the AML Law glossary was limited to a financial or commercial transaction introduced into a financial system. **Mozambique has addressed all the requirements related to Recommendation 3. Therefore, the rating of Recommendation 3 is upgraded from PC to C.**

3.1.3 Recommendation 5 – Terrorist Financing Offence (Originally rated NC – Re-rated C)

27. In its **Second Round MER**, Mozambique was rated Partially Compliant (PC) with the requirements of Recommendation 5. The deficiencies noted included the lack of criminalization of attempts to commit a terrorist financing (TF) offense. Additionally, the law did not cover perpetration, planning, preparation, and travel for the purpose of receiving training related to TF. There were also no laws criminalizing participation as an accomplice in a TF offense or attempted offense.
28. The **June 2021 MER rated criterion 5.1 as 'Partly Met.'** Assessors noted the lack of criminalization of attempts to commit a terrorist financing (TF) offense. Mozambique has since made progress. Mozambique criminalizes TF in line with the 1999 Terrorist Financing Convention in terms of Art. 8(1)(a) and (b) of the AML Law No. 14/2023. Moreover, Art. 8 (3) of the AML/CFT Law No. 14/2023, punishes anyone who, by any means, directly or indirectly and intentionally collects, or provides funds, goods, rights or any other advantage with the intention that it should be used to or knowing that it will be used, in whole or in part, to carry out a terrorist act. *Therefore, criterion 5.1 is now considered Met.*
29. The **June 2021 MER rated criterion 5.2 as 'Met.'** Although the law (Law 14/2013) has changed, Article 8(1) of AML Law No. 14/2023 extends the offence of TF to any person who, by any means, directly or indirectly provides or receives funds with the unlawful intention that they should be used, in full or in part, to carry out a terrorist

act or be used by a terrorist or terrorist organization. Under Article 8(4) of the same law, the TF offence occurs even in the absence of a link to a specific terrorist act or acts. *Therefore, criterion 5.2 remains Met.*

30. The **June 2021 MER rated criterion 5.2bis as 'Partly Met.'** The assessment team identified that the law did not cover perpetration, planning, preparation, and travel for the purpose of receiving training related to terrorist activities. To address this, Art. 22 of the of Law 15/2023 criminalises financing the travel of individuals who travel to a State other than their States of residence or nationality for the purpose of providing training and logistical support. Moreover, Art. 22 (1) (c) provides punishment for anyone who travel outside the country, with the view to commit, organizing, prepare and participate in a terrorist act or even to provide or receive terrorist training or logistical support. *Therefore, criterion 5.2bis is now considered Met.*
31. The **June 2021 MER rated criterion 5.3 as 'Met.'** Although the law has changed, the glossary of AML Law No. 13/2023 defines 'funds' in the same manner as the TF Convention, including those from both legitimate and illegitimate sources. *Therefore, criterion 5.3 remains Met.*
32. The **June 2021 MER rated criterion 5.4 as 'Met.'** Although the law has changed, Article 8 (4) of the AML Law stipulates that the crime is deemed to have been committed irrespective of the occurrence of any terrorist act or whether the funds have actually been used to commit such an act. *Therefore, criterion 5.4 remains Met.*
33. The **June 2021 MER rated criterion 5.5 as 'Met.'** Although the law has changed, pursuant to the definition of financing of terrorism in the glossary of the AML Law, knowledge, intention, or purpose required to prove the offence can be inferred from factual and objective circumstances. *Therefore, criterion 5.5 remains Met.*
34. The **June 2021 MER rated criterion 5.6 as 'Met.'** Although the law has changed, sanctions for natural persons convicted of a TF offence range from twenty to twenty-four years of imprisonment. The maximum penalty under Mozambican law is 24 years in prison, in accordance with Article 61 of the Penal Code, and may be increased to a maximum of 30 years under Article 160 of the same Code. Additionally, there are fines ranging from 600,000 to 6,000,000 meticaís for natural persons, as per Article 80(1)(a)(ii) of AML Law No. 14/2023. Therefore, criterion 5.6 remains 'Met'. *Therefore, criterion 5.6 remains Met.*
35. The **June 2021 MER rated criterion 5.7 as 'Met.'** Although the law has changed, Article 80(1)(a)(i) of AML Law No. 14/2023 provides proportionate administrative and civil penalties that are dissuasive for legal persons found liable. Legal persons convicted of TF are liable to a fine of 2,000,000 to 10,000,000 meticaís, determined by the courts depending on the gravity of the case. This does not preclude parallel criminal, civil, or administrative proceedings with respect to the legal persons. The administrative actions, ranging from issuing a written warning, barring individuals from employment, suspension, or revocation of institutional licenses, are still applicable. *Therefore, criterion 5.7 remains Met.*
36. The **June 2021 MER rated criterion 5.8 as 'Partly Met.'** At that time, there were no laws criminalizing participation as an accomplice in a terrorist financing (TF) offence or attempted offence. However, based on the above, Art. 8 (7 and 8) of the AML/CFT Law No. 14/2023, punishes anyone who attempts (meeting criterion 5.8(a)) or is complicit to a TF offence indirectly and intentionally collects, or provides funds,

goods, rights or any other advantage with the intention that it should be used to or knowing that will be used, in whole or in part, to carry out a terrorist act (meeting criterion 5.8(c)). Moreover, under Article 8(8) of the AML/CFT/CFP Law, Mozambique punishes a person who participates as an accomplice in a TF offense (meeting criterion 5.8(b)). *Therefore, criterion 5.8 is now considered Met.*

37. The **June 2021 MER rated criterion 5.9 as 'Met.'** Although the law has changed, TF is still considered a predicate offence to ML, as defined in Article 7(c) of AML Law No. 14/2023. *Therefore, criterion 5.9 remains Met.*
38. The **June 2021 MER rated c.5.10 as 'Met.'** Although the law has changed, according to Article 8 (5) (a–c) of AML Law No. 14/2023, the TF offence applies whether the person alleged to have committed the offence(s) is in the same country or a different country from where the terrorist(s) or terrorist organization(s) is located, or where the terrorist act(s) occurred or will occur. *Therefore criterion 5.10 remains Met.*

Weighting and conclusion

39. In the **2021 MER**, Mozambique **met the requirements of Criteria c.5.2, c.5.3-c.5.7, c.5.9 and c.5.10, and partly met Criteria c.5.1 and c.5.8.** Mozambique **partly complied with Criterion 5.2(bis)**, but the acts of financing the travel of individuals for the purposes of perpetration, planning, preparation, or receiving training were not criminalized. Furthermore, attempting to commit a TF offence and participating as an accomplice in a TF offence or attempted offence were not criminalized. **Mozambique has addressed all the requirements related to Recommendation 5. Therefore, the rating for Recommendation 5 is upgraded from PC to C.**

3.1.4 Recommendation 6 – Targeted financial sanctions related to terrorism and terrorist financing (Originally rated PC – Re-rated to C)

40. In the **June 2023 FUR**, Mozambique was rated **Partially Compliant (PC) with the requirements of Recommendation 6.** Reviewers noted that the obligations for targeted financial sanctions (TFS) related to TF did not apply to all legal and natural persons, as the scope of the law was limited to financial institutions (FIs) and designated non-financial businesses and professions (DNFBPs).
41. The **June 2023 FUR rated criterion 6.1(a) as 'Met.'** Under Article 32(1) of Law No. 15/2023, as amended by Law No. 4/2024, the law for Preventing, Suppressing, and Combating Terrorism and the Proliferation of Weapons of Mass Destruction, the Attorney General, in coordination with the ministry that oversees foreign affairs and cooperation, has the authority to propose persons and entities to the 1267/1989 Committee (Al-Qaeda) and the 1988 Committee. *Therefore, the rating for this Sub-criterion remains Met.*
42. **The June 2023 FUR rated criterion 6.1(b) as 'Met.'** Article 33 of Law No. 15/2023 contains mechanisms for identifying targets for designation based on the criteria set out in the relevant UNSCRs. The Attorney General has the power to collect or request any information necessary to make such a decision or to identify natural or legal persons, groups, or entities that fulfill the criteria for designation on the National or International List. *Therefore, the rating for Sub-criterion 6.1(b) remains Met.*

43. The **June 2023 FUR rated criterion 6.1(c) as 'Met.'** Mozambique applies an evidentiary standard of proof, such as 'reasonable grounds' or 'reasonable basis,' when deciding whether to make a proposal for designation. Article 32(4) of Law No. 15/2023 establishes that the Attorney General, in coordination with the ministry that oversees foreign affairs and cooperation, shall submit to the competent body of the United Nations proposals to add persons and entities to the International List if there are reasonable grounds to suspect or believe that they: (a) participate in the financing, planning, facilitating, preparing, or perpetrating of acts or activities by, in conjunction with, on behalf of, or in support of the Taliban; (b) supply, sell, or transfer weapons and Taliban-related material; (c) recruit or otherwise support acts or activities by named or other individuals, groups, undertakings, and entities associated with the Taliban which constitute a threat to the peace, stability, and security of Afghanistan. Proposals for designation on the International List are not dependent on the existence of a criminal prosecution, criminal investigation, or conviction. *Therefore, the rating for Sub-criterion 6.1(c) remains Met.*
44. The **June 2023 FUR rated criterion 6.1(d) as 'Met.'** The requirement to follow applicable procedures and use standard forms for listing is established in Article 32(2)(a) and (b) of the Law for Preventing, Suppressing, and Combating Terrorism and the Proliferation of Weapons of Mass Destruction. *Therefore, the rating for Sub-criterion 6.1(d) remains Met.*
45. The **June 2023 FUR rated criterion 6.1(e) as 'Met.'** Articles 33(2)(a) to (d) of Law No. 15/2023 require competent authorities to provide as much relevant information as possible about the proposed person or entity and specify whether the status of the Republic of Mozambique as a designating state can be disclosed. *Therefore, the rating for Sub-criterion 6.1(e) remains Met. In view of the above, c.6.1 remains Met.*
46. **The June 2023 FUR rated criterion 6.2 as Met.** Under Articles 26 of the Law on Preventing, Suppressing, and Combating Terrorism and the Proliferation of Weapons of Mass Destruction, the Attorney General of the Republic or the Public Prosecutor is responsible for designating persons or entities in general. Article 27 sets out the criteria for designation under UNSCR 1373, while Article 26 also provides a legal basis for Mozambique to give effect to a request from another country. *Therefore, sub-criterion 6.2(a) remains Met.* Moreover, Article 32 of Law 15/2023 establishes mechanisms for identifying targets for designation based on the criteria set out in UNSCR 1373. Additionally, Article 26 outlines the competence of the national authority for designation, which includes the power of the Attorney General of the Republic or the Public Prosecutor to receive, examine, and decide on requests for designation and modification of the identification on the list. They are also responsible for receiving, requesting, analyzing, and disseminating information that may facilitate the enforcement of this law. Article 27 of Law 13/2022 also establishes mechanisms for identifying targets for designation based on the criteria set out in UNSCR 1373. *Thus, sub-criterion 6.2(b) remains Met.* Furthermore, under Article 26(2) of Law 15/2023, the Attorney General is the authority responsible for receiving designation requests from competent authorities of other jurisdictions to add natural persons, groups, or entities to the National List. Determinations must be made within 24 hours after receipt of the request. *Consequently, sub-criterion 6.2(c) remains Met.*
47. Under Article 26 of the Law on Preventing, Suppressing, and Combating Terrorism and the Proliferation of Weapons of Mass Destruction, Mozambique applies an

evidentiary standard of proof of "reasonable grounds" when deciding whether or not to make a designation. Furthermore, designations on the National List are permitted in the absence of a criminal investigation, indictment, or conviction. *Therefore, sub-criterion 6.2(d) remains Met.* Under Article 27(4) of Law 13/2022 on preventing, suppressing, and combating terrorism and the proliferation of weapons of mass destruction, Mozambique provides a legal basis for the Attorney General, in coordination with the ministry that oversees the area of foreign affairs and cooperation, to request that foreign jurisdictions comply with the designations made by Mozambique. These requests must be accompanied by as much relevant information as possible about the proposed natural person, group, or entity. *Thus, sub-criterion 6.2(e) remains Met. Based on this, criterion 6.2 remains Met.*

48. **The June 2023 FUR rated criterion 6.3 as Met.** Mozambique has provisions that specifically confer legal authority to competent authorities to collect or solicit information to identify persons and entities that meet the criteria for designation. Articles 25(e) and (f) and 26(5) establish that the Attorney General has the power to decide on requests ex parte and without prior notice to the natural person, group, or entity concerned on the proposal for the designation, verification, modification, or revocation of the National List. The Attorney General can also collect or request any information necessary to make such a decision or to identify natural persons, groups, or entities that fulfil the criteria for designation on the National or International List. *Thus, sub-criterion 6.3(a) remains Met.* Under Article 22(f) of Law 15/2023 (Preventing, Suppressing, and Combating Terrorism and the Proliferation of Weapons of Mass Destruction), Mozambique makes decisions on requests ex parte and without prior notice to the natural or legal person, group, or entity concerned on the proposal for the designation, verification, modification, or revocation of the National List. The law also allows for the collection or request of any information necessary to make such a decision or to identify natural or legal persons, groups, or entities that fulfil the criteria for designation on the National or International List. *Therefore, the rating for sub-criterion 6.3(b) remains Met. Based on this, criterion 6.3 remains Met.*
49. **The June 2023 FUR rated criterion 6.4 as Met.** Mozambique implement targeted financial sanctions without delay. Immediately or without delay has been defined to mean “taking decisions no later than 24 hours after an addition, amendment or revocation is made to the International List by the competent body of the United Nations. For national designations, the obligation to take action without delay is triggered by a designation at national level, submitted on Mozambique's own initiative or at the request of another State, as soon as there are reasonable grounds or grounds to believe that a person, group or entity meets the criteria for inclusion in the National List. In both cases, the word “immediate” must be interpreted in the context of the need to prevent the evasion or dissipation of funds or other property linked to designated persons, groups or entities and the need for coordinated global action to disrupt and undo quickly this flow”. According to Article 31 (1-3), When the Ministry that oversees the area of Foreign Affairs and Cooperation receives notification of any addition, amendment, or removal from the International List, the Minister or his representative must immediately send by email or similar expeditious process the updated list to the Attorney General of the Republic and FIU. The FIU is required to immediately transmits the list by electronic mail to supervisory authorities, post a link on its website, and informs reporting entities of their obligation to freeze without delay any funds or other assets belonging to or controlled by the designated

individuals, legal persons, groups, or entities. The procedure for immediate freezing after receiving the UN sanctions and the national designation of persons, groups, and entities shall not exceed 24 hours from designation and the consequent freezing (Article 38 of Law 15/2023). *Based on this, criterion 6.4 remains Met.*

50. **The June 2023 FUR rated criterion 6.5 as Partly Met.** Reviewers noted that, at that time, the obligations for TFS related to TF did not apply to all legal and natural persons, as the scope of the law was limited to FIs and DNFBPs. To address this, Article 39(1) of the Terrorism Law, read in conjunction with Article 7 of the Regulation of the Terrorism Law, requires all natural and legal persons, whether public or private, FIs, and DNFBPs, to freeze the funds or other assets of designated persons and entities without delay and without prior notice *(c.6.5(a) met)*. The obligation to freeze extends to: all funds or other assets, including virtual assets, that are owned or controlled by the designated person, group, or entity, and not only those that may be linked to a specific terrorist act, conspiracy, or threat (Article 39(1)(a) of Law 15/2023). Funds or other assets that are wholly or jointly owned or controlled, directly or indirectly, by designated persons, groups, or entities (Article 39(2)(b) of Law 15/2023). Funds or other assets that originate in or are derived from funds or other assets owned or controlled directly or indirectly by designated natural persons, groups, or entities (Article 39(2)(c) of Law 15/2023). Funds or other assets of persons and entities acting on behalf of or at the direction of designated natural persons, groups, or entities (Article 39(2)(d) of Law 15/2023) *(c.6.5(b) met)*.
51. Under Articles 44 of the Law on Preventing, Suppressing, and Combating Terrorism and the Proliferation of Weapons of Mass Destruction, no funds or other assets, economic resources, or financial and other related services shall be made available, directly or indirectly, in whole or in part, by any natural or legal person, group, or entity, whether national or located in Mozambican territory, to persons, groups, or entities on the National or International List, or to persons, groups, or entities owned or controlled directly or indirectly by such designated persons, groups, or entities, acting on behalf of or under the instruction of such designated persons, groups, or entities, unless previously authorized or notified under the relevant United Nations Security Council Resolutions, in accordance with Article 40, under penalty and legal sanction set forth in this Law *(c.6.5(c) met)*. Mechanisms for communicating designations to FIs and DNFBPs and providing guidance are available in Mozambique. Designations are disseminated through email and the FIU website. Articles 37(3)-(6) of the Law on Preventing, Suppressing, and Combating Terrorism and the Proliferation of Weapons of Mass Destruction, Mozambique, set out actions to be taken by the FIs and the DNFBPs upon receipt of designations and actions to be taken by FIs and DNFBPs that may be holding targeted funds or other assets under the freezing mechanisms. Furthermore, Article 32(4) requires the Regulatory and Supervisory Authorities and GIFiM to establish guidelines for FIs and DNFBPs holding funds belonging to designated listed individuals, groups, or entities on their obligations to act under the freezing mechanism provided in the law *(c.6.5(d) met)*.
52. Under Articles 39(5) and 39(6) of the Law on Preventing, Suppressing, and Combating Terrorism and the Proliferation of Weapons of Mass Destruction, Mozambique requires FIs, DNFBPs, individuals, and entities, after freezing or unfreezing funds or other assets, to report to GIFiM within 24 hours the amount and type of funds or other assets that have been frozen or unfrozen, mentioning the date

and time *(c.6.5(e) met)*. Measures for protecting bona fide third-party rights implementing obligations under Law 15/2023 are provided under Articles 34(3) and 50(3) of Law 15/2023 *(c.6.5 (f) met)*. *Therefore, criterion 6.5 is now considered Met.*

53. **The June 2023 FUR rated criterion 6.6 as Met.** Under Article 34 of Law 34/2023, Mozambique provides procedures for submitting de-listing requests to the relevant UN sanctions committee for persons and entities designated under the UN Sanctions Regimes, which Mozambique believes no longer meet the designation criteria. These procedures and criteria align with those adopted by the 1267/1989 Committee or the 1988 Committee. No changes have been made to the regulations concerning the sub-criteria, so *the rating for sub-criterion 6.6(a) remains Met.*
54. Additionally, the law establishes the following: a) Requests for removal from the International List, along with supporting information and documents, should be submitted directly to the Office of the United Nations Ombudsperson for those on the ISIL (Da'esh) and Al-Qaeda Sanctions List (ombudsperson@un.org), or to the Focal Point (delisting@un.org), or sent to the Attorney-General. b) Requests submitted to the Attorney General should be forwarded to the Office of the UN Ombudsman or the Focal Point within 14 working days, in coordination with the ministry overseeing foreign affairs and cooperation. c) The Office of the United Nations Ombudsperson or the Focal Point verifies the merits of the request based on the applicable procedures in Security Council Resolutions. d) Requests for removal must be based on the following grounds: mistaken identity (false positives); significant changes in facts or circumstances; the death, dissolution, or liquidation of a designated entity; or other circumstances demonstrating that the basis for designation no longer exists. e) The Attorney General, in coordination with the ministry overseeing foreign affairs and cooperation, may submit a request for removal from the International List either on its own initiative or based on a request from a listed person or entity if it concludes that the applicable designation criterion no longer applies. f) The Attorney General, in coordination with the ministry overseeing foreign affairs and cooperation, may submit a request for removal from the International List on behalf of deceased nationals, based on requests from their heirs, accompanied by official documents certifying the death and verifying that none of the heirs or beneficiaries of frozen funds, assets, or property are listed individuals, groups, or entities. g) The Attorney General, in coordination with the ministry overseeing foreign affairs and cooperation, shall submit a request for removal from the International List for entities that no longer exist. *Therefore, the rating for sub-criterion 6.6(b) remains Met.*
55. Procedures for submitting de-listing requests related to the domestic list are outlined in Articles 29-30 of Law 15/2023 and Laws 3 and 4 of 2024, available on the FIU website. *Thus, the rating for sub-criterion 6.6(c) remains Met.* Under UNSCR 1373, decisions to designate can be reviewed by the Attorney General, and individuals can appeal to a Judicial authority if a request is refused (Article 29(6) of Law 15/2023). Therefore, the rating for sub-criterion *6.6(d) remains Met.* Article 34(1)(a)-(h) outlines procedures for informing designated persons and entities on the Al-Qaida Sanctions List about the availability of the United Nations Office of the Ombudsperson for de-listing petitions, pursuant to UNSCRs 1904, 1989, and 2083. *Thus, the rating for sub-criterion 6.6(e) remains Met.* Mozambique has publicly known procedures to unfreeze funds or assets of persons or entities with names similar to designated persons or entities, affected by a freezing mechanism under recommendation 6. Article 42 of Law 15/2023 allows individuals or entities to request

a review if they believe designations were erroneous due to name similarities. *Therefore, the rating for sub-criterion 6.6(f) remains Met.* Under Articles 30(1)-(2) and 31 of Law 15/2023 and Laws 3 and 4 of 2024, Mozambique has mechanisms for communicating de-listings and unfreezing to the financial sector and DNFBPs immediately and provides guidance on their obligations. The law establishes that the Ministry overseeing foreign affairs and cooperation must notify the Attorney General and the GIFiM of any changes to the International List. The GIFiM will then disseminate the updated list to regulatory authorities and post it on its website within 24 hours. Guidelines for financial institutions and DNFBPs on their obligations under the freezing mechanism are also established. *Therefore, the rating for sub-criterion 6.6(g) remains Met. Consequently, the ratings for criterion 6.6 remain Met.*

56. **The June 2023 FUR rated criterion 6.7 as Met.** Mozambique allows access to frozen funds or other assets for payment of basic expenses in accordance with the procedures set out in UNSCR 1452. The funds are not accessed until competent authorities have received an approval from the competent body of the United Nations Article 43 and of Law 15/2023. In relation to a domestic Article 43 (5)(a), provides for access to frozen property necessary for the payment of basic or extraordinary expenses applicable to designated individuals, groups or entities. *Consequently, the ratings for criterion 6.7 remain Met.*

Weighting and conclusion

57. Mozambique has addressed all the requirements related to Recommendation 6. Therefore, the rating for Recommendation 6 is upgraded from PC to C.

3.1.5 ***Recommendation 7 – Targeted financial sanctions related to proliferation (Originally rated PC – Re-rated to C)***

58. In the **June 2023 FUR, Mozambique was rated Partially Compliant (PC) with the requirements of Recommendation 7.** Reviewers noted that, at that time, the obligations for targeted financial sanctions (TFS) related to proliferation financing (PF) did not apply to all legal and natural persons. Moreover, the criminalization of terrorist financing (TF) did not cover funds that could not be linked to a specific act, plot, or threat of proliferation.
59. **The June 2023 FUR rated c.7.1 as Met.** For this purpose, the country passed Law no. 15/2023, of August 28, amended by Law no. 4/2024, of March 22 to address the deficiencies. Mozambique implements targeted financial sanctions without delay to comply with United Nations Security Council Resolutions, adopted under Chapter VII of the Charter of the United Nations, relating to the prevention, suppression, and disruption of the proliferation of weapons of mass destruction and their financing. Furthermore, Articles 38 and 39 of the same law outlines the procedure for immediate freezing after receiving the International List of natural persons, groups and entities designated by a competent body of the United Nations by the Ministry overseeing the area of foreign affairs and cooperation. The period from designation, dissemination of the lists and the consequent freezing by FIs and DNFBPs shall not exceed 24 hours. *Hence, c.7.1 remains Met.*
60. **The June 2023 FUR rated Criterion 7.2 as Partly Met.** Reviewers noted that, at that time, the obligations for TFS related to PF did not apply to all legal and natural persons. Furthermore, the criminalization of PF did not cover funds that could not be

linked to a specific act, plot, or threat of proliferation. Under Article 38 of the CFT Law 15/2023, Mozambique requires FIs, non-financial entities, and natural or legal persons, both public and private, to immediately and without delay freeze funds, other assets, rights, and any other property owned or controlled by a natural person, legal person, group, organization, or listed entity, or over which they exercise de facto power, corresponding to the right of ownership or any other real right. *Hence, c.7.2(a) is considered Met.* Under Article 39(2)(a), (b), (c), and (d) of the CFT Law, Mozambique requires that the freezing obligation should extend to: all funds or other assets that are owned or controlled by the designated person or entity, and not just those that can be tied to a particular act, plot, or threat of proliferation. Funds or other assets that are wholly or jointly owned or controlled, directly or indirectly, by designated persons or entities. Funds or other assets derived or generated from funds or other assets owned or controlled directly or indirectly by designated persons or entities. Funds or other assets of persons and entities acting on behalf of or at the direction of designated persons or entities. *Hence, c.7.2(b) is considered Met.*

61. Under Article 44 of Law 15/2023, no funds or other assets, economic resources, or financial and other related services shall be made available, directly or indirectly, in whole or in part, by any natural or legal person, group, or entity, whether national or located in Mozambican territory, to persons, groups, or entities on the National or International List, or to persons, groups, or entities owned or controlled directly or indirectly by such designated persons, groups, or entities, acting on behalf of or under the instruction of such designated persons, groups, or entities, unless previously authorized or notified under the relevant United Nations Security Council Resolutions. *Hence, sub-criterion 7.2(c) remains Met.* Mozambique has mechanisms for communicating designations to FIs and DNFBPs and providing guidance. Designations are disseminated through email and the FIU website. Article 26(7) of Law 15/2023 sets out actions to be taken by the FIs and the DNFBPs upon receipt of designations and actions to be taken by FIs and DNFBPs that may be holding targeted funds or other assets under the freezing mechanisms. Furthermore, Articles 39(3), (4), and (5) require the Regulatory and Supervisory Authorities and GIFiM to establish guidelines for FIs and DNFBPs holding funds belonging to designated listed individuals, groups, or entities on their obligations to act under the freezing mechanism provided in the law. *Hence, sub-criterion 7.2(d) remains Met.* In accordance with Articles 39(5) and 39(6), Mozambique requires individuals and entities, both public and private, to report to GIFiM within 24 hours the amount and type of funds or assets that were frozen and unfrozen, including attempted transactions. *Hence, c.7.2(e) is considered Met.* Although the law has changed, measures for protecting bona fide third-party rights implementing obligations under Law 15/2023 are provided under Articles 34(3) and 50(3) of Law 15/2023. *Hence, sub-criterion 7.2(f) remains Met. Therefore, Criterion 7.2 is now considered Met.*
62. The **June 2023 FUR rated c.7.3 as Met.** Although the law has changed, Article 46 of Law 15/2023, Mozambique has provisions that allow the adoption of measures for monitoring and ensuring compliance by financial institutions and DNFBPs with the relevant laws or enforceable means governing the obligations under Recommendation 7, and therefore failure to comply with such laws or enforceable means should be subject to civil, administrative or criminal sanctions. *Hence, c.7.3 remains Met.*
63. The **June 2023 FUR rated c.7.4 as Met.** Although the law has changed, Mozambique has provisions enabling listed persons and entities to petition for de-listing at the focal

point established pursuant to UNSCR 1730 or inform designated persons or entities to petition the focal point directly in relation to publicly known procedures for listed persons and entities, under Article 34(2) of Law 15/2023. *Sub-criterion 7.4(a) remains Met.* Under Article 42 of Law 15/2023, Mozambique has publicly known procedures to unfreeze the funds or other assets of persons or entities with the same or similar name as designated persons or entities who are inadvertently affected by a freezing mechanism (i.e., a false positive) within 24 hours upon verification that the person or entity involved is not a designated person or entity. *Therefore, sub-criterion 7.4(b) remains Met.* Article 43 of Law 15/2023 sets out procedures for authorizing access to funds or other assets where countries have determined that the exemption conditions set out in UNSCRs 1718 and 2231 are met in accordance with the procedures set out in those resolutions. On this basis, *sub-criterion 7.4(c) remains Met.* Article 30(1)(c) and (2), in conjunction with Article 36 of Law 13/2022, provides that the relevant competent authorities shall inform the applicant and all relevant entities holding funds or other frozen assets that they should unfreeze them within 48 hours. Furthermore, Mozambique provides guidance to FIs and other persons or entities on their obligation to respect a de-listing or unfreezing action. Hence, *sub-criterion 7.4(d) remains Met. Overall, c.7.4 remains Met.*

64. The **June 2023 FUR rated c.7.5 as Met.** Although the law has changed, Article 43(1-3) of Law No. 15/2023, of August 28, amended by Law No. 4/2024, of March 22, allows accounts frozen with respect to persons or entities designated pursuant to United Nations Security Council Resolutions 1718 (2006) or 2231 (2015) to receive payments due arising from contracts, agreements, or obligations prior to the date of inclusion of the person or entity on the United Nations Designated List, provided that a relevant notification has been submitted to the competent United Nations body at least 10 days prior to the authorization (*sub-criterion 7.5(a) remains Met*). Article 43(3)(a), (b), and (c) of Law No. 15/2023 provides that a person can make an application for payments due under contracts entered into prior to listing made pursuant to UNSCR 1737 and continued by UNSCR 2231, on the condition that it has been determined that the contract is not related to any of the prohibited items, materials, equipment, goods, technologies, assistance, training, financial assistance, investment, brokering, or services referred to in the relevant Security Council resolution. Such payments must also not be directly or indirectly received by a person or entity designated pursuant to UNSCR 1737. *Therefore, sub-criterion 7.5(b) remains Met. Overall, c.7.5 remains Met.*

Weighting and conclusion

65. Mozambique has addressed all the requirements related to Recommendation 7. Therefore, the rating for Recommendation 7 is upgraded from PC to C.

3.1.6 Recommendation 8 – Non-Profit Organizations (Originally rated NC – Re-rated to PC)

66. The **June 2023 FUR rated c.8.1 as Not Met.** Since the adoption of its MER in 2021, Mozambique had not undertaken a comprehensive risk assessment and had not identified a subset of NPOs that fell within the FATF definition of NPOs. Mozambique had not reviewed the adequacy of measures, including laws and regulations, targeting a subset of NPOs that could be abused for terrorist financing to guide the application of appropriate risk-based measures. Moreover, there had not been any reassessment of the sector's potential vulnerabilities, taking into account

new information. Mozambique has since completed a sectoral risk assessment of the NPO sector, identifying NPOs that are at higher risk of terrorist financing (TF) abuse due to their activities or characteristics. On this basis, *sub-criterion 8.1(a) is considered Met*. The National Risk Assessment (NRA) and Sectoral Risk Assessment for the NPO sector have enabled Mozambique to identify the nature of threats posed by terrorist entities and how these actors abuse high-risk NPOs. Ahlu Sunna Wal-Jama'a, linked to ISIS and operating in Northern Mozambique, has been identified as the biggest terrorist threat that can abuse NPOs in the region. Although there has not been a concluded case, there have been three cases under investigation. Potential abuses of NPOs include: (a) Using NPOs as vehicles for receiving financial resources from abroad to be channelled internally, through banking and then distributed in cash and/or through untraceable financial channels for terrorist purposes. (b) Using religious institutions such as mosques and madrasahs for recruitment and logistical support. (c) Terrorist supporters falsely presenting themselves as humanitarian aid agencies to hide their activities. *Therefore, sub-criterion 8.1(b) is considered Met*. However, Mozambique has not reviewed the adequacy of measures, including laws and regulations, targeting the subset of NPOs that may be abused for terrorist financing. *On this basis, sub-criterion 8.1(c) is Not Met*. Mozambique is required to reassess the NPO sector every two years by reviewing new information on the sector's potential vulnerabilities to terrorist activities to ensure effective implementation of measures, resulting in *sub-criterion 8.1(d) being Met*. *Overall, criterion 8.1 is considered Mostly Met*.

67. The **June 2023 FUR rated c.8.2 as Mostly Met**. Mozambique had not encouraged or undertaken outreach and educational programs to raise and deepen awareness among NPOs and the donor community about the potential vulnerabilities of NPOs to terrorist finance abuse and terrorist finance risk. Furthermore, the authorities had not worked with the NPO sector to develop and refine best practices to address TF risks and vulnerabilities, nor had they provided advice on measures to protect themselves against such abuse. Mozambique has developed policies that promote accountability, integrity, and public confidence in the administration and management of NPOs. Article 62 of Law No. 14/2023 requires NPOs to maintain records of funds, activities, and the identities of those who control or direct their activities, and mandates sound internal controls and annual financial statements. *On this basis, sub-criterion 8.2(a) remains Met*. Even though Mozambique completed the sectoral risk assessment in partnership with the NPOs, it is yet to undertake outreach and educational programs to raise and deepen awareness among NPOs and the donor community about the potential vulnerabilities of NPOs to terrorist finance abuse and terrorist finance risk. *On this basis, sub-criterion 8.2(b) remains Not Met*. Furthermore, the authorities have not worked with the NPO sector to develop and refine best practices to address TF risks and vulnerabilities, nor have they provided advice on measures to protect themselves against such abuse. *Hence, sub-criterion 8.2(c) remains Not Met*. Article 62(7) of Law No. 14/2023 and Article 59(5) of Decree No. 53/2023 mandate that NPOs conduct financial transactions of over two hundred and fifty thousand meticais via regulated financial channels. *Thus, sub-criterion 8.2(d) remains Met*. *Overall, c.8.2 is considered Partly Met*.
68. The **June 2023 FUR rated c.8.3 as Not Met**. The failure to identify NPOs at risk of TF abuse led to Mozambique's inability to promote effective supervision or monitoring. Consequently, Mozambique could not demonstrate that risk-based measures applied to NPOs at risk of TF abuse. Mozambique has since identified

NPOs at risk of TF abuse. Additionally, Article 59 of Law No. 14/2023 provides for sectoral risk assessment and risk-based supervision. However, Mozambique has yet to develop risk-based measures for supervising and monitoring NPOs' compliance with the requirements of this Recommendation or demonstrate that existing regulatory or other measures sufficiently address the current terrorist financing risk to the NPOs. *Therefore, c.8.3 remains Not Met.*

69. The **June 2023 FUR rated c.8.4 as Not Met** since most of the requirements of this Recommendation were not contained in the existing laws for the NPO sector. In view of this, the NPOs were not obligated to comply with them, and the authorities could not monitor their compliance. Mozambique has yet to develop risk-based measures for supervising and monitoring NPOs' compliance with the requirements of this Recommendation, hence it is not able to monitor compliance, making *sub-criterion 8.4(a) Not Met*. Nonetheless, the NPO requirements are now contained in Law No. 14/2023, with Article 80 prescribing a fine of one million to five million meticaais if the offender is a legal person, or a fine of three hundred thousand to three million meticaais and 20 to 24 years' imprisonment if the offender is a natural person. These sanctions appear dissuasive, effective, and proportionate, thus *sub-criterion 8.4(b) is Met*. *Overall, c.8.4 is considered Partly Met.*
70. The **June 2023 FUR rated c.8.5 as Mostly Met** since Mozambique did not have measures in place to ensure effective cooperation, coordination, and information-sharing to the extent possible among all levels of appropriate authorities or organizations that hold relevant information on NPOs. Additionally, even though Mozambique could use normal LEA powers (as assessed under R.31) to conduct investigations in relation to NPOs suspected of either being exploited by or actively supporting terrorist activity or terrorist organizations, it was not possible to determine whether the LEAs had the requisite investigative expertise and capability. Article 62(8) of Law No. 14/2023 mandates that NPOs collaborate with GIFiM and judicial authorities by providing relevant information for compliance assessments. While this requirement ensures that NPOs cooperate with some authorities, it does not demonstrate measures for effective cooperation, coordination, and information-sharing among all levels of appropriate authorities or organizations holding relevant information on NPOs. It is also not clear if NPOs are mandated to cooperate with other appropriate authorities such as tax authorities, law enforcement agencies, or other relevant self-regulatory bodies. Therefore, *sub-criterion 8.5(a) is considered Partly Met*.
71. Mozambique can use normal LEA powers (as assessed under R.31) to conduct investigations in relation to NPOs suspected of either being exploited by or actively supporting terrorist activity or terrorist organizations. According to the 2024 sector risk assessment, there are three investigations ongoing by SERNIC. Although the cases have not been concluded, this demonstrates that Mozambique has the expertise to investigate those NPOs suspected of TF abuse. *Sub-criterion 8.5(b) remains Mostly Met*. NPOs are required to keep, for a period of at least five years, records of domestic and international transactions in sufficient detail to allow verification of whether funds have been used in accordance with the object and purpose of the organization. These records should be made available to the ministry overseeing finance, the authorities overseeing the respective sector, the judicial authorities, and GIFiM. The authorities have access to records of domestic and international transactions in sufficient detail to verify that funds have been used in accordance with

the object and purpose of the organization. In this case, when there is a suspicion that a particular NPO is involved in TF abuse, is a front for fundraising by a terrorist organization, or is a conduit for TF, the authorities will be able to identify it. Hence, *sub-criterion 8.5(c) remains Met*. Articles 62(5), (7), and (8) mandate NPOs to submit reports to GIFiM, ensure that financial transactions above a certain threshold are conducted through regulated channels, and require NPOs to collaborate with GIFiM and judicial authorities. Mozambique has an appropriate mechanism to promptly share information with competent authorities related to an NPO used for TF purposes, established via the goAML platform. Hence, *sub-criterion 8.5(d) is considered Met*. **Overall, c.8.5 is considered Met.**

72. The **June 2023 FUR rated c.8.6 as Met**. Mozambique uses the normal international cooperation mechanisms to respond to requests for information concerning NPOs suspected of financing terrorism. As part of its cooperation with foreign FIUs, GIFiM may respond to requests for information from its counterparts about any NPO suspected of TF. Under Article 5 (1)(a) and Article 6 (1) Law No 21/2019, November 11, the PPO is the appropriate point of contact to respond to international requests for information regarding particular NPOs suspected of terrorist financing or involvement in other forms of terrorist support. **Therefore c8.6 remains Met.**

Weighting and Conclusion

73. Overall, while progress has been made, there are moderate shortcomings required to be addressed to fully comply with FATF Recommendation 8. In view of the progress made and the TF risk profile of Mozambique, **Recommendation 8 is upgraded from NC to PC.**

3.1.7 Recommendation 10 – Customer Due Diligence (Originally rated PC – Re-rated to LC)

74. **The June 2021 MER rated c.10.1 as Met**. Although the law has changed, FIs are still prohibited from holding anonymous accounts or accounts in fictitious names (Art. 15(12)(h) of Law No. 14/2023). **Hence, this criterion remains Met.**
75. **The June 2021 MER rated c.10.2 as Met**. Although the law has changed, FIs are still required to undertake CDD measures when establishing business relations (Art. 15(1)(a) of Law No. 14/2023). **Hence, sub-criterion 10.2(a) remains Met**. They must also carry out CDD measures when carrying out occasional transactions above the applicable designated threshold of 900,000.00 Meticais (Art. 15(1)(b) of Law No. 14/2023). **Hence, sub-criterion 10.2(b) remains Met**. Additionally, CDD measures are required when carrying out occasional transactions that are wire transfers (domestic and international) (Art. 15(1)(b)(ii) of Law No. 14/2023). **Hence, sub-criterion 10.2(c) remains Met**. Furthermore, FIs must undertake CDD measures when there is suspicion of ML/TF, regardless of any exemptions or thresholds referred to elsewhere (Art. 15(1)(c) of Law No. 14/2023). **Hence, sub-criterion 10.2(d) remains Met**. Finally, FIs are required to carry out CDD measures when there are doubts about the veracity or adequacy of the customer's identification data (Art. 15(1)(d) of Law No. 14/2023). **Hence, sub-criterion 10.2(e) remains Met. Overall, this criterion remains Met.**
76. **The June 2021 MER rated c.10.3 as Met**. Article 15(1) of AML Law No. 14/2013, as read with Articles 3, 5, and 6, article 11 of Decree 53 of 2023 (Regulations), requires FIs to identify the customer and verify that customer's identity using reliable,

independent source documents, data, or information. *Hence, this criterion remains Met.*

77. **The June 2021 MER rated c.10.4 as Not Met**, as there was no legal requirement for FIs to verify that any person purporting to act on behalf of the customer was so authorized and to identify and verify the identity of that person. Article 15(1) of AML/CFT Law No. 14/2023 requires FIs to identify their customers and their representatives, verify their identity using a valid supporting document, and trace the Ultimate Beneficial Owner. Additionally, Article 15(3) mandates that when reporting entities have knowledge or reasonable grounds to suspect that a client is not acting on their own behalf, they must take appropriate measures to ascertain the identity of the person or entity on whose behalf the client is acting, including identifying its beneficial owners. Furthermore, Article 15(4) requires reporting entities to verify that the customer's representatives are legally authorized to act on their behalf or represent them. *Therefore, c.10.4 is considered Met.*
78. **The June 2021 MER rated c.10.5 as Met.** Although the law has changed, Articles 15, 16, and 18 of Law No. 14/2023 still require FIs to identify the beneficial owner (BO) and take reasonable measures to verify the identity of the BO, using relevant information or data obtained from a reliable source, ensuring that the financial institution is satisfied that it knows who the BO is. *Hence, this criterion remains Met.*
79. **The June 2021 MER rated c.10.6 as Mostly Met.** Although the law has changed, Article 15(2)(b) requires FIs to obtain information on the purpose and nature of the business relationship. Article 19(3)(d) of Decree No. 53/2023 requires FIs to ensure the collection of specific information and the implementation of specific measures to understand the purpose and nature of the business relationship. *Hence, this criterion is Met.*
80. **The June 2021 MER rated c.10.7 as Mostly Met**, as there was no provision to undertake reviews of existing records, particularly for higher-risk categories of customers. Although the law has changed, Article 15(2)(c) requires FIs to obtain information on the purpose and nature of the business relationship, *hence sub-criterion 10.7(a) remains Met.* Additionally, Article 15(g) of AML/CFT Law No. 14/2023 requires FIs to keep up-to-date the elements of information obtained in the course of the business relationship while Article 15(5) mandates that customer due diligence measures must be applied to all existing customers and that the verification of their identity will be subject to regulations issued by the supervisory and oversight authorities. Furthermore, Article 41(1-2) of the Regulation by Decree No. 53/2023 requires FIs to update CDD information in accordance with the degree of risk associated with each client, *making sub-criterion 10.7(b) Met. Therefore, Criterion 10.7 is considered Met.*
81. **The June 2021 MER rated c.10.8 as Mostly Met**, as there was no specific requirement to understand the customer's business. Article 15(2)(f) of AML/CFT Law No. 14/2023 requires FIs to take appropriate measures to collect information on the legal framework and regulatory powers, understand the ownership and control structure of the customer where the customer is a legal person or legal arrangement and Article 19(3)(d) of Decree No. 53/2023 requires FIs to ensure the collection and registering of information on corporate purpose and purpose of the business for their customers who are legal persons and arrangements. *Hence, criterion 10.8 is Met.*

82. **The June 2021 MER rated c.10.9 as Partly Met.** Under sub-criterion 10.9(a), there was no requirement for FIs to identify the customer and verify its identity through name, legal form, and proof of existence for customers that are legal arrangements. Article 15(10) of AML/CFT/CFP Law No. 14/2023 requires obliged entities to collect information identifying legal persons through the presentation of a certificate of registration and other documentation, under the terms to be regulated. Article 11(2)(b), (3), (5), and (6) of the Regulation of the new AML/CFT Law specifies that financial institutions must collect the name, address, and unique tax identification number of legal persons. Article 34 of AML/CFT/CFP Law No. 14/2023 defines specific obligations for entities without legal personality *making sub-criterion 10.9(a) Met.*
83. Under sub-criterion 10.9(b), there was no requirement for FIs to identify and verify the powers that regulate and bind the legal person or arrangement. Further, there was no provision for FIs to identify the customer and verify its identity through the information related to the names of the relevant persons holding a senior management position in the legal arrangement. Article 18(5) of the same law obliges financial institutions to identify and verify any natural persons who exercise effective control or hold top management positions in the legal arrangement entity. Additionally, Decree No. 53/2023, Article 10, mandates the identification of representatives and their mandates, including the specification of powers of representation proven by authentic documents. Article 11 requires legal persons to provide a declaration containing the names of management body holders, attorneys, and representatives. *Therefore, sub-criterion 10.9(b) is considered Met.*
84. Under sub-criterion 10.9(c), there was no requirement for FIs to identify the customer who is a legal person and verify its identity through the location of its headquarters (province, district, city, street, or avenue) and its number. The existing provisions then did not extend to identifying and verifying a principal place of business if different from headquarters, i.e., registered office. There was no similar requirement for legal arrangements. Article 10(3)(b) of the Regulations of the AML/CFT Law specifies that FIs must identify and verify the address of the registered office or the main place of business for legal persons or legal arrangements if it does not coincide with the headquarters. *Therefore, sub-criterion c10.9(c) is considered Met. Overall, Criterion 10.9 is considered Met.*
85. **The June 2021 MER rated c.10.10 as Partly Met.** Although the law has changed, Article 18(7)(a) of AML Law No. 14/2023 requires FIs to identify and take reasonable measures to verify the identity of the beneficial owner (BO). The definition of BO contained in the AML Law Glossary aligns with that of the FATF. *Therefore, sub-criterion 10.10(a) remains Met.* Under sub-criteria 10.10(b) and (c), there were no legal provisions requiring FIs to identify and take reasonable measures to verify the identity of a BO. However, Article 18(7)(b) of Law No. 14/2023 now requires FIs to identify and take reasonable measures to verify the identity of the natural person(s) exercising control of the legal person or arrangement through other means if there is doubt about the person(s) with controlling ownership interest or where no natural person exerts control through ownership interests. *Therefore, sub-criterion 10.10(b) is considered Met.* Additionally, Article 18(7)(c) of Law No. 14/2023 requires FIs to identify the relevant natural persons who holds the position of senior managing official if no natural person is identified under (a) or (b). Articles 34, 35, and 36 of the Insurance Sector Guidelines further ensure that insurance companies verify the

identity of beneficial owners when the customer is not the beneficiary of the business relationship, using relevant information or data from suitable sources. *Therefore, sub-criterion 10.10(c) is considered Met. Overall, Criterion 10.10 is considered Met.*

86. **The June 2021 MER rated c.10.11 as Not Met**, as the legal framework of Mozambique did not require FIs to identify and take reasonable measures to verify the identity of beneficial owners (BOs) for customers that are legal arrangements. Article 18(2) of the AML/CFT Law now requires FIs to identify and take reasonable measures to verify the identity of BOs for trusts and similar legal arrangements. Additionally, Article 13(3) of the Regulation of AML/CFT Law defines trustees, settlors, and beneficiaries as BOs. While these provisions address the identification and verification of key parties involved in trusts, they do not explicitly include the protector (if any) and any other natural person exercising ultimate effective control over the trust. *Therefore, sub-criterion 10.11(a) is considered Partly Met.* Under Articles 18(2), (4), and (5) of AML/CFT/CFP Law No. 14/2023, and Article 13(4) of the Regulations of AML/CFT Law, financial institutions are now obliged to obtain information on the identity of persons in equivalent or similar positions within legal arrangements. The shortcoming identified in 10.11(a) will cascade to this criterion. *Therefore, sub-criterion 10.11(b) is considered Partly Met. Overall, Criterion 10.11 is considered Partly Met.*
87. **The June 2021 MER rated c.10.12 as Not Met**, as there were no requirements for FIs to conduct CDD measures on beneficiaries of life insurance and other investment-related insurance policies. Article 27(1)(a) of the AML/CFT Law now requires financial institutions carrying on life insurance business and other insurance-related investment products to collect the name or corporate name when expressly identified as natural or legal persons or as centres of collective interests without legal personality. *Therefore, sub-criterion 10.12(a) is considered Met.* Additionally, Article 27(1)(a) and (b) of the AML/CFT Law now requires financial institutions to obtain sufficient information to know and identify the final beneficiaries at the time of execution of the policy, even when they are indicated by class, characteristics, or other means other than names or denominations. *Therefore, sub-criterion 10.12(b) is considered Met.* Moreover, Article 27 of the AML/CFT Law now requires financial institutions to verify the identity of beneficiaries, including beneficial owners, at the time of payout. It mandates that sufficient information must be collected to identify the final beneficiaries and that this verification must occur by the time of benefit payment or contract assignment. *Therefore, sub-criterion 10.12(c) is considered Met. Overall, Criterion 10.12 is considered Met.*
88. **The June 2021 MER rated c.10.13 as Not Met**, as there was no legal obligation for FIs to include the beneficiary of a life insurance policy as a relevant risk factor in order to determine whether enhanced CDD measures are applicable. Article 28(1) and (2) of the AML/CFT Law now requires financial institutions to consider instances where a legal person or entity without legal personality is a beneficiary of a life insurance policy and other insurance-related investment products as an increased risk factor and apply enhanced CDD measures. Additionally, Article 53(1) of the Insurance Sector Guidelines, Notice No. 1/CA-ISSM/2023, mandates treating these beneficiaries as increased risk factors, necessitating enhanced due diligence. Also, Article 53(2)(a) requires reinforced identification and verification measures for high-risk beneficiaries. Finally, Article 27 of the AML/CFT Law requires financial institutions to verify the identity of beneficiaries, including beneficial owners, at the

time of payout. It mandates that sufficient information must be collected to identify the final beneficiaries and that this verification must occur by the time of benefit payment or contract assignment. *Therefore, c.10.13 is considered Met.*

89. **The June 2021 MER rated c.10.14 as Met.** Although the law has changed, FIs are still required to verify the identity of the customer and BO when the business relationship is established or before an occasional transaction is carried out (Art.16 of AML Law No. 14/2023). Additionally, under Art. 40(1) and (3), FIs can postpone the verification of the client, their representatives, and BOs when a demonstrably low risk of money laundering, terrorist financing, and financing of the proliferation of weapons of mass destruction has been identified in business relationships, occasional transactions, or customer operations. Without prejudice to the simplified measures provided for in Law no. 14/2023, Art. 19 (3)(a) of Decree No. 53/2023 mandates obliged entities to verify the identity of the customer and the beneficial owner after the establishment of the business relationship. *Hence, criterion 10.14 remains Met.*
90. **The June 2021 MER rated c.10.15 as Not Applicable.** Under AML Law No. 14/2023, verification of client, their representatives, and BOs can be made when a demonstrably low risk of money laundering, terrorist financing, and financing of the proliferation of weapons of mass destruction has been identified in business relationships, occasional transactions, or customer operations (Art. 40(1) and (3)). *Therefore, c.10.15 is considered Met.*
91. **The June 2021 MER rated c.10.16 as Partly Met,** as there was no provision requiring FIs to conduct due diligence on existing relationships at appropriate times, taking into account whether and when CDD measures had previously been undertaken and the adequacy of data obtained. Article 15(5) of the AML/CFT Law now requires financial institutions to apply CDD measures to all existing customers. Additionally, Decree No. 53/2023, Article 41, specifies the periodicity for updating customer information based on the degree of risk, with updates not exceeding three years for low-risk clients and one year for high-risk clients. Furthermore, Article 82(1) of the Insurance Sector Guidelines mandates that entities update customer information based on materiality and risk. These assessments imply reviewing and potentially reassessing the adequacy of existing data. *Therefore, c.10.16 is considered Met.*
92. **The June 2021 MER rated c.10.17 as Met.** Although the law has changed, FIs are still required to exercise enhanced due diligence in situations which are likely to create a high risk of ML/TF (Art. 12 (3)(b) of AML Law Regulation No. 14/2023). *Therefore, c.10.17 remains Met.*
93. **The June 2021 MER rated c.10.18 as Mostly Met** since the requirement of FIs to apply simplified CDD measures when there was suspicion of ML/TF did not extend to taking into consideration specific higher-risk scenarios. Art. 40(1) – (6) of AML Law No. 14/2023 now requires FIs to only apply simplified CDD measures where they can demonstrate that they have carried out an adequate risk assessment and have identified areas of lower ML/TF risks. FIs are not allowed to apply simplified CDD measures when there is suspicion of ML/TF or where specific higher risk scenarios apply. *Therefore, c.10.18 is considered Met.*
94. **The June 2021 MER rated c.10.19 as Met.** Although the law has changed, where FIs are not able to comply with CDD requirements, they are required not to open the account, start a business relationship, or carry out the transaction, and to terminate the business relationship (Art. 41(a-b) of AML Law No. 14/2023). *Therefore, sub-*

critterion 10.19(a) remains Met. Additionally, where FIs are not able to comply with CDD requirements, they are required to file or consider filing a suspicious transaction report with the GIFiM (Art. 41(d) of AML Law No. 14/2023). *Therefore, sub-criterion 10.19(b) remains Met. Overall, c.10.19 remains Met.*

95. **The June 2021 MER rated c.10.20 as Not Met** since there were no provisions permitting FIs not to pursue the CDD process and instead file an STR, where they form suspicion of ML/TF and reasonably believe that performing the CDD process will tip-off the customer. Article 15(6) of the AML/CFT Law now permits financial institutions not to pursue the CDD process but to file an STR to GIFiM when they form a suspicion of money laundering or terrorist financing where they reasonably believe that performing the CDD process will alert the customer. *Therefore c10.20 is considered Met.*

Weighting and Conclusion

96. The June 2021 MER established that although Mozambique met a number of requirements for Recommendation 10, several deficiencies still needed to be addressed. Overall, Mozambique has addressed the deficiencies in the MER to a larger extent and the outstanding deficiencies are considered minor. *Therefore, the rating of Recommendation 10 is upgraded from PC to LC.*

IV. CONCLUSION.

97. Mozambique has made progress in addressing some of the Technical Compliance deficiencies identified in its MER. Reviewers considered information provided in support of the request for re-rating of Recommendations 2,3,5,6,7,8 and 10 and made the following conclusions:
- Upgrade R.2, R.3, R.5, R6, and R7 from PC to C
 - Upgrade R.10 from PC to LC
 - Upgrade R.8 from NC to PC.
98. Considering the overall progress made by Mozambique since the adoption of its MER, its Technical Compliance with the FATF Recommendations has been revised as shown in Table 4.1.

Table 4.1 Technical Compliance Re-rating, August 2024

R 1	R 2	R 3	R 4	R 5	R 6	R 7	R 8	R 9	R 10
LC	PC (C)	PC (C)	C	PC (C)	PC (C)	PC (C)	NC (PC)	C	PC (LC)
R 11	R 12	R 13	R 14	R 15	R 16	R 17	R 18	R 19	R 20
LC	LC	LC	LC	PC	PC	C	LC	LC	C
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	PC	PC	PC	LC	PC

R 31	R 32	R 33	R 34	R 35	R 36	R 37	R 38	R 39	R 40
PC	PC	PC	PC	PC	PC	PC	PC	LC	LC

99. Mozambique 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.